

APPROVED FY 2015 BUDGET



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Mark S. Sanchez
Executive Director



Albuquerque Bernalillo County
Water Utility Authority

*Approved
Operating Budget
FY15*



Albuquerque Bernalillo County Water Utility Authority

April 23, 2014

To: Klarissa J. Pena, Chair
From: Mark S. Sanchez, Executive Director
Subject: Approved Fiscal Year 2015 Budget

Presented to the Board is the approved budget for the Albuquerque Bernalillo County Water Utility Authority (Authority) for Fiscal Year 2015. This budget represents the Authority's financial plan for Fiscal Year 2015. The development of this financial plan has been guided by the Authority's Five-year Goals, One-year Objectives, Performance Plan and the Guiding Principles. In the development of this budget, the Authority has taken a conservative financial approach to provide effective and efficient water and wastewater services balanced against projected resources. This budget is based upon the 10 year financial plan, balanced, fiscally conservative and sound.

For Fiscal Year 2015 the approved budget includes a 5% revenue rate adjustment. Looking forward, the Water Authority must continue to spend the \$250 million to upgrade its sewage treatment plant and adding an additional \$36 million per year in Capital Implementation Program (CIP) funding to cover the costs of routine replacement of aging pipes, pumps and other infrastructure as recommended in a recent asset management study commissioned by the Authority. The CIP infrastructure renewal budget is planned to increase by \$3 million per year starting in Fiscal Year 2015.

In the preparation of this budget, the Authority has developed a maintenance of effort budget within the projected estimated revenues. Staffing levels have an increase of 3.5 net positions in Fiscal Year 2015. There is a 2.5% increase in other employee benefits. General operating expenditures decreased \$51,919. The most significant expense of the Authority continues to be debt service payments which will comprise 37% of the total operating expense in Fiscal Year 2015.

In FY14, the Authority implemented the SunGard Enterprise Resource Planning (ERP) system. This project implemented a full range of financial and human capital resources modules. In FY14, Phase 1 was completed and the project went live on July 1, 2013. The Authority's first payroll run began in June of 2013. Phase 1 included all the Financial Modules, Payroll and the HR functions as they relate to Payroll. Phase 2 began on July 1, 2013 and is anticipated to be completed on April 28, 2014. This Phase will implement the remaining HR modules to include items such as Employee Self Service. Other SunGard modules will become available during FY15 and the Authority will develop work plans to implement those modules.

The Authority received a positive ruling from the NM Court of Appeals which was upheld by the NM Supreme Court for permit SP-4830 which is the San Juan-Chama Drinking Water Project

permit. The Authority anticipates a minor change in the permit by summer 2014. The project continues to have a major positive impact on the ground water resources in the Middle Rio Grande with continuing increases in aquifer elevations observed throughout the basin.

The San Juan-Chama Drinking Water Project (DWP) is expected to increase surface water treatment to provide 60% of water supplied to the service area, but this may change as we enter the fifth year of drought in the Middle Rio Grande. With the pending drought, the Authority provided a loan of 20,000 acre-feet to the Middle Rio Grande Conservancy District along with providing supplemental water for the Bureau of Reclamation. The goal is to sustain endangered species and partner with other water entities during this irrigation season. It is anticipated that the Authority will still have more than three years of water available at the end of calendar year 2014.

The Plant Division began a major renovation of the Southside Water Reclamation Plant (SWRP) in FY10 called the Reclamation Rehabilitation and Asset Management Plan (RRAMP). The RRAMP is a multi-year program to renew the treatment processes at the plant. Construction began on the Preliminary Treatment Facility (PTF) in late 2013 and will continue until summer 2015. Engineering evaluation of alternatives for the Solids Dewatering facility continue including replacing the facility with a new facility or rehabilitation of the existing facility. Construction improvements to the blower complex, aeration basins and systems, digester mixers and electrical systems are underway and will continue in 2014. The funding for the RRAMP improvements will be provided through the Authority's Capital Implementation Program (CIP).

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

Revenue for Fiscal Year 2015 is estimated to be \$203.9 million representing an increase from the budgeted FY14 amount, due to an increase in water and sewer revenues. Revenues for FY15 include a 5% rate revenue increase to fund investments in the Authority's infrastructure based upon the Asset Management Plan. Revenue increase in the Debt Service Fund is projected for FY15 of approximately \$1.9 million due to an increase in expansion charges and the debt service payment for FY15.

The approved budget for FY15 shows a net increase of 3.5 new positions, 2 were FY14 midyear additions and 2.5 are requested as part of this budget. The positions are: 1 Risk Manager, 1 System Support Specialist II, 1 GPS Coordinator, 1 Heavy Equipment Mechanic and 1 part-time Treasury Officer. The Records Manager position was deleted as part of this change. There is also a 2.5% increase for other employee benefits and a 2% step increase for all employees.

For Fiscal Year 2015, revenues are expected to be \$7.1 million over expenditures, which includes funding the rate reserve fund. This amount will bring the Working Capital or Fund Balance to \$10.9 million at June 30, 2015. By Ordinance, the Authority will be required to increase its Fund Balance to 1/12 of the annual budgeted expenditures by Fiscal Year 2015. For Fiscal Year 2015, \$2 million is added to the Rate Reserve fund.

Also submitted in a separate resolution is the Capital Implementation Program (CIP) proposed budget for Fiscal Year 2015. The proposed appropriation for Fiscal Year 2015 for CIP is \$51.0 million. \$48.0 million is appropriated for the Basic capital program and \$3.0 million is appropriated for special projects. The \$48.0 million is comprised of \$33.0 million in base level

rehabilitation funding required by the Rate Ordinance, \$10.0 million in supplemental rehabilitation funding and 5.0 million in growth program funding. The \$33.0 million in rehabilitation funding, per the Rate Ordinance, allocates \$14.9 million for Field, \$17.49 million for Plant, and \$.60 million for Compliance. The \$10.0 million in supplemental water reclamation facility funds increases the Plant funding to \$27.49 million.

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

The Authority has established an asset management program with a steering committee to oversee the program. The program is an extensive, well thought out 'Business Model' that helps utility managers make better acquisition, operations and maintenance, renewal, and replacement decisions. The principles of asset management were developed to address the critical problem of aging public infrastructure and changing utility business environment. In FY11, the Authority completed a comprehensive Asset Management Plan (AMP) used to provide a rational framework for understanding and planning of long-range asset renewal (rehabilitation and replacement) requirements. The AMP consolidates the Authority's asset information into a structured framework and uses it to provide a justifiable basis to support long-term organization, operations, and asset management decisions. In FY12, the Authority began work on preparing a set of 10-year asset management plans for various asset classes (i.e., small diameter pipes, large diameter pipes, wastewater treatment plant, groundwater and collection system facilities). The 10-year plans are generated to provide the Authority with a more accurate understanding of the short and intermediate-term renewal requirements. In FY14, the Authority continued to improve on its asset management practices and completed the planned 10-year asset management plans. Those plans were submitted for Board approval.

This budget represents the Authority's coordinative effort to bring to the Board a financial plan that will provide the necessary funding to perform all the varied operational and administrative functions, to provide customers with quality water and wastewater service and address the Authority's priorities for Fiscal Year 2015 to improvement of services and gain operating efficiencies.

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Albuquerque Bernalillo County Water Utility Authority

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Pablo Rael, Ex Officio Member

Mark S. Sanchez, Executive Director

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GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Albuquerque Bernalillo Co. Water Utility Authority
New Mexico**

For the Fiscal Year Beginning

July 1, 2011

Linda C. Dandson Jeffrey R. Emer

President

