

FISCAL YEAR



2009 Budget

APPROVED

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Albuquerque Bernalillo County
Water Utility Authority



Albuquerque Bernalillo County Water Utility Authority

July 1, 2008

To: Deanna Archuleta, Chair
From:  Mark S. Sanchez, Executive Director
Subject: Approved Fiscal Year 2009 Budget

Presented to the Board is the approved budget for the Albuquerque Bernalillo County Water Utility Authority (Authority) for Fiscal Year 2009. This budget includes the Authority's financial plan for Fiscal Year 2009. The development of this financial plan has been guided by the Authority's Five-year Goals, One-year Objectives, Performance Plan and the Guiding Principles adopted by the Board. This budget is balanced, fiscally conservative and sound.

The Fiscal Year 2009 approved budget includes bringing on-line the San Juan-Chama Surface Water Treatment Plant. As you are aware this project represents the water future for the Albuquerque/Bernalillo County metropolitan area. Once fully operational the Plant will supply up to 70% of the metropolitan area's water. The Plant will also help the Authority meet the federally mandated arsenic standard. It is estimated that the Plant will begin operation in the first quarter of Fiscal Year 2009 and be fully implemented by the end of Fiscal Year 2009.

For Fiscal Year 2009, the Board has authorized a nonrecurring employee safety/performance incentive to be offset by savings generated through reduced costs associated with safety and/or performance. This incentive program follows the success of the Fiscal Year 2008 safety incentive program which saw Authority employees reduce injury time hours from of 23,100 hours in Fiscal Year 2007 to 11,000 in Fiscal Year 2008, more than a 50% reduction. Also included in the Fiscal Year 2009 approved budget is the addition of \$2 million to the Rate Reserve Fund established in Fiscal Year 2008.

The approved budget provides for the realignment and consolidation of certain administrative functions under an administrative supervisor. This is the first step in a phased plan that will be implemented by the Authority to better organize functional operations into work units that make more sense for day to day operations, provide more effective customer service and will give the Authority better work related integration for succession planning. This realignment is guided by the span of control analysis that was conducted by an independent consultant as recommended in the American Water Works Association's (AWWA) Peer Review. The Authority used the report's recommendations to change the organization structure in order to improve quality, productivity and customer satisfaction and optimize the number of layers in the organization. The financial impact of these changes for Fiscal Year 2009 will result in savings at the administrative level for the Authority.

The Fiscal Year 2009 approved budget does not include a rate increase. Based on the latest ten-year financial plan, the Authority continues to conservatively forecast that a rate increase will not

be needed through Fiscal Year 2011. The challenge facing the Authority is to continue to provide a high level of service while holding expenditures within budgeted amounts. In order to maintain rates at their current level, this budget is based on certain assumptions which include labor costs not increasing more than 3%, Authority debt interest will be approximately 25 basis points under market rate based on the Authority's AAA bond rating, power, chemicals and fuel will not exceed the CPI index and the cost of operating two water distribution systems will not exceed the estimate established by the Authority's consultant.

General Operating Fund, Fund 621

Total revenue approved for Fiscal Year 2009 is \$120,372,000. Of the total revenue, 97% is comprised of charges for water and wastewater services. Appropriations total \$128,683,000. To balance this budget, working capital is drawn down \$10,321,000.

Fiscal Year 2009 revenue is projected to be \$.8 million more than the Fiscal Year 2008 approved budget amount. This estimate includes an increase in investment income of \$.1 million, and an increase of \$.7 million from rate payer growth.

The approved budget contains a net increase of \$6.1 million in total operating expenditures for Fiscal Year 2009. This includes an increase of \$6.3 million in transfers to debt service and transfers to other funds. Personnel and general operating costs decrease \$.8 million. Internal Services charges including risk, tort, vehicle maintenance and fuel, increase \$.7 million.

The approved budget has a net increase of \$.8 million in personnel costs which include a 3% cost of living adjustment and the addition of 1 net new positions at a cost of \$46,000. This position is for additional staffing at the Soil Amendment Facility to handle the increased solids generated by the new water treatment plant.

Operating expenditures have a net decrease of \$1.6 million from Fiscal Year 2008 to Fiscal Year 2009. This decrease is due mainly to a reduction in electricity costs of \$3 million in Fund 621 offset by an increase in electricity costs in Fund 622 for the new water treatment plant. Operating expenditures other than electricity have a net increase of \$1.4 million. Major components of this increase include \$185,000 for advertising, \$190,000 for postage, \$20,000 for billing paper and envelopes, \$30,000 for supplies and \$30,000 for repairs and maintenance for the Soil Amendment Facility to handle solids from the new water treatment plant, \$144,000 for software maintenance and bank lockbox service fees of \$240,000. Transfers to debt service increase by \$5 million and the cash transfer to the Capital Implementation Program to supplement the 50% capital cash match required by Ordinance increases by \$1.3 million. There is also net increase in risk charges of \$254,000 and an increase in vehicle maintenance and vehicle fuel of \$329,000. It is estimated that the working capital balance, total revenue minus total expenses, will be \$14.6 million at the end of the Fiscal Year 2009.

The Sustainable Water Supply program, Fund 622

Total revenue approved for Fiscal Year 2009 is \$26,784,000. Of the total revenue, 98% is comprised of charges for water. Appropriations total \$38,317,000, of which \$26,236,000 are transfers to debt service to offset payments for the San Juan Chama project. To balance this budget, working capital is drawn down \$11,533,000.

Revenue for the Sustainable Water Supply program is projected to be about \$.5 million more than the Fiscal Year 2008 approved budget. This increase is due to estimated system growth and an increase in Franchise Fee revenue which is passed through to the local government bodies in the service area. Expenditures for the Sustainable Water Supply fund are estimated to increase \$14

million. The increase includes \$8.7 million in operating costs for the San Juan Chama surface water treatment plant which will begin operations the first quarter of Fiscal Year 2009 and \$5.2 million in the transfer to debt service. It is estimated that this fund will increase its working capital balance to \$13.3 million in Fiscal Year 2009.

Capital Implementation Program

Also approved in a separate resolution is the Capital Implementation Program (CIP) approved budget for Fiscal Year 2009. The total approved appropriation for FY 2009 is \$49.252 million. The CIP budget includes \$47 million in appropriations for new projects as well as supplemental appropriations for existing CIP projects to provide additional funding based on current estimates of ongoing projects. By Ordinance, \$30 million of annual CIP funding must be used for system rehabilitation. The appropriation also includes \$14 million for system growth and \$1.252 million for the Maximo/GIS conversion project. Another \$1 million is appropriated for the FY 2009 funding increment for the Valley Utilities Projects co-managed with Bernalillo County. There are no appropriations for projects that will be funded with revenues from FY 2010 and later.

The Authority has previously participated in the peer review process of the AWWA QualServe program. An on-site examination of the utility's operations by a team of outside, highly experienced utility professionals, examined the utility's operations, business planning and management, customer relations, and organization. The peer review together with the annual benchmarking and self assessment programs have assisted the Authority in identifying what it does well and areas where improvement is necessary. The Authority has used the information and recommendations gathered from the QualServe program to provide guidance in the one-year objectives, the performance plan and the financial plan presented here. This information and recommendations have also been the basis for operational improvements already implemented in the Authority.

In Fiscal Year 2008, the Authority established an asset management program and established a steering committee to implement the program. The steering committee has conducted an asset management gap assessment to compare the Authority against the industry's 'best practices' in asset management. The steering committee's role will be to communicate and drive the development and implementation of the asset management program. The steering committee's work plan continues in Fiscal Year 2009 and includes the development of an asset register and hierarchy, an asset management information systems strategy and a capital project validation process. The steering committee will also work on knowledge transfer management, risk mapping of our assets, setting service levels and developing an asset management plan. In addition, the Authority will begin upgrading its work order system in a manner that supports asset management business objectives.

This approved budget represents the Authority's coordinative effort in developing a financial plan that will provide the necessary funding to perform all the varied operational and administrative functions, provide customers with quality water and wastewater services and address the Authority's priorities for Fiscal Year 2009 to improve services and gain operating efficiencies.



Albuquerque Bernalillo County Water Utility Authority

BOARD MEMBERS

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Isaac Benton, Vice-Chair

Michael J. Cadigan

Martin J. Chávez

Teresa Córdova

Tim Cummins

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Pablo Rael, Ex Officio Member

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GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
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**Albuquerque Bernalillo Co. Water Utility Authority
New Mexico**

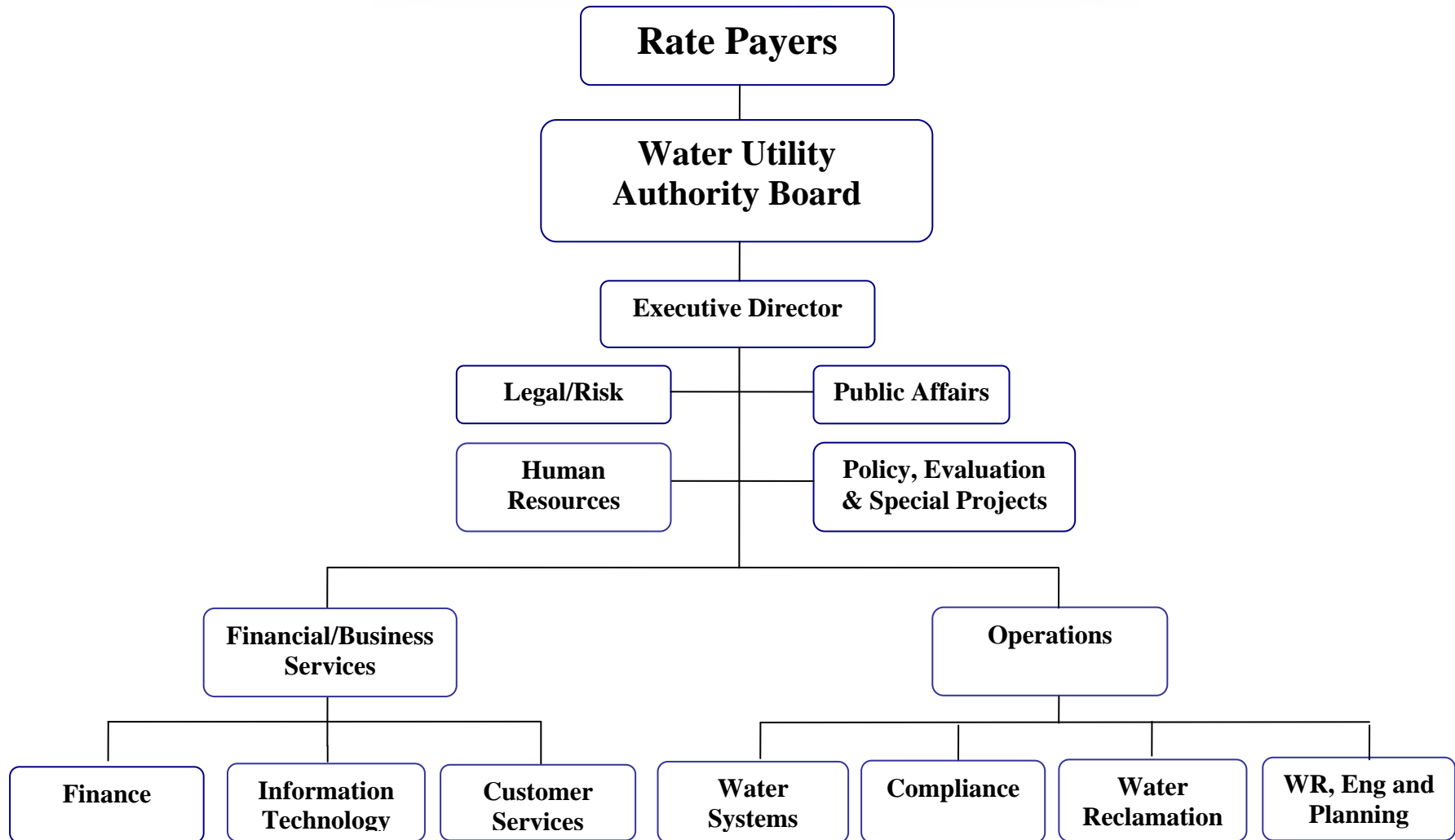
For the Fiscal Year Beginning

July 1, 2007

President

Executive Director

THE GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA (GFOA) PRESENTED A DISTINGUISHED BUDGET PRESENTATION AWARD TO **ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY, NEW MEXICO** FOR ITS ANNUAL BUDGET FOR THE FISCAL YEAR BEGINNING JULY 1, 2006. IN ORDER TO RECEIVE THIS AWARD, A GOVERNMENTAL UNIT MUST PUBLISH A BUDGET DOCUMENT THAT MEETS PROGRAM CRITERIA AS A POLICY DOCUMENT, AS A FINANCIAL PLAN, AS AN OPERATIONS GUIDE, AND AS A COMMUNICATIONS DEVICE.



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ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

PREFACE

NMSA 1978, Section 72-1-20 which created the Albuquerque Bernalillo County Water Utility Authority (Authority), along with Authority Ordinance O-04-6 requires the Executive Director to formulate the operating budget for the Authority. The Executive Director shall propose the budget to the Board at the April regularly scheduled meeting each year. The Authority Board then will approve or amend and approve the Executive Director's approved budget, after the Board has received the budget and has deliberated on it, provided public notice and allowed for public input at or before the May regularly scheduled meeting.

Budget Instructions are issued annually in January. A salary forecast is completed for review by the Executive Director. Expense data is accumulated at the current level and totals are reviewed to determine if other actions or changes in budget instructions must be made in order to achieve a balanced budget. Budget meetings are held with the Executive Director and Authority Staff. During this process divisions may request program expansions or offer plans for reducing costs, or revenue enhancements. One year objectives and the performance plan for the fiscal year are submitted to the Board in March for April approval. The performance plan contains performance measures that guide the operating and capital budgets in allocating the Authority's financial resources and is driven by the five-year goals and one year objectives. The Executive Director proposes the operating and capital budgets to the Board at the April meeting of each year. This proposal includes the budgets, capital program, and rate proposal which may recommend changes in rates and fees. After receiving the budget proposal from the Executive Director, the Board schedules at least two public hearings on it. As a result of its deliberations and the information gathered at the public hearings, the Board may amend the budget proposal at any time prior to approval at the May regularly scheduled meeting. Appropriations are at the Fund level, the level at which expenditures may not legally exceed appropriations. Budgetary control is maintained by a formal appropriation and encumbrance system. Appropriations may be made or modified during the year by a legally adopted resolution. Appropriations revert to fund/working capital balance to the extent they have not been expended or encumbered at fiscal year end.

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

The budget and accounting basis for the Authority is on an accrual basis. Revenues are recognized when earned, and expenses are recognized as they are incurred. The Authority is operated as an enterprise fund, which is an accounting entity with a self-balancing set of accounts established to record the financial position and results that pertain to a specific governmental activity.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

FISCAL YEAR 2009 BUDGET CALENDAR OF EVENTS

Jan	Begin discussion on Authority's Performance Plan
Jan - Mar	Divisional preparation of FY/09 budget request. Meetings between Authority Executive Director, General Manager and Division Managers
Jan-Mar	Preparation of FY/09 CIP Budget request. Meetings between Authority Executive Director, General Manager and Division Managers
Jan – Feb	Authority preparation of Authority Objectives and Performance Measures
Jan 15	Budget Call to Operating Divisions
Feb – Mar	ABCWUA budget review with Executive Director, General Manager and Division Managers
Feb 12	Proposed budgets due to Finance Division. Includes all issue papers and organization charts
Feb 20	Introduction of Authority Objectives at Authority Meeting
Mar 17	CIP Budget Due to Finance Division
Mar 19	Approval of Authority Objectives at Authority Meeting
Mar 28	Proposed Operating and CIP Budget Document prepared and printed
Mar 28	Proposed Operating and CIP Budget Document submitted to Authority Staff
Apr 16	Introduction and Public Hearing of Proposed Operating and CIP Budget at Authority Meeting
May 21	2 nd Public Hearing and Approval of Proposed Operating and CIP Budget at Authority Meeting

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

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

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

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

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

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

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

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

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

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

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EXECUTIVE SUMMARY

***Approved
Operating Budget
FY/09***

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Executive Summary

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

Mission

The mission of the Albuquerque Bernalillo County Water Utility Authority is to:
Assure responsive Customer Service. Provide reliable, high quality, affordable and sustainable water supply, wastewater collection treatment, and reuse systems. Support a healthy, environmentally-sustainable, and economically-viable community.

Fiscal Year 2009 Budget Highlights

The Fiscal Year 2009 Executive Director's Approved Budget establishes the Authority's financial plan and uses the Goals, Objectives and the Performance Plan as guides for the appropriation of funds. The Authority has developed this budget by determining those costs necessary to run the utility operation.

Assumptions

In the preparation of the Fiscal Year 2009 budget, certain assumptions were made related to the operations of the Authority, the economic climate and system growth within Bernalillo County and the City of Albuquerque.

- **Water and Sewer Revenues.** The water and sewer rates do not increase for Fiscal Year 2009. Budgeted total Authority Operating and Sustainable Water Supply Revenues were projected using a 5 year historical trend based upon growth and consumption. The trend was structured by class of customer as well as by service size of each class. The projections also take into account the Authority's continued conservation efforts.
- **System Growth.** System growth is based on a 2% growth factor, however this growth is offset by estimated water conservation of 1%.
- **Utility Expansion Charges.** Utility expansion charges have been reduced for Fiscal Year 2009 to reflect the current downward trend in the development of residential housing.
- **Wage Adjustments.** The budget was developed using a 3% cost of living adjustment. Union contracts have to be negotiated and approved for Fiscal Year 2009.
- **Fringe Benefits.** Fringe Benefits are calculated at 42.28% of gross wages.
- **Power, Fuel and Chemicals.** Expenditures for power, fuel and chemicals will not exceed the Consumer Price Index in Fiscal Year 2009.
- **Surface Water Treatment Plant.** The operating costs associated with the new surface water treatment plant will be in line with the Authority's consultant estimate.
- **Target Working Capital Balance.** The target working capital balance for the General Operating Fund will be maintained at a minimum of \$10 million.
- **Conservative Projection of Revenues and Expenditures.** The budget is based on conservative revenue and expenditure estimates.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Challenges

Among the challenges facing the Authority in Fiscal Year 2009 are the bringing on-line the surface water treatment plant and managing the increasing costs of fuel, chemicals and electricity. With the startup of the surface water treatment plant the Authority will have to operate and maintain two water systems. The existing well/aquifer system and the new surface water system. Although the well system usage will be reduced as the surface water system becomes fully operational, 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 Authority. The increasing costs associated with fuel, chemicals and electricity is another issue that is of concern. The Fiscal Year 2009 budget does have some increase for these expenses but they were based on the best information that we had when preparing the budget and during the approval process which occurred in May 2008. Since that time the cost of oil and chemicals has increased significantly. The State of New Mexico Public Regulatory Commission (PRC) has also approved a significant increase in electricity costs to the Authority's electric provider. In addition the recently completed union contract negotiations resulted in an approximately 4% cost of living adjustment. This wage adjustment was budgeted and approved at 3%.

One Year Objectives Fiscal Year 2009

The One-Year Objectives were derived from projects that the Water Authority is currently working on such as the surface drinking water and odor control projects. The Objectives also incorporate areas were the QualServe Benchmarking, Self Assessment and Peer Review programs identified as opportunities for improvement. Some of the proposed objectives are tied to resources contained in the approved budget. A few of the objectives are carried over from Fiscal Year 2008 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 customer service.

Working Capital

In the development of the Fiscal Year 2009 budget, expenses were projected to exceed revenue in both the General Operating Fund as well as the Sustainable Water Supply Fund. To bridge this gap the Authority has utilized Working Capital. In the General Operating Fund budget, it is estimated that the Working Capital Balance would exceed the Authority's \$10 million balance. For Fiscal Year 2009, \$10.3 million will be drawn from the Working Capital Balance to primarily make the final payment of the Series 1998 Revenue Bond. The Working Capital Balance at the end of Fiscal Year 2009 is projected at \$14.6 million.

In the Sustainable Water Supply Fund, working capital will be drawn down by \$11.5 million for Fiscal Year 2009. Funding in this Fund is dedicated for the development of the San Juan Chama Surface Water Project. As this Project was developed, funding has been accumulated in order to offset debt service associated with Project as well as to cover the initial operating costs. This Fund will be combined with the General Operations Fund once San Juan Chama Surface Water Project becomes fully operational which is expected in Fiscal Year 2010. There is no minimum level of Working Capital Balance associated with this Fund. The Working Capital Balance at the end of Fiscal Year 2009 is estimated to be \$9.2 million.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

General Operating Fund – 621

Total revenue approved for Fiscal Year 2009 is \$120,372,000. Of the total revenue, 97% is comprised of charges for water and wastewater services. Appropriations total \$128,683,000. To balance this budget, working capital is drawn down \$10,321,000. The Fiscal Year 2009 approved budget does not include a rate increase.

(\$000's)	ACTUAL FY/07	ORIGINAL BUDGET FY/08	REVISED BUDGET FY/08	ESTIMATED ACTUAL FY/08	APPROVED BUDGET FY/09	APP 09/ EST ACT 08 CHG
RESOURCES:						
Miscellaneous Revenues	5,610	1,749	1,749	4,253	1,849	2,404
Enterprise Revenues	115,414	116,088	116,088	125,099	116,771	8,328
Transfers from Other Funds	1,520	1,718	1,718	1,405	1,752	347
Total Current Resources	122,545	119,555	119,555	130,757	120,372	(10,385)
Beginning Working Capital Balance	19,967	19,537	19,537	19,537	24,951	5,414
TOTAL RESOURCES	142,512	139,092	139,092	150,294	145,323	(4,971)
APPROPRIATIONS:						
Joint Water/Sewer Operations	65,596	71,381	72,738	71,776	71,183	(593)
Transfers to Other Funds:	59,250	51,163	52,567	52,567	57,500	4,933
TOTAL APPROPRIATIONS	124,847	122,544	125,305	124,343	128,683	(253,026)
ADJ TO WORKING CAPITAL BALANCE	1,872	-	(1,000)	(1,000)	(2,000)	-
ENDING WORKING CAPITAL BALANCE	19,537	16,548	12,787	24,951	14,630	(10,321)

Resources

General operating fund revenue is projected to be \$.8 million more than the Fiscal Year 2008 approved budget amount. This estimate includes an increase in investment income of \$.1 million, and an increase of \$.7 million from rate payer growth.

Appropriations

Personnel Expenditures - The approved budget for the General Operating Fund has a net increase of \$.8 million in personnel expenditures which include a 3% cost of living adjustment and the addition of 1 net new position at a cost of \$46,000. This position is for additional staffing at the Soil Amendment Facility to handle the increased solids generated by the new water treatment plant.

Operating Expenditures - Operating costs for this Fund have a net decrease of \$1.6 million from Fiscal Year 2008 to Fiscal Year 2009. This decrease is due mainly to a decrease in electricity costs of \$3 million offset by an increase in electricity costs in the Sustainable Water Supply Fund 622 for the new water treatment plant.

Operating expenditures other than electricity have a net increase of \$1.4 million. Major components of this increase include \$185,000 for advertising, \$100,000 for classification and compensation study, \$190,000 for postage, \$20,000 for billing paper and envelopes, \$30,000 for supplies and \$30,000 for repairs and maintenance for the Soil Amendment Facility to handle solids from the new water treatment plant, \$144,000 for software maintenance and bank lockbox service fees of \$240,000. Transfers to debt service increase by \$5 million and the cash transfer to the Capital Implementation Program to supplement the 50% capital cash match required by Ordinance increases by \$1.3 million. There is also net increase in risk charges of \$254,000 and an increase in vehicle maintenance and vehicle fuel of \$329,000.

Working Capital – The balance for Working Capital, total revenues minus total expenses, is estimated to be \$14.6 million at the end of the Fiscal Year 2009.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

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

Sustainable Water Supply Fund – 622

Total revenue approved for Fiscal Year 2009 is \$26,784,000. Of the total revenue, 98% is comprised of charges for water. Appropriations total \$38,317,000, of which \$26,236,000 are transfers to debt service to offset payments for the San Juan Chama project. To balance this budget, working capital is drawn down \$11,533,000.

(\$000's)	ACTUAL FY/07	ORIGINAL BUDGET FY/08	REVISED BUDGET FY/08	ESTIMATED ACTUAL FY/08	APPROVED BUDGET FY/09	APP 09/ EST ACT 08 CHG
RESOURCES:						
Miscellaneous Revenues	972	474	474	474	474	-
Strategy Implementation Revenues	24,975	25,830	25,830	25,830	26,310	480
Total Current Resources	25,947	26,304	26,304	26,304	26,784	480
Beginning Fund Balance	11,706	18,835	18,835	18,835	20,708	1,873
TOTAL RESOURCES	37,653	45,139	45,139	45,139	47,492	2,353
APPROPRIATIONS:						
Sustainable Water Operations	590	2,022	2,251	2,129	10,846	8,717
Transfers to Other Funds	18,122	22,302	22,302	22,302	27,471	5,169
TOTAL APPROPRIATIONS	18,712	24,324	24,553	24,431	38,317	13,886
ADJUSTMENTS TO FUND BALANCE	(106)	-	-	-	-	-
ENDING WORKING CAPITAL BALANCE	18,835	20,815	20,586	20,708	9,175	(11,533)

Resources

The Sustainable Water Supply Fund revenue is projected to increase by \$.5 million over Fiscal Year 2008. This increase is due to estimated system growth and an increase in Franchise Fee revenue which is passed through to the local government bodies in the service area.

Appropriations

Expenditures for the Sustainable Water Supply Fund are estimated to increase \$14 million. The increase includes \$8.7 million in operating costs for the San Juan Chama surface water treatment plant which will begin operations the first quarter of Fiscal Year 2009 and \$5.2 million in the transfer to debt service. It is estimated that this fund will increase its working capital balance to \$13.3 million in Fiscal Year 2009. The budgeted expenditures for the surface water treatment plant are based on the consultant estimate.

Debt Service Fund – 631

Total revenue approved for Fiscal Year 2009 is \$78,901,000. The total revenue is comprised of transfers from the General Operating Fund, the Sustainable Water Supply Fund and Utility Expansion Charges (UEC), with a small amount from interest earnings. Appropriations total \$78,301,000, of which \$64,301,000 is debt service to offset payments and \$14,000,000 are transfers to CIP.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

(\$000's)	ACTUAL FY/07	ORIGINAL BUDGET FY/08	REVISED BUDGET FY/08	ESTIMATED ACTUAL FY/08	APPROVED BUDGET FY/09	APP 09/ EST ACT 08 CHG
RESOURCES:						
Miscellaneous Revenues	13,796	17,600	17,600	17,600	14,600	(3,000)
Transfer from Other Funds	59,347	59,079	59,079	59,079	64,301	5,222
Total Current Resources	73,143	76,679	76,679	76,679	78,901	2,222
Beginning Fund Balance	13,679	6,582	6,582	6,582	1,502	(5,080)
TOTAL RESOURCES	86,822	83,261	83,261	83,261	80,403	(2,858)
APPROPRIATIONS:						
Total Joint Water/Sewer D/S	63,957	65,466	65,466	62,759	64,301	1,542
Transfers to Other Funds	16,000	19,000	19,000	19,000	14,000	(5,000)
TOTAL APPROPRIATIONS	79,957	84,466	84,466	81,759	78,301	(3,458)
FUND BALANCE PER CAFR	79,957	84,466	84,466	81,759	78,301	(3,458)
ADJUSTMENTS TO FUND BALANCE	(283)	0	0	0	0	0
AVAILABLE FUND BALANCE	6,582	(1,205)	(1,205)	1,502	2,102	600

Resources

Debt Service resources increase \$2.2 million in Fiscal Year 2009. UECs are decreased by \$3 million in Fiscal Year 2009 while the transfer from the Sustainable Water Supply Fund 622 increases by \$5.2 million.

Appropriations

Debt service payments increase \$1.5 million over Fiscal Year 2008. This increase is due to the debt service for the San Juan Chama Drinking Water project loan, Basic Capital and Reuse projects. This is offset by the retirement of the 1991 Revenue Bond Issue. The decrease in the transfer to other funds represents a reduction in the transfer to CIP for Fiscal Year 2009 due to the decrease in UEC revenue.

Fiscal Year 2009 Operational Highlights

- The Fiscal Year 2009 budget realigns and consolidates certain administrative functions under an administrative supervisor. This is the first step proposed by the Authority to better organize functional operations into work units that make more sense for day to day operations, provide more effective customer service and will give the Authority better work related integration for succession planning.
- The approved budget includes nonrecurring funding for a safety/performance incentive program. This program will reward employees for cost savings due to increased efficiencies or a decrease in work related losses. Funding for this program is contingent on the Authority generating the same or a greater amount in savings.

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- The San Juan Chama Drinking Water Project is expected to come on-line the first quarter of Fiscal Year 2009. Trial operations and equipment testing will occur in Fall 2008 with surface water provided to our customers in the second half of Fiscal Year 2009.
- The Bear Canyon Aquifer Storage and Recovery project to infiltrate San Juan Chama water into the aquifer has been very successful. A full-scale pilot program will be the focus in Fiscal Year 2009 to attempt to store more than 50,000 acre-feet into the aquifer at the water treatment plant site.
- The design of a new Santa Barbara Pump Station and Reservoir was completed in Fiscal Year 2008, with construction commencing in early Fiscal Year 2009. This project will enable the decommissioning of the old Yale Reservoir on the University of New Mexico campus. Major pipelines will also be added to reroute flows to the new storage reservoir at the existing Santa Barbara Reservoir site.
- Continuing projects at the Water Reclamation Division in Fiscal Year 2009 include final design work for a UV Disinfection facility and preliminary design of the Phase 2 Odor Control improvements for covering some of the clarifiers, rehab work on existing digesters with large cracks in the concrete roofs, and rehab to increase digester gas production.
- Work continues on Phase II of the Valley Utilities Project which includes the Area I and J Sewer System Project. The project will provide sewer service to approximately 350 properties. Area I and J Phase II will also provide water service to any completion areas within the project area. The project began construction in January 2008 and is scheduled to be completed in January 2009.
- The implementation and upgrade of Maximo (the Authority's Computerized Maintenance Management System) begun in Fiscal Year 2008 will continue. In Fiscal Year 2009 the latest version of Maximo, including Maximo Spatial Asset Management will be implemented and will merge the two systems currently in use by Water Systems and Water Reclamation. In addition, both the collections service and the surface water treatment plant will be brought into this implementation. Expected completion of Phase 1 is late Fiscal Year 2009 or early Fiscal Year 2010.
- The Water Authority will complete implementation of a major upgrade of its customer billing system to Oracle's Customer Care and Billing (CC&B) in Fiscal Year 2009.
- The Water Authority will begin the initial phase of a classification and compensation study in Fiscal Year 2009. This study is intended to review the current employee classifications and the compensation associated with these classifications. It is anticipated that the study will be completed in Fiscal Year 2010.
- The budget does not include a rate increase for Fiscal Year 2009.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

FINANCIAL POLICIES

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

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

STATE STATUTES:

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

BUDGET ORDINANCE PROVISIONS:

§ 2-1-3 BUDGET CONTENTS AND FORMAT.

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

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

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

"(B) The Authority budget shall be fund based."

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

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

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

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

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

BUDGET ORDINANCE PROVISIONS:

§ 2-1-1 INTENT.

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

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

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

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

ABCWUA Board participates in the development of the Executive Directors 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.”

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

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

BUDGET ORDINANCE PROVISIONS:

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

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

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

RATE ORDINANCE PROVISIONS:

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

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

“(C) Increasing Minimum Monthly Fixed Charges. If the determination of §1-2(B) above shows that the total revenues minus the expenses of the system are less than 133% of the current debt service for the cumulative quarter of the fiscal year, the fixed monthly charge will be increased for water and sewer accounts. The increase in fixed monthly charges will be a percentage of the established fixed monthly charges that produce additional revenues so that if the adjusted charges had been effective the previous quarter, the total revenues would have been sufficient to pay operating expenses and 133% of current debt service. The increased fixed monthly charge will be effective the second month following the quarter (i.e., the month following the determination), and will remain in effect until such time as the Authority acts on water and sewer rates. If the determination of §1-2(B) above shows the total revenues minus the expenses of the system are less than 133% of the current debt service for the cumulative quarter of the fiscal year, it shall be determined if the revenue loss is due to efforts of utility Customers to conserve water by reviewing usage patterns. If the usage study shows that the reduced revenues are due to conservation efforts, the Executive Director shall analyze the Utility’s operations for the purpose of determining whether or not corresponding expense reductions can be effected and shall present any such expense reduction proposals to the Authority.”

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

§ 2-1-11 FINANCIAL AND MANAGEMENT REPORTS.

“(B) Reports shall be received by the Board on a timely basis according to the following schedule:

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

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

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

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

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

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

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

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

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

§ 1-6 WATER AND SEWER REHABILITATION FUND.

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

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

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

***Approved
Operating Budget
FY/09***

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

FIVE YEAR GOALS AND ONE YEAR OBJECTIVES

Five-Year Goal Development

The Authority established Five-Year Goals and One-Year Objectives in 2005 to help guide the Authority's budget process and address priority issues. In addition, the Authority's Budget Ordinance specifies that the Authority shall annually review and adopt one-year objectives related to the five year goals for the Authority. The Ordinance also states that the Authority's operating budget shall be formulated by the Authority's Executive Director and be consistent with the goals and objectives, and that they be major factors in determining funding for Authority programs and improvements in both the operating and capital improvements budgets.

The Five-Year Goals adopted by the Authority are based on American Water Works Association's (AWWA) QualServe business model. The QualServe framework is modeled on using fifteen successful quality achievement programs, including the Malcolm Baldrige National Quality Award Program, the Deming Award, and the International Standards Organization series of quality standards. The model characterizes the work of the typical water and wastewater utility around five business systems:

1. Water Supply and Operations
2. Wastewater Collection and Operations
3. Customer Relations
4. Business Planning and Management
5. Organization Development

The Authority has also participated in three AWWA QualServe programs which are designed to help the Authority identify and prioritize opportunities for improvement. The Benchmarking program allows the Authority to compare its performance against other utilities. The Self-Assessment program gathers employee's opinions about the Authority's operations in order to help determine the current performance level. The Peer Review program is an on-site in-depth review of our operations by a team of volunteer utility professionals to help us design and implement improvements.

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One-Year Objectives

The One-Year Objectives were derived from projects that the Authority is currently working on such as the surface drinking water and odor control projects. The Objectives also incorporate areas were the QualServe Benchmarking, Self Assessment and Peer Review programs identified as opportunities for improvement. Some of the proposed objectives are tied to resources contained in the proposed budget. A few of the objectives are carried over from Fiscal Year 2008 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 customer service.

Summary of Fiscal Year 2009 Goals and Objectives

Goal 1: Water Supply and Operations

Provide a reliable, safe, affordable, and sustainable water supply by transitioning to renewable supplies and minimizing long term environmental impacts on the community and natural resources while ensuring the ability of the community to grow in a responsible manner.

The objectives in this goal include:

- Begin startup and trial operations of the Drinking Water Project (DWP) including the diversion and raw water pump station and water treatment plant by the 2nd Quarter Fiscal Year 2009.
- Begin construction of the mitigation measures for the DWP including monitoring and construction of habitat in three areas of the Bosque by the 1st Quarter Fiscal Year 2009.
- Complete public education and public acceptance plan including introduction of surface water into the existing distribution system by the end of the 1st Quarter Fiscal Year 2009.
- Integrate short and long-term water resources development plan into the integrated water/wastewater/reuse master plan by the end of the 1st Quarter Fiscal Year 2009.
- Continue working development of desalinization water supply plan and report to the Board by the end of the 3rd Quarter of Fiscal Year 2009.
- Continue implementation of water loss programs focusing on revenue water. Utilize International Water Association/American Water Works Association Water Audit methodology for accounting and examination of water loss programs. Reduce unaccounted-for-water by 1% by the end of the 4th Quarter Fiscal Year 2009.
- Prioritize and implement recommendations from the Water Resources Management Strategy by the end of the 4th Quarter Fiscal Year 2009.
- Begin Phase II operations of the Bear Canyon Aquifer Storage and Recovery project by the end of the 2nd Quarter of Fiscal Year 2009.
- Submit permits required for starting the large-scale Aquifer Storage and Recovery program for injecting or land applying purified San Juan-Chama water into the eastside aquifer by the end of the 4th Quarter Fiscal Year 2009.
- Achieve water use of 164 gallons per person per day by the end of the 2nd Quarter of Fiscal Year 2009.
- Implement activities for native water storage in Abiquiu working with the Corps of Engineers and other federal and state entities by the end of the 4th Quarter Fiscal Year 2009.
- Increase water operations planned and preventative maintenance by 25% by the end of the 4th Quarter of Fiscal Year 2009.
- Complete the Utility Tech-1 training program for all the new hires from Fiscal Year 2009. Develop Utility Tech-4 curriculum to certified Utility Tech -3 personnel. Incorporate surface water training curriculum into the Training & Certification guidelines document. Complete this objective by the end of the 4th Quarter of Fiscal Year 2009.
- Expand the Automated Meter Reading Program by expending \$2 million on small meter replacement by the end of the 4th Quarter of Fiscal Year 2009.

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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.

The objectives in this goal include:

- Limit overall permit excursions to 2% by not exceeding any more than 5 operating discharge permit violations through the end of the 4th Quarter of Fiscal Year 2009.
- Design and construct odor control facilities for collection system and plant by developing a conceptual odor control plan for lift stations, vacuum stations and collection system and by completing a study and design of Downtown/Martineztown Odor Control Biofilter by the end of the 4th Quarter of Fiscal Year 2009.
- Design ultraviolet disinfection facilities to eliminate chlorine hazard at plant by the end of the 2nd Quarter of Fiscal Year 2009
- Develop long-term plan for biosolids management, emphasizing beneficial uses by increasing average biosolids diversion to composting to 15% through the end of the 4th Quarter of Fiscal Year 2009.
- Develop facilities plan recommendations by updating the Southside Water Reclamation Plant (SWRP) capacity analysis, developing capacity needs projections for future satellite plant(s) and determining potential impacts of satellite plant(s) on SWRP flow, organics loading and odor control by the end of the 4th Quarter of Fiscal Year 2009.
- Expedite outmoded equipment replacement and plant facilities renovation based on asset management principles by identifying and prioritizing high-risk assets, constructing plant and digester renovations and increasing preventive maintenance work orders by 50% by the end of the 4th Quarter of Fiscal Year 2009.
- Develop and implement asset management decision-making for collection system by applying asset management principles to reducing sewer overflows; televising 20% of unlined concrete interceptors per year and developing a plan for stations preventive maintenance by field operations staff by the end of the 4th Quarter of Fiscal Year 2009.
- Improve compliance with the Authority's Rate Ordinance by continuing validation of compliance for illegal sewer connections and extra-strength dischargers through the end of the 4th Quarter of Fiscal Year 2009.
- Develop and implement a Water Reclamation Division organizational succession plan by implementing hiring, training and certification programs for mechanics, electricians and electronics technicians, implementing certification training program for management staff, and revising training and certification process to facilitate full Level 4 Operator staffing by the end of the 4th Quarter of Fiscal Year 2009.

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.

The objectives in this goal include:

- Develop a consolidated marketing and public relations program to improve customer recognition, build public support for present and future initiatives and educate the public about critical water-related issues by the end of the 2nd Quarter of Fiscal Year 2009.
- Develop an emergency communications plan and an overall communications plan for the Authority's stakeholders and with employees by the end of the 3rd Quarter of Fiscal Year 2009.
- Reduce call wait time to less than 1 minute, 90 percent of the time by use of staffing and technology through the 4th Quarter of Fiscal Year 2009.
- Develop customer relations performance benchmark metrics based on best practices by the 4th Quarter of Fiscal Year 2009.

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- Coordinate with Bernalillo County to establish a requirement of obtaining a sewer account with the Water Authority as part of the sewer connection permitting process by the end of the 2nd Quarter of Fiscal Year 2009.

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.

The objectives in this goal include:

- Implement Phase 2 of Comprehensive Asset Management Program to manage existing assets more effectively and plan for future needs by the end of the 4th Quarter of Fiscal Year 2009.
- Expend \$31 million in water and wastewater capital rehabilitation and replacement programs by the end of the 4th Quarter of Fiscal Year 2009. \$1 million shall be dedicated and used for identifying steel water pipes in poor condition and rehabilitating or replacing at least 2 miles of pipe by the end of the 4th Quarter of Fiscal Year 2009.
- Begin implementation of an integrated water/sewer and reuse master plan and modeling system by the end of the 4th Quarter of Fiscal Year 2009.
- Implement Maximo software application upgrade and associated Geographic Information System (GIS) in a manner that supports the Asset Management business objectives of the Authority by the end of the 4th Quarter of Fiscal Year 2009.
- Implement Customer Care and Billing application to include added functionality for web self-service for our customers by the end of the 4th Quarter of Fiscal Year 2009.
- Implement a pilot program for the use of mobile devices in the field by the end of the 4th Quarter of Fiscal Year 2009.
- Develop and implement a manhole and valve recovery program by the end of the 4th Quarter of Fiscal Year 2009.

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.

The objectives in this goal include:

- Continue implementation of succession and knowledge management planning necessary to manage the Water Authority's assets through the end of the 4th Quarter of Fiscal Year 2009.
- Initiate a comprehensive classification and compensation study by the end of the 4th Quarter of Fiscal Year 2009.
- Reduce the number of employee injury lost days by 25% by the end of the 4th Quarter of Fiscal Year 2009.
- Conduct an assessment of the Authority's training needs and develop a professional and leadership program by the end of the 1st Quarter of Fiscal Year 2009.
- Maintain a utility-wide vacancy rate of no greater than 10% through Fiscal Year 2009.
- The Executive Director of the Authority shall ensure that these goals and objectives are carried out through the development of a performance plan and shall submit a report by Goal to the Authority at least semi-annually on the progress made toward implementation of the one-year objectives.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

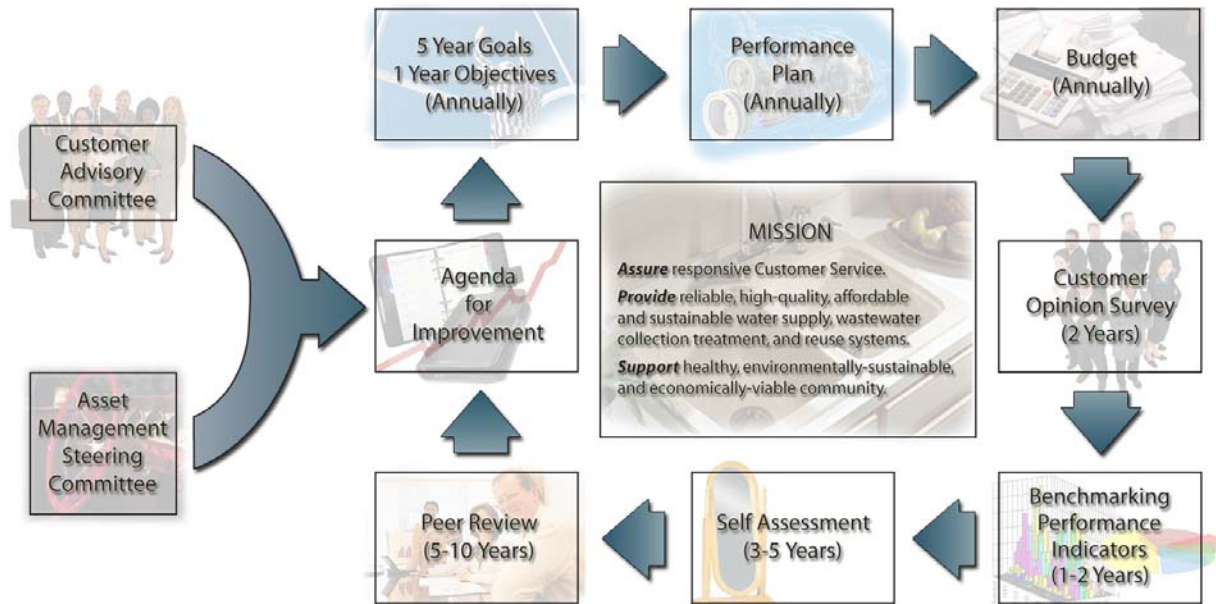
Strategic Planning, Budgeting and Improvement Process

The Five-Year Goals and One-Year Objectives are a component of the Strategic Planning, Budgeting and Improvement Process. The Goals and Objectives and performance measures from the Performance Plan (Volume 2) help guide the operating and capital budgets in allocating the Authority's financial resources. This Process is periodically updated by the Authority's participation in the AWWA QualServe program: Benchmarking (annually), Self-Assessment (3-5 years), and Peer Review (5-10 years).

The Authority also utilizes a group of employees called the "Guiding Coalition" which consists of a cross section of employees representing all areas of the Utility. The purpose of this Coalition is to review and discuss the different components of the Authority's operations and recommend improvements and to develop a vision and strategies to implement that vision in order to become a high performance organization.

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

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY Strategic Planning, Budgeting and Improvement Process



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

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*APPROVED BUDGET
&
FINANCIAL
CONSOLIDATIONS*

*Approved
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PERSONNEL SUMMARY

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

PERSONNEL INFORMATION

The Fiscal Year 2008 approved budget contains a net increase of 17 employees over the Fiscal Year 2007 level. The FY/08 budget is authorized and approved at 573 employees.

Three labor unions represent 469 of the 576 Utility employees. Local 2962 AFSME, AFL-CIO, CLC represents 51 clerical series employees, Local 624 AFSCME, AFL-CIO represents 300 blue collar employees and Local 3022 AFSCME, COUNCIL 18, AFL-CIO represents 118 management series employees.

Changes in Employment - The Approved budget for Fiscal Year 2009 shows a net increase of 1 new position. The net new position is for additional staffing at the Soil Amendment Facility to handle the increased solids generated by the new water treatment plant.

The approved budget provides for the realignment and consolidation of certain administrative functions under an administrative supervisor. This is the first step in a phased plan that will be implemented by the Authority to better organize functional operations into work units that make more sense for day to day operations, provide more effective customer service and will give the Authority better work related integration for succession planning. This realignment is guided by the span of control analysis that was conducted by an independent consultant as recommended in the American Water Works Association's (AWWA) Peer Review. The Authority used the report's recommendations to change the organization structure in order to improve quality, productivity and customer satisfaction and optimize the number of layers in the organization. The financial impact of these changes for Fiscal Year 2009 will result in savings at the administrative level for the Authority.

	ACTUAL FY/07	ORIGINAL BUDGET FY/08	REVISED BUDGET FY/08	ESTIMATED ACTUAL FY/08	APPROVED BUDGET FY/09
POSITIONS:					
Customer Services	59	58	58	58	62
Finance	7	7	7	7	20
Human Resources	0	12	12	12	19
Information Systems	15	17	19	19	19
Water Authority	4	10	10	10	12
Strategic Support	18	0	0	0	0
Utility Development	19	0	0	0	0
Wastewater Collection	60	62	61	61	61
Compliance	43	56	56	56	39
Wastewater Treatment	101	97	99	99	105
Water Distribution Facilitation	50	44	44	44	35
Water Plant Facility Production	58	58	58	58	58
Water Plant Facility Distribution	91	91	91	91	91
Water Resources/Engineering/Plan	18	38	37	37	32
Strategy Implementation	11	20	20	20	20
North I-25 Reuse - 622	3	3	3	3	3
TOTAL FULL TIME POSITIONS	557	573	575	575	576

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ABCWUA FUNDS

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

Fund 621 - Joint Water and Sewer Operating Fund - To account for the general operations of providing water and sewer services in the Authority's service area.

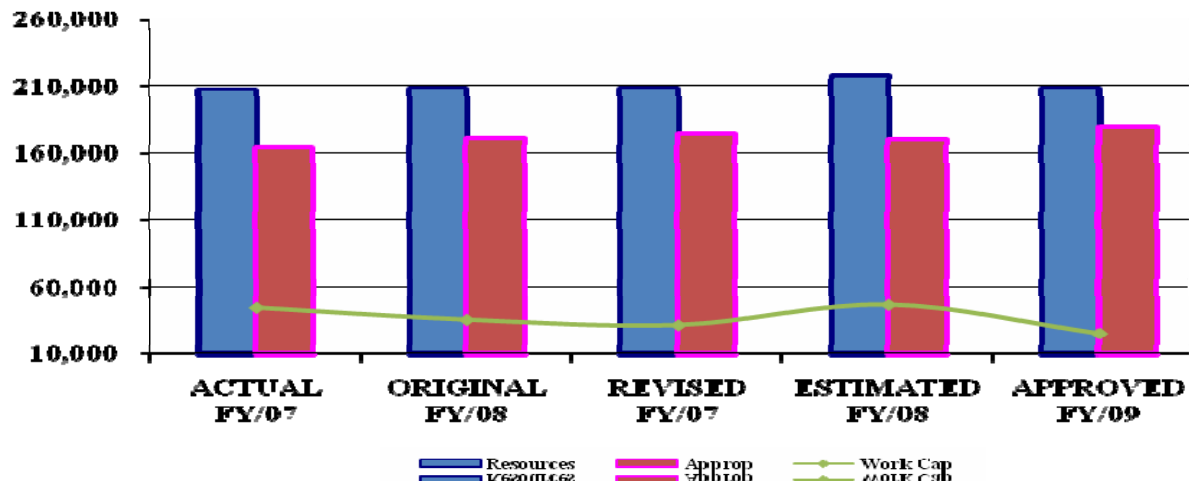
Fund 622 - Sustainable Water Supply Operation Fund - To account for operations involved in the development of a surface water supply.

Fund 631 - Joint Water and Sewer Debt Service Fund - To accumulate the monies to pay the debt service associated with water and sewer services.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

CONSOLIDATED RESOURCES, APPROPRIATIONS, AND FUND BALANCE

(\$000's)	ACTUAL FY/07	ORIGINAL BUDGET FY/08	REVISED BUDGET FY/08	ESTIMATED ACTUAL FY/08	APPROVED BUDGET FY/09	APP 09/ EST ACT 08 CHG
RESOURCES:						
Miscellaneous Revenues	20,378	19,823	19,823	22,324	16,923	(5,401)
Enterprise Revenues	115,414	116,088	116,088	125,099	116,771	(8,328)
Strategy Implementation Revenues	24,975	25,830	25,830	25,830	26,310	480
Transfers from Other Funds	60,867	60,797	60,797	60,484	66,043	5,559
Interfund Adjustments	(59,347)	(59,079)	(59,079)	(59,079)	(64,301)	(5,222)
Total Current Resources	162,287	163,459	163,459	174,658	161,746	(12,912)
Beginning Working Capital Balance	45,352	44,954	44,954	44,954	47,161	(9,104)
TOTAL RESOURCES	207,640	208,413	208,413	219,612	208,907	(22,016)
APPROPRIATIONS:						
Joint Water/Sewer Operations	65,596	71,381	72,738	71,774	71,183	(591)
Sustainable Water Operations	590	2,022	2,251	2,129	10,846	8,717
Total Joint Water/Sewer D/S	63,957	65,466	65,466	62,759	64,301	1,542
Transfers to Other Funds:	93,372	92,465	93,869	93,869	98,971	5,102
Interfund Adjustments	(59,347)	(59,079)	(59,079)	(59,079)	(64,301)	(5,222)
TOTAL APPROPRIATIONS	164,169	172,255	175,245	171,452	181,000	9,548
ADJ TO WORKING CAPITAL BALANCE	1,483	0	(1,000)	(1,000)	(2,000)	0
ENDING WORKING CAPITAL BALANCE	44,954	36,158	32,168	47,161	25,907	(31,564)



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

COMBINED FISCAL YEAR 2009 FUNDS BUDGET

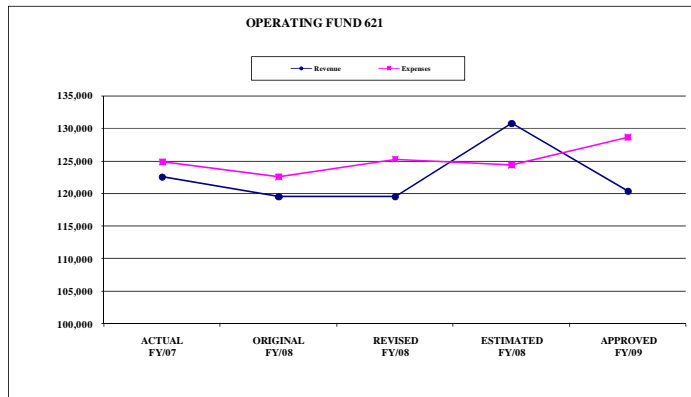
	GENERAL OPERATING	SUSTAINABLE WATER SUPPLY	DEBT SERVICE	2008-2009
Revenues and Other Resources	<u>FUND 621</u>	<u>FUND 622</u>	<u>FUND 631</u>	<u>Totals</u>
Interest	1,000,000	200,000	600,000	1,800,000
Miscellaneous	849,000			849,000
Water	59,847,000	25,150,000		84,997,000
Water Resources Management	4,468,000			4,468,000
Sewer	47,974,000			47,974,000
Utility Expansion Charges			14,000,000	14,000,000
CIP Employees	772,000			772,000
Refuse Transfer	980,000			980,000
Rental Property	0	274,000		274,000
Transfers	0		64,301,000	64,301,000
Franchise Fee	4,482,000	1,160,000		5,642,000
Interfund Adjustment				(64,301,000)
Total	<u>120,372,000</u>	<u>26,784,000</u>	<u>78,901,000</u>	<u>161,756,000</u>
Expenditures				
Wages	25,946,900	1,047,804		26,994,704
Fringe Benefits	10,970,537	417,119		11,387,656
Professional and Other Services	1,526,612			1,526,612
Utilities	5,180,665	3,906,703		9,087,368
Supplies	4,820,257	4,706,304		9,526,561
Training and Travel	333,202			333,202
Repairs and Maintenance	7,276,402	311,500		7,587,902
Taxes	1,361,000	154,000		1,515,000
Interest	508,000			508,000
Principal	893,000			893,000
Contract Services	4,700,246	165,340		4,865,586
Capital Outlay	625,000	20,000		645,000
Insurance	4,708,457	116,415		4,824,872
Vehicle Maintenance	2,332,722	815		2,333,537
Transfers to Other Funds	13,728,000	165,000	14,000,000	27,893,000
Franchise Fee	4,221,000	1,006,000		5,227,000
Indirect Overhead	1,486,000	64,000		1,550,000
Transfers to Debt Service	38,065,000	26,236,000		64,301,000
Debt Service Payments			64,301,000	64,301,000
Interfund Adjustment				(64,301,000)
Total	<u>128,683,000</u>	<u>38,317,000</u>	<u>78,301,000</u>	<u>181,000,000</u>
Revenue Over (Under) Expenditures	(8,311,000)	(11,533,000)	600,000	(19,244,000)
Beginning Fund Balance	24,951,000	20,708,000	1,502,000	47,161,000
Ending Fund Balance	<u>14,630,000</u>	<u>9,175,000</u>	<u>2,102,000</u>	<u>25,907,000</u>

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ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

WATER AND SEWER OPERATING FUND – 621

The Water and Sewer Fund budget provides quality water and wastewater removal to its ratepayers. With the exception of the Water Resources Management programs, this fund handles all operating dollars for the Authority. Transfers to the debt service fund and capital funds are also maintained in this fund.



- ◇ No rate increase for FY/09.
- ◇ 3% Cost of Living adjustment for salaries in FY/09.
- ◇ General operating expenses decrease by 1.22% in FY/09.
- ◇ Transfers and Internal Services increase by 12% in FY/09.
- ◇ Working Capital balance drawn down in FY/09.
- ◇ Rate Reserve increased \$2 million for FY/09.

OPERATING FUND 621 RESOURCES, APPROPRIATIONS AND WORKING CAPITAL BALANCE

(\$000's)	AUDITED FY/07	ORIGINAL BUDGET FY/08	REVISED BUDGET FY/08	ESTIMATED ACTUAL FY/08	APPROVED BUDGET FY/09	APP 09/ EST ACT 08 CHG
RESOURCES:						
Miscellaneous Revenues	5,610	1,749	1,749	4,253	1,849	2,404
Enterprise Revenues	115,414	116,088	116,088	125,099	116,771	8,328
Transfers from Other Funds	1,520	1,718	1,718	1,405	1,752	347
Total Current Resources	122,545	119,555	119,555	130,757	120,372	(10,385)
Beginning Working Capital Balance	19,967	19,537	19,537	19,537	24,951	5,414
TOTAL RESOURCES	142,512	139,092	139,092	150,294	145,313	(4,981)
APPROPRIATIONS:						
Joint Water/Sewer Operations	65,596	71,381	72,738	71,776	71,183	(593)
Transfers to Other Funds:	59,250	51,163	52,567	52,567	57,500	4,933
TOTAL APPROPRIATIONS	124,847	122,544	125,305	124,343	128,683	4,340
ADJ TO WORKING CAPITAL BALANCE	1,872	-	(1,000)	(1,000)	(2,000)	-
ENDING WORKING CAPITAL BALANCE	19,537	16,548	12,787	24,951	14,630	(10,321)

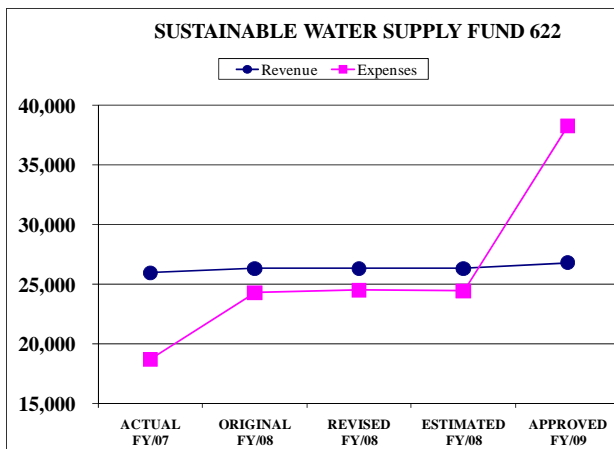
ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

	JOINT WATER AND SEWER OPERATING FUND 621					
	AUDITED	ORIGINAL	REVISED	ESTIMATED	APPROVED	APP 09/
(\$000's)	FY/07	FY/08	BUDGET	ACTUAL	BUDGET	EST ACT 08
			FY/08	FY/08	FY/09	CHG
RESOURCES:						
Miscellaneous Revenues						
Bond Proceeds	-	-	-	-	-	-
Interest on Investments	4,726	900	900	3,412	1,000	(2,412)
Other Miscellaneous Revenue	884	849	849	841	849	8
Total Miscellaneous Revenues	5,610	1,749	1,749	4,253	1,849	(2,404)
Enterprise Revenues						
City System-Water	48,547	48,406	48,406	55,009	48,900	(6,109)
City System-Sewer	33,643	38,855	38,855	34,211	38,845	4,634
City System-Contr/Aid	687	60	60	585	200	(385)
City System-Franchise Fee	3,680	4,198	4,198	4,095	4,221	126
Water Resources Management	3,153	4,468	4,468	4,461	4,468	7
Water Facilities Rehab	8,493	7,100	7,100	9,098	7,100	(1,998)
Wastewater Facilities Rehab	10,606	6,200	6,200	10,622	6,200	(4,422)
Total City System	108,808	109,287	109,287	118,081	109,934	(8,147)
Valley System-Water	3,630	3,737	3,737	3,915	3,737	(178)
Valley System-Sewer	2,494	2,754	2,754	2,559	2,754	195
Valley System-Contr/Aid	175	50	50	154	75	(79)
Valley System-Franchise Fee	270	229	229	345	230	(115)
Los Ranchos-Franchise Fee	37	31	31	45	31	(14)
Total Valley System	6,606	6,801	6,801	7,018	6,827	(191)
Total Enterprise Revenues	115,414	116,088	116,088	125,099	116,761	(8,338)
Transfers from Other Funds						
CIP Funded Employees	757	769	769	456	772	316
Refuse Disposal Op. Fund - 651	763	949	949	949	980	31
Total Transfers	1,520	1,718	1,718	1,405	1,752	347
Total Current Resources	122,545	119,555	119,555	130,757	120,362	(10,395)
Beginning Working Capital Balance	19,967	19,537	19,537	19,537	24,951	5,414
TOTAL RESOURCES	142,512	139,092	139,092	150,294	145,313	(4,981)
APPROPRIATIONS:						
Program Strategies:						
Customer Services	4,173	4,151	4,151	4,138	4,584	446
Finance	5,673	5,445	5,445	5,506	6,879	1,373
Human Resources	-	877	880	829	1,363	534
Information Systems	2,260	2,806	2,827	3,255	3,224	(31)
Low Income Utility Credit	226	250	250	240	250	10
San Juan/Chama	2,566	2,225	2,225	2,225	2,246	21
Water Authority	1,068	1,840	1,840	1,986	2,649	663
Strategic Support	1,196	-	-	-	-	-
Utility Development	1,320	-	-	-	-	-
Wastewater Collection	6,428	6,810	6,810	7,022	7,032	10
Compliance	3,006	4,871	4,871	4,386	3,412	(974)
Wastewater Treatment	10,553	10,703	10,785	10,349	11,957	1,608
Water Distribution Facilitation	4,114	3,591	3,591	3,481	3,283	(198)
Water Plant Facility Production	9,874	10,907	10,991	10,970	8,017	(2,953)
Water Plant Facility Distribution	10,420	10,831	10,923	10,929	10,874	(55)
Water Resources	2,721	6,074	7,149	6,460	5,413	(1,047)
Total Enterprise Appropriations	65,596	71,381	72,738	71,776	71,183	(593)
Transfers to Other Funds:						
General Fund - 110	6,806	6,163	6,163	6,163	6,183	20
Joint Water/Sewer Rehab Fund - 628	9,000	6,000	6,000	6,000	11,000	5,000
Joint Water/Sewer Capital Fund - 629	1,000	1,000	2,404	2,404	2,252	(152)
Joint Water/Sewer Bond D/S Fund - 631	42,444	38,000	38,000	38,000	38,065	65
Total Transfers	59,250	51,163	52,567	52,567	57,500	4,933
TOTAL APPROPRIATIONS	124,847	122,544	125,305	124,343	128,683	4,340
ADJUSTMENTS:						
Adjustment to Allowance for Uncollectible A/	1,872	-	-	-	-	-
Rate Stabilization	-	-	(1,000)	(1,000)	(2,000)	(1,000)
Reclassification of Working Capital						
for CAFR Presentation	-	-	-	-	-	-
TOTAL ADJUSTMENTS	1,872	-	(1,000)	(1,000)	(2,000)	(1,000)
ENDING WORKING CAPITAL BALANCE	19,537	16,548	12,787	24,951	14,630	(10,321)

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

SUSTAINABLE WATER SUPPLY FUND – 622

The Sustainable Water Supply Operation Fund houses all revenues and appropriations involved in the development of a surface water supply under the Water Resources Management Strategy. The fund is a dedicated fund that provides money for the Surface Water Diversion Project (San Juan/Chama) as well as water re-use projects and other efforts that ensure a sustainable water supply.



- ◇ Revenue estimated to increase slightly in FY/09.
- ◇ Expenditures increase due to San Juan-Chama Drinking Water Project coming on-line in early FY/09.
- ◇ Transfers to debt service also increase in FY/09.
- ◇ In FY /09 expenses exceed revenues working capital is drawn down.

SUSTAINABLE WATER SUPPLY FUND 622 RESOURCES, APPROPRIATIONS AND WORKING CAPITAL BALANCE

SUSTAINABLE WATER SUPPLY FUND 622 RESOURCES, APPROPRIATIONS, AND FUND BALANCE

(\$000's)	AUDITED FY/07	ORIGINAL BUDGET FY/08	REVISED BUDGET FY/08	ESTIMATED ACTUAL FY/08	APPROVED BUDGET FY/09	APP 09/ EST ACT 08 CHG
RESOURCES:						
Miscellaneous Revenues	972	474	474	474	474	-
Strategy Implementation Revenues	24,975	25,830	25,830	25,830	26,310	480
Total Current Resources	25,947	26,304	26,304	26,304	26,784	480
Beginning Fund Balance	11,706	18,835	18,835	18,835	20,708	1,873
TOTAL RESOURCES	37,653	45,139	45,139	45,139	47,492	2,353
APPROPRIATIONS:						
Sustainable Water Operations	590	2,022	2,251	2,129	10,846	8,717
Transfers to Other Funds	18,122	22,302	22,302	22,302	27,471	5,169
TOTAL APPROPRIATIONS	18,712	24,324	24,553	24,431	38,317	13,886
ADJUSTMENTS TO FUND BALANCE	(106)	-	-	-	-	-
ENDING WORKING CAPITAL BALANCE	18,835	20,815	20,586	20,708	9,175	(11,533)

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

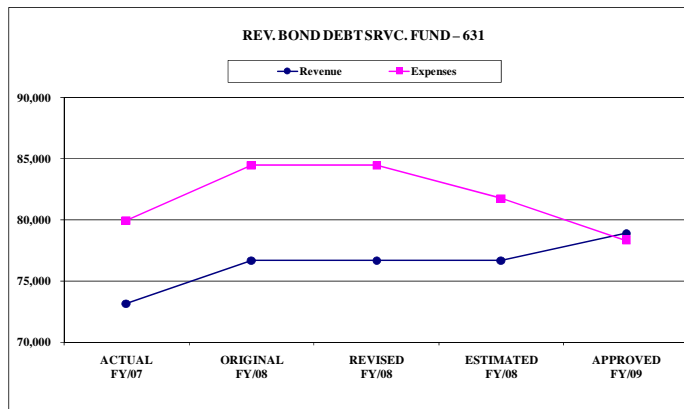
SUSTAINABLE WATER SUPPLY FUND 622

(\$000's)	AUDITED FY/07	ORIGINAL BUDGET FY/08	REVISED BUDGET FY/08	ESTIMATED ACTUAL FY/08	APPROVED BUDGET FY/09	APP 09/ EST ACT 08 CHG
RESOURCES:						
Miscellaneous Revenues:						
Other Revenue - Rental Property	321	274	274	274	274	-
Interest Income	651	200	200	200	200	-
Total Miscellaneous Revenues	972	474	474	474	474	-
Enterprise Revenues						
City Metered Water Sales - Reuse	218	350	350	350	350	-
Franchise Fee - City	591	829	829	829	1,006	177
Franchise Fee - County	69	137	137	137	140	3
Franchise Fee - Los Ranchos	8	14	14	14	14	-
SJC Strategy Implementation	24,089	24,500	24,500	24,500	24,800	300
Total Enterprise Revenues	24,975	25,830	25,830	25,830	26,310	480
Total Current Resources	25,947	26,304	26,304	26,304	26,784	480
Beginning Fund Balance	11,706	18,835	18,835	18,835	20,708	1,873
TOTAL RESOURCES	37,653	45,139	45,139	45,139	47,492	2,353
APPROPRIATIONS:						
Program Strategies:						
Sustainable Water Supply	239	1,615	1,844	1,701	10,272	8,571
Franchise Fee	-	-	-	-	154	154
N-I25 Reuse	351	407	407	428	420	(8)
Total Program Appropriations	590	2,022	2,251	2,129	10,846	8,717
Transfers to Other Funds:						
General Fund - 110	1,251	1,223	1,223	1,223	1,235	12
Jt. W/S Capital Fund - 629	-	-	-	-	-	-
Jt. W/S D/S Fund - 631	16,871	21,079	21,079	21,079	26,236	5,157
Total Transfers	18,122	22,302	22,302	22,302	27,471	5,169
TOTAL APPROPRIATIONS	18,712	24,324	24,553	24,431	38,317	13,886
ADJUSTMENTS:						
Adjustment to Fund Balance	(106)	-	-	-	-	-
TOTAL ADJUSTMENTS	(106)	-	-	-	-	-
ENDING WORKING CAPITAL BALANCE	18,835	20,815	20,586	20,708	9,175	(11,533)

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

WATER & SEWER REVENUE BOND DEBT SERVICE FUND – 631

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



- ◇ In years where expenditures exceed revenues, fund balance is used.
- ◇ Affordable Housing rebates which offset UEC revenue are paid out of this fund.
- ◇ The Authority follows a policy of 25 year debt for special projects, 12-year debt for basic capital projects and 50% cash financing for basic capital projects.

WATER & SEWER REVENUE BOND DEBT SERVICE FUND 631 RESOURCES, APPROPRIATIONS AND FUND BALANCE

(\$000's)	AUDITED FY/07	ORIGINAL BUDGET FY/08	REVISED BUDGET FY/08	ESTIMATED ACTUAL FY/08	APPROVED BUDGET FY/09	APP 09/ EST ACT 08 CHG
RESOURCES:						
Miscellaneous Revenues	13,796	17,600	17,600	17,600	14,600	(3,000)
Transfer from Other Funds	59,347	59,079	59,079	59,079	64,301	5,222
Total Current Resources	73,143	76,679	76,679	76,679	78,901	2,222
Beginning Fund Balance	13,679	6,582	6,582	6,582	1,502	(5,080)
TOTAL RESOURCES	86,822	83,261	83,261	83,261	80,403	(2,858)
APPROPRIATIONS:						
Total Joint Water/Sewer D/S	63,957	65,466	65,466	62,759	64,301	1,542
Transfers to Other Funds	16,000	19,000	19,000	19,000	14,000	(5,000)
TOTAL APPROPRIATIONS	79,957	84,466	84,466	81,759	78,301	(3,458)
FUND BALANCE PER CAFR	79,957	84,466	84,466	81,759	78,301	(3,458)
ADJUSTMENTS TO FUND BALANCE	283	0	0	0	0	0
AVAILABLE FUND BALANCE	6,582	(1,205)	(1,205)	1,502	2,102	600

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

JOINT WATER AND SEWER REVENUE BOND DEBT SERVICE FUND 631

(\$000's)	AUDITED FY/07	ORIGINAL BUDGET FY/08	REVISED BUDGET FY/08	ESTIMATED ACTUAL FY/08	APPROVED BUDGET FY/09	APP 09/ EST ACT 0 CHG
RESOURCES:						
Miscellaneous Revenues:						
Interest on Investments	1,272	600	600	600	600	0
Expansion Charges (UEC)	12,524	17,000	17,000	17,000	14,000	(3,000)
Proceeds of Refunding Bonds	0	0	0	0	0	0
Release of Reserves	0	0	0	0	0	0
Total Miscellaneous Revenues	13,796	17,600	17,600	17,600	14,600	(3,000)
Transfer from Other Funds:						
General Fund - 110	0	0	0	0	0	0
Sustainable Water Supply Fund - 622	16,903	21,079	21,079	21,079	26,236	5,157
Water/Sewer Operating Fund - 621	42,444	38,000	38,000	38,000	38,065	65
Total Transfers	59,347	59,079	59,079	59,079	64,301	5,222
Total Current Resources	73,143	76,679	76,679	76,679	78,901	2,222
Beginning Fund Balance	13,679	6,582	6,582	6,582	1,502	(5,080)
TOTAL RESOURCES	86,822	83,261	83,261	83,261	80,403	(2,858)
APPROPRIATIONS:						
Public Works Department						
Payments to Refunded Bond Escrow Ager	-	-	-	-	-	-
Joint Water/Sewer Debt Service	63,957	65,466	65,466	62,759	64,301	1,542
Transfers to Other Funds						
Transfer to Valley Capital Fund - 627	7,000	6,000	6,000	6,000	0	(6,000)
Transfer to Rehab Fund - 628	-	-	-	-	-	-
Water and Sewer Capital Fund - 629	9,000	13,000	13,000	13,000	14,000	1,000
Total Transfers	16,000	19,000	19,000	19,000	14,000	(5,000)
TOTAL APPROPRIATIONS	79,957	84,466	84,466	81,759	78,301	(3,458)
ADJUSTMENTS:						
Change in Reserve	-	-	-	-	-	-
Adjustment to Fund Balance	(283)	-	-	-	-	-
TOTAL ADJUSTMENTS	(283)	-	-	-	-	-
AVAILABLE FUND BALANCE	6,582	(1,205)	(1,205)	1,502	2,102	600

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

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PROGRAM BUDGET HIGHLIGHTS

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Expenditures

Comparing the Fiscal Year 2008 approved budget with the approved budget for Fiscal Year 2009 reveals an overall net increase of \$4.2 million. The approved budget for Fiscal Year 2009 has a net increase of \$0.77 million for total personnel expenditures. This increase results from a cost of living adjustment, the addition of 1 net new position, offset by a 0.55% decrease in other employee benefits. Total operating expenditures from the Fiscal Year 2008 approved budget as compared to the approved Fiscal Year 2009 budget decreased approximately \$1.6 million. This decrease is made primarily up of decrease of \$3.07 million for electricity in the Water Systems Division. This will be offset by an increase in electricity cost in Fund 622 for the new water treatment plant. Operating expenses net of electricity costs have a net increase of \$1.4 million for issues such as \$0.185 million for advertising costs, \$0.19 million for postage, \$0.161 million for the Soil Amendment Facility to handle solids from the new water treatment plant, \$0.144 for software maintenance. \$0.48 million for supplies and O&M costs and \$0.24 million for Fiscal Agent costs. In total Internal Services and Transfers were increased by \$6.88 million. The Transfer to Debt Service increased minimally based on the debt payment schedule. Transfers to Other Funds increases by \$6.3 million due mainly to the increased cash transfer to the Capital Implementation Program of \$5.0 million to supplement the 50% capital cash match required by Ordinance. The other \$1.3 million is a onetime appropriation to fund the Maximo implementation project. There is also an increase in risk charges in the amount of \$0.25 million and an increase in vehicle maintenance and fuel in the amount of \$0.33 million. Expenditures for the sustainable water supply fund are estimated to increase \$14 million. The increase includes \$8.7 million in operating costs for the San Juan Chama surface water treatment plant which will be operational the first quarter of Fiscal Year 2009 and \$5.2 million in the transfer to debt service.

Adopted Issue Papers and Initiatives – Adopted issue papers and initiatives funded total \$(0.132) million for the Joint Water and Sewer Operating Fund and \$8.914 million for the Sustainable Water Supply Operating Fund. A total of \$1.026 million is included as funding for a wage adjustment. The list below identifies the issues and divisions funded as well as the total amount of the funding provided.

Compensation – Compensation increases are possible in Fiscal Year 2009. The approved budget includes a 3.0% cost of living adjustment for all permanent Authority employees.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Total ABCWUA Approved Issue Papers	
Fund 621 - Joint Water and Sewer Operating	894,239
Utility Wide Enterprise Fund Wage Adjustments	1,026,452
Water Reclamation	
Create Positions at SAF for solids from water treatment plant (add E16, B30 and C28)	161,384
SAF supplies due to solids from water treatment plant	60,000
Interceptor Cleaning	25,000
Lab Supplies	9,500
Finance	
Credit Card and Lockbox Fees	265,000
Water Authority	
Employee Incentive	500,000
Advertising (Reallocated \$300,000 from WRMS and deleted E13 Position)	184,774
Tuition Reimbursement Program	10,000
Dues and Subscriptions	32,595
Employee Quarterly Recognition Program	20,000
Human Resources	
Classification Study	100,000
Training Supplies, Supplies and Contractual Services for Training	41,952
Reclassification of an M14 to E14 to (delete Risk Adjuster and create HR Analyst)	2,723
Information Technology Division	
Maximo Implementation Phase 1 (one time appropriation)	1,251,862
Annual Maintenance	143,920
Customer Services	
Supplies, Postage, Bill Paper and Advertising	231,400
Reclassification of Positions (Deleted a C25 and E15 to create a C31 and E16)	10,358
Water Resource, Engineering and Planning	
Reclassification of Positions (Delete E20, E16, E15 and create an E17 and E14)	(159,128)
Supplies and Contractual Services	28,960
Water Systems	
Electrical Savings from start up of Water Treatment Plant	(3,073,491)
Security System Maint Contract	15,000
Reclassification of Positions (Delete M12 and create M13)	5,978
Fund 622 - Strategy Implementation	
Operating costs to include Power, Chemicals and other Maint costs for the Water Treatment Plant	8,914,231

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Details for Fund 621(Joint Water Sewer Operating Fund), Fund 622 (Sustainable Water Supply Fund) and Fund 631 (Joint Water and Sewer Revenue Bond Debt Service Fund) can be found in the attached tables below.

(\$000's)	AUDITED ACTUAL FY/07	ORIGINAL BUDGET FY/08	REVISED BUDGET FY/08	ESTIMATED ACTUAL FY/08	APPROVED BUDGET FY/09	APP 09/ EST ACT 08 CHG
<u>JOINT WATER AND SEWER OPERATING FUND - 621</u>						
Customer Services	4,173	4,151	4,151	4,138	4,584	446
Finance	5,677	5,445	5,445	5,506	6,879	1,373
Human Resources	-	877	880	829	1,363	534
Information Systems	2,263	2,806	2,827	3,255	3,224	(31)
Low Income Utility Credit	226	250	250	240	250	10
San Juan/Chama	2,566	2,225	2,225	2,225	2,246	21
Water Authority	1,069	1,840	1,840	1,986	2,649	663
Strategic Support	1,196	-	-	-	-	-
Utility Development	1,320	-	-	-	-	-
Wastewater Collection	6,428	6,810	6,810	7,022	7,032	10
Wastewater Pretreatment	3,007	4,871	4,871	4,386	3,412	(974)
Wastewater Treatment	10,556	10,703	10,785	10,349	11,957	1,608
Water Distribution Facilitation	4,115	3,591	3,591	3,481	3,283	(198)
Water Plant Facility Production	9,874	10,907	10,991	10,970	8,017	(2,953)
Water Plant Facility Distribution	10,394	10,831	10,923	10,929	10,874	(55)
Water Resources/Engineering/Plar	2,721	6,074	7,149	6,460	5,413	(1,047)
Trfr from Fund 621 to Fund 110	6,818	6,163	6,163	6,163	6,183	20
Trfr from Fund 621 to Fund 628	9,000	6,000	6,000	6,000	11,000	5,000
Trfr from Fund 621 to Fund 629	1,000	1,000	2,404	2,404	2,252	(152)
Trfr from Fund 621 to Fund 631	42,444	38,000	38,000	38,000	38,065	65
Subtotal Jt. Water & Sewer Operati	124,847	122,544	125,305	124,343	128,683	4,340
<u>SUSTAINABLE WATER SUPPLY FUND - 622</u>						
SI Franchise Fee	-	-	-	-	154	154
N-125 Reuse	350	407	407	428	420	(8)
Sustainable Water Supply	239	1,615	1,844	1,701	10,272	8,571
Trfr from Fund 622 to Fund 110	1,251	1,223	1,223	1,223	1,235	12
Trfr from Fund 622 to Fund 629	-	-	-	-	-	-
Trfr from Fund 622 to Fund 631	16,872	21,079	21,079	21,079	26,236	5,157
Total Sustainable Water Supply Fund - 622	18,712	24,324	24,553	24,431	38,317	13,886
<u>JOINT WATER & SEWER REVENUE BOND D/S FUND - 631</u>						
Debt Service	63,957	65,466	65,466	62,759	64,301	1,542
Transfer to Capital Fund 627	7,000	6,000	6,000	6,000	-	(6,000)
Transfer to Capital Fund 629	9,000	13,000	13,000	13,000	14,000	1,000
Total Water/Sewer Debt Svc Fd - 631	79,957	84,466	84,466	81,759	78,301	(3,458)
TOTAL	223,516	231,334	234,324	230,534	245,301	14,767
TOTAL DEPARTMENT APPROPRIATIONS	223,516	231,334	234,324	230,534	245,301	14,767
Interfund Adjustment	(59,347)	(59,079)	(59,079)	(59,079)	(64,301)	(5,222)
NET DEPARTMENT APPROPRIATIONS	164,406	172,255	175,245	171,455	181,000	9,545

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Financial Plans

The following tables are the financial plans for Funds 621 (Operating Fund) and 622 (Sustainable Water Fund) and a summary that combines both Funds. The plans look from FY/07 thru FY/16. These plans take into account the Authority's Capital needs, Debt Service needs, revenue sources and expenditures. They help the Authority plan for future potential expenditure levels in both operating and capital and compare them to the estimated revenue resources for each projected Fiscal Year. The plans show the effects of the budget on the Authority's Future Working Capital and provide a tool to project future budget needs for the Utility. Based upon these financial plans, the Authority conservatively forecasts that a rate increase will not be needed through Fiscal Year 2011. This can be seen by looking at the combined Fund 621/622 table on page 22.

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Operating Fund

Hypothetical DS Comparison

Fund 621	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Capital Funds										
Needs: Basic (Min 50% cash Trans)	40000	44000	44000	44000	44000	44000	44000	44000	44000	44000
Carry Over	8000									
State Grant (Odor Control)	475									
DWL (Santa Barbara)			12000							
Steel Line		1000	1000	1000	1000	1000	1000	1000	1000	1000
AMR		2000	2000	2000	2000	2000	2000	2000	2000	2000
Special Projects			4000	4000	4000	0	0	0	0	0
Valley Utility Projects	20667	9000	1000	1000	1000	1000	1000	1000	1000	1000
Resources:										
Beginning Bal.	25272	7088	28188	3288	27888	1988	27088	2188	24288	388
Adjustments (MDC)	537	0	0	0	0	0	0	0	0	0
Adjustments (CIS)										
Trf. from Operating	10000	7000	12000	6500	6000	5000	3000	3000	4000	3000
Valley Grant 627										
NMED Sewer Loans										
State Grant Odor Control	475									
Bond Proceeds	21000	50000		50000		48000		47000		45000
Adjustments	1843									
First Year is 6mos. (y/n)	n	n	n	n	n	n	n	n	n	n
Subtotal	75127	83088	66188	78788	52888	73988	49088	71188	47288	67388
Interest on Above	1103	1100	1100	1100	1100	1100	1100	1100	1100	1100
Total	76230	84188	67288	79888	53988	75088	50188	72288	48388	68488
Balance June 30	7088	28188	3288	27888	1988	27088	2188	24288	388	20488
Resources:										
Interest Income	600	600	808	864	886	848	855	876	861	859
UECs	17000	14000	14000	21000	21000	21000	21000	21000	21000	21000
AFH Rebates										
Transfer from 621	42444	38000	38605	36899	37334	29808	30186	29405	28714	29236
Return of Intel Deposit										
Adjustments/Misc	618									
Bg. Fund Balance	13171	10720	2999	5953	5953	5953	5953	5953	5953	5953
Total	90736	84164	84377	88360	90262	87009	87551	89377	88075	87914
Expenditures:										
Agent Fees	336	358	15	15	15	15	15	15	15	15
Trf to Capital	16000	19000	14000	19000	19000	19000	19000	19000	19000	19000
Wtr/Swr Loans	4599	4577	3438	3437	3437	3436	1818	1281	985	645
GO P&I										
Series "1990A" P&I	11365	11365	0	0	0	0	0			
Series 94A P&I	0	0	0	0	0	0	0			
Series 95 P&I	5274	0	0	0	0	0	0			
SJC Series 1999 w/o bas	1261	1558	1558	1559	1559	0	0			
Series 97 P&I	7715	3869	5992		0	0	0			
99 P&I (excl SJC 622)	10184	10977	10976	10981	10977					
2001 P&I	4013	4032	4059	4080	4109	4136	4159			
Series 2005 P&I	737	737	2352	2629	1321	2376	2411	2316	2310	2295
04 P&I	0	0	0	0	0	0	0			

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Fund 621	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
2005 SJC \$116.695M	5430	5430	8960	5331	6333	10091	10279	12498	12717	10974
2004 NMFA DWRFL	0	211	240	300	299	298	296	355	713	703
NMFA 20M 2005 SJC	743	743	1539	1018	1010	1444	1374	1708	1670	1880
NMFA 36.295M Basic	1024	2020	3076	6008	5863	4713	4582	4445	4004	5415
NMFA Series 2007A Basic		4,184	4,864	5,497	5,510	5549	5,562	5,567	5,579	3,567
NMFA Series 2007A Reuse/SJ		1,075	1496	1496	1496	1496	2506	1816	1578	3070
Series 2008 Reuse/SJC \$55.6			3,415	2,781	2,781	2,781	2,781	2,781	2,781	2,781
Series 2006 P&I	555	572	572	572	2629	1321	2376	2411	2316	2310
Series 2006 P&I (8.680)	412	425	1170	1168						
Series 2006 SJC 112.765	5195	5359	5859	7000	7982	7984	7985	7986	7981	7982
Proposed Issue				4864	4864	4864	4864	4864	4864	4864
Proposed Issue								4756	4756	4756
Proposed Issue						4756	4756	4756	4756	4756
Total	80016	81165	78424	82407	84309	81056	81598	83424	82122	81961
Fund Balance	10720	2999	5953	5953	5953	5953	5953	5953	5953	5953
Operating Fund										
Rate Revenue	108217	112777	108546	110717	112931	115190	116918	118671	120452	122258
Nonrate Revenue	11033	10310	9644	9644	9644	9644	9644	9644	9644	9644
Bond Proceeds										
Fiscal Agent Fee										
Franchise Fee	3987	4458	4221	4390	4565	4748	4938	5135	5341	5555
Bg. Working Cap.	19967	19065	21314	14380	14749	15242	23566	32368	40520	46038
Total	143204	146610	143725	139131	141889	144824	155066	165819	175957	183495
Expenditures										
Basic O&M	61203	67783	69082	70748	73578	76521	79582	82765	86076	89519
Other (incl GF Trn & Tort)	10491	9313	9544	9735	9735	9930	9930	10128	10128	10331
Reduction in IDOH										
Reduction in Benefits										
Salary Savings 4.5			(1,000)	(1,000)	(1,000)	(1,000)				
Offset to Issue Papers			(1,276)							
Est extra spending for Conser		800								
Maximo		1400	1431							
Rate Stabilization Fund		1000	1000	1000	1000	1000				
Transf. to DS	42444	38000	38065	36899	37334	29808	30186	29405	28714	29236
Transf. to Cap.	10000	7000	12000	6500	6000	5000	3000	3000	5000	5000
Total	124138	125296	129346	124382	126647	121258	122698	125299	129918	133586
Resources over Comm.	19065	21314	14380	14749	15242	23566	32368	40520	46038	49909
Rate Increases	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Accum. Inc. from 1990	54.3%	54.3%	54.3%	54.3%	54.3%	54.3%	54.3%	54.3%	54.3%	54.3%

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Enterprise Fund

Fund 622	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Capital Fund										
Needs:	134,941	40,000								
Resources:										
Beginning Bal.	23,777	948	7,671	7,958	8,257	8,566	8,888	9,221	9,567	9,925
Adjustments										
Trf. from Operating	0	0	0	0	0	0	0	0	0	0
Grants (BuRec)		5,000								
Bond Proceeds	107,200	40,000								
First Year is 6mos. (y/n)	n	n	n	n	n	n	n	n	n	n
Subtotal	130,977	45,948	7,671	7,958	8,257	8,566	8,888	9,221	9,567	9,925
Interest on Above	4,912	1,723	288	298	310	321	333	346	359	372
Total	135,889	47,671	7,958	8,257	8,566	8,888	9,221	9,567	9,925	10,298
Balance June 30	948	7,671	7,958	8,257	8,566	8,888	9,221	9,567	9,925	10,298
Debt Service Fund										
Resources:										
Interest Income	0	0	0	0	0	0	0	0	0	0
Transfer from operating	16,903	18,838	27,670	24,837	26,286	30,593	31,760	33,659	32,825	33,636
Bg. Fund Balance	0	0	0	0	0	0	0	0	0	0
Total	16,903	18,838	27,670	24,837	26,286	30,593	31,760	33,659	32,825	33,636
Expenditures:										
1999 P&I (12-yr debt)	1,261	1,558	1,558	1,558	1,559	0	0	0	0	0
NMFA 2004B 82.120M	5364	4673	4843	4671	5124	6796	6834	6869	6097	6948
2005 SJC \$116.695M	5430	5430	8960	5331	6333	10091	10279	12498	12717	10974
NMFA 20M 2005 SJC	793	743	1539	1018	1010	1444	1374	1708	1670	1880
2006 P&I \$97.5M	4,055	5359	5859	7981	7982	7984	7985	7986	7981	7982
2007A NMFA		1,075	1496	1496	1496	1496	2506	1816	1578	3070
2019 P&I										
2020 P&I										
Total	16,903	18,838	27,670	24,837	26,286	30,593	31,760	33,659	32,825	33,636
Fund Balance	0	0	0	0	0	0	0	0	0	0
Resources										
Revenue	25,865	26,324	25,623	26,135	26,658	26,925	27,194	27,466	27,741	28,018
Adjustments										
Franchise Fee	982	980	1,014	1,014	1,014	1,014	1,014			
Bg. Working Cap.	11,706	19,594	24,867	14,266	2,715	(10,100)	(25,303)	(41,760)	(61,225)	(79,960)
Total	38,553	46,898	51,504	41,415	30,387	17,838	2,905	(14,294)	(33,485)	(51,942)
Expenditures										
O&M	865	1,751	1,647	10,610	10,929	11,257	11,594	11,942	12,300	12,669
Other - GF Transf	1,191	1,442	1,235	1,254	1,272	1,291	1,311	1,330	1,350	1,371
Transf. to DS	16,903	18,838	27,670	24,837	26,286	30,593	31,760	33,659	32,825	33,636
Issue Papers			8,914	2,000	2,000					
Less Savings			(2,228)							
Less Over Tranf to DS										
Transf. to Cap.										
Total	18,959	22,031	37,238	38,701	40,487	43,141	44,665	46,932	46,476	47,676
Resources over Exp	19,594	24,867	14,266	2,715	(10,100)	(25,303)	(41,760)	(61,225)	(79,960)	(99,619)

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COMBINED 621/622 FINANCIAL PLAN

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Resources	181,757	192,508	194,229	179,546	172,276	163,429	159,279	150,525	141,472	130,553
Expenditures	143,097	147,327	166,584	162,083	166,634	164,399	167,363	172,230	176,394	181,262
Resources over Comm.	38,659	45,181	27,646	17,463	5,642	(970)	(10,392)	(21,705)	(34,922)	(50,709)
Rate Increases		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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FUNCTIONAL UNITS

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ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

ADMINISTRATION

The Executive Director provides overall leadership for Authority operations. The Authority is focused regionally on conservation, elimination of septic tanks and provision of potable water to the developed areas of the City and Bernalillo County. The Authority is also striving to make improvements to the existing distribution system to avoid water losses, to bring the surface drinking water project online to avoid the depletion of the aquifer, and to comply with federal arsenic standards. In addition, the Authority is working towards realizing better management efficiencies for rate payers and providing long range planning and delivery for water and wastewater in the service area.

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

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

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

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

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

Expenditures by Division (\$000's)	ACTUAL FY/07	ORIGINAL	REVISED	ESTIMATED	APPROVED	APP 09/
		BUDGET FY/08	BUDGET FY/08	ACTUAL FY/08	BUDGET FY/09	EST ACT 08 CHG
Administration	2,264	2,717	2,720	2,930	4,012	1,082
Staffing (FTE)	22	22	22	22	31	9

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

FISCAL YEAR 2009 ADMINISTRATION OBJECTIVES

- Complete public education and public acceptance plan including introduction of surface water into the existing distribution system by the end of the 1st Quarter Fiscal Year 2009.
- Complete the Utility Tech-1 training program for all the new hires from Fiscal Year 2008. Develop Utility Tech-4 curriculum to certified Utility Tech -3 personnel. Incorporate surface water training curriculum into the Training & Certification guidelines document. Complete this objective by the end of the 4th Quarter of Fiscal Year 2009.
- Develop a consolidated marketing and public relations program to improve customer recognition, build public support for present and future initiatives, and educate the public about critical water-related issues by the end of the 2nd Quarter of Fiscal Year 2009.
- Develop an emergency communications plan and an overall communications plan for the Water Authority's stakeholders and with employees by the end of the 3rd Quarter of Fiscal Year 2009.
- Continue implementation of succession and knowledge management planning necessary to manage the Water Authority's assets through the end of the 4th Quarter of Fiscal Year 2009.
- Initiate a comprehensive classification and compensation study by the end of the 4th Quarter of Fiscal Year 2009.
- Reduce the number of employee injury lost days by 25% by the end of the 4th Quarter of Fiscal Year 2009.
- Conduct an assessment of the Authority's training needs and develop a professional and leadership program by the end of the 1st Quarter of Fiscal Year 2009.
- Maintain a utility-wide vacancy rate of no greater than 10% through Fiscal Year 2009.

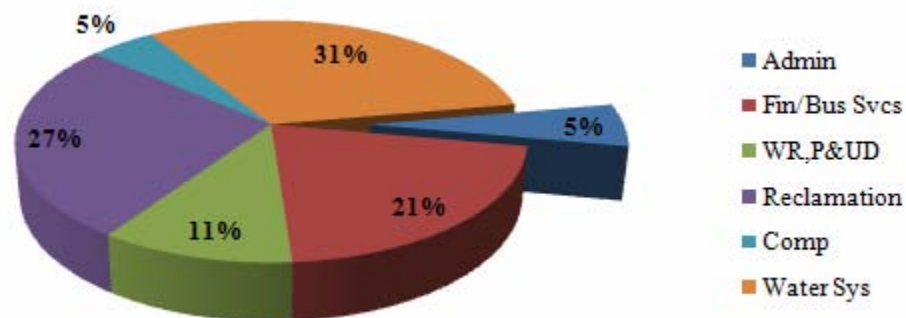
FISCAL YEAR 2009 ADMINISTRATION HIGHLIGHTS

The implementation of the Authority's new timekeeping system (Kronos) will be completed. This system will automate the current "punch card" time clock process. The software will be used for time and labor management, scheduling, human resources, payroll, and absence management.

A comprehensive classification and compensation study will begin in Fiscal Year 2009 with the completion estimated to be in Fiscal Year 2010. The Human Resources Division will take the lead in the development of a request for proposals and selection of a consultant to perform the study.

The development and implementation of an Authority-wide succession /knowledge transfer plan should be completed by the end of Fiscal Year 2009. A work group has already begun to develop the plan with a focus on the use of automation for knowledge transfer.

APPROPRIATION BY FUNCTION – FUND 621



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

FINANCIAL/BUSINESS SERVICES DIVISION

The Fiscal Year 2009 budget realigns and consolidates certain administrative functions under a new Financial/Business Services Division. The work units organized under this new Division are Finance, Customer Services and Information Systems.

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

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

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

Expenditures by Division (\$000's)	ACTUAL FY/07	ORIGINAL BUDGET FY/08	REVISED BUDGET FY/08	ESTIMATED ACTUAL FY/08	APPROVED BUDGET FY/09	APP 09/ EST ACT 08 CHG
Finance	6,203	5,695	5,695	5,706	7,129	1,423
Information Systems	2,263	2,806	2,827	3,505	3,224	(281)
Customer Services	4,173	4,151	4,151	4,158	4,584	426
Total	12,639	12,652	12,673	13,369	14,937	1,568
Staffing (FTE)	81	82	84	84	101	17

FISCAL YEAR 2009 FINANCIAL/BUSINESS SERVICES OBJECTIVES

- Reduce call wait time to less than 1 minute, 90 percent of the time by use of staffing and technology through the 4th Quarter of Fiscal Year 2009.
- Develop customer relations performance benchmark metrics based on best practices by the 4th Quarter of Fiscal Year 2009.
- Coordinate with Bernalillo County to establish a requirement of obtaining a sewer account with the Water Authority as part of the sewer connection permitting process by the end of the 2nd Quarter of Fiscal Year 2009.
- Expand the Automated Meter Reading Program by expending \$2 million on small meter replacement by the end of the 4th Quarter of Fiscal Year 2009.
- Implement Maximo software application upgrade and associated Geographic Information System (GIS) in a manner that supports the Asset Management business objectives of the Water Authority by the end of the 4th Quarter of Fiscal Year 2009.
- Implement Customer Care and Billing application to include added functionality for web self-service for our customers by the end of the 4th Quarter of Fiscal Year 2009.
- Implement a pilot program for the use of mobile devices in the field by the end of the 4th Quarter of Fiscal Year 2009.

FISCAL YEAR 2009 FINANCIAL/BUSINESS SERVICES HIGHLIGHTS

The Authority will develop an Information Technology Strategic Plan during Fiscal Year 2009 that will provide strategic guidance during the next five years.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

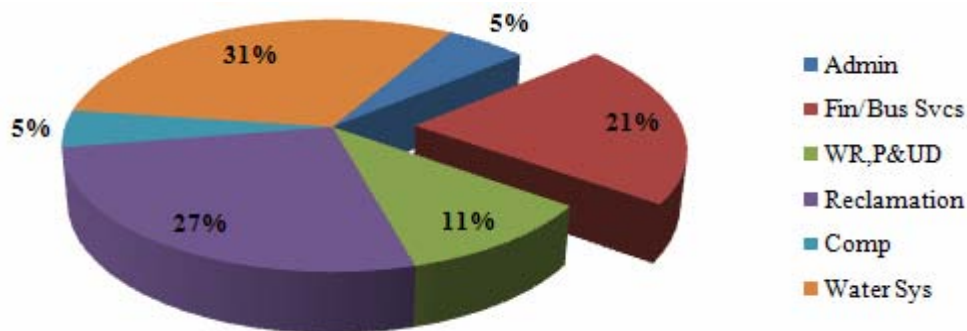
The Authority's website was redesigned in Fiscal Year 2008 and will continue to be expanded to provide additional functionality and information in Fiscal Year 2009. Included in this are new online payment capabilities for customer water bills, including Interactive Voice Response (IVR) functionality. Internet and Intranet Geographic Information System (GIS) will be greatly expanded to provide increased business functionality to both external public and internal employees.

The implementation and upgrade of Maximo (the Authority's Computerized Maintenance Management System) will continue. Maximo consists of thirteen modules and is currently used for work order planning, scheduling, tracking, and history analysis. Fiscal Year 2009 objectives are to implement the latest version of Maximo, including Maximo Spatial Asset Management, merging the two systems currently in use by Water Systems and Water Reclamation. In addition, both the Collections service and the New Drinking Water Surface Plant will be brought into this implementation. Expected completion of Phase 1 is late Fiscal Year 2009 or early Fiscal Year 2010.

The Authority will also complete implementation of a major upgrade of its customer billing system to Oracle's Customer Care and Billing (CC&B). This implementation will provide added functionality, including case management tracking for calls that are received by the Authority.

Debt service payments increase \$1.5 million over Fiscal Year 2008. This increase is due to the debt service for the San Juan Chama Drinking Water project loan, Basic Capital and Reuse projects. This is offset by the retirement of the 1991 Revenue Bond Issue. The basic system Capital Implementation Program (CIP) is maintained at \$45 million for Fiscal Year 2009 with 50% of the costs paid from cash transfers and 50% from debt financing. Of the \$45 million, \$1 million will be for the replacement of steel water lines. An additional \$2 million of CIP will be used for the Automated Meter Reading program, \$1 million to support Valley Utilities Projects, \$4 million for special projects and \$12 million from the 2004 NMFA Drinking Water Loan for the Arsenic Treatment at the Santa Barbara Well.

APPROPRIATION BY FUNCTION – FUND 621



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

WATER RECLAMATION DIVISION

The Water Reclamation Division serves customers connected to the collection system and those transporting wastewater to the treatment plant. The Sewer System consists of small diameter collector sewers, sewage lift stations, and large diameter interceptor sewers conveying wastewater flows by gravity to the Southside Water Reclamation Plant located south of the service area. The treatment plant provides preliminary screening, grit removal, primary clarification and sludge removal, advanced secondary treatment including ammonia and nitrogen removal, final clarification, and effluent chlorination and dechlorination prior to discharge to the Rio Grande River. Treatment plant capacity is based upon 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 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 on how to sell its RECs to increase revenue.

Total beneficial reuse of sludge 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 produced). 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).

Expenditures by Division (\$000's)	ACTUAL	ORIGINAL	REVISED	ESTIMATED	APPROVED	APP 09/
	FY/07	BUDGET FY/08	BUDGET FY/08	ACTUAL FY/08	BUDGET FY/09	EST ACT 08 CHG
Water Reclamation	16,981	17,513	17,595	17,051	18,989	1,938
Staffing (FTE)	161	159	160	160	166	6

FISCAL YEAR 2009 WATER RECLAMATION OBJECTIVES

- Limit overall permit excursions to 2% by not exceeding more than 5 operating discharge permit violations through the end of the 4th Quarter of Fiscal Year 2009.
- Design and construct odor control facilities for collection system and plant by developing a conceptual odor control plan for lift stations, vacuum stations and collection system and by completing a study and design of Downtown/Martineztown Odor Control Biofilter by the end of the 4th Quarter of Fiscal Year 2009.
- Design ultraviolet disinfection facilities to eliminate chlorine hazard at plant by the end of the 2nd Quarter of Fiscal Year 2009.
- Develop long-term plan for biosolids management, emphasizing beneficial uses by increasing average biosolids diversion to composting to 15% through the end of the 4th Quarter of Fiscal Year 2009.
- Develop facilities plan recommendations by updating the Southside Water Reclamation Plant (SWRP) capacity analysis, developing capacity needs projections for future satellite plant(s), and determining potential impacts of satellite plant(s) on SWRP flow, organics loading and odor control by the end of the 4th Quarter of Fiscal Year 2009.
- Expedite outmoded equipment replacement and plant facilities renovation based on asset management principles by identifying and prioritizing high-risk assets, constructing plant and digester renovations, and increasing preventive maintenance work orders by 50% by the end of the 4th Quarter of Fiscal Year 2009.
- Develop and implement asset management decision-making for collection system by applying asset management principles to reducing sewer overflows; televising 20% of unlined concrete interceptors per year, and developing a plan for stations preventive maintenance by field operations staff by the end of the 4th Quarter of Fiscal Year 2009.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

- Improve compliance with the Authority's Rate Ordinance by continuing validation of compliance for illegal sewer connections and extra-strength dischargers through the end of the 4th Quarter of Fiscal Year 2009.
- Develop and implement a Water Reclamation Division organizational succession plan by implementing hiring, training and certification programs for mechanics, electricians and electronics technicians, implementing certification training program for management staff, and revising training and certification process to facilitate full Level 4 Operator staffing by the end of the 4th Quarter of Fiscal Year 2009.

FISCAL YEAR 2009 WATER RECLAMATION HIGHLIGHTS

Several projects will continue in Fiscal Year 2009 at the Water Reclamation Plant including final design work for a UV Disinfection facility, and preliminary design of the Phase 2 Odor Control improvements for covering some of the clarifiers, rehab work on existing digesters with large cracks in the concrete roofs, and rehab of pumping to increase digester gas production. Construction of the FY/03 Plant Improvements project will begin, along with the preliminary design for the FY/05 Plant rehabilitation project.

Sighting for a new interceptor sewer odor control facility near Graves Park will also be designed for the interceptor that runs through the downtown area and continue to mitigate the odor issues in Martineztown. Additional lift station modifications will also begin design work this year.

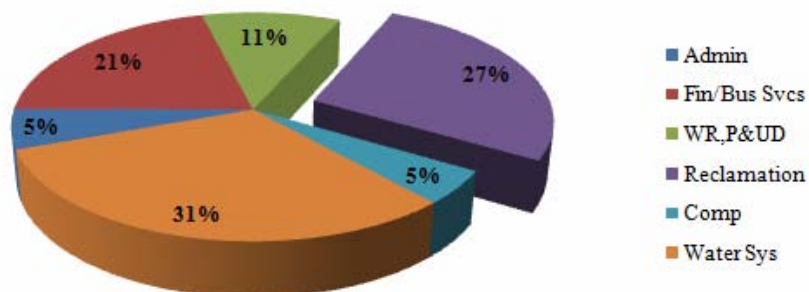
The Water Reclamation Division also operates the wastewater facilities at the Metropolitan Detention Center, and has identified several improvements necessary to meet New Mexico Environmental Department permit conditions. These improvements will be designed and readied for construction once permit approval is granted by NMED.

The Water Reclamation Division will complete the preliminary design of the Phase II of the odor control program for the Southside Water Reclamation Plant in late Fiscal Year 2009. This will design the remaining improvements for the odor generating process at the Plant and finalize the cost estimates and priorities for Phase II.

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 Water Reclamation Division in Fiscal Year 2009 will sell their REC's to increase revenue.

Plans are to continue to increase the amount of solids that are composted and sold to increase revenue and work cooperatively to increase the amount of compost sold in Fiscal Year 2009.

APPROPRIATION BY FUNCTION – FUND 621



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

WATER SYSTEMS DIVISION

The Water Systems Division provides water services to approximately 530,600 residents comprising approximately 88% of the residents of Bernalillo County. About one-third of unincorporated County residents are customers of the Water System. Service is provided to approximately 172,270 accounts, including 157,514 residential and 19,707 multi-family, commercial, institutional and industrial accounts, as of June 30, 2007. Approximately 58% of the water sales are for residential uses.

Groundwater from the middle Rio Grande basin aquifer is presently the primary source of supply used for the Water System. The supply is produced from 93 wells grouped in 25 well fields located throughout the metropolitan area. Total well production capacity is approximately 294 million gallons per day (MGD). Maximum historical peak day demand is 214 MGD. A chlorination/fluoridation station associated with each well field satisfies the total required water treatment needs for the water produced in each well field.

Ground storage reservoirs provide for fire, peak hour and uphill transfer storage. Water is distributed from higher to lower elevations through a 115-foot vertical height pressure zone to provide minimum static pressures of 50 psi for consumers. Forty-five reservoirs are located throughout the service area, with a total reservoir storage capacity of 211 million gallons. If demand requires, reservoir water can also be transferred uphill through a pressure zone to the next highest reservoir or in an east-west series of reservoirs by means of pump stations sited at the reservoirs. There are a total of 110 boosters, with a total capacity of 680 MGD, available for water transfers between reservoirs. These reservoirs are interconnected by over 2,500 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 System for control from a central control facility.

In the first quarter of Fiscal Year 2009 the San Juan Chama Drinking Water Project will begin operation. The San Juan-Chama Drinking Water Project will supply up to 70% of the metropolitan area's future water. Surface water from the Rio Grande will be diverted from the river through a high-tech, 620-foot-long adjustable height bladder dam. Eight miles of pipeline will transport the diverted water to the new water treatment plant for purification. Thirty-six miles of new pipeline will then transport the treated water to the existing reservoirs throughout the service area.

Expenditures by Division (\$000's)	ACTUAL FY/07	ORIGINAL BUDGET FY/08	REVISED BUDGET FY/08	ESTIMATED ACTUAL FY/08	APPROVED BUDGET FY/09	APP 09/ EST ACT 08 CHG
Water Systems (621)	24,408	25,329	25,505	25,512	22,174	(3,338)
Water Systems (622)	590	2,022	2,251	2,419	10,692	8,273
Total	24,998	27,351	27,756	27,931	32,866	4,935
Staffing (FTE)	213	216	216	216	207	(9)

FISCAL YEAR 2009 WATER SYSTEMS OBJECTIVES

- Begin startup and trial operations of the Drinking Water Project (DWP) including the diversion and raw water pump station and water treatment plant by the 2nd Quarter Fiscal Year 2009.
- Begin construction of the mitigation measures for the DWP including monitoring and construction of habitat in three areas of the Bosque by the 1st Quarter Fiscal Year 2009.
- Increase water operations planned and preventative maintenance by 25% by the end of the 4th Quarter of Fiscal Year 2009.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

- Complete the Utility Tech-1 training program for all the new hires from Fiscal Year 2008. Develop Utility Tech-4 curriculum to certified Utility Tech -3 personnel. Incorporate surface water training curriculum into the Training & Certification guidelines document. Complete this objective by the end of the 4th Quarter of Fiscal Year 2009.
- Expand the Automated Meter Reading by expending \$2 million on small meter replacement by the end of the 4th Quarter of Fiscal Year 2009.

FISCAL YEAR 2009 WATER SYSTEMS HIGHLIGHTS

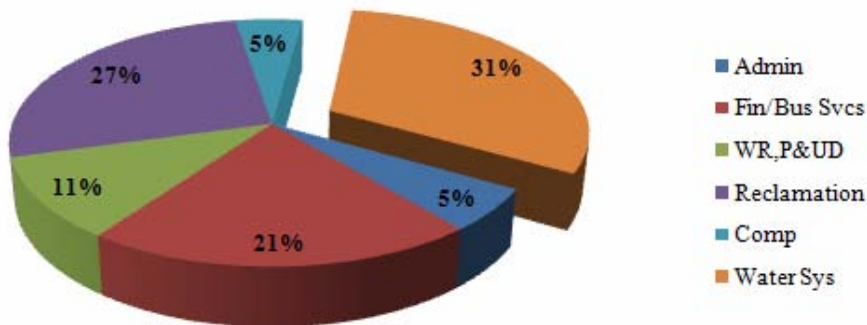
Construction of the San Juan Chama Drinking Water Project is nearing completion. All of the 44 miles of pipeline have been constructed and are operational. The construction of the Raw Water Pump Station is complete with testing and startup activities underway. The final element, the water treatment plant, is scheduled to be substantially complete at the end of July 2008 with four months to complete the entire plant. Trial operations and equipment testing will occur in Fall 2008 with surface water provided to our customers in January 2009. A three-year implementation schedule for integrating surface water into the system is being developed.

Various water system improvements will be completed or initiated this year. Security improvements will be added to 41 different reservoirs, and all reservoirs will be evaluated for modifications to their piping systems. Design of a new administration facility and yards to be built adjacent to the Drinking Water Treatment Plant will begin in Fiscal Year 2009 for relocation of the Water Systems Division personnel from Pino Yards. A pilot study for harvesting of rainwater for irrigation at the Eubank Pump Station will begin. Off-site drainage improvements at the Volcano Cliffs Reservoir site has been initiated and will be completed in Fiscal Year 2009.

Arsenic Treatment facilities for College Wells Nos. 1 and 2 have been operational since July 2007 on the west side to restore lost well capacities and help meet water quality regulations. The design of additional well collector lines will be completed, and construction begun towards enhancing water quality via blending source waters within the system. The construction will be completed for new pump stations to be located at the Coronado and Webster Reservoir sites to move purified surface water from the water treatment plant to the Alameda trunk.

The design of a new Santa Barbara Pump Station and Reservoir was completed in Fiscal Year 2008, with construction commencing in Fiscal Year 2008 and completing in Fiscal Year 2009. This will enable the decommissioning of the old Yale Reservoir on the UNM campus. Major pipelines will also be added to reroute flows to the new storage reservoir at the existing Santa Barbara Reservoir site.

APPROPRIATION BY FUNCTION – FUND 621



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

COMPLIANCE DIVISION

The Compliance Division coordinates the regulatory environmental compliance functions of the Authority for federal and state Safe Drinking Water Act regulations and National Pollution Discharge Elimination System permits, state Solid Waste Facility, Ground Water Discharge, and Underground Storage Tank Permits and Registration, and Bernalillo County Air Quality permits. In cooperation with the operating divisions, regulatory compliance strategies are developed to operate facilities to meet established regulatory limits, monitoring requirements are met, required submittals are prepared on time and meet procedural requirements, and historical files are maintained. The Water Quality Laboratory and the Water Treatment Plant Process Laboratory provide services for analyses of compliance monitoring samples, as well as for process control functions for the operating divisions. Finally, customers are provided drinking water quality information, water quality complaints investigation and resolution, and assistance is provided to industries and institutions to minimize waste and reduce pollutants entering the Waste Water Treatment Plant.

Expenditures by Division (\$000's)	ACTUAL FY/07	ORIGINAL BUDGET FY/08	REVISED BUDGET FY/08	ESTIMATED ACTUAL FY/08	APPROVED BUDGET FY/09	APP 09/ EST ACT 08 CHG
Compliance	3,006	4,871	4,871	4,361	3,412	(949)
Staffing (FTE)	43	56	56	56	39	(17)

FISCAL YEAR 2009 COMPLIANCE OBJECTIVES

- Develop an inclusive matrix for all Authority regulatory environmental permits, rules, and regulatory requirements to include all NPDES permits, Air Quality Permits, and Drinking Water Regulations.
- 100% of regulatory reports submitted on or before deadline.
- Zero (0) procedural NPDES permit violations.
- System-wide compliance with the 10 microgram per liter Maximum Contaminant Level for Arsenic before the end of 2008.
- 95% average WQL score for EPA performance evaluation studies.
- 95% of industries in compliance with pretreatment permits.
- Maintain trend lines for pollutants entering the Water Reclamation Plant at current levels or below.
- Full operation of the Process Laboratory at the Drinking Water Treatment Plant to support operation of the plant processes.
- Assure all regulatory compliance requirements are met for start-up and initial monitoring of the Drinking Water Treatment Plant.
- Provide courteous and timely response to water quality complaints, inquiries, and requests from Authority customers, regulatory agencies consultants, contractors, and other government entities.
- Maintain Maximo records of all calls, investigations, and responses.
- Assure completion of assignments necessary to achieve functionality of the Operation Database System intended to provide WTP Process Control Laboratory Data Management, store specific SCADA data for regulatory compliance reporting for the Water Systems Division, and serve as a repository for historical water quality results.

FISCAL YEAR 2009 COMPLIANCE HIGHLIGHTS

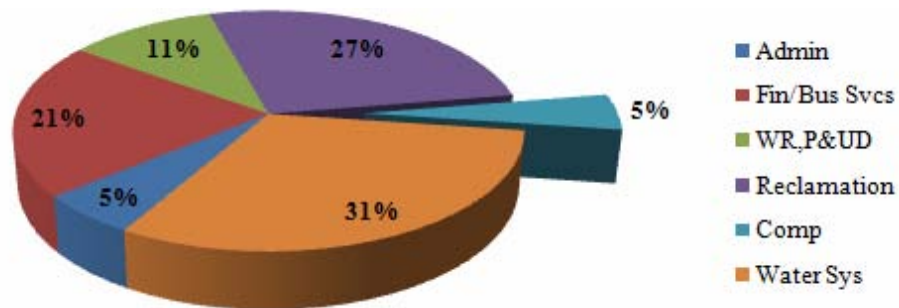
The United States Environmental Protection Agency (EPA) promulgated regulations in 2001 reducing the allowable amount of arsenic in municipal drinking water from 50 parts per billion to 10 parts per billion. Two projects will be operational in Fiscal Year 2009 to bring the Authority into compliance with the new arsenic standard. The first and most important is the San Juan Chama Project. This project will move lower arsenic

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

concentration ground water from the east side of the Rio Grande to provide service on the west side of the Rio Grande. The second project is the College Arsenic Treatment project which became operational in Fiscal Year 2008. The College project has total arsenic removal treatment capacity of approximately 5 million gallons per day.

With the startup of the new water treatment plant, the Compliance Division will begin extensive monitoring of the plant processes to assure all regulatory compliance requirements are met. This monitoring will be assisted with the full operation of the new process laboratory at the water treatment plant.

APPROPRIATION BY FUNCTION – FUND 621



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

WATER RESOURCES, ENGINEERING & PLANNING DIVISION

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

This Division also oversees the Authority's water conservation programs. In 2004, the Authority adopted a new water conservation goal of 10% reduction in addition to the 30% reduction goal established in 1995 to be implemented in 2005 with reduction rates of 1% per year until 2014. The long-term water conservation strategy elements implemented to date include an extensive public education and marketing effort, financial incentives for replacement of high volume toilets with low volume toilets, financial incentives for replacing existing high water use landscaping with xeriscaping, financial incentives for replacing high water use washing machines with low use models, and free water use audits. Residential audits include retrofits of showerheads, faucet aerators, and toilet displacement devices. Mandatory water waste prohibitions and limitations on high water use plants in landscaping new development have been enacted and are being enforced.

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

Expenditures by Division (\$000's)	ACTUAL FY/07	ORIGINAL BUDGET FY/08	REVISED BUDGET FY/08	ESTIMATED ACTUAL FY/08	APPROVED BUDGET FY/09	APP 09/ EST ACT 08 CHG
Water Resources, Engineering & Plan	6,607	8,299	9,374	8,337	7,659	(678)
Staffing (FTE)	37	38	37	37	32	(5)

FISCAL YEAR 2009 WATER RESOURCES, ENGINEERING & PLANNING OBJECTIVES

- Integrate short and long-term water resources development plan into the integrated water/wastewater/reuse master plan by the end of the 1st Quarter Fiscal Year 2009.
- Continue working development of desalinization water supply plan and report to the Board by the end of the 3rd Quarter of Fiscal Year 2009.
- Continue implementation of water loss programs focusing on revenue water. Utilize International Water Association/American Water Works Association Water Audit methodology for accounting and examination of water loss programs. Reduce unaccounted-for-water by 1% by the end of the 4th Quarter Fiscal Year 2009.
- Prioritize and implement recommendations from the Water Resources Management Strategy by the end of the 4th Quarter Fiscal Year 2009.
- Begin Phase II operations of the Bear Canyon Aquifer Storage and Recovery project by the end of the 2nd Quarter of Fiscal Year 2009.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

- Submit permits required for starting the large-scale Aquifer Storage and Recovery program for injecting or land applying purified San Juan-Chama water into the eastside aquifer by the end of the 4th Quarter Fiscal Year 2009.
- Achieve water use of 164 gallons per person per day by the end of the 2nd Quarter of Fiscal Year 2009. Implement activities for native water storage in Abiquiu working with the Corps of Engineers and other federal and state entities by the end of the 4th Quarter Fiscal Year 2009.
- Implement Phase 2 of Comprehensive Asset Management Program to manage existing assets more effectively and plan for future needs by the end of the 4th Quarter of Fiscal Year 2009.
- Expend \$31 million in water and wastewater capital rehabilitation and replacement programs by the end of the 4th Quarter of Fiscal Year 2009. \$1 million shall be dedicated and used for identifying steel water pipes in poor condition and rehabilitating or replacing at least 2 miles of pipe by the end of the 4th Quarter of Fiscal Year 2009.

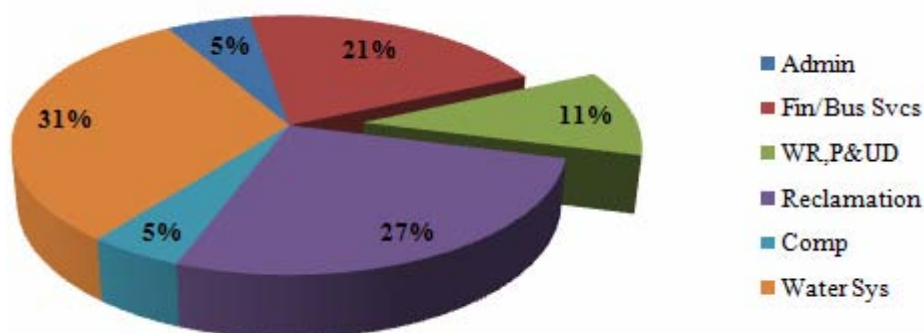
FISCAL YEAR 2009 WATER RESOURCES, ENGINEERING & PLANNING HIGHLIGHTS

Construction of the San Juan Chama Drinking Water Project is nearing completion. All of the 44-miles of pipeline have been constructed and are operational. The construction of the Raw Water Pump Station is complete with testing and startup activities underway. The final element, the water treatment plant, is scheduled to be substantially complete at the end of July 2008 with four months to complete the entire plant. Trial operations and equipment testing will occur in Fall 2008 with surface water provided to our customers in January 2009. We are developing a three-year implementation schedule for integrating surface water into the system. As this project becomes operational, it will be transitioned to the Water Operations Division.

The Bear Canyon Aquifer Storage and Recovery project to infiltrate San Juan-Chama water into the aquifer has been very successful. A full-scale pilot program will be the focus in Fiscal Year 2009 to attempt to store more than 50,000 acre-feet into the aquifer at the water treatment plant site.

The water conservation program has achieved overall reduction of usage from 250 gallons per person per day (gpcd) in 1995 to 164 gpcd in 2007. The Authority has an adopted goal of 150 gpcd by the year 2014 and is required to meet a 155 gpcd by the year 2024 as mandated by the Office of the State Engineer. The water conservation program continues to build on its success and will be expanded with more emphasis on outdoor usage in the near term as well as emphasizing the commercial and school rebate program.

APPROPRIATION BY FUNCTION – FUND 621



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

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REVENUE OUTLOOK

***Approved
Operating Budget
FY/09***

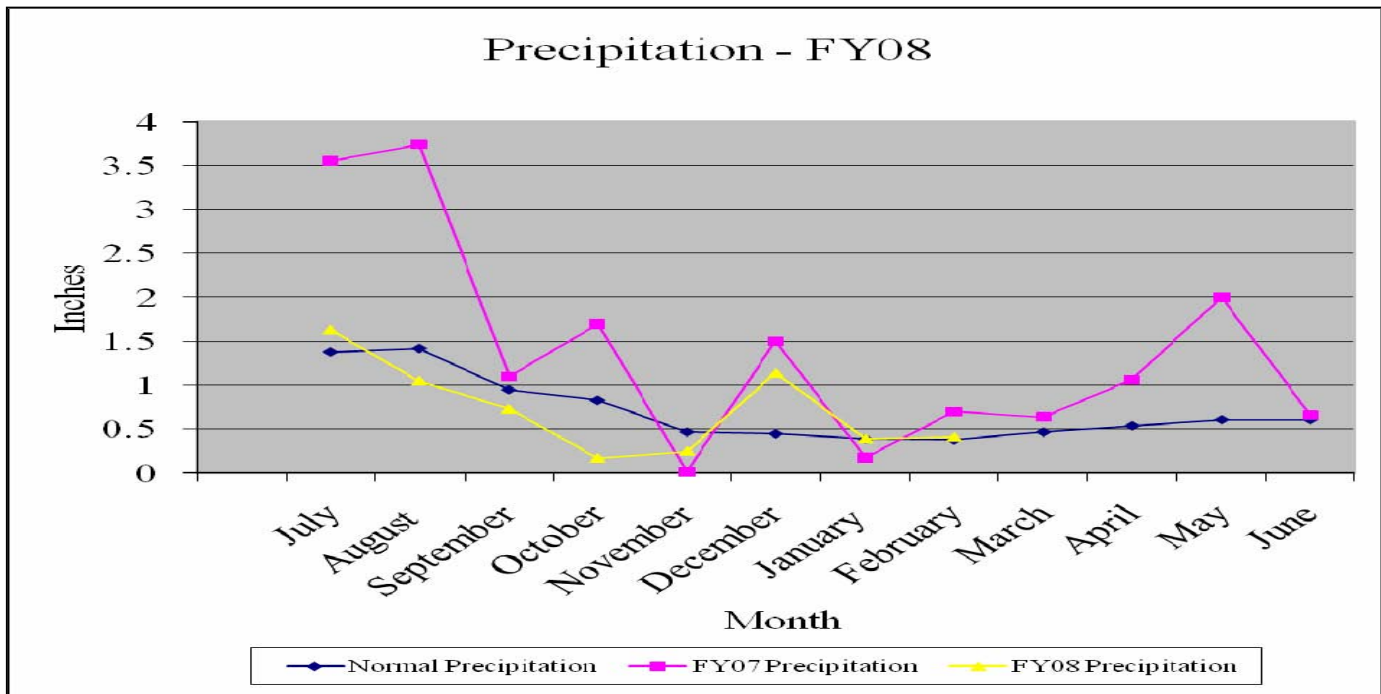
ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

REVISED FISCAL YEAR 2007 AND APPROVED FISCAL YEAR 2008 REVENUE PROJECTIONS

The Authority's revenue projections are summarized in the three tables included in this section. The first table, Joint Water and Sewer Operating Fund 621, presents the operating budgeted revenue for Fiscal Year 2009 as compared to budget Fiscal Year 2008. The second table, Sustainable Water Supply Fund 622, presents the Sustainable Water Supply operating budgeted revenue for Fiscal Year 2009 as compared to budget Fiscal Year 2008. The third table, Joint Water and Sewer Revenue Bond Debt Service Fund 631, also provides for the same comparison as the other two tables. For Fiscal Year 2007 the actual results are reported, and for Fiscal Year 2008 budgeted revenues and estimated actual are reported as well.

REVISED FISCAL YEAR 2008 REVENUE ESTIMATES

Total Authority operating fund revenues for Fiscal Year 2008 are anticipated to be \$119.56 million or \$3.23 million below Fiscal Year 2007. This is a decrease of 2.6% under Fiscal Year 2007 and is projected to be at the approved Fiscal Year 2008 budget level. The decrease is primarily the result of a decrease in Interest on Investments of \$3.38 million. The system has remained fairly flat from a growth perspective due to the slump in the housing industry. This along with continued conservation efforts shows a reduction of \$0.58 million in water and sewer revenue. This has been offset by an increase in water usage due to the below average moisture that the service area has received since the beginning of the fiscal year (see chart below). This is offset as well by increases in other miscellaneous revenue of \$0.30 million and a increase in transfers of \$0.72 million. Total Authority Sustainable Water Supply Program Fund revenues are anticipated to be \$26.30 million or \$1.63 million above Fiscal Year 2007. This is 6.6% over Fiscal Year 2007 and is projected to be at the approved Fiscal Year 2008 budget level. The increase is the result of a decrease in water usage in Fiscal Year 2007 due to the above average moisture that the service area had received (see chart below), and increases in Fiscal Year 2008 consumption based upon the below average moisture that the service area has received since the beginning of the fiscal year (see chart below).



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

APPROVED BUDGET REVENUE ESTIMATES FOR FISCAL YEAR 2009

Budgeted total Authority Operating Revenues for Fiscal Year 2009 are \$120.4 million representing an increase of \$0.9 million above the budgeted Fiscal Year 2008 amount. The increase is the result of several items. There is an increase in investment income of \$0.1 million, an increase of \$0.7 million for system growth and \$0.1 million in miscellaneous and other transfers. Total Authority Sustainable Water Supply Program Fund revenues for Fiscal Year 2009 are anticipated to be \$26.8 million representing an increase of \$0.5 million above the budgeted Fiscal Year 2008 amount. The increase is due to projected system growth.

Major Revenue Sources

Water Sales (\$60 million, 37% of total revenue). The Water System provides water services to approximately 530,600 residents comprising approximately 88% of the residents of Bernalillo County. About one-third of unincorporated County residents are customers of the Water System. Service is provided to approximately 172,270 accounts, including 157,514 residential and 19,707 multi-family, commercial, institutional and industrial accounts, as of June 30, 2007. Approximately 58% of the water sales are for residential uses. Revenue was projected by using a 5 year trend taking into account both growth and reduction in water use due to continued conservation efforts.

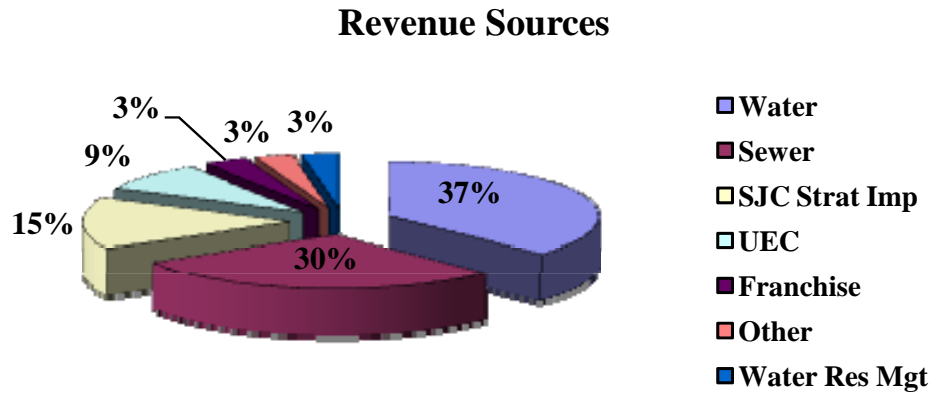
Sewer (\$48 million, 30% of total revenue). Sewer services are provided to virtually all homes, schools, and businesses within the Albuquerque city limits, as well as the Village of Tijeras, Kirtland Air Force Base, Sandia Heights, and other residential areas in Bernalillo County. In all, the Authority provides service to about 525,000 people, with 153,000 residential customer accounts, 16,000 multi-family and commercial accounts, 1,100 institutional accounts and 100 industrial customer accounts. Revenue was projected by using a 5 year trend taking into account both growth and reduction in water use due to continued conservation efforts.

San Juan Chama Strategy Implementation (\$24.8 million, 15% of total revenue). The San Juan Chama Drinking Water Project will supply up to 70% of the metropolitan area's future water. San Juan Chama water diverted from the river will be transported to a state-of-the-art treatment plant, from which purified water will be delivered to Albuquerque and Bernalillo County area homes and businesses within the service area. Financing for this project is from seven dedicated phased incremental rate increases that have been approved and implemented. This Project begins operations in early Fiscal Year 2009. Revenue was projected by using a 5 year trend taking into account both growth and reduction in water use due to continued conservation efforts.

Utility Expansion Charges (\$14 million, 9% 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 was projected using a 5 year trend of growth in the service area.

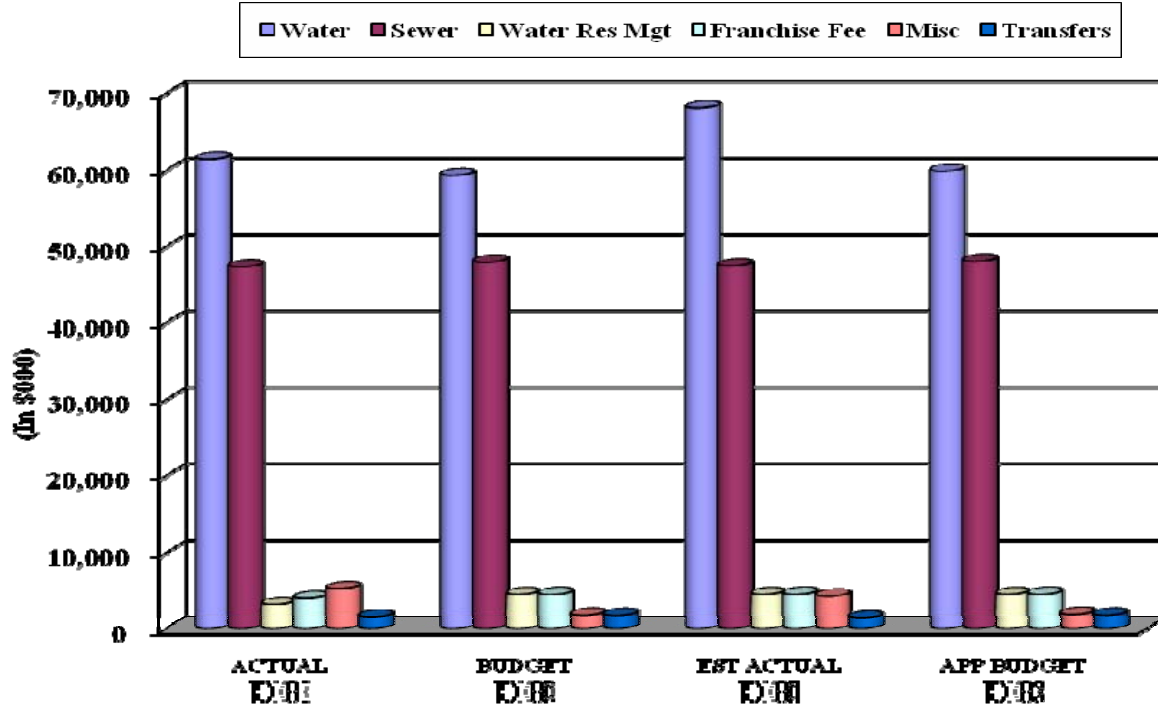
ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Franchise Fee (\$5.6 million, 3% of total revenue). A 4% charge on the total sales of water and sewer services is added to customer billings to compensate the Authority for the franchise fee charged by the City of Albuquerque, Bernalillo County and the Village of Los Ranchos for the granted authorization to use rights-of-way and public places to construct, operate, and maintain water and wastewater systems. Revenue was projected by using a 5 year trend taking into account both growth and reduction in water use due to continued conservation efforts.



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Fund 621 Operating Revenue

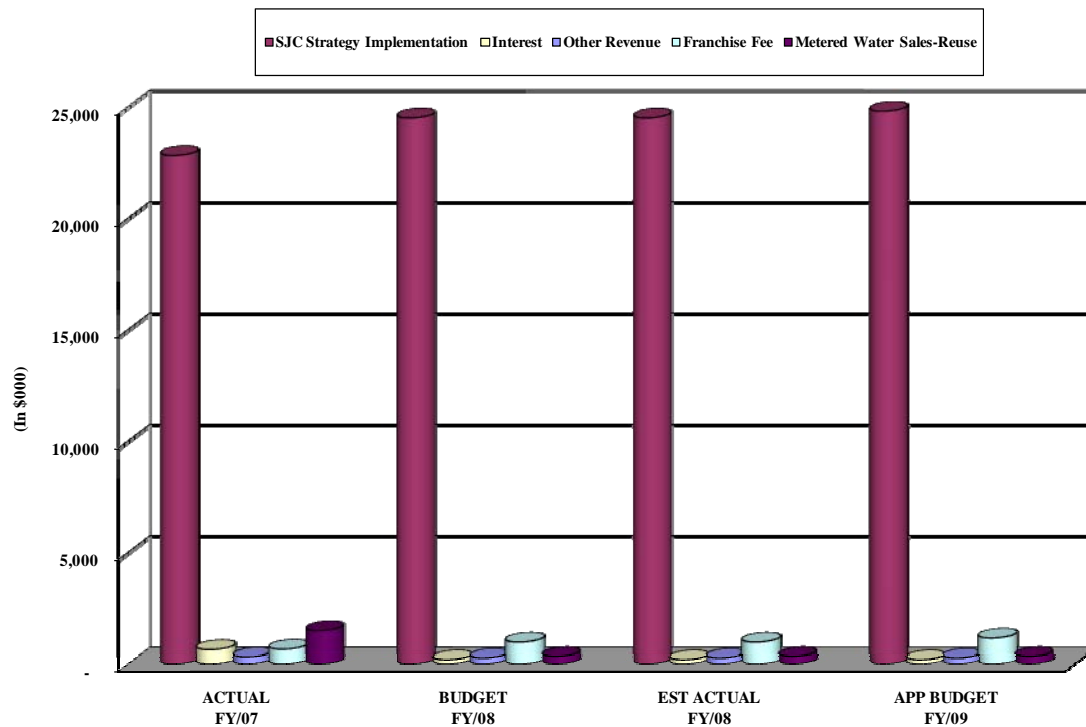


JOINT WATER AND SEWER OPERATING FUND 621

(\$000's)	ACTUAL FY/07	ORIGINAL BUDGET FY/08	REVISED BUDGET FY/08	ESTIMATED ACTUAL FY/08	APPROVED BUDGET FY/09	APP 09/ EST ACT 08 CHG
RESOURCES:						
Miscellaneous Revenues	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-
Interest on Investments	4,726	900	900	3,412	1,000	(2,412)
Other Miscellaneous Revenue	884	849	849	841	849	8
Total Miscellaneous Revenues	5,610	1,749	1,749	4,253	1,849	(2,404)
Enterprise Revenues						
City System-Water	48,547	48,406	48,406	55,009	48,900	(6,109)
City System-Sewer	33,643	38,855	38,855	34,210	38,855	4,645
City System-Contr/Aid	687	60	60	585	200	(385)
City System-Franchise Fee	3,680	4,198	4,198	4,095	4,221	126
Water Resources Management	3,153	4,468	4,468	4,461	4,468	7
Water Facilities Rehab	8,493	7,100	7,100	9,098	7,100	(1,998)
Wastewater Facilities Rehab	10,606	6,200	6,200	10,622	6,200	(4,422)
Total City System	108,808	109,287	109,287	118,080	109,944	(8,136)
Valley System-Water	3,630	3,737	3,737	3,915	3,737	(178)
Valley System-Sewer	2,494	2,754	2,754	2,559	2,754	195
Valley System-Contr/Aid	175	50	50	154	75	(79)
Valley System-Franchise Fee	270	229	229	346	230	(116)
Los Ranchos-Franchise Fee	37	31	31	45	31	(14)
Total Valley System	6,606	6,801	6,801	7,019	6,827	(192)
Total Enterprise Revenues	115,414	116,088	116,088	125,099	116,771	(8,328)
Transfers from Other Funds						
CIP Funded Employees	757	769	769	456	772	316
Refuse Disposal Op. Fund - 651	763	949	949	949	980	31
Total Transfers	1,520	1,718	1,718	1,405	1,752	347
Total Current Resources	122,545	119,555	119,555	130,757	120,372	(10,385)
Beginning Working Capital Balance	19,967	19,537	19,537	19,537	24,951	5,414
TOTAL RESOURCES	142,512	139,092	139,092	150,294	145,323	(4,971)

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

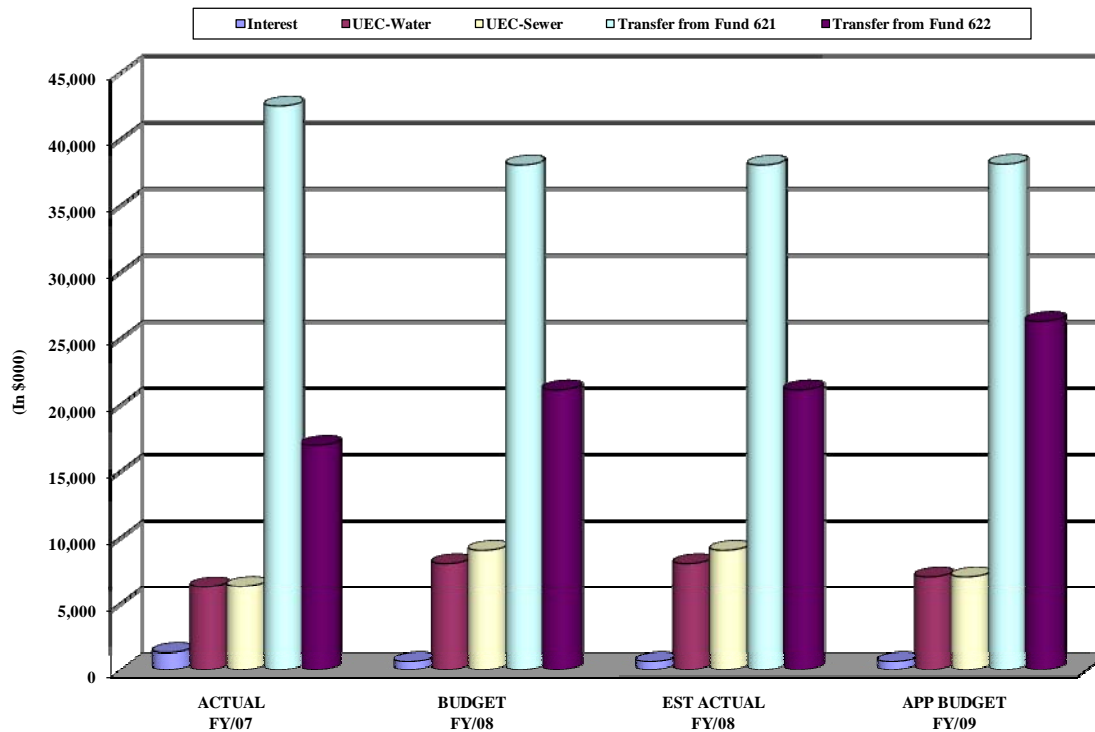
Fund 622 Sustainable Water Supply



	ACTUAL FY/07	ORIGINAL BUDGET FY/08	REVISED BUDGET FY/08	ESTIMATED ACTUAL FY/08	APPROVED BUDGET FY/09	APP 09/ EST ACT 08 CHG
RESOURCES:						
Miscellaneous Revenues:						
Other Revenue - Rental Property	320	274	274	274	274	-
Interest Income	651	200	200	200	200	-
Total Miscellaneous Revenues	972	474	474	474	474	-
Enterprise Revenues						
City Metered Water Sales - Reuse	1,492	350	350	350	350	-
Franchise Fee - City	591	829	829	829	1,006	177
Franchise Fee - County	69	137	137	137	140	3
Franchise Fee - Los Ranchos	8	14	14	14	14	-
SJC Strategy Implementation	22,815	24,500	24,500	24,500	24,800	300
Total Enterprise Revenues	24,975	25,830	25,830	25,830	26,310	480
Total Current Resources	25,947	26,304	26,304	26,304	26,784	480
Beginning Fund Balance	11,706	18,835	18,835	18,835	20,708	1,873
TOTAL RESOURCES	37,653	45,139	45,139	45,139	47,492	2,353

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Fund 631 Debt Service Revenue



(\$000's)	ACTUAL FY/07	ORIGINAL BUDGET FY/08	REVISED BUDGET FY/08	ESTIMATED ACTUAL FY/08	APPROVED BUDGET FY/09	APP 09/ EST ACT 08 CHG
RESOURCES:						
Miscellaneous Revenues:						
Interest on Investments	1,279	600	600	600	600	0
Expansion Charges (UEC)	12,516	17,000	17,000	17,000	14,000	(3,000)
Proceeds of Refunding Bonds	0	0	0	0	0	0
Release of Reserves	0	0	0	0	0	0
Total Miscellaneous Revenues	13,796	17,600	17,600	17,600	14,600	(3,000)
Transfer from Other Funds:						
General Fund - 110	0	0	0	0	0	0
Sustainable Water Supply Fund - 622	16,903	21,079	21,079	21,079	26,236	5,157
Water/Sewer Operating Fund - 621	42,444	38,000	38,000	38,000	38,065	65
Total Transfers	59,347	59,079	59,079	59,079	64,301	5,222
Total Current Resources	73,143	76,679	76,679	76,679	78,901	2,222
Beginning Fund Balance	13,679	6,582	6,582	6,582	1,502	(5,080)
TOTAL RESOURCES	86,822	83,261	83,261	83,261	80,403	(2,858)

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

ECONOMIC OUTLOOK

NATIONAL ECONOMY AND KEY POINTS FROM THE GLOBAL INSIGHT OUTLOOK

The following descriptions of the economy are based on the October 2007 economic forecast. These economic forecasts were used to produce the GRT forecasts that were used in the Five-Year Forecast and this budget. Since the time of that forecast, the economic outlook has turned weaker. The cause of the weakness is led by two things, the price of oil increasing to over \$100 a barrel and the turmoil in the financial markets caused in large part by the problems in the mortgage market. The outlook for the economy is weaker both nationally, and locally.

NATIONAL ECONOMY AND KEY POINTS FROM THE GLOBAL INSIGHT OUTLOOK

The national economy grew slowly following the recession in 2001, and a meaningful turnaround did not begin until FY/04. The third quarter of calendar year 2003 showed an increase of 7% in real gross domestic product (GDP) and increases in employment. FY/04 had real GDP growth of 4.1%, and FY/05 followed with growth of 3.7%. The Federal Reserve Bank (FRB) began increasing rates at the beginning of FY/05 on fears of inflation. In FY/07 real GDP increased by 2.1% and inflation as measured by the consumer price index (CPI) averaged 2.6%. Inflation slowed from a higher rate of 3.8% in FY/06 in large part due to a decrease in oil prices. Of some concern is that in FY/07 the CPI excluding food and energy ("core inflation") also increased 2.6%. The average oil price for FY/06 as measured as West Texas Intermediate crude averaged \$64.3 per barrel and in FY/07 averaged \$63.4. The price of oil has increased throughout calendar year 2007 and in November has approached \$100 per barrel. Global Insight (GI) sees these prices increasing in FY/08 to an average of \$75.4 per barrel and remaining near this level for the remainder of the forecast. Still, inflation remains under control and GI expects the CPI to increase 2.5% in FY/08 and hover between 1.6% and 1.9% from FY/09 to FY/12.

GI also presents risks to the forecast in the form of optimistic and pessimistic scenarios. The pessimistic scenario, assigned a probability of 30%, assumes higher energy prices, a slowdown in technological improvements and the downward trend in the value of the dollar plunges the economy into a recession. The real GDP declines in the last quarter of 2007 and the first quarter of 2008. The FRB reacts to inflation pushing up the federal fund rate to 6.0% in FY/08 and remaining at this level for the remaining years. Unemployment increases, averaging 5.6% in FY/08 and slowly retreating to 5% by 2012. The optimistic scenario where the economy experiences "only a brief slowdown" is assigned a probability of 15%. In this scenario, productivity is stronger than the baseline, the world economy is stronger helping U.S. exports, business investment is stronger, and oil prices are lower. All of this helps strengthen GDP and weaken inflationary pressures. GDP growth averages 2.5% in FY/08 increasing to 3.6% in FY/09. Housing starts are well above baseline and unemployment increases slightly from the FY/07 level of 4.5% to 4.7% in FY/08 and declines to 4.1% by the end of the forecast. These scenarios are included in the revenue forecast in the Alternative Scenarios section.

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Gross Domestic Product (GDP).

Following the recession of 2001, the economy rebounded slowly. In FY/05 and FY/06 the economy had average growth of just over 3%. In FY/07 growth dipped to 2.1% as the economy faltered and the housing market slowed. The forecast from GI has growth of only 2.1% in FY/08 and growth below 3% for the remainder of the forecast.

Employment and Productivity.

Following the recession in 2001 the economy started growing, but employment growth was slow. Growth in non-farm employment was only 0.3% in FY/04, before increasing at 1.9% and 1.6% in FY/06 and FY/07. FY/08 has employment growth of 0.9% and then remains at a growth rate of between 1.1% and 1.3% through FY/12.

Productivity growth as measured by output per hour, expanded rapidly in the late 1990's with rates up to 4% growth in FY/05. Growth has slowed and in FY/07 growth was only 0.5%. These high growth rates allowed wages to increase and not push up inflation. Productivity growth is expected to increase to 1.6% in FY/08 and stay near 2% for the remainder of the forecast.

Inflation.

As measured by the consumer price index for urban consumers, inflation was low, around 2%, for the period FY/02-FY/04. In FY/05 inflation jumped to 3% driven largely by oil price increases with inflation reaching 3.8% in FY/06, but slowed in FY/07 to 2.6%. The forecast expects a small decline to 2.5% in FY/08. In FY/09 the rate slows to 1.6% and remains at 1.8% to 1.9% through FY/12.

Interest Rates.

After cutting the federal funds rate to 1%, the lowest level since the 1960s, the FRB increased rates twice in 2004 and continued to increase throughout FY/05 into FY/06. Rates averaged 2% for FY/05 but were 4% at the end of the fiscal year. Rates were raised to 5.25% at the June 2006 meeting of the FRB. In September of 2007 the FRB decisively began lowering rates by making a cut in rates of 0.5%. This cut was based on the shifting risks of a slowing economy outweighing inflationary risks pressures. These cuts are aimed at offsetting the tightening in the credit markets caused by the mortgage lending problems. The FRB lowered rates by 0.25% in October 2007. GI expects the FRB to cut rates by another 0.25% at the December meeting. Markets clearly are anticipating this cut. GI doesn't anticipate any further cuts and sees the FRB raising rates in 2009 back up to 4.75%. Ten year treasury bills are expected to slowly increase following a slight decrease from 4.8% in FY/07 to 4.6% in FY/08. By FY/12 the rates are expected to be at 5.3%.

World Economy.

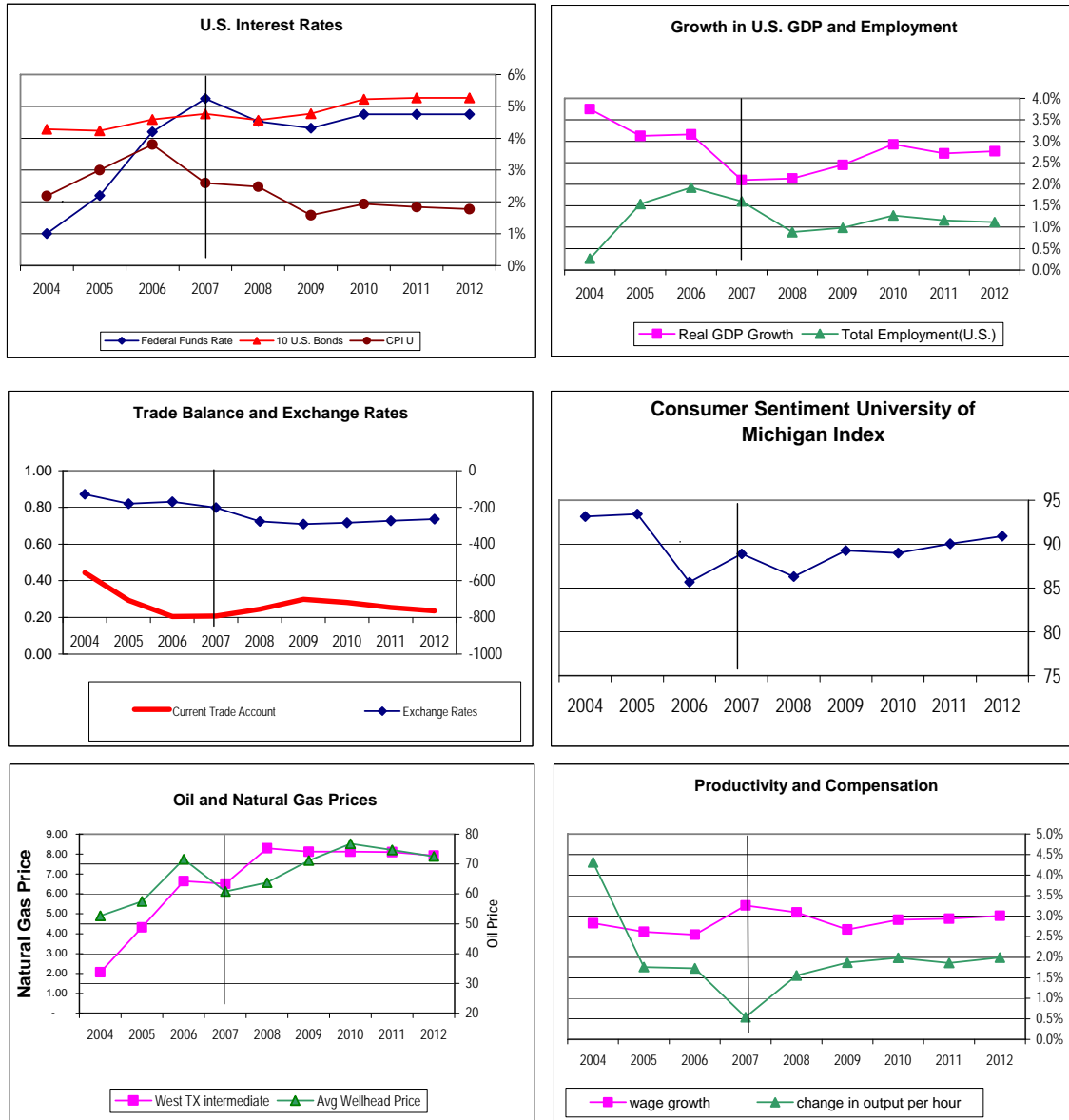
GI believes that the world economy will grow at rates above the U.S., but there is a risk that the sub prime mortgage problems in the U.S. will spillover to the rest of the world. The dollar will continue to weaken. The current trade account deficit continues to remain at high levels. In FY/07, the trade deficit was \$793 million and is expected to decline to \$750 million in FY/08 and \$700 million in FY/09. With a strengthening of the dollar it grows back up to \$764 million by FY/12.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

TABLE I

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

October 2007 Baseline Forecast



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

ALBUQUERQUE ECONOMY

Employment growth in the Albuquerque economy has begun to slow. Following very strong growth in non-agricultural employment of 3.1% in FY/06, growth slowed to 2.6% in FY/07 and is expected to grow at only 1.1% in FY/08. The slowdown is due in part to housing, and also layoffs at several major firms. Intel announced a cut of 1,000 jobs, Public Service Company of New Mexico (PNM) approximately 500 jobs (150 now and 350 next year), and Eclipse Aviation about 100 jobs. Manufacturing, after several years of weakness, had robust growth of 3% in FY/06 and 2.9% in FY/07, but with layoffs it posts a negative 3.6% for FY/08. This is expected to turn in FY/09 and have modest growth through out the remaining forecast years. The unemployment rate remains low from FY/07 throughout the forecast remaining in the 3.6% to 3.9% range.

Table 2 at the end of this section provides sector employment numbers for FY/03 to FY/12 by the major NAICS categories.

Wholesale and Retail Trade. This sector accounts for about 15% of employment in the MSA and has posted slow employment growth. From FY/03 to FY/07 the sector was flat and posted annual growth of 1.1% for this period. The forecast expects annual growth of about 1.3%.

Transportation, Warehousing and Utilities. Employment in this sector declined in the period FY/03 to FY/07, though FY/07 posted a positive growth of 1.4%. The forecast is for reductions in employment in FY/08 and FY/09 due to layoffs at PNM. The remaining years (FY/10 to FY/12) have expected growth of 1.7% annually.

Manufacturing. This sector accounted for about 6% of employment in the MSA in FY/07. The sector lost 5,500 jobs between FY/98 and FY/05, but had strong growth in FY/06 and FY/07 adding nearly 1,400 jobs. The sector is also important because of the effects it has on the rest of the economy. The jobs are relatively high paying and there are many local purchases having a larger multiplier effect on the economy than most industries. The employment forecast is weaker, led by the loss of around 1,000 jobs at Intel.

Educational and Health Services. Albuquerque is a major regional medical center. Presbyterian Hospital and its HMO are one of the largest employers in the area. This is also one of the fastest growing categories in the MSA economy. In the period FY/03 to FY/07, the sector increased at an average rate of 3.7%. In FY/06 and FY/07 growth rates were around 3.0% and this rate is expected for the remainder of the forecast.

Leisure and Hospitality. This category includes eating and drinking establishments as well as hotels and other travel related facilities. Growth has been volatile in this sector with only 1.3% in FY/03, 2.7% in FY/04, a decline of 0.5% in FY/05. In FY/06 growth was 3.8% followed by 4.4% in FY/07. GRT growth for this sector has been strong, and lodger's tax grew at rates of 10.7% in FY/06 and 8.2% in FY/07. The forecast shows a slowing of growth in the sector from 4.4% in FY/07 to 2.7% in FY/08. The growth continues to slow and averages 1.3% for the remainder of the forecast.

Financial Activities. This sector includes finance, insurance and real estate including credit intermediation. The employment in this sector increased at an annual average of 0.6% between FY/03 and FY/07. In FY/07 employment decreased by 0.6%. Average annual growth for the sector is expected to be stronger in the forecast but still is low at 1.3% annual average for FY/08 to FY/12.

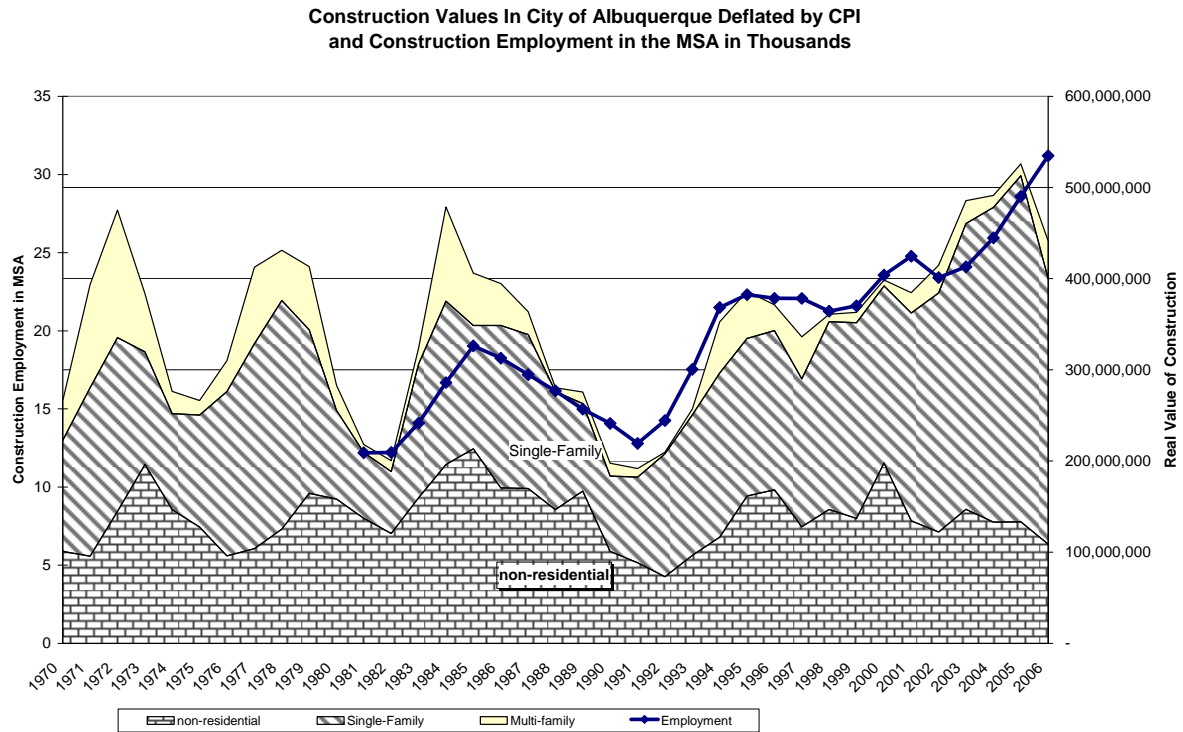
ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Professional and Business Services. This category includes temporary employment agencies and some of Albuquerque's back-office operations. It also includes Sandia National Labs (SNL). This sector had average annual growth of 2.7% from FY/03 to FY/07. Growth in FY/05 through FY/07 was strong at 3.3% each year. The growth is expected to dip to only 0.4% in FY/08 with an average annual growth of 2.2% for the forecast years FY/08 to FY/12. These levels of growth do not include any adjustments for the recently announced lay offs at SNL.

Information. This sector includes businesses in publishing, broadcasting, telecommunications, and internet service establishments. This sector was very strong in the 1990s but lost over 2,300 jobs from FY/02 to FY/05 including the loss of jobs when the MCI call center closed. In FY/06 the sector grew by only 0.2%, but rebounded in FY/07 with growth of 7.2%. The growth in employment is expected to slow, but remain at a relatively high level of 3.7% annual growth.

Construction. Construction is typically cyclical, with significant swings in building and employment. The following chart (Figure 2) shows the real value of single-family, multi-family, and non-residential new permits from 1970 to 2006 (deflated by the CPI; 100=1982-84). Five distinct peaks occur in 1973, 1979, 1985, 1995 and 2005. The fall shown in 2006 continues through the first 10 months of 2007 with a fall in total value of 10% led by a decrease in the value of single-family dwellings of 31%. Construction employment is also decreasing. Commercial construction in real terms has remained relatively flat and the total annual value of commercial construction has not reached any of the previous peaks. The most recent information available is the first ten months of 2007; this information shows a continuing slowdown in the residential housing market. Single family construction in the first ten months of 2007 is well below the same period of 2006. The value of single family permits are down 31% and total of all categories of permit values is down 10%. Offsetting in part the losses in single family construction are a 117% increase in multi-family permits, a 33% increase in new commercial permits, and a 7.2% increase in permits issued for additions and alterations. The number of single family permits issued in 2006 was only 3,337 down 28.7% from 2005. In the first 10 months of 2007 only 1,945 permits have been issued; 35% below the first 10 months of 2006. This is the first real down turn in the construction cycle since 1991 and in September and October of 2007 residential housing permits are down substantially from previous months. The multi-family and commercial markets have held up construction to this point, but at the national level GI expects a slowdown in non-residential investment (mostly buildings and infrastructure) in the beginning of 2008.

FIGURE 2



Building permits only tell part of the construction story. Non-building construction such as roads and storm drainage are not captured in the permit numbers. Large construction projects for the state, such as University Hospital, are permitted by the State rather than the City. Employment in the construction sector gives a picture of growth in the entire MSA. As shown in the chart above, construction employment moves similarly to permit values, but differences occur. Growth in employment was very strong in 2000-2002, driven in large part by the Intel project and the Big-I reconstruction project. The Big-I was completed ahead of schedule in June 2002, and the Intel project was also finished in June 2002. As these jobs were lost, the City saw a reduction in employment in FY/02 and some additional losses in FY/03; losses of 3.3% and 2.3% respectively. In FY/04, growth was 5.2% and in FY/05 employment exceeded the peak in FY/02, with growth of 9.8% and in FY/06 growth slowed only slightly to 8.8%. Growth in FY/07 was only 2.0% and employment is expected to decline 1.3% in FY/08 and remain flat in FY/09. The remainder of the forecast projects growth around 1.5%. Even so, the level of employment in the sector remains above historical levels. Permitting at the City, particularly residential, is expected to decline substantially. Many large projects recently completed, such as the drinking water project from the Water Authority and the University Hospital renovation, but others are starting that will have some offset, such as the new cancer center at UNM, which is of a similar dollar value as the hospital renovation.

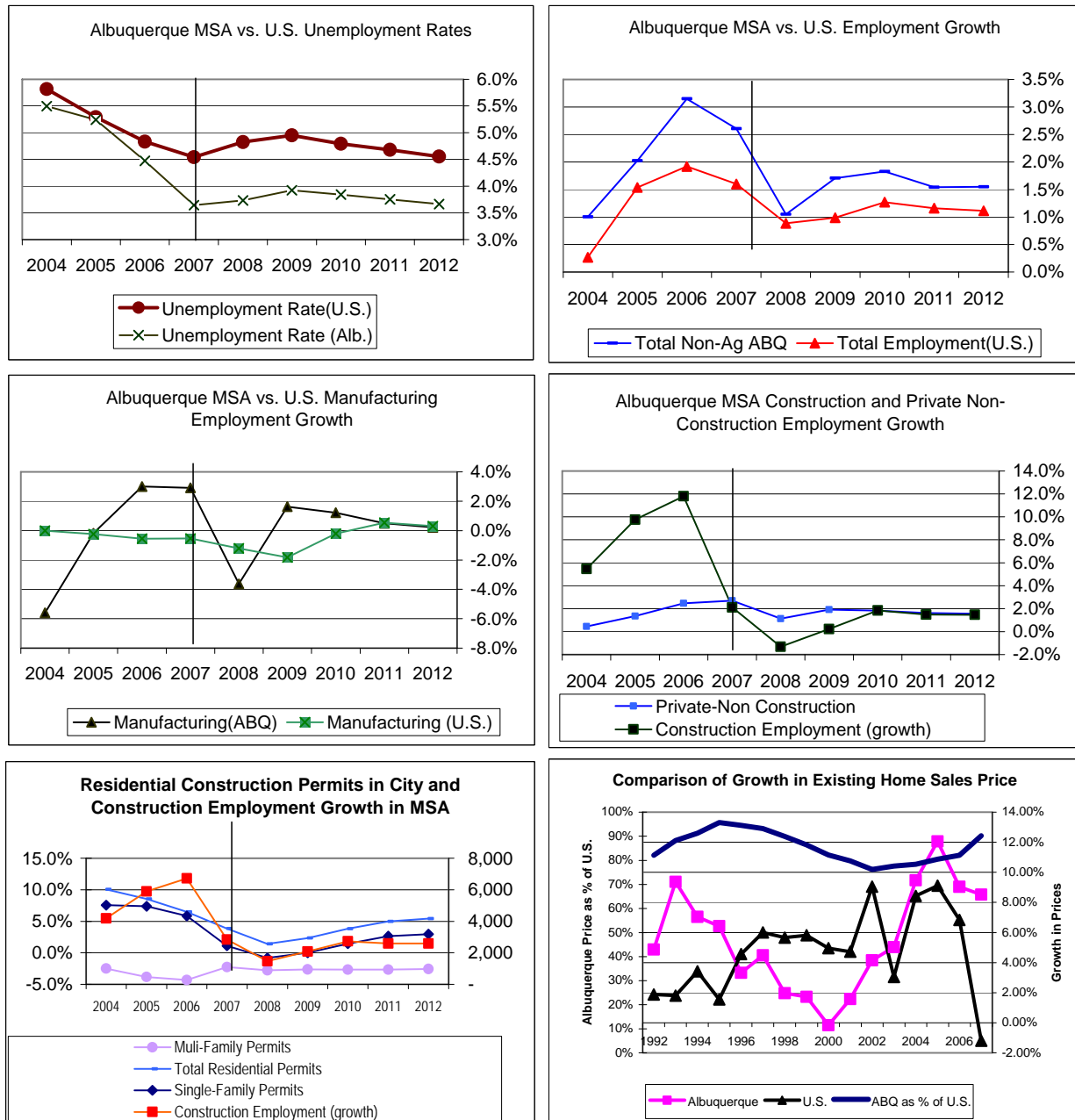
ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

TABLE 2

LOCAL ECONOMIC VARIABLES HISTORY AND FORECAST

By Fiscal Year BBER FORUNM Baseline October

2007



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

TABLE 3

Albuquerque MSA Employment by NAICS Categories (in thousands)

	History					Forecast					Growth	
	FY/03	FY/04	FY/05	FY/06	FY/07	FY/08	FY/09	FY/10	FY/11	FY/12	FY/03- FY/07	FY/08- FY/12
TOTAL NONAGRICULTURAL	362.417	366.058	373.467	385.225	395.267	399.420	406.238	413.669	420.050	426.561	2.2%	1.7%
CONSTRUCTION	23.500	24.783	27.200	30.408	31.050	30.642	30.710	31.276	31.743	32.210	7.2%	1.3%
MANUFACTURING	24.133	22.783	22.742	23.425	24.108	23.232	23.611	23.900	24.017	24.069	0.0%	0.9%
WHOLESALE TRADE	13.233	12.908	12.808	13.100	13.475	13.478	13.556	13.610	13.655	13.702	0.5%	0.4%
RETAIL TRADE	42.083	42.425	43.225	43.692	43.992	44.642	45.361	46.105	46.532	47.079	1.1%	1.3%
TRANSPORTATION, WAREHOUSING, AND UTILITIES	10.608	10.525	10.392	10.417	10.558	10.540	10.332	10.516	10.698	10.878	-0.1%	0.8%
INFORMATION	10.542	9.900	8.992	9.008	9.658	10.200	10.754	11.300	11.530	11.781	-2.2%	3.7%
FINANCIAL ACTIVITIES	18.850	18.950	19.192	19.417	19.292	19.320	19.526	19.874	20.223	20.356	0.6%	1.3%
PROFESSIONAL AND BUSINESS SERVICES	57.658	58.067	59.992	61.983	64.050	64.327	65.801	67.467	68.892	70.217	2.7%	2.2%
EDUCATIONAL AND HEALTH SERVICES	42.042	43.758	45.708	47.092	48.575	49.860	51.496	52.954	54.497	56.011	3.7%	3.0%
LEISURE AND HOSPITALITY	35.308	36.200	36.017	37.400	39.033	40.078	40.810	41.005	41.546	42.224	2.5%	1.3%
OTHER SERVICES	11.608	11.733	11.808	12.000	12.242	12.513	12.500	12.400	12.381	12.373	1.3%	-0.3%
GOVERNMENT	72.850	74.025	75.392	77.283	79.233	80.583	81.778	83.269	84.343	85.661	2.1%	1.5%
Local Government	35.567	36.133	37.067	38.075	39.325	40.297	41.052	41.931	42.830	43.753	2.5%	2.1%
State Government	23.133	23.850	24.258	24.800	25.375	25.706	26.077	26.489	26.855	27.270	2.3%	1.5%
Federal Government	14.150	14.042	14.067	14.408	14.533	14.579	14.648	14.850	14.659	14.644	0.7%	0.1%
Military Employment, Thousands	6.392	6.457	6.443	6.275	6.317	6.301	6.312	6.232	6.150	6.115	-0.3%	-0.7%

TABLE 4

Economic Variables Underlying the Forecast

					Forecast			
	2005	2006	2007	2008	2009	2010	2011	2012
National Variables								
Real GDP Growth	3.1%	3.2%	2.1%	2.1%	2.5%	2.9%	2.7%	2.8%
Federal Funds Rate	2.2%	4.2%	5.3%	4.5%	4.3%	4.8%	4.8%	4.8%
10 U.S. Bonds	4.2%	4.6%	4.8%	4.6%	4.8%	5.2%	5.3%	5.3%
CPI U	3.0%	3.8%	2.6%	2.5%	1.6%	1.9%	1.8%	1.8%
Unemployment Rate(U.S.)	5.3%	4.8%	4.5%	4.8%	5.0%	4.8%	4.7%	4.6%
Total Non-Farm Employment	1.5%	1.9%	1.6%	0.9%	1.0%	1.3%	1.2%	1.1%
Manufacturing Employment	-0.2%	-0.6%	-0.5%	-1.2%	-1.8%	-0.2%	0.5%	0.3%
Consumer sentiment index-- University of Michigan	93.4	85.7	88.9	86.3	89.3	89.0	90.0	90.9
Exchange Rates	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.7
Current Trade Account	(707.2)	(795.4)	(793.2)	(755.5)	(700.4)	(719.0)	(745.8)	(764.3)
wage growth	2.6%	2.6%	3.3%	3.1%	2.7%	2.9%	2.9%	3.0%
West TX Intermediate	48.8	64.3	63.4	75.3	74.1	74.2	74.0	72.8
change in output per hour	1.8%	1.7%	0.5%	1.6%	1.9%	2.0%	1.9%	2.0%
Albuquerque Variables								
Employment Growth and Unemployment in Albuquerque MSA								
Total Non-Ag ABQ	2.0%	3.1%	2.6%	1.1%	1.7%	1.8%	1.5%	1.6%
Private-Non Construction	1.4%	2.5%	2.7%	1.1%	1.9%	1.8%	1.6%	1.6%
Construction Employment (growth)	9.8%	11.8%	2.1%	-1.3%	0.2%	1.8%	1.5%	1.5%
Manufacturing(ABQ)	-0.2%	3.0%	2.9%	-3.6%	1.6%	1.2%	0.5%	0.2%
Unemployment Rate (Alb.)	5.2%	4.5%	3.6%	3.7%	3.9%	3.8%	3.8%	3.7%
Construction Units Permitted in City of Albuquerque								
Single-Family Permits	4,952	4,330	2,443	1,672	1,998	2,583	3,062	3,188
Muli-Family Permits	466	269	1,094	889	945	939	931	980
Total Residential Permits	5,418	4,599	3,537	2,561	2,943	3,522	3,993	4,168
Source Global Insight and FOR-UNM October 2007 Baseline Forecasts								

CAPITAL BUDGET

***Approved
Operating Budget
FY/09***

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

CAPITAL IMPLEMENTATION PROGRAM

The Authority's Capital Implementation Program (CIP) consists of a ten-year Decade Plan updated biennially in even numbered fiscal years with two, four, six, eight and ten year planning elements and includes detailed requirements for program development and project scope, schedule, budget, justification and alternatives. The Decade Plan requires approval by the Authority Board with at least one public hearing and due deliberation. In even numbered fiscal years, the Decade Plan must be updated and approved by the Authority 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 Capital Program budget. The Authority's Budget Policies and Procedures Ordinance, as required by the State Statutes creating the Authority, specifies that the Authority shall annually review and adopt one-year objectives related to the five year goals for the Authority. This requirement is applicable to the Capital Program as well as the Operating Program.

Financial planning for the Authority considers Basic Program capital needs as part of its revenue requirements, that is the water/sewer rate structure is intended to provide sufficient rate revenue to satisfy the Rate Ordinance requirement that Basic Program needs are funded at least 50% from cash. The balance of capital funding is obtained through revenue bond or loan financing with some grant funds received for special projects. 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 a CIP activity. UEC revenue is considered cash for purposes of meeting the 50% test.

The implementation of the Water Resources Management Strategy work related to the San Juan Chama Drinking Water Treatment project and to the North/South non-potable water systems for irrigation purposes are Authority projects funded outside of the Basic Program. Dedicated revenue sources and funding strategies for each of those projects have been approved by the Authority Board.

The Basic Program for Fiscal Year 2009 is \$44 million. The Rate Ordinance requires that a minimum of \$30 million be spent annually on water and sewer infrastructure rehabilitation. Another \$14 million is provided for system growth projects. The \$44 million Basic program is being funded by \$22 million in cash and \$22 million from debt financing. The \$22 million in debt financing is a part of the \$77.005 million loan the Authority obtained in the fall of 2008 from the New Mexico Finance Authority (NMFA).

The Fiscal Year 2009 Capital Program is being supplemented by four projects outside of the Basic Program. These projects meet commitments made by the Authority Board and expressed either as annual objectives or as agreements with outside agencies. The funding sources for these projects will be cash and debt financing. Another Fiscal Year 2009 project is being funded by a \$12 million Drinking Water Project loan from the New Mexico Environment Department (NMED). The \$12 million loan was appropriated in prior years and is not included in the current year budget resolution.

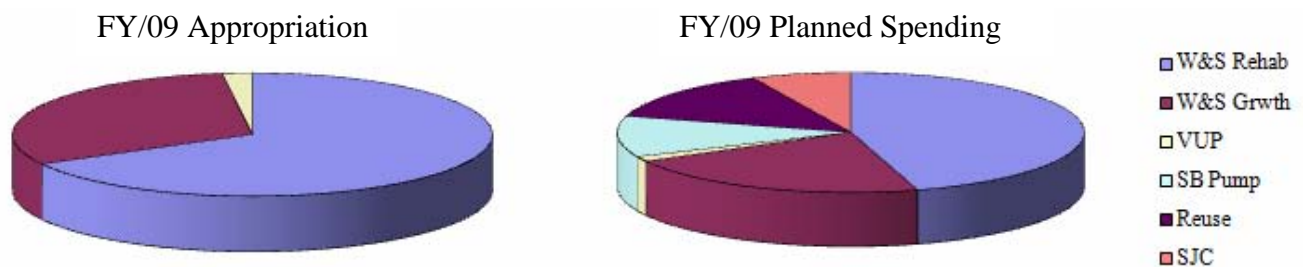
The Authority's Capital Improvement Program budget for Fiscal Year 2009 is \$57.7 million excluding the Water Resources Management Strategy work discussed above. The current funding resolution appropriates a total of \$49.252 million. Estimated spending exceeds appropriations by \$8.448 million. \$8 million of this is the estimated Fiscal Year 2009 construction spending for the Santa Barbara Reservoir and Pump Station Project funded from the \$12 million NMED loan. The other \$.448 million is the estimated Fiscal Year 2009 spending on the Maximo/GIS conversion project in excess of the Fiscal Year 2009 \$1.252 million appropriation. An additional \$1.404 million for this work was appropriated in Fiscal Year 2008.

There are no appropriations in the proposed Fiscal Year 2009 CIP budget for projects that will be funded with revenues from Fiscal Year 2010 and later.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Fiscal Year 2009 Capital Program Appropriations and Spending by Categories

	Appropriation	Planned Spending
Basic Water Rehab	\$ 7,950,000	\$ 7,950,000
Basic Sewer Rehab	\$ 22,050,000	\$ 22,050,000
Basic System Growth	\$ <u>14,000,000</u>	\$ <u>14,000,000</u>
 Total Basic	 \$ 44,000,000	 \$ 44,000,000
Non-Basic Rehab		
Automatic Meter Reading	\$ 2,000,000	\$ 2,000,000
Steel Water Line Replacement	\$ 1,000,000	\$ 1,000,000
Santa Barbara Pump Station and Reservoir Project	\$ -	\$ 8,000,000
Non-Basic Growth		
Maximo/GIS Conversion	\$ 1,252,000	\$ 1,700,000
Valley Utilities Projects	\$ 1,000,000	\$ 1,000,000
Water Resources Management Strategy		
Southside Reuse Project	\$ -	\$ 10,000,000
San Juan Chama Drinking Water Project	\$ -	\$ <u>5,000,000</u>
 Total	 \$ <u>49,252,000</u>	 \$ <u>72,700,000</u>
Rehab	\$ 33,000,000	\$ 41,000,000
Growth	\$ 15,252,000	\$ 15,700,000
Valley Utilities Projects	\$ 1,000,000	\$ 1,000,000
Water Resources Management Strategy	\$ -	\$ <u>15,000,000</u>
 Total	 \$ <u>49,252,000</u>	 \$ <u>72,700,000</u>



Rehabilitation = Costs required to extend the service life of an existing facility or to restore original performance or capacity by rehabilitating or replacing system components

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

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

Water Resources Management Strategy = Costs for projects identified in the Water Resources Management Strategy as adopted by the City of Albuquerque in 1997 and as adopted by the Authority as successor.

Category allocations of CIP funding are as follows:

<u>Category</u>	<u>Percentage</u>		<u>Amount</u>
Rehab	67.0	\$	33,000,000
Growth	31.0	\$	15,252,000
Valley Utilities Projects	2.0	\$	1,000,000
Water Resources Management Strategy	-	\$	-
Total	<u>100.0</u>	\$	<u>49,252,000</u>

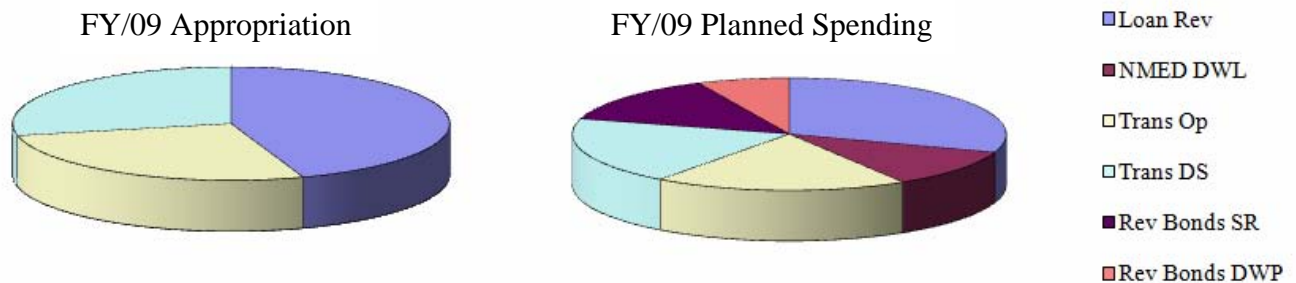
Reconciliation Between Appropriations And Planned Spending

Appropriations per this resolution	\$	49,252,000
Transfer from Operating Fund 621 appropriated in FY 2008 for the Maximo/GIS Conversion project	\$	448,000
NMED loan that was appropriated over the prior two fiscal years	\$	8,000,000
Previously appropriated bond and loan proceeds that will be used for the Southside Reuse Project	\$	10,000,000
Previously appropriated bond and loan proceeds that will be used for the San Juan Chama Drinking Water Project	\$	<u>5,000,000</u>
Planned Spending	\$	<u>72,700,000</u>

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The funding sources for the appropriation and planned spending are:

	Appropriation	Planned Spending
77.005M NMFA Loan Fall 2007	\$ 22,000,000	\$ 22,000,000
Transfer from Operating Fund 621	\$ 13,252,000	\$ 13,700,000
Transfer from Debt Service Fund 631	\$ 14,000,000	\$ 14,000,000
NMED Drinking Water Loan	\$ -	\$ 8,000,000
Prior/Current Year Revenue Bonds		
For Southside Reuse Project	\$ -	\$ 10,000,000
Prior/Current Year Revenue Bonds		
For Drinking Water Project	\$ -	\$ 5,000,000
Total	\$ 49,252,000	\$ 72,700,000



By fund, the \$49.252 million is allocated: \$1.0 million in the Valley Utility Projects fund 627, \$33.0 million in the Joint Water & Sewer Rehabilitation Fund 628 and \$15.252 million in the Joint Water & Sewer Fund 629.

Fiscal Year 2009 Capital Program Highlights

The following are selected activities with project descriptions and amounts identified for spending in Fiscal Year 2009 and for subsequent fiscal years. These are anticipated spending amounts which may have appropriations previously approved as well as new appropriations proposed in this legislation.

	FY 2009	FY 2010
<u>Water Rehabilitation</u>		
Small Diameter Water Line Rehab	\$ 4,000,000	\$ 4,000,000
Replace Steel Water Lines	\$ 1,000,000	\$ 1,000,000
Automatic Meter Reading Rehab	\$ 2,000,000	\$ 2,000,000
Santa Barbara Pump Station/Reservoir	\$ 8,000,000	\$ 7,000,000
<u>Water Reclamation Rehabilitation</u>		
FY03 Plant Improvements	\$ 5,000,000	\$ 2,000,000
Interceptor Sewer Rehab	\$ 4,500,000	\$ 4,500,000
Digester Renovation	\$ 2,500,000	\$ 3,500,000
Lift Station Improvements	\$ 4,000,000	\$ -
Martineztown Odor Control Biofilter	\$ 600,000	\$ -

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Water Growth

Arsenic Treatment Facilities –
Transmission Line from Gonzales
Well Field to College
Aquifer Storage and Recovery

\$	925,000	\$	-
\$	1,000,000	\$	2,000,000

Water Reclamation Growth

MDC Facility Improvements

\$	600,000	\$	-
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Improvements

Maximo/GIS Conversion
Oracle CC&B Upgrade

\$	1,225,000	\$	-
\$	1,650,000	\$	-

Valley Utility Projects

Various

\$	13,000,000	\$	1,000,000
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San Juan Chama

Drinking Water Treatment Plant

\$	5,000,000	\$	-
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Southside Reuse

Plant Facilities, Pump Station,
Reservoir and Distribution System

\$	10,000,000	\$	10,000,000
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New Activities Requested

Several new activities are being requested with this legislation. The new activity numbers will make it unnecessary to commingle in one general ledger activity number work that is being done within the Basic capital program with work that is being done outside the Basic capital program. Better matching to the Fiscal Year 2008-2017 Decade Plan is also a goal. Easier project tracking and clearer reporting will result.

Fund 627 – Valley Projects Fund

Authority Managed Water Projects and Authority Managed Water Reclamation Projects

These two activities will allow the existing Valley Utilities Projects activity to contain only the financial transactions related to the Valley work done in conjunction with Bernalillo County and which is funded outside of the Basic capital program. Currently, costs for Authority managed Valley projects, which are funded in the Basic capital program, are commingled with costs of the Bernalillo County work.

Fund 628 – Rehabilitation Fund

Santa Barbara Reservoir and Pump Station Project Construction

The portion of the construction effort that will be funded by an NMED loan is outside the Basic capital program.

Steel Water Line Replacement

The steel water line replacement program is outside the Basic capital program. Currently, costs for this program are commingled in the Water Line Rehabilitation activity which contains Basic program expenditures.

Strategic Leak Detection Program

This work comprises the agreement with New Mexico Institute of Mining and Technology/Environmental Finance Center approved by the Authority Board at its March 2008 meeting per WUA C-08-10 and is outside the Basic capital program.

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Gas Engine Conversions

Gas Engine Conversions has its own line item in the Fiscal Year 2008-2017 Decade Plan.

Kiva Pump Station Replacement

Kiva Pump Station Replacement has its own line item in the Fiscal Year 2008-2017 Decade Plan.

Griegos Pump Station Replacement

Griegos Pump Station Replacement has its own line item in the Fiscal Year 2008-2017 Decade Plan.

Fund 629 – Growth Fund

Water Rights Enhancement Payable From Dedicated Revenues

The acquisition of water rights using dedicated revenues received from the Bureau of Reclamation is outside the Basic capital program. An activity separate from the existing Water Rights Enhancement activity, which contains Basic program expenditures, will aid in ensuring that the dedicated revenues are used solely for the intended purpose.

Aquifer Storage and Recovery

Aquifer Storage and Recovery has its own line item in the Fiscal Year 2008-2017 Decade Plan.

Asset Management

There is no existing Basic program activity for asset management work. Current work is being recorded in the ASOMS activity which is a poor fit. An Asset Management activity is needed now as the Authority is expanding its asset management efforts.

Maximo/GIS Conversion

The Authority Board at its February 2008 meeting approved a \$1.4 million appropriation for the upgrade of the Maximo system. Another \$1.252 million is included in the Fiscal Year 2009 Capital resolution. The project is outside the Basic capital program.

Fiscal Year 2009 Capital Program

The Fiscal Year 2009 capital expenditures include projects that are classified as Special Projects and projects that are part of the normal Capital Program. Five Special Projects are discussed and are presented as follows. Selected projects from the Capital Program and amounts identified for spending in Fiscal Year 2009 and for subsequent fiscal years follow the Special Projects.

Valley Utilities Projects, \$31,000,000

Projects under construction are:

- North Valley Area I Phase Two and Area J Gravity Sewer System – Construction started January 2008 and is expected to last thirteen months. Estimated cost is \$9.5M with approximately \$1M in funding from the US EPA and the remaining funding from the Authority.
- South Valley Water Distribution System – Construction started May 2007 and is expected to be completed by the end of calendar year 2008. Contract price is \$10.55M with \$7M from the Authority, \$1M from EPA, \$1.5M from the State and the remainder from Bernalillo County.
- South Valley Phase 3 Reservoir and Pajarito Road West Transmission Line – Construction started in Fiscal Year 2008 with completion in Fiscal Year 2009. Estimated project cost is \$9.5M with \$6M from the Authority.
- South Valley Phase 4 Water Booster Station – Construction started in Fiscal Year 2008 with completion in Fiscal Year 2009. Estimated project cost is \$4.5M with the Authority funding the entire project.

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The Valley Utility Projects are a joint effort between Bernalillo County and the Water Utility Authority per MOU. Bernalillo County Public Works Department manages these projects and requests reimbursement from the Authority for its share of costs.

Oracle CC&B Upgrade, \$3,400,000

This project will replace the Authority's existing billing system, a Peoplesoft product called Customer Information System (CIS). Since CIS went live on July 1, 2005, Oracle Corporation has purchased Peoplesoft and the consulting firm that implemented CIS for the Authority. Oracle has announced that CIS will not be supported past June 2009 and instead Oracle's Customer Care and Billing (CC&B) system will become its flagship utilities software product.

Maximo/GIS Conversion, \$3,000,000

This project will upgrade the Authority's existing Maximo work order system at the Southside Water Treatment Plant and at the new drinking water treatment plant and will bring together the data in Maximo with the data in the Authority's Geographic Information System. The ability to link the data in the two systems will enhance the Authority's asset management effort.

San Juan Chama Drinking Water Project, \$450,000,000

This project is the key piece of the Water Resources Management Strategy. The Water Resources Management Strategy, adopted in 1997, calls in part for the Authority to more fully utilize renewable water resources in order to reduce reliance on ground water supplies to meet customer demand. The San Juan Chama Drinking Water Project includes construction of a diversion dam, raw water pumping facilities and transmission lines, a drinking water treatment plant and treated water transmission lines. The source of the additional surface water that will be treated comes from the diversion of the San Juan River in northern New Mexico into the Chama River which in turn flows into the Rio Grande River which flows through Albuquerque.

The San Juan Chama Drinking Water Project has become a key element in the Authority's arsenic mitigation strategy. Several segments of the treated water transmission pipelines in combination with the high service pump station at the drinking water treatment plant will move lower arsenic surface water and ground water from the east side of Albuquerque to the west side where arsenic concentrations in ground water supplies are high. The blending of the two water streams will allow the arsenic standards to be met.

Construction on the San Juan Chama Drinking Water Project is continuing in Fiscal Year 2009. Several major projects were completed during Fiscal Year 2007 including the diversion dam/intake structure/fish passage and five transmission pipelines. At the beginning of Fiscal Year 2008 there was only one construction project that had not yet been started. By the end of calendar year 2008 another six construction projects had been completed. The only construction project anticipated to remain uncompleted as of June 30, 2008 will be the drinking water treatment plant. The \$450 million project is scheduled to begin start up operations in the fall of 2008. An Operations Plan has been developed and staffing needs are being filled to provide sufficient time for training in advance of the start up operations. Full scale production is expected in Fiscal Year 2010.

Southside Reuse Project, \$22,000,000

This project will provide about 2,500 acre-feet per year of treated and polished effluent for irrigation and industrial use in the Southeast Heights and South Valley areas including Mesa del Sol. The project is funded by San Juan Chama dedicated funds and a 25% cost share from the Bureau of Reclamation under the Title XVI program.

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

CIP No.	Project Name - Description	2009 (000's)	2010 (000's)	2011 (000's)	2012 (000's)	2013 (000's)	Totals (000's)
Sewer Lines Rehab							
6088190	Interceptor Sewer Rehab	3,000	3,000	3,000	3,000	5,000	17,000
6088190	Interceptor Sewer Rehab Contingency	1,500	1,000	1,000	1,000	1,000	5,500
6088130	Small Dia. Sewerline Rehab	1,000	1,000	1,000	1,000	1,000	5,000
6088120	Small Dia. Sewerline Rehab Contingency	500	1,000	1,000	1,000	1,000	4,500
NEW	Sewerline CCTV Inspections	200	500	500	500	500	2,200
6088190	NMDOT 45 South Coors Interceptor	550	5,092	0	0	0	5,642
6088190	Old Coors Interceptor Rehab	0	2,000	1,000	0	0	3,000
Sewer Lines Rehab Subtotal		6,750	13,592	7,500	6,500	8,500	42,842
Wastewater Facilities Rehab							
6088010	Water Reclamation Inhouse Projects	1,500	1,000	1,000	1,000	1,000	5,500
6088290	Digester Renovations (D & C)	2,500	3,000	0	0	0	5,500
6088270	UV Disinfection System (D & C)	500	0	2,000	7,000	0	9,500
6088010	FY03 Plant Improvements (D & C)	5,000	2,000	0	0	0	7,000
6088180	Lift Station Improvements (D & C)	4,000	0	0	0	0	4,000
6088150	Martineztown OCS Bio-Filter	600	0	0	0	0	600
6088010	FY11 Plant Improvements (D & C)	0	300	4,000	4,000	0	8,300
6088150	Ph 2 Odor Control Rehab (D & C)	0		5,500	2,500	1,000	9,000
6088010	FY14 Plant Improvements (D & C)	0	0	0	0	500	500
NEW	Digester Cleaning	0	0	0	0	1,300	1,300
6088180	Lift Station No. 20 Rehab (D & C)	0	0	0	0	2,000	2,000
	Water Reclamation SCADA	500	0	0	0	0	500
Wastewater Facilities Rehab Subtotal		14,600	6,300	12,500	14,500	5,800	53,700
Water Lines Rehab							
6088040	Small Dia. Waterline Rehab	3,000	3,000	3,000	3,000	5,000	17,000
6088020	Small Dia. Waterline Rehab Contingency	1,000	1,000	1,000	1,000	1,000	5,000
	Steel Waterline Rehab	1,000	1,000	1,000	1,000	1,000	5,000
6088060	Water Meters, Boxes & Services Rehab	1,200	1,200	1,200	1,200	1,200	6,000
6088030	Large Water Valve Replacement	250	250	250	250	250	1,250
	PRV and Air Release Valves	100	0	0	0	500	600
6088240	AMR Meter Rehabilitation	3,500	2,000	2,000	2,000	2,000	11,500
Water Lines Rehab Subtotal		10,050	8,450	8,450	8,450	10,950	46,350
Water Facilities Rehab							
6088050	Water Systems Inhouse Projects	1,000	1,000	1,000	1,000	1,000	5,000
6088230	Water Facilities Rehab (D & C)	0	0	0	0	250	250
	Reservoir Rehabilitation	0	825	825	825	825	3,300
6013840	Well Replacements	200	1,500	1,500	0	1,500	4,700
	Gas Engine Conversions	450	700	350	0	0	1,500
	Eliminate Direct Injection Wells	0	0	0	820	1,000	1,820
NEW	Kiva Pump Sta Replacement (D & C)	125	0	0	250	2,000	2,375
NEW	Griegos Pump Sta Replacement (D & C)	125	0	0	0	0	125
Water Facilities Rehab Subtotal		1,900	4,025	3,675	2,895	6,575	19,070
Shared Line & Facility Rehab							
6088260	Franchise Fee Water & Sewer Rehab	1,000	1,000	1,000	1,000	1,000	5,000
	On-Call Engineering Water & Sewer	200	200	200	200	200	1,000
Shared Rehab Subtotal		1,200	1,200	1,200	1,200	1,200	6,000

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	Sewer Rehab Subtotal	21,950	20,492	20,600	21,600	14,900	99,542
	Water Rehab Subtotal	12,550	13,075	12,725	11,945	18,125	68,420
	Total Water & Sewer Rehab	34,500	33,567	33,325	33,545	33,025	167,962
	Water Growth						
6013460	Water Rights Enhancement	500	0	0	0	0	500
6013030	Arsenic Treatment Strategy & Facilities	925	0	0	300	1,500	2,725
	New Yard Facility - Water System (D & C)	100	2,000	3,000	2,000	0	7,100
	Water Quality Monitoring-Testing Stations	200	200	0	0	0	400
	Water Facility Landscaping	100	0	0	0	0	100
	Water Growth Projects Subtotal	1,825	2,200	3,000	2,300	1,500	10,825
	Sewer Growth						
	MDC Bar Screen Improvements (D & C)	600	0	0	0	0	600
	Digester Improvements at Plant	0	0	0	500	1,300	1,800
	New Digesters at Plant	0	0	0	0	500	500
	Highline Sewer Interceptor (94th St)	0	0	1,000	1,000	1,000	3,000
	Sewer Growth Projects Subtotal	600	0	1,000	1,500	2,800	5,900
	Shared Growth						
	MIS & GIS & Asset Management	850	2,000	2,000	2,000	2,000	8,850
	Vehicle Replacements	1,000	1,000	1,000	1,000	1,000	5,000
6013300	Water & Sewer Line Policy Extensions	2,317	1,400	1,400	1,400	1,400	7,917
	Water System Metering	600	600	600	600	600	3,000
5918710	Low Income W/S Connections	500	500	500	500	500	2,500
6013040	Utility Risk Reduction	458	500	500	500	500	2,458
6014530	Integrated Master Plan	500	500	500	500	500	2,500
6013340	Water/Wastewater Land Acquisition	200	200	200	200	200	1,000
	CC&B Upgrades	1,650	500	0	0	0	2,150
	Aquifer Storage & Recovery	500	2,000	1,000	1,000	1,000	5,500
	Developer Agreements	3,000	2,000	2,000	2,000	2,000	11,000
	Shared Growth Subtotal	11,575	11,200	9,700	9,700	9,700	51,875
	Sewer Growth Subtotal	6,388	5,600	5,850	6,350	7,650	31,838
	Water Growth Subtotal	7,613	7,800	7,850	7,150	6,350	36,763
	Total Water & Sewer Growth	14,000	13,400	13,700	13,500	14,000	68,601
	Combined Programs	48,500	46,967	47,025	47,045	47,025	236,563

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Project Title – Interceptor Sewer Rehabilitation - \$62,809,000

SCOPE DESCRIPTION

Provides funding for planning, design, engineering services, construction, contract services, equipment and related activities necessary for large diameter sewer in-place rehabilitation, or removal and replacement of deteriorating interceptor sewer lines, including small and large diameter sewer sliplining and rehabilitation using outside contractors.

PROJECT NARRATIVE

This may be the most serious rehab issue facing the Authority. There are 242 miles of interceptor sewers (15" - 84") in the system. These are the major lines that carry large flows from extensive portions of the service area that cannot be easily rerouted. Most interceptors are made of concrete and have shown extensive corrosion damage due to hydrogen sulfide. The frequency of collapses show an increasing trend, with a total of 30 collapses in the last 14 years. The cost of repair under emergency conditions after a collapse is two to three times more than the cost of lining or renewal on a planned basis. A proactive approach is needed to identify high risk interceptor sewers most subject to deterioration and loss of serviceability.



Large Interceptor Sewer Replacement

ESTIMATED PROJECT SPENDING:

FY08 = \$8,167,000
FY09 = \$5,050,000
FY10 = \$11,092,000
FY11 = \$5,000,000
FY12 = \$4,000,000
FY13 = \$6,000,000
FY14 = \$5,500,000
FY15 = \$6,000,000
FY16 = \$6,000,000
FY17 = \$6,000,000



Backfilling Large Interceptor Sewer

Large Diameter Sewer Lines



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Project Title – Sewerline Rehab and Replacement - \$19,392,000

SCOPE DESCRIPTION

Provides funding for the planning, design, engineering services, construction, contract services, equipment and related activities necessary for the rehabilitation and/or replacement of deteriorating sewer lines, either separately or in conjunction with other work.

PROJECT NARRATIVE

There are over 2,000 miles of small diameter (12" and less) sewers that provide service to every home and business. Many of these are constructed of obsolete materials and must be lined or replaced. The lining program has been able to restore the function of the lines and extend their life expectancy by 50 or more years with minimal disturbance to the street above. The cost of lining is around one-half of the cost of replacement.



Cured In Place Pipe (CIPP) Setup

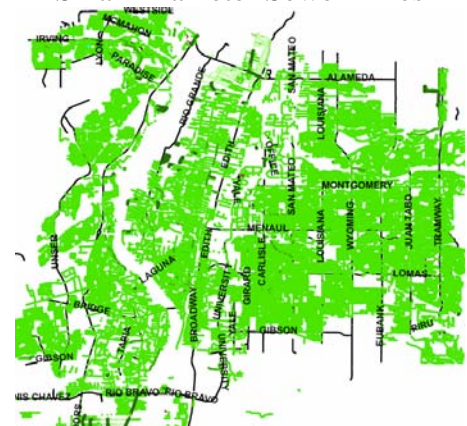
ESTIMATED PROJECT SPENDING:

FY08 = \$1,892,000
FY09 = \$1,500,000
FY10 = \$2,000,000
FY11 = \$2,000,000
FY12 = \$2,000,000
FY13 = \$2,000,000
FY14 = \$2,000,000
FY15 = \$2,000,000
FY16 = \$2,000,000
FY17 = \$2,000,000



Cured In Place Pipe (CIPP) Installation

Small Diameter Sewer Lines



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Project Title - Southside Water Reclamation Plant Renovation - \$41,178,000

SCOPE DESCRIPTION

Provides funding for the planning, design, engineering services, construction , contract services, equipment and related activities for providing Plant renovations and improvements to process facilities, HVAC systems, emergency power supplies, waste sludge and solids handling systems, and general building and structural repairs.

PROJECT NARRATIVE

This project involves a series of miscellaneous Plant improvements scheduled every two years beginning with two existing FY01 and FY03 projects and ending with FY15. This project also involves minor In-House plant improvements including the Plant SCADA upgrade and a new barscreen for the MDC Wastewater Treatment Facility. The FY01 project includes major improvements such as Sludge Dewatering conveyance improvements, a new sludge blending tank, replacement of influent bar screens and conveyors at the Preliminary Treatment Facility, rehabilitation of sludge DAF tanks, and other miscellaneous improvements. The FY03 project includes major improvements such as modification of the blower foundations, providing hot water heating for the Lab and Division Headquarters, replacement of primary clarifiers' drives and mechanisms, replacement of chlorine evaporators, replacement of gas compressors, various electrical modifications and other miscellaneous improvements. Future improvement projects will include similar types of improvements and facility upgrades.



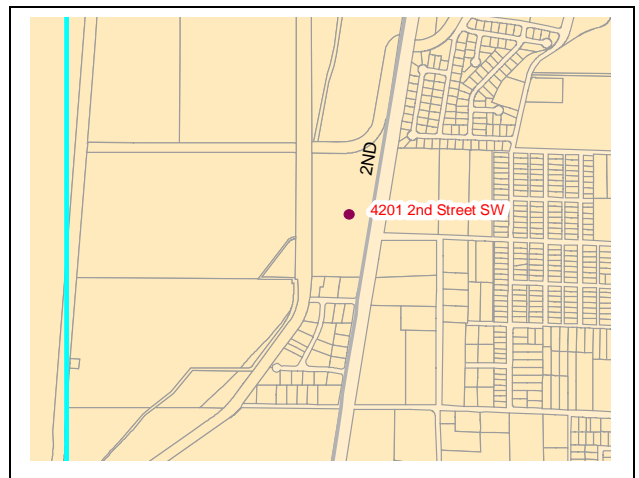
Aeration Blowers

ESTIMATED PROJECT SPENDING:

FY08 = \$7,378,000
FY09 = \$5,000,000
FY10 = \$3,300,000
FY11 = \$5,000,000
FY12 = \$5,000,000
FY13 = \$1,500,000
FY14 = \$3,500,000
FY15 = \$4,000,000
FY16 = \$4,500,000
FY17 = \$2,000,000



Control Room Bailey SCADA system



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Project Title – Waterline Rehab and Replacement - \$58,462,000

SCOPE DESCRIPTION

Provides funding for planning, design, engineering services, construction, contract services, equipment and related activities necessary for the rehabilitation and/or replacement of deteriorating water lines, either separately or in conjunction with other work.

PROJECT NARRATIVE

There are over 2,000 miles of small diameter (12” and less) water lines that serve every home and business. About one fourth of these are made of unsuitable materials, i.e. thin steel and low grade cast iron. These lines need to be replaced to maintain service and fire protection flows throughout the community. An increased effort will also be focused on replacing old steel water lines, which have the highest rates of leakage.



Waterline Replacement

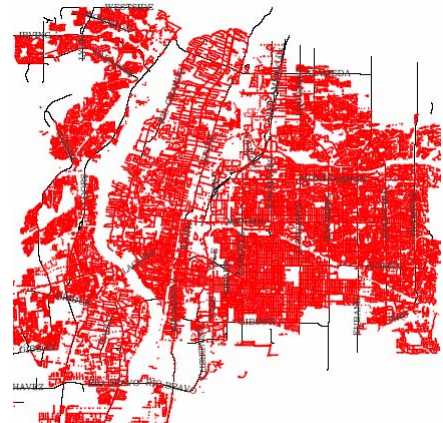
ESTIMATED PROJECT SPENDING:

FY08 = \$3,962,000
FY09 = \$5,000,000
FY10 = \$5,000,000
FY11 = \$5,000,000
FY12 = \$5,000,000
FY13 = \$7,000,000
FY14 = \$6,500,000
FY15 = \$7,000,000
FY16 = \$7,000,000
FY17 = \$7,000,000



Old Cast Iron Waterline

Small Diameter Water Lines



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Project Title – Water and Sewer Policy Extensions - \$15,071,000

SCOPE DESCRIPTION

Provides funding for cost-sharing of master planned water lines, per adopted System Expansion policies of the Authority, including planning, design, contractual services, construction and related activities.

PROJECT NARRATIVE

Frequently lines are installed by others which are smaller than will be required for ultimate build-out. Sound engineering practice dictates that the Authority invest the marginal difference to avoid having to return and replace recently installed lines. Future large diameter water transmission lines will be programmed as a result of future master planning efforts.



12-inch Waterline in SW Growth Area

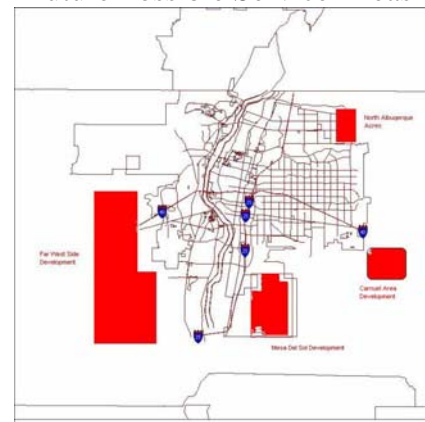
ESTIMATED PROJECT SPENDING:

FY08 = \$1,554,000
FY09 = \$2,317,000
FY10 = \$1,400,000
FY11 = \$1,400,000
FY12 = \$1,400,000
FY13 = \$1,400,000
FY14 = \$1,400,000
FY15 = \$1,400,000
FY16 = \$1,400,000
FY17 = \$1,400,000



SW Growth Area Under Construction

Future Possible Service Areas



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Project Title – Developer Agreements for Infrastructure - \$24,230,000

SCOPE DESCRIPTION

Provides for reimbursement of developer expenditures to construct major facilities as the capacity of those facilities is utilized by development. Reflects funding from new customer utility expansion charges for reimbursement under development agreements for extending master plan infrastructure beyond existing serviceable areas. All developer agreements are subject to Authority approval.

PROJECT NARRATIVE

In accordance with sound utility practice, we require developers of new service areas to construct the necessary major facilities. We then agree to reimburse the developer using funds from utility expansion charges 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 includes the new Otto Reservoir within the Westland-Suncal development area. Similar agreements are in force and planned in other surrounding areas.



College 3W/4W Otto Reservoir

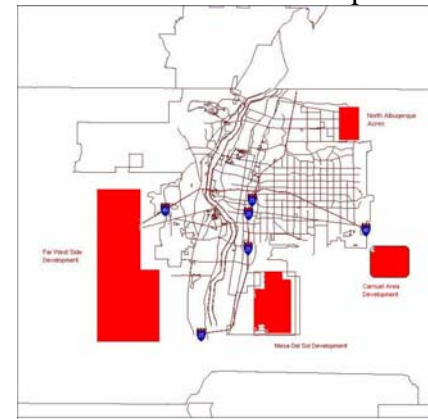
ESTIMATED PROJECT SPENDING:

FY08 = \$1,230,000
FY09 = \$3,000,000
FY10 = \$2,000,000
FY11 = \$2,000,000
FY12 = \$2,000,000
FY13 = \$2,000,000
FY14 = \$3,000,000
FY15 = \$3,000,000
FY16 = \$3,000,000
FY17 = \$3,000,000



College 3W/4W Pump Station

Possible Areas for Development



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

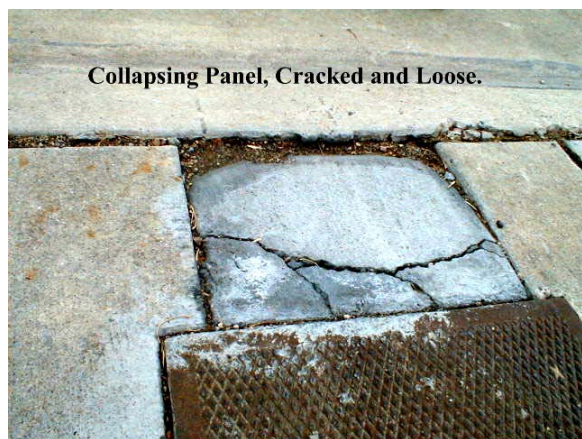
Project Title – Meter Box Rehabilitation & Service Line Replacement - \$11,883,000

SCOPE DESCRIPTION

Provides funding for the planning, design, engineering services, construction, contract services, equipment and related activities necessary for the repair and/or replacement of defective, unsafe water meter box installations situated within the public right-of-way and replacement of plastic (polyethylene) and galvanized service lines with copper lines.

PROJECT NARRATIVE

Repair and/or replacement of existing collapsed meter boxes ensures safe conditions, reduces the liability of the water utility from claims for falls due to the unsafe conditions, makes the boxes accessible for efficient meter reading and ensures that the service line shutoff valve is accessible and operable to field service crews in the event of needed maintenance. Replacement of polyethylene and galvanized water service lines that are leaking or have the greatest potential to leak based on historical information is a component of the Authority's water conservation program and reduces the unaccounted for water usage within the system.



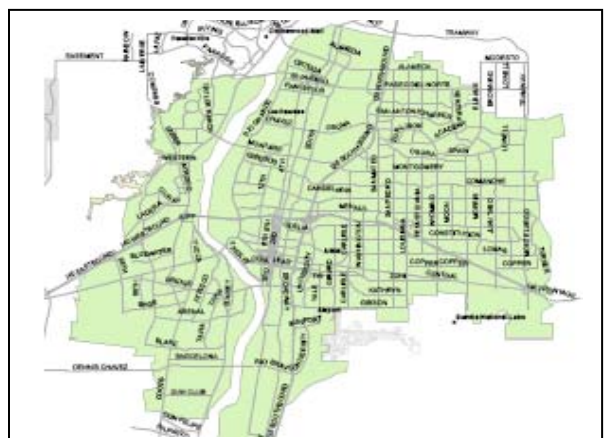
Collapsing Panel, Cracked and Loose.

Collapsed Meter Box

ESTIMATED PROJECT SPENDING:

FY08 = \$1,083,000
FY09 = \$1,200,000
FY10 = \$1,200,000
FY11 = \$1,200,000
FY12 = \$1,200,000
FY13 = \$1,200,000
FY14 = \$1,200,000
FY15 = \$1,200,000
FY16 = \$1,200,000
FY17 = \$1,200,000

Service Line Replacement with Copper Pipe



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Project Title – Water Facilities Rehabilitation - \$21,203,000

SCOPE DESCRIPTION

Provides for the planning, design, engineering services, construction, contract services, equipment and related activities necessary for the renewal and rehabilitation of water facilities to restore or improve capacity, meet code requirements, replace old unsafe electrical and mechanical equipment and prevent loss due to structural failure.

PROJECT NARRATIVE

This multi-year program has to-date rehabilitated 17 pump stations, 25 steel and concrete reservoirs and 71 wells, abandoned and plugged more than 30 old city wells, and replaced 27 gas chlorine disinfection facilities with safer sodium hypochlorite generating facilities.

This decade plan will provide for the following:

- 1) Rehabilitation of 4 steel reservoirs (Santa Barbara, College, San Jose and Franciscan)
- 2) Rehabilitation of 1 concrete reservoir (Lomas No. 2)
- 3) Rehabilitation of 12 wells (College 1, San Jose 2, San Jose 3, Webster 1, Webster 2, Leavitt 1 & 2, Ponderosa 2 & 3, Ponderosa 4, Ponderosa 6 and Walker 4)
- 4) Rehabilitation of 1 pump station (San Jose)
- 5) Installation of bulk salt handling and storage equipment for the sodium hypochlorite facilities
- 6) Implementation of the annual contract maintenance for wells and booster pumps
- 7) Rehabilitation and upgrades of other miscellaneous facilities (i.e., sodium hypochlorite generators, electrical and mechanical equipment, treatment facilities, etc.)
- 8) Installation of security improvements and reservoir overflow modifications at select reservoir sites, and
- 9) Relocation of wash lines at select Duranes well sites.



College Reservoir Slated for Rehabilitation

ESTIMATED PROJECT SPENDING:

FY08 = \$3,953,000
FY09 = \$1,000,000
FY10 = \$1,000,000
FY11 = \$1,000,000
FY12 = \$1,000,000
FY13 = \$1,250,000
FY14 = \$3,000,000
FY15 = \$3,000,000
FY16 = \$3,000,000
FY17 = \$3,000,000

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Project Title - Santa Barbara Pump Station & Reservoir Design and Construction - \$14,974,000

SCOPE DESCRIPTION

Provides funding for the planning, design, and bid document preparation for the relocation and construction of a new Santa Barbara pump station, a second storage reservoir, transmission water lines and demolition of the Yale Reservoir located on the UNM campus. Construction of the improvements will be funded by the New Mexico Finance Authority (NMFA).

PROJECT NARRATIVE

The existing Santa Barbara Pump Station was first constructed in 1956 as an in-line booster station for the Freeway Trunk. In 1964, the pump station was converted to a typical booster station for pumping water to the newly constructed Santa Barbara Reservoir. The current booster station is comprised of an insulated metal building housing four booster pumps and associated piping, controls, electrical systems and appurtenances. This facility is outdated, difficult and costly to maintain and its location is inefficient for transferring flows from the Santa Barbara Reservoir to the Charles Wells Reservoir within the Freeway Trunk; hence the need for a new pump station. New transmission lines to convey water discharged from the new pump station to other water facilities in the system are also included in the scope of this project.

With the decommissioning of the Yale Reservoir, additional storage capacity will be needed in the Freeway Trunk. The existing Santa Barbara Reservoir and Yale Reservoir have capacities of 3.75 million gallons and 8 million gallons, respectively. The new reservoir to be located on the Santa Barbara Reservoir site will be sized to make up for the loss in storage capacity due to the elimination of the Yale Reservoir.

The Yale Reservoir is quickly reaching the end of its useful life. The reservoir, originally designed as an open reservoir in 1924 and later covered with a roof, is finally succumbing to stresses resulting from a structure not designed to support the roof. This reservoir has been repaired several times in the last five years. Recently leaks in the reservoir have been observed although the source of those leaks has not been identified. UNM has also expressed a desire to use the land back for other purposes.



Dilapidated metal building housing Santa Barbara Pump Station

ESTIMATED PROJECT SPENDING:

(Construction funded by NMFA)
FY08 = \$697,000 (Design)
FY08 = \$8,000,000 (Construction)
FY09 = \$2,057,000
FY10 = \$4,220,000
FY11 = \$0
FY12 = \$0
FY13 = \$0
FY14 = \$0
FY15 = \$0
FY16 = \$0
FY17 = \$0

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Project Title – Utility-Wide AMR System and AMR Meter Installations - \$20,000,000

SCOPE DESCRIPTION

Provides funding for the planning, design, engineering services, construction, contract services, equipment and related activities necessary to provide automated meter reading equipment throughout the water service area, including meter replacements, as appropriate. This program will be paid from reserved bond proceeds freed up through other utility projects.

PROJECT NARRATIVE

This project funds replacement of existing revenue meters with AMR (automatic meter reading) equipped meters, and includes the equipment to read the meters. Meter reading can be done more quickly using either a walk-by or drive-by approach. Manual access into large meter valve pits will not be required. AMR will make the meter reading task of the Customer Services Division much more efficient and effective, and will improve meter reading accuracy.



Installed Water Meter with AMR

ESTIMATED PROJECT SPENDING:

FY08 = \$2,000,000

FY09 = \$2,000,000

FY10 = \$2,000,000

FY11 = \$2,000,000

FY12 = \$2,000,000

FY13 = \$2,000,000

FY14 = \$2,000,000

FY15 = \$2,000,000

FY16 = \$2,000,000

FY17 = \$2,000,000



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Project Title – Digester Renovation - \$5,721,000

SCOPE DESCRIPTION

Provides funding for the planning, design, engineering services, construction, contract services, equipment and related activities necessary for providing digester renovations and improvements at the Southside Wastewater Reclamation Plant.

PROJECT NARRATIVE

Project includes work to replace worn out digester mixers and highly needed structural improvements to keep the digesters operating at peak efficiency and high reliability.



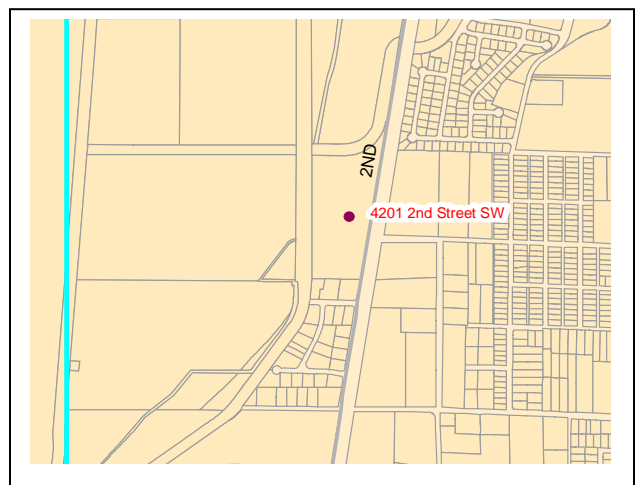
Failure at a mixer mount



Concrete structural failure

ESTIMATED PROJECT SPENDING:

FY08 = \$221,000
FY09 = \$2,500,000
FY10 = \$3,000,000
FY11 = \$0
FY12 = \$0
FY13 = \$0
FY14 = \$0
FY15 = \$0
FY16 = \$0
FY17 = \$0



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

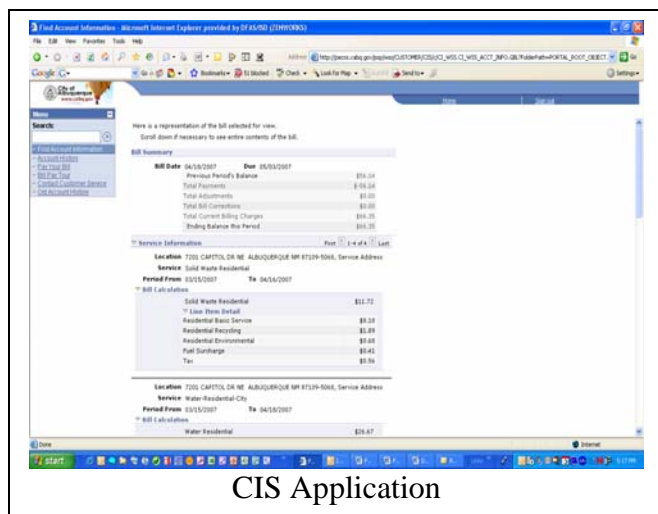
Project Title – Customer Care and Billing - \$2,150,000

SCOPE DESCRIPTION

Provides funding for the implementation of the Customer Care and Billing (CC&B) system to replace the existing Peoplesoft Customer Information System (CIS).

PROJECT NARRATIVE

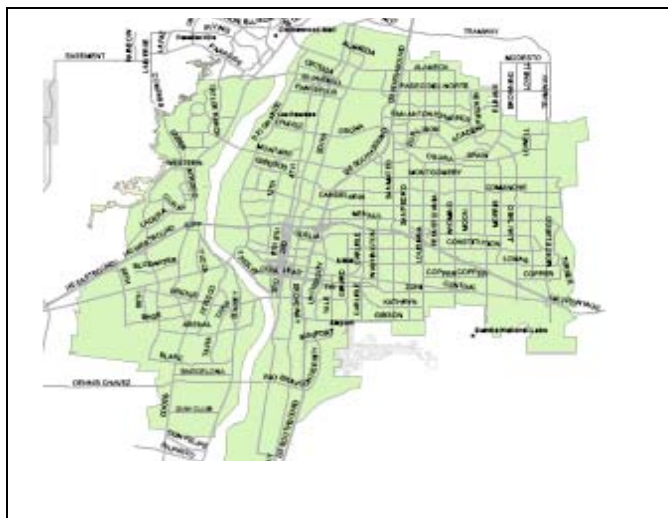
During the past two years, Oracle Corporation has purchased Peoplesoft, Inc. and SPL Worldgroup, Inc. Oracle has decided to discontinue its support of the WUA's existing CIS system in June 2009 and instead make the CC&B system from SPL Worldgroup, Inc. its flagship utilities software product. Due to this, the Authority will need to convert from its existing system to CC&B.



CIS Application

ESTIMATED PROJECT SPENDING:

FY08 = \$0
FY09 = \$1,650,000
FY10 = \$500,000
FY11 = \$0
FY12 = \$0
FY13 = \$0
FY14 = \$0
FY15 = \$0
FY16 = \$0
FY17 = \$0



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Project Title - Lift Station Rehab and Expansion - \$14,200,000

SCOPE DESCRIPTION

Provides funding for the planning, design, engineering services, construction, contract services, equipment and related activities necessary for the renovation, improvement and expansion of wastewater pumping lift stations.

PROJECT NARRATIVE

Project includes work to replace worn out pumps, replace obsolete electrical and control systems, provide emergency standby power generation, install odor control systems, and various other improvements which are required to keep the wastewater lift stations and vacuum stations operating at peak efficiency and reliability. Major work is needed also at Lift Station No. 20 which pumps all the Westside flows across the Rio Grande to the Treatment Plant.



Lift Station #10 on Blake

ESTIMATED PROJECT SPENDING:

FY08 = \$200,000
FY09 = \$4,000,000
FY10 = \$0
FY11 = \$0
FY12 = \$0
FY13 = \$2,000,000
FY14 = \$4,500,000
FY15 = \$3,500,000
FY16 = \$0
FY17 = \$0



Vacuum Station #61/63



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Capital Implementation Program Projects Coming on Line

The following table shows the projected impact on the operating budget of CIP coming on line.

CIP No.	Project Name - Description	2009 (000's)	2010 (000's)	2011 (000's)	2012 (000's)	2013 (000's)	Totals (000's)
Sewer Lines Rehab							
6088190	Interceptor Sewer Rehab	0	0	0	0	0	0
6088190	Interceptor Sewer Rehab Contingency	0	0	0	0	0	0
6088130	Small Dia. Sewerline Rehab	0	0	0	0	0	0
6088120	Small Dia. Sewerline Rehab Contingency	0	0	0	0	0	0
NEW	Sewerline CCTV Inspections	0	0	0	0	0	0
6088190	NMDOT 45 South Coors Interceptor	0	0	0	0	0	0
6088190	Old Coors Interceptor Rehab	0	0	0	0	0	0
Sewer Lines Rehab Subtotal		0	0	0	0	0	0
Wastewater Facilities Rehab							
6088010	Water Reclamation Inhouse Projects	0	0	0	0	0	0
6088290	Digester Renovations (D & C)	0	0	0	0	0	0
6088270	UV Disinfection System (D & C)	0	0	380	380	380	1,140
6088010	FY03 Plant Improvements (D & C)	0	0	0	0	0	0
6088180	Lift Station Improvements (D & C)	0	0	0	0	0	0
6088150	Martineztown OCS Bio-Filter	0	0	0	0	0	0
6088010	FY11 Plant Improvements (D & C)	0	0	0	0	0	0
6088150	Ph 2 Odor Control Rehab (D & C)	0	0	150	150	360	660
6088010	FY14 Plant Improvements (D & C)	0	0	0	0	0	0
NEW	Digester Cleaning	0	0	0	0	0	0
6088180	Lift Station No. 20 Rehab (D & C)	0	0	0	0	0	0
	Water Reclamation SCADA	0	0	0	0	0	0
Wastewater Facilities Rehab Subtotal		0	0	530	530	740	1,800
Water Lines Rehab							
6088040	Small Dia. Waterline Rehab	0	0	0	0	0	0
6088020	Small Dia. Waterline Rehab Contingency	0	0	0	0	0	0
	Steel Waterline Rehab	0	0	0	0	0	0
6088060	Water Meters, Boxes & Services Rehab	0	0	0	0	0	0
6088030	Large Water Valve Replacement	0	0	0	0	0	0
	PRV and Air Release Valves	0	0	0	0	0	0
6088240	AMR Meter Rehabilitation	0	0	0	0	0	0
Water Lines Rehab Subtotal		0	0	0	0	0	0
Water Facilities Rehab							
6088050	Water Systems Inhouse Projects	0	0	0	0	0	0
6088230	Water Facilities Rehab (D & C)	0	0	0	0	0	0
	Reservoir Rehabilitation	0	0	0	0	0	0
6013840	Well Replacements	0	0	0	0	0	0
	Gas Engine Conversions	0	0	0	0	0	0
	Eliminate Direct Injection Wells	0	0	0	0	0	0
NEW	Kiva Pump Sta Replacement (D & C)	0	0	0	0	0	0
NEW	Griegos Pump Sta Replacement (D & C)	0	0	0	0	0	0
Water Facilities Rehab Subtotal		0	0	0	0	0	0
Shared Line & Facility Rehab							
6088260	Franchise Fee Water & Sewer Rehab	0	0	0	0	0	0
	On-Call Engineering Water & Sewer	0	0	0	0	0	0
Shared Rehab Subtotal		0	0	0	0	0	0

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

	Sewer Rehab Subtotal	0	0	530	530	740	1,800
	Water Rehab Subtotal	0	0	0	0	0	0
	Total Water & Sewer Rehab	0	0	530	530	740	1,800
	Water Growth						
6013460	Water Rights Enhancement	0	0	0	0	0	0
6013030	Arsenic Treatment Strategy & Facilities	0	0	0	0	0	0
	New Yard Facility - Water System (D & C)	0	0	0	0	0	0
	Water Quality Monitoring-Testing Stations	0	114	114	114	114	456
	Water Facility Landscaping	0	0	0	0	0	0
	Water Growth Projects Subtotal	0	114	114	114	114	456
	Wastewater Growth						
	MDC Bar Screen Improvements (D & C)	0	70	70	70	70	280
	Digester Improvements at Plant	0	0	0	0	0	0
	New Digesters at Plant	0	0	0	0	0	0
	Highline Sewer Interceptor (94th St)	0	0	0	0	0	0
	Sewer Growth Projects Subtotal	0	70	70	70	70	280
	Shared Growth						
	MIS & GIS & Asset Management	0	182	267	281	474	1,204
	Vehicle Replacements	0	0	0	0	0	0
6013300	Water & Sewer Line Policy Extensions	0	0	0	0	0	0
	Water System Metering	0	0	0	0	0	0
5918710	Low Income W/S Connections	0	0	0	0	0	0
6013040	Utility Risk Reduction	0	0	0	0	0	0
6014530	Integrated Master Plan	0	0	0	0	0	0
6013340	Water/Wastewater Land Acquisition	0	0	0	0	0	0
	CC&B Upgrades	0	0	100	100	100	300
	Aquifer Storage & Recovery	0	0	0	0	0	0
	Developer Agreements	0	0	0	0	0	0
	Shared Growth Projects Subtotal	0	182	367	381	574	1,504
	Sewer Growth Subtotal	0	161	254	261	357	1,032
	Water Growth Subtotal	0	205	298	305	401	1,208
	Total Water & Sewer Growth	0	366	551	565	758	2,240
	Combined Programs	0	366	1,081	1,095	1,498	4,040

Capital Implementation Program Coming on Line

There is no impact to the operating budget for CIP coming on line in Fiscal Year 2009.

Special Projects Coming on Line

For Special Projects there are impacts on the Fiscal Year 2009 operating budget. The following details these impacts.

Valley Utilities Projects

Projects under construction that are scheduled to be completed in Fiscal Year 2009 will not have an impact on the operating budget. The Valley Utilities Projects are extensions of water and sewer services to the North and South Valley of Bernalillo County. No additional operating costs are anticipated over the approved budget.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Oracle CC&B Upgrade

This upgrade is scheduled to be completed by July 1, 2009, the beginning of Fiscal Year 2010. Currently the Authority, through a Memorandum of Understanding, uses the City of Albuquerque to maintain the Customer Information System (CIS). The Authority has already served notice to the City that effective Fiscal Year 2010, maintenance of the CIS system will be terminated. The Authority will assume maintenance of the Customer Care & Billing (CC&B) system in Fiscal Year 2010. The Authority currently pays the City approximately \$448,050 for the CIS maintenance which supports four City staff. This funding will be redistributed in the Authority's Information Systems Division operating budget to offset personnel and operating costs associated with the CC&B system. There is no impact on the operating budget in Fiscal Year 2009 and there will be no additional operating funds required in Fiscal Year 2010, only a realignment of operating expenses.

	FY 09	FY 10	FY 11
<u>CC&B Project</u>	<u>Oper Exp</u>	<u>Oper Exp</u>	<u>Oper Exp</u>
Personnel Expenses	0	282,000	0
Training	0	10,000	0
Operating Expenses	0	3,000	0
Contract Costs			
City of Albuquerque	0	(448,050)	0
Space Lease	0	45,600	0
Repairs and Maintenance			
CC&B Maintenance	0	75,000	0
Total	<u>0</u>	<u>(32,450)</u>	<u>0</u>

Maximo/GIS Conversion

This upgrade and conversion is being funded out of the Authority's operating budget as well as the CIP program. For Fiscal Year 2009, \$1.4 million has been appropriated for software implementation and maintenance in the operating budget. This is a onetime appropriation. An additional \$1.25 million is included in the Fiscal Year 2009 CIP appropriation. The system is projected to be operational on July 1, 2009. The following is a projection of additional operating costs associated with this project, once it becomes operational, for Fiscal Year 2010 and 2011.

	FY 09	FY 10	FY 11
<u>Maximo Project</u>	<u>Oper Exp</u>	<u>Oper Exp</u>	<u>Oper Exp</u>
Training	0	10,000	0
Operating Expenses	0	2,500	0
Contract Costs			
Monthly Wireless Communications Fee	0	60,000	0
Repairs and Maintenance			
Mobile Software Maintenance		2,100	0
GIS Spatial Maintenance	0	7,500	8,250
Total	<u>0</u>	<u>82,100</u>	<u>8,250</u>

San Juan Chama Drinking Water Project

This \$450 million project is scheduled to begin operations in the fall of 2008. Full scale production is expected in FY 2010. This project has received a total of \$1.8 million in operating funding in Fiscal Years 2007 and 2008. The Fiscal Year 2009 funding is based on an average of 13.68 mgd water production increasing to 84.0 mgd in Fiscal Year 2010. The Authority anticipates the need for additional operating funding for Fiscal Year 2011, however, at this point, we have no actual expenditure information on which to base an estimate.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

<u>Water Treatment Plant</u>	<u>FY 09 Oper Exp</u>	<u>FY 10 Oper Exp</u>	<u>FY 11 Oper Exp</u>
Personnel			
Reclassification	1,391		
Overtime	60,000		
Operating Expenses			
Supplies			
Chemicals	4,490,523	891,697	
Lab Supplies	145,000	28,793	
Operating Supplies	14,100	2,800	
Electricity	3,627,877	981,969	
Gas	100,000	19,857	
Contract Costs			
Lab Services	145,340	28,861	
Repairs and Maintenance			
Plant Equipment Maintenance	300,000	59,572	
Lab Equip Maintenance	10,000	1,986	
Capital	20,000		
Total	<u>8,914,231</u>	<u>2,015,535</u>	<u>0</u>

In the Water Reclamation Division, additional funding has been appropriated for the Soil Amendment Facility to handle the increased solids produced by the water treatment plant. This includes three additional positions and funding for supplies and repairs and maintenance.

<u>Water Reclamation SAF</u>	<u>FY 09 Oper Exp</u>	<u>FY 10 Oper Exp</u>	<u>FY 11 Oper Exp</u>
Personnel Expenses	161,384		
Supplies	30,000		
Repairs and Maintenance	30,000		
Total	<u>221,384</u>	<u>0</u>	<u>0</u>

DEBT OBLIGATIONS

*Approved
Operating Budget
FY/09*

DEBT OBLIGATIONS

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

In the ordinances pursuant to which the Water/Sewer System obligations have been issued, the Authority agreed to charge all purchasers of services reasonable rates sufficient to produce net revenues annually to pay 133% of the annual debt service requirements on all Water/Sewer System obligations (excluding reserves therefore). There are no legal debt limits required of the Authority. The net revenues of the Water/Sewer System for Fiscal Year 2007 were \$97,054,000. The maximum calendar year combined debt service requirements for parity obligations payable from net revenues of the Water/Sewer System are estimated to be \$57,707,000 (occurring in yearend July 1, 2008). The coverage ratio of the 2007 Water/Sewer System net revenues \$97,054,000 to combined debt service requirements of parity obligations and the Wastewater Loans of \$61,784,880 occurring in yearend July 1, 2008 would be 1.57x. The Fiscal Year 2007 ratio of net revenues \$97,054,000 to actual Fiscal Year 2007 debt service (including subordinate debt) (\$57,706,986) is equal to 1.68x.

The outstanding Water/Sewer System parity obligations are currently rated “Aa2” by Moody’s, “AAA” by S&P and “AA” by Fitch. In addition, the outstanding System bonds are credit enhanced and therefore have a higher rating which is based upon the rating of the credit enhancer rather than the rating of the Authority for such bonds.

Fiscal Year 2009 Debt Payments

Principal	36,378,913.65
Interest	27,573,126.91
Fees	<u>348,473.86</u>
Total Debt Service Payments	64,300,514.42

The following tables detail the Authority’s debt obligations.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Fiscal Year 2009 Debt Payments

<u>Issue</u>	<u>Basic Capital Bonds</u>		<u>San Juan Chama Bonds</u>		<u>State of NM Environment Dept.</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
1997 Bonds	5,720,000.00	271,700.00				
1999A Bonds	9,413,636.36	1,562,161.36	1,336,363.64	221,788.64		
2001-30M Bonds	3,275,000.00	784,460.00				
8M EID 199006					489,898.03	78,028.05
15M EID 195029					1,357,110.53	230,516.84
9.6287M SRF						
2.9M SRF 2.450 Part 1035DW						
2.9M SRF .450 Part 1036PP						
3.6M SRF Duranes						
2004A NMFA-Basic 36.295M						
2004B NMFA-SJC 82.12M						
2004C NMFA 12M						
2005 NMFA SJC \$20						
2005 Bonds	1,615,000.00	737,362.50	3,530,000.00	5,429,561.26		
2006 SJC \$112.765 Bonds			500,000.00	5,358,716.26		
2006 Rehab 628-\$8.68 Bonds	745,000.00	424,731.26				
2006 VUP 627 - \$11.945 Bonds		572,205.00				
2007 NMFA Basic \$48.045M						
2007 NMFA VUP & SJC \$3.748M						
2007 NMFA SJC \$25.212M						
2008 SJC/Reuse Bonds	<u>0.00</u>	<u>440,772.22</u>	<u>0.00</u>	<u>2,963,855.56</u>		
Total Principal and Total Interest	<u>20,768,636.36</u>	<u>4,793,392.34</u>	<u>5,366,363.64</u>	<u>13,973,921.72</u>	<u>1,847,008.56</u>	<u>308,544.89</u>

Schedule of Bonds & Other Debt Obligations

SENIOR DEBT OBLIGATIONS	RATINGS/CR. ENH.	FINAL
JOINT WATER AND SEWER - SENIOR LIEN	(Moody's/S&P/Fitch)	<u>MATURITY</u>
JUN 1990 A-IMPROVEMENT	Aa2/AAA/AA	07/01/08
AUG 1995 IMPROVEMENT		07/01/07
JUL 1997 IMPROVEMENT		07/01/09
JAN 1999 A - REFUNDING & IMPROVEMENT - New Money and refunded Series 1992 (partial)		07/01/11
MAY 2000 A - FORWARD REFUNDING - refunded Series 1990B (partial)		07/01/06
DEC 2001 - IMPROVEMENT		07/01/13
MAY 2002 - NMFA PPRF LOAN		07/01/14
MAY 2002 - NMFA DWRLF LOAN		07/01/14
APRIL 2003 - NMFA DWRLF LOAN		07/01/15
SEPT 2004 - NMFA PPRF LOAN		05/01/24
OCT 2005 - IMPROVEMENT		07/01/25
OCT 2005 - NMFA PPRF LOAN		05/01/25
JUL 2006 - IMPROVEMENT		07/01/26
OCT 2007 - NMFA PPRF LOAN		07/01/25
APR 2008 - IMPROVEMENT		07/01/33
SUBTOTAL - CITY/COUNTY WATER AUTHORITY OBLIGATIONS		

(1) Amount outstanding represents the accreted value of the Capital Appreciation Bonds (CAB) as of 7/1/08

SUBORDINATE DEBT OBLIGATIONS

WASTEWATER LOANS FROM THE	
STATE ENVIRONMENT DEPARTMENT:	
NOV. 1989 LOAN	07/01/13
NOV. 1991 LOAN	07/01/08
NOV. 1992 LOAN	07/01/08
AUG. 1995 LINE OF CREDIT	07/01/12
JUNE 2002 LOAN (Note: Initial Loan was for 12 M, but debt paid back year after construction, new schedule provided.)	05/20/25
SUBTOTAL - WASTEWATER LOANS (EID)	

GRAND TOTAL DEBT OBLIGATIONS

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

State of NM Revolving Loan Fund		New Mexico Finance Authority		Fiscal Agent	Total Issue
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Fees</u>	
					5,991,700.00
					12,533,950.00
					4,059,460.00
					567,926.08
					1,587,627.37
391,533.09	253,653.79				645,186.88
151,296.00	16,223.78			1,474.88	168,994.66
37,735.00	10,125.48			627.94	48,488.42
296,341.00	38,559.74			5,508.54	340,409.28
		2,000,000.00	994,903.33	81,554.17	3,076,457.50
		2,140,000.00	2,523,300.17	179,620.83	4,842,921.00
		0.00	210,000.00	30,000.00	240,000.00
		750,000.00	739,755.00	49,687.50	1,539,442.50
					11,311,923.76
					5,858,716.26
					1,169,731.26
					572,205.00
		2,630,000.00	2,215,758.67		4,845,758.67
		0.00	193,490.00		193,490.00
		0.00	1,301,498.00		1,301,498.00
					<u>3,404,627.78</u>
<u>876,905.09</u>	<u>318,562.79</u>	<u>7,520,000.00</u>	<u>8,178,705.17</u>	<u>348,473.86</u>	<u>64,300,514.42</u>

<u>ORIGINAL</u>	<u>AMOUNT</u>	<u>AMOUNT</u>	<u>INTEREST</u>
<u>AMT ISSUED</u>	<u>RETIRED</u>	<u>OUTSTANDING</u>	<u>RATES</u>
\$9,991,710	\$9,991,710	\$0 ⁽¹⁾	6-7.17% (CABs)
38,940,000	38,940,000	0	3.625-6%
46,715,000	40,723,300	5,991,700	4.75%
93,030,000	48,835,000	44,195,000	3.8-5.25%
26,375,000	26,375,000	0	5.000%
30,000,000	8,795,000	21,205,000	3.0- 4.50%
450,000	162,487	287,513	2.33 - 4.32%
2,450,000	909,764	879,425	2.75%
3,600,000	1,106,070	2,493,930	1.75%
118,415,000	10,150,000	108,265,000	1.57% -4.410%
132,985,000		132,985,000	3.50% - 5.00%
20,000,000		20,000,000	2.93% - 4.01%
133,390,000		133,390,000	4.25% - 5.0%
77,005,000		77,005,000	4.25% - 5.25%
55,630,000		55,630,000	5.07%
<u>\$788,976,710</u>	<u>\$185,988,331</u>	<u>\$602,327,568</u>	

\$7,907,582	\$4,831,018	\$3,076,564.00	3.00%
2,521,846	2,250,867	270,979.00	3.00%
9,000,000	8,032,925	967,075.00	3.00%
14,900,000	7,832,165	7,067,835.00	4.00%
9,627,877	727,366	8,900,511.00	3.00%
<u>\$43,957,305</u>	<u>\$23,674,341</u>	<u>\$20,282,964</u>	
		<u>\$622,610,532</u>	

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

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INFORMATION***

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ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

JOINT WATER AND SEWER OPERATING FUND - 621 RESOURCES, APPROPRIATIONS, AND FUND BALANCE LAST TEN FISCAL YEARS

(\$000's)	ACTUAL FY/98	ACTUAL FY/99	ACTUAL FY/00	ACTUAL FY/01
RESOURCES:				
Miscellaneous Revenues	594	142	(103)	147
Enterprise Revenues	88,871	95,383	96,195	97,680
Transfers from Other Funds	5,069	749	1,500	2,433
Total Current Resources	94,534	96,274	97,592	100,260
Beginning Working Capital Balance	15,930	9,628	7,522	8,373
TOTAL RESOURCES	110,464	105,902	105,114	108,633
APPROPRIATIONS:				
Joint Water/Sewer Operations	66,445	50,328	51,940	54,948
Transfers to Other Funds:	34,448	48,053	44,970	49,325
TOTAL APPROPRIATIONS	100,893	98,381	96,910	104,273
 ADJUSTMENTS TO WORKING CAPITAL BALANCE	 57	 1	 169	 2,418
 ENDING WORKING CAPITAL BALANCE	 9,628	 7,522	 8,373	 6,778

(b) Returned from Escrow setup to purchase NM Utilities

(c) Returned from Escrow set up to purchase NM Utilities (\$15,980)

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

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

<u>ACTUAL</u> <u>FY/02</u>	<u>ACTUAL</u> <u>FY/03</u>	<u>ACTUAL</u> <u>FY/04</u>	<u>ACTUAL</u> <u>FY/05</u>	<u>ACTUAL</u> <u>FY/06</u>	<u>ACTUAL</u> <u>FY/07</u>
504	419	36	(283)	13,941	5,610
101,423	102,586	111,027	103,200	112,134	115,414
<u>1,293</u>	<u>1,199</u>	<u>1,281</u>	<u>1,331</u>	<u>1,353</u>	<u>1,520</u>
103,220	104,204	112,344	104,248	127,428	122,544
<u>6,779</u>	<u>17,967</u>	<u>10,865</u>	<u>12,419</u>	<u>5,194</u>	<u>19,967</u>
<u>109,999</u>	<u>122,171</u>	<u>123,209</u>	<u>116,667</u>	<u>132,622</u>	<u>142,511</u>
52,466	52,267	55,308	57,998	60,000	65,596
<u>54,848</u>	<u>51,919</u>	<u>56,030</u>	<u>53,175</u>	<u>50,152</u>	<u>59,250</u>
<u>107,314</u>	<u>104,186</u>	<u>111,338</u>	<u>111,173</u>	<u>110,152</u>	<u>124,846</u>
<u>15,282</u> (b)	<u>(7,121)</u>	<u>548</u>	<u>(300)</u>	<u>2,551</u>	<u>1,872</u>
<u>17,967</u>	<u>10,864</u>	<u>12,419</u>	<u>5,194</u>	<u>19,919</u>	<u>19,537</u>

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

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

<u>(\$000's)</u>	<u>ACTUAL FY/99</u>	<u>ACTUAL FY/00</u>	<u>ACTUAL FY/01</u>	<u>ACTUAL FY/02</u>
RESOURCES:				
Miscellaneous Revenues	(10)	13	231	197
Strategy Implementation Revenues	<u>4,005</u>	<u>7,310</u>	<u>9,954</u>	<u>13,279</u>
Total Current Resources	3,995	7,323	10,185	13,473
Beginning Fund Balance	<u>0</u>	<u>(727)</u>	<u>2,151</u>	<u>5,302</u>
TOTAL RESOURCES	<u>3,995</u>	<u>6,596</u>	<u>12,336</u>	<u>18,775</u>
APPROPRIATIONS:				
Sustainable Water Operations	3,036	2,636	3,608	7,297
Transfers to Other Funds	<u>1,680</u>	<u>1,809</u>	<u>3,498</u>	<u>6,948</u>
TOTAL APPROPRIATIONS	<u>4,716</u>	<u>4,445</u>	<u>7,106</u>	<u>14,245</u>
ADJUSTMENTS TO FUND BALANCE	<u>(6)</u>	<u>0</u>	<u>72</u>	<u>(16)</u>
ENDING WORKING CAPITAL BALANCE	<u>(727)</u>	<u>2,151</u>	<u>5,302</u>	<u>4,514</u>

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

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

<u>ACTUAL FY/03</u>	<u>ACTUAL FY/04</u>	<u>ACTUAL FY/05</u>	<u>ACTUAL FY/06</u>	<u>ACTUAL FY/07</u>
143	408	660	538	972
<u>16,263</u>	<u>21,542</u>	<u>23,330</u>	<u>25,096</u>	<u>24,975</u>
16,406	21,950	23,990	25,634	25,947
<u>4,514</u>	<u>6,963</u>	<u>8,075</u>	<u>4,205</u>	<u>11,706</u>
<u>20,920</u>	<u>28,913</u>	<u>32,065</u>	<u>29,839</u>	<u>37,653</u>
6,049	12,099	7,761	2,512	590
<u>7,890</u>	<u>8,543</u>	<u>21,735</u>	<u>14,302</u>	<u>18,122</u>
<u>13,939</u>	<u>20,642</u>	<u>29,496</u>	<u>16,814</u>	<u>18,712</u>
18	(196)	1,636	(1,319)	(106)
<u>6,963</u>	<u>8,075</u>	<u>4,205</u>	<u>11,706</u>	<u>18,835</u>

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

JOINT WATER AND SEWER REVENUE BOND DEBT SERVICE FUND – 631 RESOURCES, APPROPRIATIONS, AND FUND BALANCE LAST TEN FISCAL YEARS

((\$000's))	ACTUAL FY/98	ACTUAL FY/99	ACTUAL FY/00	ACTUAL FY/01
RESOURCES:				
Miscellaneous Revenues	10,928	72,410	39,404	16,350
Transfers from Other Funds	22,900	31,985	35,626	32,518
Total Current Resources	33,828	104,395	75,030	48,868
Beginning Working Capital Balance	8,730	436	7,266	4,685
TOTAL RESOURCES	42,558	104,831	82,296	53,553
APPROPRIATIONS:				
Total Joint Water/Sewer D/S	31,173	97,438	70,751	44,723
Transfers to Other Funds:	10,949	0	7,000	5,250
TOTAL APPROPRIATIONS	42,122	97,438	77,751	49,973
 ADJUSTMENTS TO WORKING CAPITAL BALANCE	 0	 (127)	 140	 200
 ENDING WORKING CAPITAL BALANCE	 436	 7,266	 4,685	 3,780

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

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

<u>ACTUAL</u> <u>FY/02</u>	<u>ACTUAL</u> <u>FY/03</u>	<u>ACTUAL</u> <u>FY/04</u>	<u>ACTUAL</u> <u>FY/05</u>	<u>ACTUAL</u> <u>FY/06</u>	<u>ACTUAL</u> <u>FY/07</u>
12,739	15,037	15,550	13,258	18,475	13,796
<u>38,863</u>	<u>35,496</u>	<u>40,392</u>	<u>50,493</u>	<u>52,517</u>	<u>59,347</u>
51,602	50,533	55,942	63,751	70,992	73,143
<u>3,780</u>	<u>5,731</u>	<u>6,442</u>	<u>10,019</u>	<u>11,185</u>	<u>13,679</u>
<u>55,382</u>	<u>56,264</u>	<u>62,384</u>	<u>73,770</u>	<u>82,177</u>	<u>86,822</u>
45,856	45,822	46,082	50,882	55,626	63,957
<u>3,938</u>	<u>4,000</u>	<u>5,909</u>	<u>12,000</u>	<u>13,612</u>	<u>16,000</u>
<u>49,794</u>	<u>49,822</u>	<u>51,991</u>	<u>62,882</u>	<u>69,238</u>	<u>79,957</u>
<u>143</u>	<u>0</u>	<u>(374)</u>	<u>297</u>	<u>740</u>	<u>(283)</u>
<u>5,731</u>	<u>6,442</u>	<u>10,019</u>	<u>11,185</u>	<u>13,679</u>	<u>6,582</u>

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

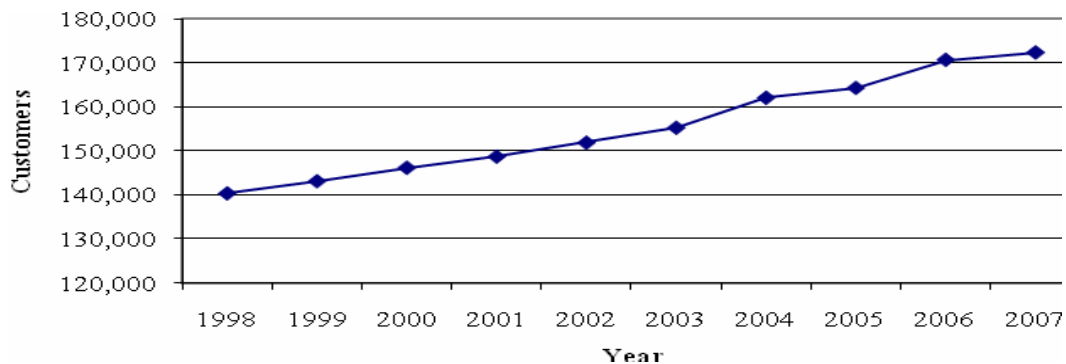
WATER AND WASTEWATER USERS BY CLASS AND METER SIZE LAST TEN FISCAL YEARS

History of Water Users by Class

<u>Class</u>	<u>Average Number of Customers by Fiscal Year</u>									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Residential	126,111	128,738	131,618	134,014	137,081	140,347	146,656	148,974	151,089	152,563
Multi-Family									6,812	7,565
Commercial	12,511	12,636	12,767	12,871	12,952	13,033	13,388	13,304	10,065	10,049
Institutional	1,590	1,618	1,638	1,660	1,683	1,712	1,836	1,853	1,981	1,983
Industrial	<u>141</u>	<u>129</u>	<u>127</u>	<u>125</u>	<u>124</u>	<u>121</u>	<u>122</u>	<u>114</u>	<u>113</u>	<u>110</u>
Total	<u>140,353</u>	<u>143,121</u>	<u>146,150</u>	<u>148,670</u>	<u>151,840</u>	<u>155,213</u>	<u>162,002</u>	<u>164,245</u>	<u>170,060</u>	<u>172,270</u>

History of Water Users by Meter Sizes

<u>Meter Size</u>	<u>Average Number of Customers by Fiscal Year</u>									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
¾"	115,818	118,730	121,854	124,523	128,192	132,387	139,351	142,018	146,842	149,846
1" and 1 ¼ "	20,290	20,076	19,899	19,692	19,153	18,321	17,863	17,588	17,773	17,581
1 ½ "	1,805	1,817	1,838	1,846	1,854	1,847	1,854	1,879	1,945	1,955
2"	1,740	1,769	1,822	1,868	1,892	1,905	1,958	1,997	2,509	1,816
3"	378	401	404	406	410	412	524	419	654	733
4"	228	233	238	242	246	247	311	251	244	246
6"	54	55	55	55	55	55	73	52	52	53
8" and over	<u>40</u>	<u>40</u>	<u>40</u>	<u>38</u>	<u>38</u>	<u>39</u>	<u>68</u>	<u>41</u>	<u>41</u>	<u>40</u>
Total	<u>140,353</u>	<u>143,121</u>	<u>146,150</u>	<u>148,670</u>	<u>151,840</u>	<u>155,213</u>	<u>162,002</u>	<u>164,245</u>	<u>170,060</u>	<u>172,270</u>

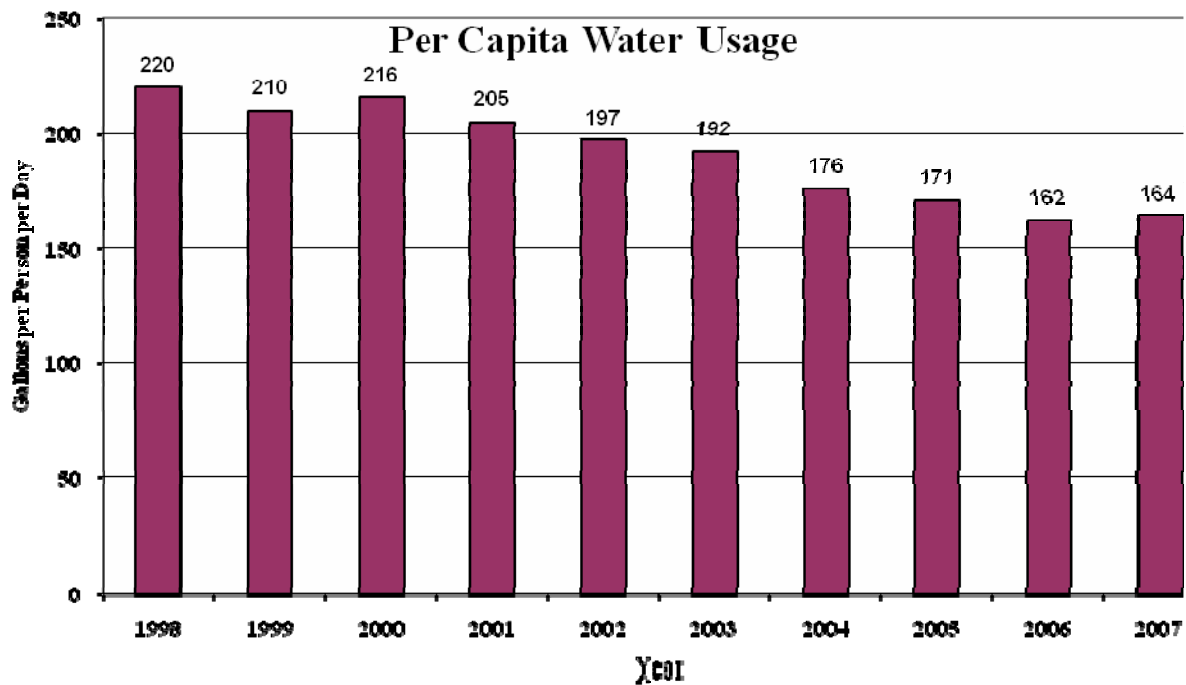
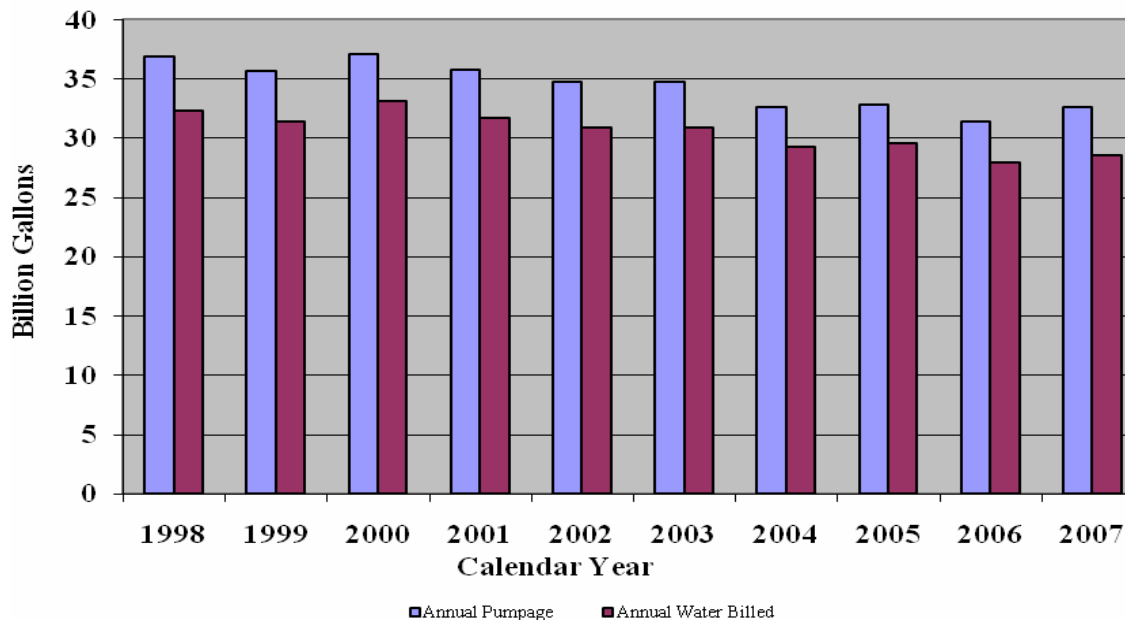


Source: Albuquerque Bernalillo County Water Utility Authority

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

WATER CONSUMPTION LAST TEN CALENDAR YEARS

Water Pumped vs. Water Billed



Source: Albuquerque Bernalillo County Water Utility Authority

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

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

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

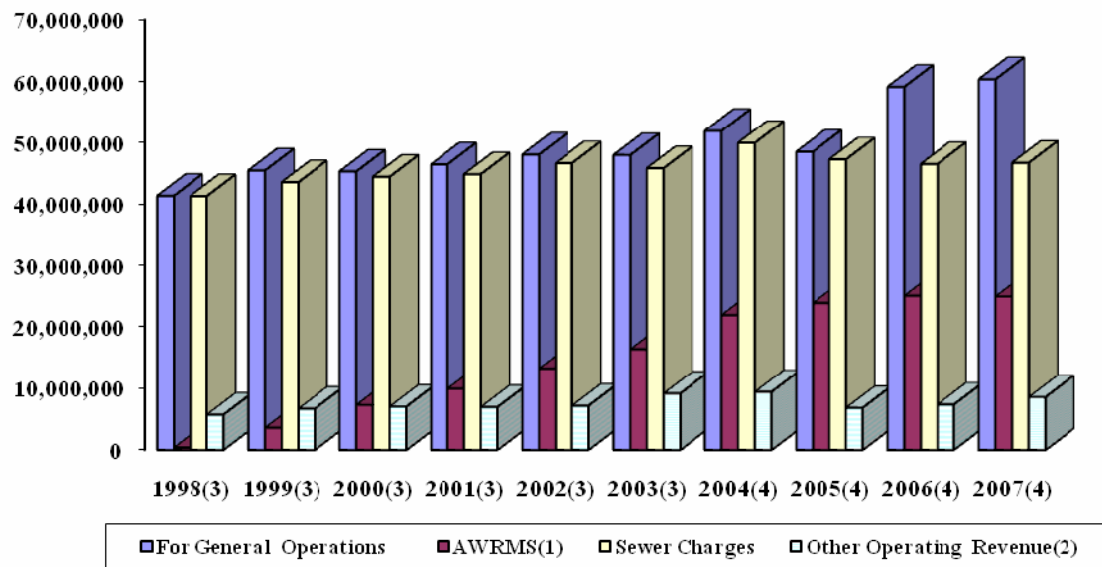
<u>Fiscal Year</u>	<i>Revenue from Water Charges</i>		<u>Revenue From</u>	<u>Other Operating Revenue⁽²⁾</u>	<u>Total Operating Revenue</u>
	<u>For General Operations</u>	<u>For AWRMS⁽¹⁾</u>			
1998 ⁽³⁾	41,392,409	393,705	41,333,109	5,728,507	88,847,730
1999 ⁽³⁾	45,515,854	3,610,515	43,605,325	6,704,614	99,436,308
2000 ⁽³⁾	45,346,424	7,310,019	44,487,321	7,051,933	104,195,697
2001 ⁽³⁾	46,504,223	9,954,245	44,898,231	6,966,656	108,323,355
2002 ⁽³⁾	48,115,849	13,276,044	46,691,595	7,188,885	115,272,373
2003 ⁽³⁾	48,027,213	16,410,278	45,893,219	9,185,099	119,515,809
2004 ⁽⁴⁾	51,968,803	21,950,195	50,012,413	9,437,552	133,368,963
2005 ⁽⁴⁾	48,560,930	23,904,227	47,310,366	6,846,660	126,622,183
2006 ⁽⁴⁾	59,172,344	25,095,852	46,563,188	7,371,006	138,202,390
2007 ⁽⁴⁾	60,393,250	24,975,068	46,771,690	8,593,821	140,733,829

(1) These revenues are attributable to rate increases adopted by City Council to finance capital costs and operating expenses to implement the Albuquerque Water Resource Management Strategy ("AWRMS").

(2) These revenues are derived from the State Water Conservation Fees, Water Resource Management Fees, meter rentals and other miscellaneous services.

(3) Sources: City of Albuquerque Comprehensive Annual Financial Reports.

(4) Sources: Albuquerque Bernalillo County Water Utility Authority Comprehensive Annual Financial Reports.

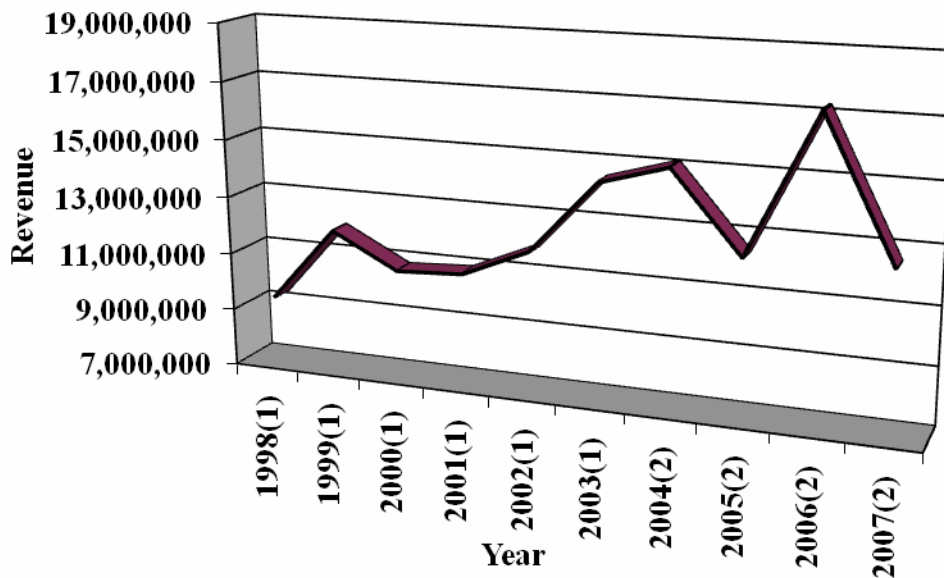


ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

REVENUE FROM UTILITY EXPANSION CHARGES LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Total Utility Expansion Charge Revenues</u>
1998(1)	9,362,686
1999(1)	11,967,761
2000(1)	10,780,053
2001(1)	10,908,556
2002(1)	11,908,616
2003(1)	14,432,966
2004(2)	15,111,935
2005(2)	12,404,189
2006(2)	17,254,474
2007(2)	12,524,267

Utility Expansion Revenue



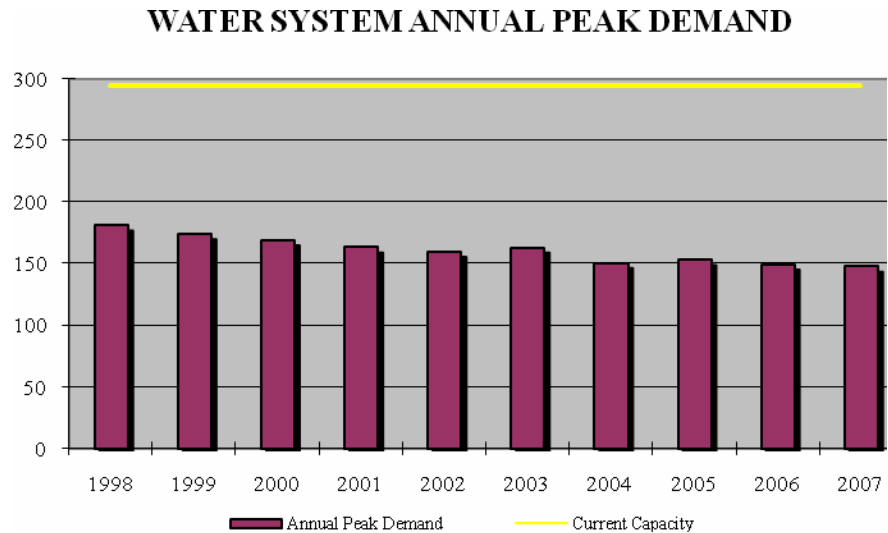
Sources: (1) Albuquerque Comprehensive Annual Financial Reports.

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

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

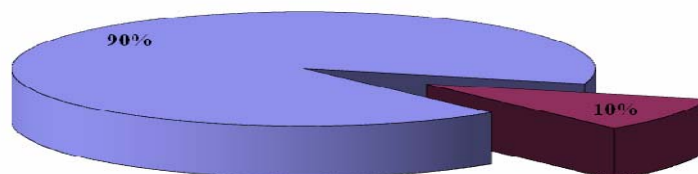
WATER SYSTEM ANNUAL PEAK DEMAND

- *Current system peak Demand of 148 MGD*
- *Current system capacity of 294 MGD*
- *System's current peak demand is 51% of capacity*



WATER SYSTEM TOP 10 CUSTOMERS

	<u>Customer Name</u>	<u>Consumption Rate (Kgal)</u>	<u>Total Collected 2007 Revenue</u>	<u>% of Total Revenue</u>
1.	City of Albuquerque	1,643,328	\$ 4,424,281	5.56%
2.	Albuquerque Public Schools	355,548	1,165,378	1.46%
3.	Tanoan Country Club	169,836	363,870	0.46%
4.	University of New Mexico Physical	169,551	735,085	0.92%
5.	Lovelace Health	111,154	400,589	0.50%
6.	Sumitomo Sitix	105,147	219,222	0.28%
7.	Presbyterian Health	77,010	529,545	0.67%
8.	Four Hills Mobile Home Park	66,054	225,774	0.28%
9.	University of New Mexico Hospital	60,996	258,769	0.33%
10.	Albuquerque Academy	56,495	138,100	0.17%
Total			\$ 8,460,613	10.63%
Total Revenue for System			\$ 79,595,248	



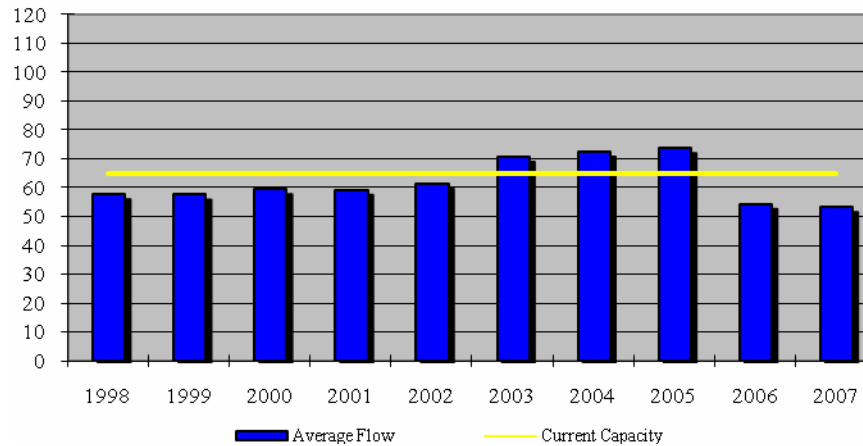
Source: Albuquerque Bernalillo County Water Utility Authority

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

WASTEWATER SYSTEM ANNUAL PEAK DEMAND

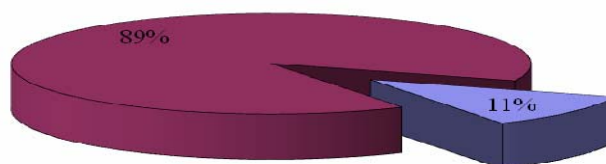
- Current system average flow of 53 MGD
- Current system capacity of 64 MGD
- System's current average demand is 82% of capacity

WASTEWATER SYSTEM ANNUAL AVG FLOW



WASTEWATER SYSTEM TOP 10 CUSTOMERS

<u>Customer Name</u>	<u>Consumption Rate (Kgal)</u>	<u>Total Collected 2007 Revenue</u>	<u>% of Total Revenue</u>
1. New Mexico Utilities	2,842,160	\$ 2,893,074	5.71%
2. Kirtland Air Force Base	788,400	858,882	1.69%
3. UNM Physical Plant	398,715	446,444	0.88%
4. City of Albuquerque	202,543	426,594	0.84%
5. Albuquerque Public Schools	152,708	432,123	0.85%
6. Lovelace Health	98,525	123,087	0.24%
7. Sandia Peak Services	91,339	72,956	0.14%
8. Sumitomo Sitix	71,437	93,093	0.18%
9. University of New Mexico Hospital	70,496	158,517	0.31%
10. Four Hills Mobile Home Park	61,099	92,617	0.18%
Total		\$ 5,597,387	11.04%
Total Revenue for System		\$ 50,683,388	



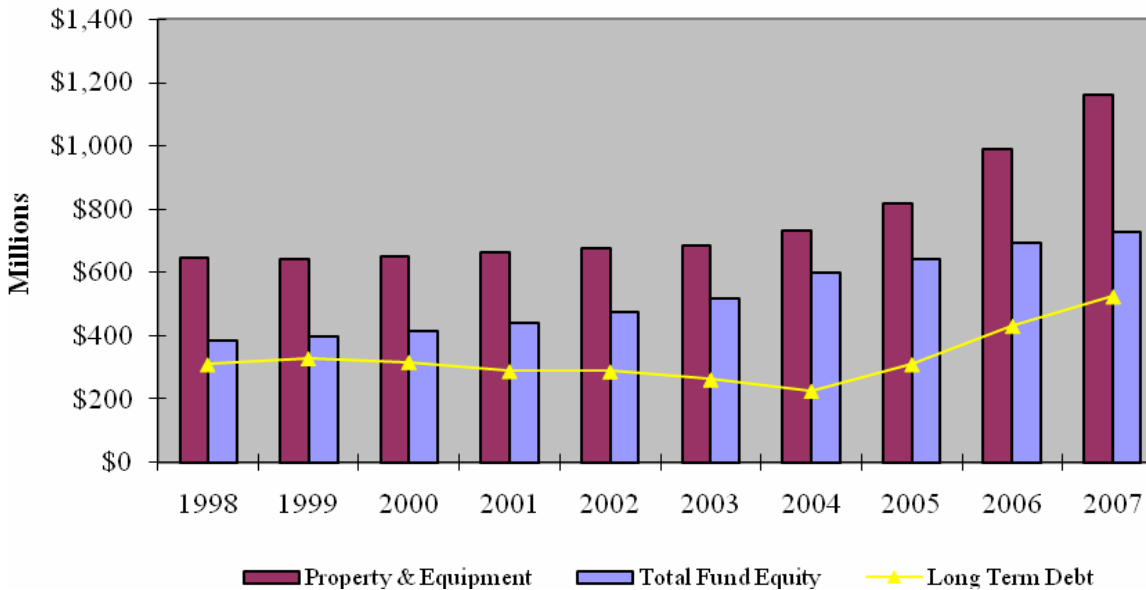
Source: Albuquerque Bernalillo County Water Utility Authority

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

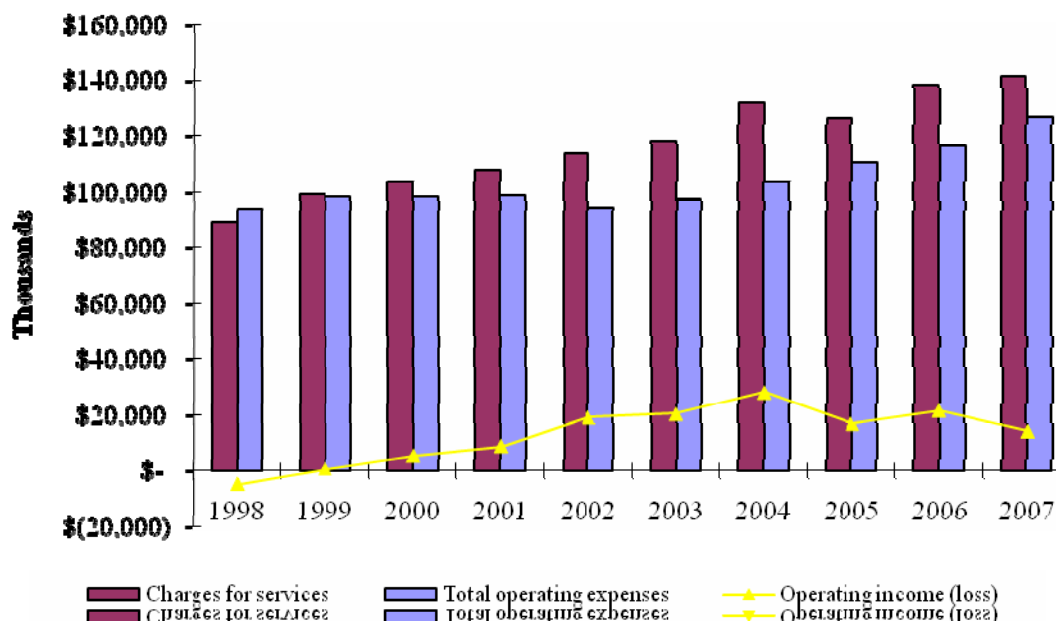
MISCELLANEOUS TREND ANALYSIS

LAST TEN FISCAL YEARS

Trend Analysis of Property & Equipment, Bonds Payable and Total Fund Equity



Trend Analysis of Utility Operations



Source: Albuquerque Bernalillo County Water Utility Authority

APPENDIX

*Approved
Operating Budget
FY/09*

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 which includes a cost of living adjustment no more than 3%.
- This base is increased for all wage adjustments for FY/09 to occur prior to July 1, 2008 so as to incorporate current contractual increases.
- Employee benefits are calculated on wage and salary costs at the following rates: FICA - 7.65% regular, RHCA-1.3%, PERA – 19.01% for blue and white collar and management/professional, and 7.00% for temporary employees and some seasonal employees. Other employee benefits (group life, health insurance including retiree health insurance, and employee bus passes) – 14.32%.
- A vacancy savings rate of 0.5% for the Authority is calculated into employee salaries.

Operating Expenses

Division managers were required to provide detailed information supporting FY/09 budget requests for professional services, contract services and repairs and maintenance. Other FY/09 operating expenses were equal to FY/08 appropriated amounts. One-time appropriations for FY/08 were deleted.

- Inflationary adjustments were not granted as automatic across-the-board adjustments.
- For FY/09, utilities (gas, electricity, and water) are budgeted based on historical expenditures and anticipated needs.
- Power, chemicals and fuel will not exceed the CPI index and the cost of operating two water distribution systems will not exceed the consultant estimate.
- Beyond those stated above, line item increases needing special justifications include extraordinary price increases, increased workload or a special need not previously funded.

Capital Expenditures

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

Transfers

- Workers' Compensation and insurance transfers are treated as direct transfers to the Risk Management Fund in each program for FY/09. These transfers are identified by the Finance and Administrative Services Department, Risk Management Division based on the historical experience and exposure factors relative to each specific program.
- Vehicle maintenance charges are estimated for FY/09 according to the class of vehicle and historical cost of maintaining that class. These charges are designed to recover the costs of normal maintenance including a preventive maintenance program which schedules vehicles for periodic checks and needed repairs as determined by those checks.
- Authority debt interest costs for future borrowings will be approximately 25 basis points under market rate based on the Authority's AAA bond rating.
- Radio maintenance costs are based on historical average prices during an 18-month period ending December 2007.
- Fuel costs are estimated using YTD FY/08 and trending through FY/09. The average cost per gallon is \$3.00.

ACRONYMS

ABCWUA – Albuquerque Bernalillo County Water Utility Authority

AFH – Affordable Housing

AMR – Automated Meter Reader

APS – Albuquerque Public Schools

ASOMS – Albuquerque Sewer Operations Management Strategy

ASR – Aquifer Storage and Recovery

AWWA – American Water Works Association

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

CAC – Customer Advisory Committee

CC&B – Customer Care and Billing

CCTV – Closed Circuit Television

CIS – Customer Information System

CIP - Capital Improvements or Implementation Program

CMMS – Computerized Maintenance Management System

COLA - Cost-of-Living Adjustment

CPI-U - Consumer Price Index for all Urban Consumers

D & C – Design and Construct

DOE - Dept of Energy

DOL - Dept of Labor

D/S - Debt Service

DWL – Drinking Water Loan

EID – Environmental Improvement Division

EPA – Environmental Protection Agency

FD - Fund

FTE - Full-time Equivalent Position

FY - Fiscal Year

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

GASB - General Accounting Standards Board

GDP-Gross Domestic Product

GFOA - Government Finance Officers Association

GIS – Geographic Information System

GPCD – Gallons per capita per day

GPPAP - Groundwater Protection Policy and Action Plan

IDOH - Indirect Overhead

IPC – Indicators Progress Commission

IVR – Interactive Voice Response

IWA – International Water Audit

KAFB – Kirtland Air Force Base

MSA - Metropolitan Statistical Area

MDC – Metropolitan Detention Center

MGD – Million Gallons per Day

MOU – Memorandum of Understanding

MSA – Metropolitan Statistical Area

MRGCOG – Middle Rio Grande Council of Governments

NMDOT – New Mexico Department of Transportation

NMFA – New Mexico Finance Authority

NMED – New Mexico Environment Department

ACRONYMS

NMUI – New Mexico Utilities Group Inc.

NPDES – National Pollution Discharge
Elimination System

OSHA – Occupational Safety and Health
Administration

P&I – Principal and Interest

PERA - Public Employees Retirement Association

REC – Renewable Energy Credit

RFP - Request for Proposal(s)

SAD - Special Assessment District

SAF – Soil Amendment Facility

SCADA – Supervisory Control And Data
Acquisition

SJC – San Juan Chama

SRF – State Revolving Loan Fund

SWR - Sewer

SWRP - Southside Water Reclamation Plant

TRFR - Transfer

UEC – Utility Expansion Charge

UNM – University of New Mexico

UV – Ultra-Violet

WQL – Water Quality Laboratory

WRAC – Water Resources Advisory Committee

WTP – Water Treatment Plant

YR - Year

SELECTED GLOSSARY OF TERMS

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

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

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

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

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

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

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

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

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

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

CAPITAL EXPENDITURES: Expenditures to acquire or construct capital assets

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

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

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

FINANCIAL PLAN: See Operating Budget

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

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

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

FUND BALANCE: Fund equity of governmental funds

SELECTED GLOSSARY OF TERMS

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

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

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

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

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

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

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

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

NON-RECURRING REVENUES: Revenues generated only once

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

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

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

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

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

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

RECURRING REVENUES: Revenues generated each and every year

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

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

SELECTED GLOSSARY OF TERMS

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

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

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

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

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

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

NUMERIC LIST OF FUND NAMES BY CATEGORY

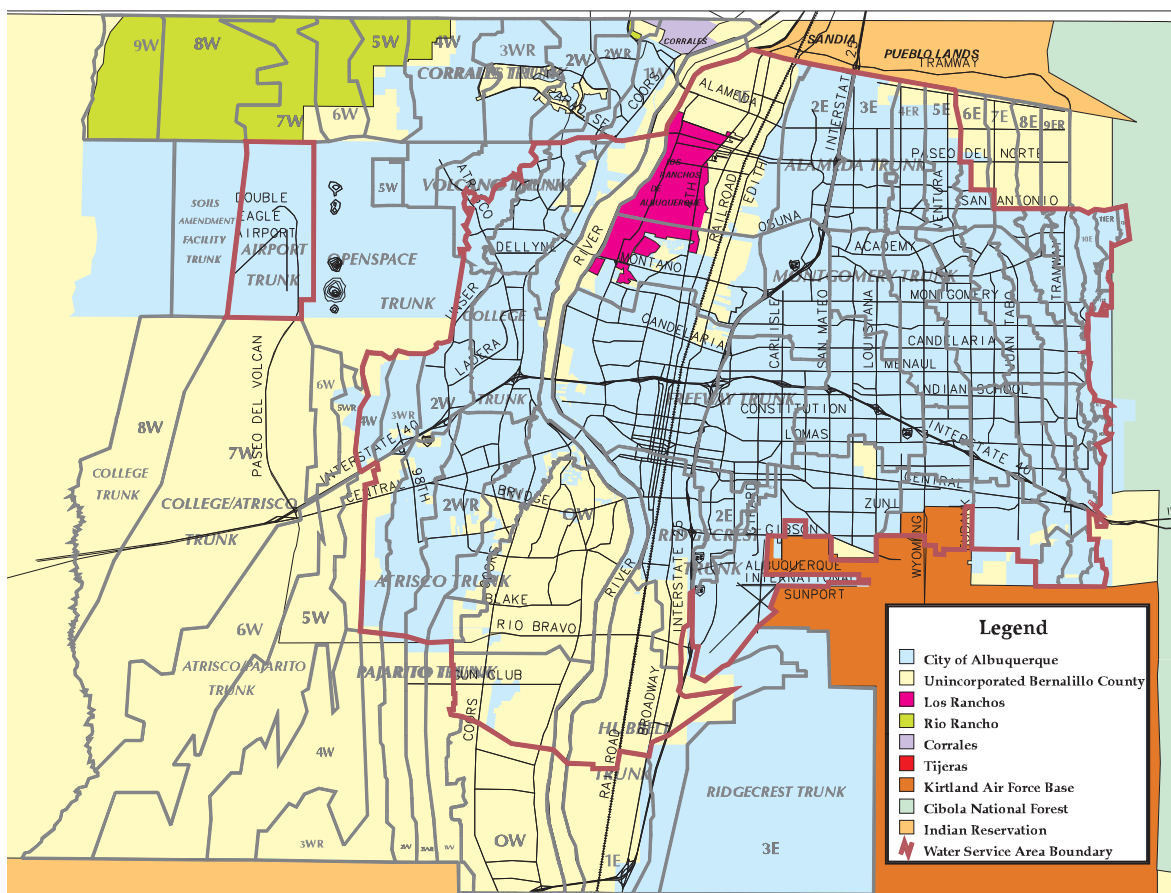
ENTERPRISE FUNDS:

621	Joint Water and Sewer Operating
622	Sustainable Water Supply Operating
631	Joint Water and Sewer Revenue Bond Debt Service

FUNDS REFERENCED:

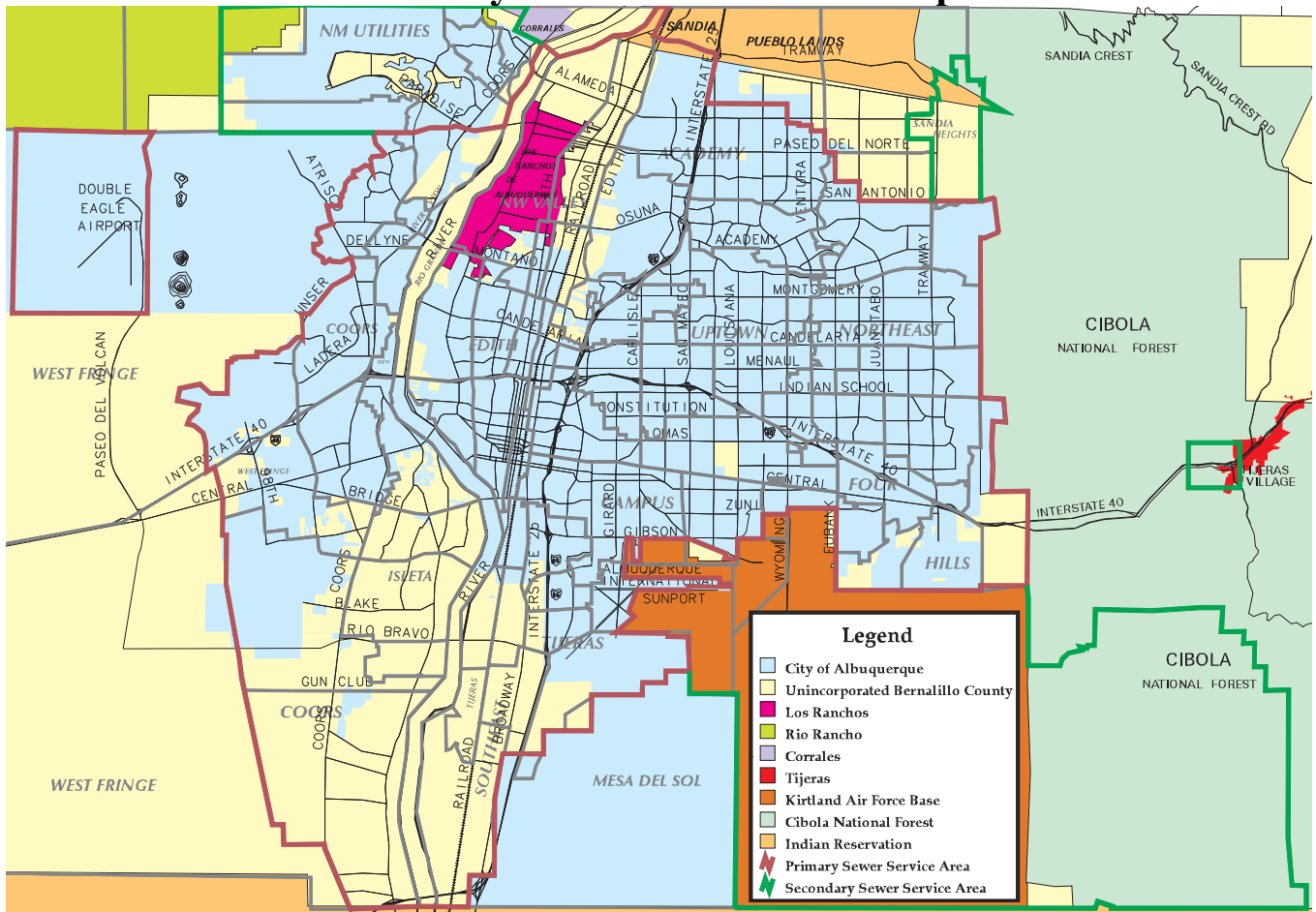
627	Joint Water & Sewer Valley Utility Projects
628	Joint Water & Sewer Rehab
629	Joint Water & Sewer Capital

Water Service Area Map



The Water Supply System Master Plan was established in 1982. The Water System provides water services to approximately 530,600 residents comprising approximately 88% of the residents of Bernalillo County, New Mexico. About one-third of unincorporated County residents are customers of the Water System. Service is provided to approximately 172,300 accounts, including 152,600 residential and 19,700 multi-family, commercial, institutional and industrial accounts. Approximately 58% of the water sales are for residential uses. Ground water from the middle Rio Grande basin aquifer is presently the service area's primary source of supply used for the Water System. However, the Authority has begun construction of a Drinking Water Project which will treat water from the Rio Grande River for potable water use. The Drinking Water Project is part of the Authority's strategic plan to provide for a safe and sustainable water supply through conservation and the conjunctive use of surface water, reclaimed water, and shallow and deep groundwater. The groundwater supply is produced from 93 wells grouped in 25 well fields located throughout the metropolitan area. Total well production capacity is approximately 294 million gallons per day ("MGD"). Maximum historical peak day demand is 214 MGD. A chlorination / fluoridation station associated with each well field satisfies the total required water treatment needs for the water produced in each well field. Ground storage reservoirs provide for fire, peak hour and uphill transfer storage. Water is distributed from higher to lower elevations through a 115-foot vertical height pressure zone to provide minimum static pressures of 50 psi for consumers. Forty-five reservoirs are located throughout the service area, with a total reservoir storage capacity of 211 million gallons. These reservoirs are interconnected by over 2,500 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 System for control from a central control facility. The Water System Service Area is approximately 167 square miles. Any extension of service outside the Service Area would incur "no net expense" to the 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 wastewater facilities being expanded or improved.

Sanitary Sewer Service Area Map



The Sanitary Sewer System Master Plan was established in 1982. The Sewer System consists of small diameter collector sewers, sewage lift stations, and large diameter interceptor sewers conveying wastewater flows by gravity to the Southside Water Reclamation Plant located south of the service area. The treatment plant provides preliminary screening, grit removal, primary clarification and sludge removal, advanced secondary treatment including ammonia and nitrogen removal, final clarification, and effluent chlorination and dechlorination prior to discharge to the Rio Grande River. Treatment plant capacity is based upon overall 76 MGD hydraulic capacity. However, capacity deficiency at the chlorination/dechlorination, anaerobic digestion and dewatered sludge handling facilities needs to be addressed to bring these facilities to the 76 MGD plant hydraulic capacity. Existing flows at the plant are about 54 MGD. The Sewer System Service Area is approximately 303 square miles. The secondary service area designates Wholesale-Special Contracts. These contract customers are responsible for a collection system beyond the point where their respective wastewater discharges into the Authority's interceptors. Any extension of service outside the Service Area would incur "no net expense" to the 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 wastewater facilities being expanded or improved.

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LEGISLATION

***Approved
Operating Budget
FY/09***

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

BILL NO. F/S R-08-8

1 **RESOLUTION**

2 **APPROPRIATING FUNDS FOR OPERATING THE ALBUQUERQUE BERNALILLO**
3 **COUNTY WATER UTILITY AUTHORITY FOR THE FISCAL YEAR BEGINNING JULY**
4 **1, 2008 AND ENDING JUNE 30, 2009.**

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

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

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

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

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

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

18 BE IT RESOLVED BY THE WATER AUTHORITY:

19 Section 1. That the following amounts are hereby appropriated to the following
20 funds for operating The Albuquerque Bernalillo County Water Utility Authority during
21 Fiscal Year 2009:

22 JOINT WATER AND SEWER OPERATING FUND – 621 128,683,000

23 This appropriation is allocated to the following programs:

24	Water Authority	2,649,000
25	Low Income Utility Credit	250,000
26	Customer Services	4,584,000
27	Finance	6,879,000
28	Information Systems	3,224,000

1	San Juan/Chama	2,246,000
2	Compliance	3,412,000
3	Human Resources	1,363,000
4	Wastewater Collection	7,032,000
5	Wastewater Treatment	11,957,000
6	Water Plant Facility Production	8,017,000
7	Water Plant Facility Distribution	10,874,000
8	Water Distribution Facilitation	3,283,000
9	Water Resources, Engineering & Planning	5,413,000
10	Transfers to Other Funds:	
11	General Fund (110)	6,183,000
12	Joint Water and Sewer Rehab (628)	11,000,000
13	Joint Water and Sewer Capital (629)	2,252,000
14	Joint Water and Sewer Bond Debt Service (631)	38,065,000
15	Indirect Costs paid to the City of Albuquerque for services provided to the Water	
16	Authority are capped at \$1,486,000 for this fund.	
17	<u>SUSTAINABLE WATER SUPPLY FUND – 622</u>	38,317,000
18	This appropriation is allocated to the following programs:	
19	North – I-25 Reuse	420,000
20	Sustainable Water Supply	10,272,000
21	Franchise Fees Non City	154,000
22	Transfers to Other Funds:	
23	General Fund (110)	1,235,000
24	Joint Water and Sewer Debt Service (631)	26,236,000
25	Indirect Costs paid to the City of Albuquerque for services provided to the Water	
26	Authority are capped at \$64,000 for this fund.	
27	<u>JOINT WATER AND SEWER REVENUE BOND</u>	
28	<u>DEBT SERVICE FUND – 631</u>	78,301,000
29	This appropriation is allocated to the following programs:	
30	Debt Service	64,301,000
31	Transfer to Other Funds:	
32	Joint Water and Sewer Capital Fund (629)	14,000,000

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

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

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

13 Section 5. The Executive Director is authorized to implement the realignment of
14 administrative functions contained in this appropriation upon approval of this legislation.

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

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

RESOLUTION NO. R-08-9

RESOLUTION
APPROPRIATING FUNDS FOR THE CAPITAL IMPLEMENTATION PROGRAM FOR
THE ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY FOR
THE FISCAL YEAR BEGINNING JULY 1, 2008 AND ENDING JUNE 30, 2009.

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

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

WHEREAS, the Budget Ordinance, requires the Executive Director to formulate an annual Capital Implementation Program 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 Capital Implementation Program Budget formulated by the Executive Director and has deliberated on it and provided public notice and input; and

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

WHEREAS, the Water Utility Authority has determined that several new activities are needed to make unnecessary the commingling within an activity of work being done within the Basic capital program with work being done outside the Basic capital program; and

WHEREAS, the Water Utility Authority has determined that other new activities are needed for enhanced project tracking and measurement of current Decade Plan objectives; and

[+Bracketed Material+] - New
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1 WHEREAS, the appropriation of these Capital Implementation Program funds to
 2 projects with their respective purposes are timely and necessary for the Albuquerque
 3 Bernalillo County Water Utility Authority to serve its customers.

4 BE IT RESOLVED BY THE WATER AUTHORITY:

5 Section 1. That the appropriations for the projects as stated below are hereby
 6 made and/or changed and that decreases in interest/contingency for activities/projects
 7 are transfers of revenues to the specific projects as indicated.

8	<u>Purpose</u>	<u>Source</u>	Increase
9	<u>Valley Projects Fund 627</u>		
10	Valley Low Income W/S Connections	Transfer from Fund 631	500,000
11	Valley Utility Projects	Transfer from Fund 631	1,000,000
12	<u>Water Utility / Joint Water & Sewer Rehab Fund 628</u>		
13	Treatment Plant Renovation	Transfer from Fund 621	1,000,000
14		Loan Proceeds	6,000,000
15	Large Water Valve Replacement	Transfer from Fund 621	250,000
16	Water Line Replacement	Loan Proceeds	4,000,000
17	Water Facility Renovation	Transfer from Fund 621	1,000,000
18	Water Service Line Replacement	Transfer from Fund 621	100,000
19	Meter Box Replacement	Loan Proceeds	100,000
20	Pump Station Replacement	Transfer from Fund 621	200,000
21	Replacement Water Meters	Transfer from Fund 621	1,000,000
22	Sewer Rehabilitation Engineering	Transfer from Fund 621	100,000
23	Public Works Sewer Rehabilitation	Loan Proceeds	700,000
24	Sewer Line Replacement	Loan Proceeds	1,000,000
25	Odor Control Rehabilitation	Loan Proceeds	500,000
26		Transfer from Fund 621	100,000
27	Water Rehabilitation Engineering	Transfer from Fund 621	100,000
28	Lift Station Improvements	Loan Proceeds	4,000,000
29	Interceptor Sewer Rehabilitation	Loan Proceeds	2,700,000
30		Transfer from Fund 621	2,350,000
31	Automatic Meter Reading	Transfer from Fund 621	2,000,000
32	Leak Detection System	Transfer from Fund 621	100,000

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

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[-Bracketed Material-] - Deletion

1	Ultraviolet Disinfection	Loan Proceeds	500,000
2	Franchise Fee Compliance	Transfer from Fund 621	1,000,000
3	Digester Renovation	Loan Proceeds	2,500,000
4	Steel Water Line Replacement	Transfer from Fund 621	1,000,000
5	Gas Engines Conversions	Transfer from Fund 621	450,000
6	Kiva Pump Station Replacement	Transfer from Fund 621	125,000
7	Griegos Pump Station Replacement	Transfer from Fund 621	125,000
8	<u>Water Utility / Joint Water & Sewer Fund 629</u>		
9	Westland Developer Agreement	Transfer from Fund 631	600,000
10	Utility Risk Reduction	Transfer from Fund 631	658,000
11	Pino Yards Replacement	Transfer from Fund 631	100,000
12	Developer Agreements	Transfer from Fund 631	1,267,000
13	Water Master Plan Line Extension	Transfer from Fund 631	1,400,000
14	Advance Land Acquisition	Transfer from Fund 631	200,000
15	Water Rights Enhancement	Transfer from Fund 631	500,000
16	Aquifer Storage and Recovery	Transfer from Fund 631	500,000
17	MIS Development	Transfer from Fund 631	1,950,000
18	Asset Management	Transfer from Fund 631	300,000
19	Maximo Conversion	Transfer from Fund 621	1,252,000
20	Landscape Facilities	Transfer from Fund 631	100,000
21	Water System Metering	Transfer from Fund 631	600,000
22	Arsenic Treatment Facilities	Transfer from Fund 631	925,000
23	MDC Water Supply & Facility	Transfer from Fund 631	600,000
24	Volcano Cliffs SAD 227 Agreement	Transfer from Fund 631	1,053,000
25	Industrial Master Plan Sewer	Transfer from Fund 631	917,000
26	Wastewater Master Plan	Transfer from Fund 631	500,000
27	Geographic Information Systems	Transfer from Fund 631	250,000
28	Canada Reservoir & Lines	Transfer from Fund 631	80,000
29	Water Vehicle Replacement	Transfer from Fund 621	500,000
30	Wastewater Vehicle Replacement	Transfer from Fund 621	500,000
31			

Section 2. That the following new activities are hereby established in the Funds indicated.

Valley Projects Fund 627

1 – Water Authority Managed Water Projects

2 - Water Authority Managed Water Reclamation Projects

These two activities will allow the existing Valley Utilities Projects activity to contain only the financial transactions related to the Valley work done in conjunction with Bernalillo County and which is funded outside of the Basic capital program. Currently, costs for Water Authority managed Valley projects, which are funded in the Basic capital program, are commingled with costs of the Bernalillo County work.

Water Utility / Joint Water & Sewer Rehab Fund 628

1 - Santa Barbara Pump Station and Reservoir Project Construction

The portion of the construction effort that will be funded by an NMED loan is outside the Basic capital program.

2 – Steel Water Line Replacement

The steel water line replacement program is outside the Basic capital program. Currently, costs for this program are commingled in the Water Line Rehabilitation activity which contains Basic program expenditures.

3 – Strategic Leak Detection Program

The strategic leak detection program encompasses the agreement with New Mexico Institute of Mining and Technology/Environmental Finance Center approved by the Board at its March 2008 meeting per WUA C-08-10 and is outside the Basic capital program.

4 – Gas Engine Conversions

Gas Engine Conversions has its own line item in the FY 2008-2017 Decade Plan.

5 – Kiva Pump Station Replacement

Kiva Pump Station Replacement has its own line item in the FY 2008-2017 Decade Plan.

6 – Griegos Pump Station Replacement

Griegos Pump Station Replacement has its own line item in the FY 2008-2017 Decade Plan.

1 Water Utility / Joint Water & Sewer Fund 629

2 1 - Dedicated Water Rights Lease Revenues

3 The acquisition of water rights using dedicated revenues received from the Bureau of
4 Reclamation is outside the Basic capital program. An activity separate from the existing
5 Water Rights Enhancement activity, which contains Basic program expenditures, will aid
6 in ensuring that the dedicated revenues are used solely for the intended purpose.

7 2 - Aquifer Storage and Recovery

8 Aquifer Storage and Recovery has its own line item in the FY 2008-2017 Decade Plan.

9 3 – Asset Management

10 There is no existing Basic program activity for asset management work. Current work is
11 being recorded in the ASOMS activity which is a poor fit. An Asset Management activity
12 is needed now as the Water Authority is expanding its asset management efforts.

13 4 - Maximo/GIS Conversion

14 The Board at its February 2008 meeting approved a \$1.4 million appropriation for the
15 upgrade of the Maximo system. Another \$1.252 million is included in the FY 2009
16 Capital program. The project is outside the Basic capital program.

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ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

BILL NO. F/S R-08-6

RESOLUTION

ESTABLISHING ONE-YEAR OBJECTIVES FOR THE WATER UTILITY AUTHORITY IN FISCAL YEAR 2009 TO MEET FIVE-YEAR GOALS.

WHEREAS, Laws 2003, Chapter 437, codified as NMSA 1978, Section 72-1-10 created the Albuquerque Bernalillo County Water Utility Authority ("Water Authority") and provides for the administration and operation of the Water Authority, and as part of the administrative responsibilities of the Water Authority, it shall establish and adopt five-year goals and one-year objectives; and

WHEREAS, the Water Authority's Budget Policies and Procedures Ordinance specifies that the Water Authority shall annually review and adopt one-year objectives related to the five year goals for the Water Authority; and

WHEREAS, the Water Authority's operating budget shall be formulated by the Water Authority's Executive Director and be consistent with the goals and objectives as established and approved by the Water Authority; and

WHEREAS, the Water Authority's adoption of goals and objectives, which will be valuable in themselves, will be major factors in determining funding for Water Authority programs and improvements in both the operating budget and capital improvements budgets.

BE IT RESOLVED BY THE WATER AUTHORITY:

Section 1. That the Water Authority adopts the following five-year goals and one-year objectives.

GOAL 1. WATER SUPPLY AND OPERATIONS: Provide a reliable, safe, affordable, and sustainable water supply by transitioning to renewable supplies and minimizing long term environmental impacts on the community and natural resources while ensuring the ability of the community to grow in a responsible manner.

Objective 1. Begin startup and trial operations of the Drinking Water Project (DWP) including the diversion and raw water pump station and water treatment plant by the 2nd Quarter FY09.

Objective 2. Begin construction of the mitigation measures for the DWP including monitoring and construction of habitat in three areas of the Bosque by the 1st Quarter FY09.

Objective 3. Complete public education and public acceptance plan including introduction of surface water into the existing distribution system by the end of the 1st Quarter FY09.

Objective 4. Integrate short and long-term water resources development plan into the integrated water/wastewater/reuse master plan by the end of the 1st Quarter FY09.

Objective 5. Continue working development of desalinization water supply plan and report to the Board by the end of the 3rd Quarter of FY09.

Objective 6. Continue implementation of water loss programs focusing on revenue water. Utilize International Water Association/American Water Works Association Water Audit methodology for accounting and examination of water loss programs. Reduce unaccounted-for-water by 1% by the end of the 4th Quarter FY09.

Objective 7. Prioritize and implement recommendations from the Water Resources Management Strategy by the end of the 4th Quarter FY09.

Objective 8. Begin Phase II operations of the Bear Canyon Aquifer Storage and Recovery project by the end of the 2nd Quarter of FY09. Submit permits required for starting the large-scale Aquifer Storage and Recovery program for injecting or land applying purified San Juan-Chama water into the eastside aquifer by the end of the 4th Quarter FY09.

Objective 9. Achieve water use of 165 gallons per person per day by the end of the 2nd Quarter of FY09.

Objective 10. Implement activities for native water storage in Abiquiu working with the Corps of Engineers and other federal and state entities by the end of the 4th Quarter FY09.

Objective 11. Increase water operations planned and preventative maintenance by 25% by the end of the 4th Quarter of FY09.

Objective 12. Expand the Automated Meter Reading by expending \$2 million on small meter replacement by the end of the 4th Quarter of FY09.

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.

Objective 1. Limit overall permit excursions to 2% by not exceeding no more than 5 operating discharge permit violations through the end of the 4th Quarter of FY09.

Objective 2. Design and construct odor control facilities for collection system and plant by developing a conceptual odor control plan for lift stations, vacuum stations and collection system and by completing a study and design of Downtown/Martineztown Odor Control Biofilter by the end of the 4th Quarter of FY09.

Objective 3. Design ultraviolet disinfection facilities to eliminate chlorine hazard at plant by the end of the 2nd Quarter of FY09

Objective 4. Develop long-term plan for biosolids management, emphasizing beneficial uses by increasing average biosolids diversion to composting to 15% through the end of the 4th Quarter of FY09.

Objective 5. Develop facilities plan recommendations by updating the Southside Water Reclamation Plant (SWRP) capacity analysis, developing capacity needs projections for future satellite plant(s), and determining potential impacts of satellite plant(s) on SWRP flow, organics loading and odor control by the end of the 4th Quarter of FY09.

Objective 6. Expedite outmoded equipment replacement and plant facilities renovation based on asset management principles by identifying and prioritizing high-risk assets, constructing plant and digester renovations, and increasing preventive maintenance work orders by 50% by the end of the 4th Quarter of FY09.

Objective 7. Develop and implement asset management decision-making for collection system by applying asset management principles to reducing sewer overflows; televising 20% of unlined concrete interceptors per year, and developing a plan for stations preventive maintenance by field operations staff by the end of the 4th Quarter of FY09.

Objective 8. Improve compliance with the Water Authority's Rate Ordinance by continuing validation of compliance for illegal sewer connections and extra-strength dischargers through the end of the 4th Quarter of FY09.

Objective 9. Develop and implement a Water Reclamation Division organizational succession plan by implementing hiring, training and certification programs for mechanics, electricians and electronics technicians, implementing certification training program for management staff, and revising training and certification process to facilitate full Level 4 Operator staffing by the end of the 4th Quarter of FY09.

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.

Objective 1. Develop a consolidated marketing and public relations program to improve customer recognition, build public support for present and future initiatives, and educate the public about critical water-related issues by the end of the 2nd Quarter of FY09.

Objective 2. Develop an emergency communications plan and an overall communications plan for the Water Authority's stakeholders and with employees by the end of the 3rd Quarter of FY09.

Objective 3. Reduce call wait time to less than 1 minute, 90 percent of the time by use of staffing and technology through the 4th Quarter of FY09.

Objective 4. Develop customer relations performance benchmark metrics based on best practices by the 4th Quarter of FY09.

Objective 5. Coordinate with Bernalillo County to establish a requirement of obtaining a sewer account with the Water Authority as part of the sewer connection permitting process by the end of the 2nd Quarter of FY09.

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.

Objective 1. Implement Phase 2 of Comprehensive Asset Management Program to manage existing assets more effectively and plan for future needs by the end of the 4th Quarter of FY09.

Objective 2. Expend \$31 million in water and wastewater capital rehabilitation and replacement programs by the end of the 4th Quarter of FY09. \$1 million shall be dedicated and used for identifying steel water pipes in poor condition and rehabilitating or replacing at least 2 miles of pipe by the end of the 4th Quarter of FY09.

Objective 3. Begin implementation of an integrated water/sewer and reuse master plan and modeling system by the end of the 4th Quarter of FY09.

Objective 4. Implement Maximo software application upgrade and associated Geographic Information System (GIS) in a manner that supports the Asset Management business objectives of the Water Authority by the end of the 4th Quarter of FY09.

Objective 5. Implement Customer Care and Billing application to include added functionality for web self-service for our customers by the end of the 4th Quarter of FY09.

Objective 6. Implement a pilot program for the use of mobile devices in the field by the end of the 4th Quarter of FY09.

Objective 7. Develop and implement a manhole and valve recovery program by the end of the 4th Quarter of FY09.

GOAL 5. ORGANIZATION 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.

Objective 1. Continue implementation of succession and knowledge management planning necessary to manage the Water Authority's assets through the end of the 4th Quarter of FY09.

Objective 2. Initiate a comprehensive classification and compensation study by the end of the 4th Quarter of FY09.

Objective 3. Reduce the number of employee injury lost days by 25% by the end of the 4th Quarter of FY09.

Objective 4. Complete the Utility Tech-1 training program for all the new hires from FY2008. Develop Utility Tech-4 curriculum to certified Utility Tech-3 personnel. Incorporate surface water training curriculum into the Training & Certification guidelines document. Complete this objective by the end of the 4th Quarter of FY09.

Objective 5. Develop and implement a program for hiring, training and certification programs for mechanics, electricians and electronics technicians;

1 implement certification training program for management staff; and revise training and
2 certification process to facilitate full Level 4 Operator staffing by the end of the 4th
3 Quarter of FY09.

4 Objective 6. Conduct an assessment of the Water Authority's training needs
5 and develop a professional and leadership program by the end of the 1st Quarter of
6 FY09.

7 Objective 7. Maintain a utility-wide vacancy rate of no greater than 10%
8 through FY09.

9 Section 2. That the Executive Director of the Water Utility Authority shall ensure
10 that these goals and objectives are carried out through the development of a
11 performance plan and shall submit a report by Goal to the Water Authority at least semi-
12 annually on the progress made toward implementation of the one-year objectives.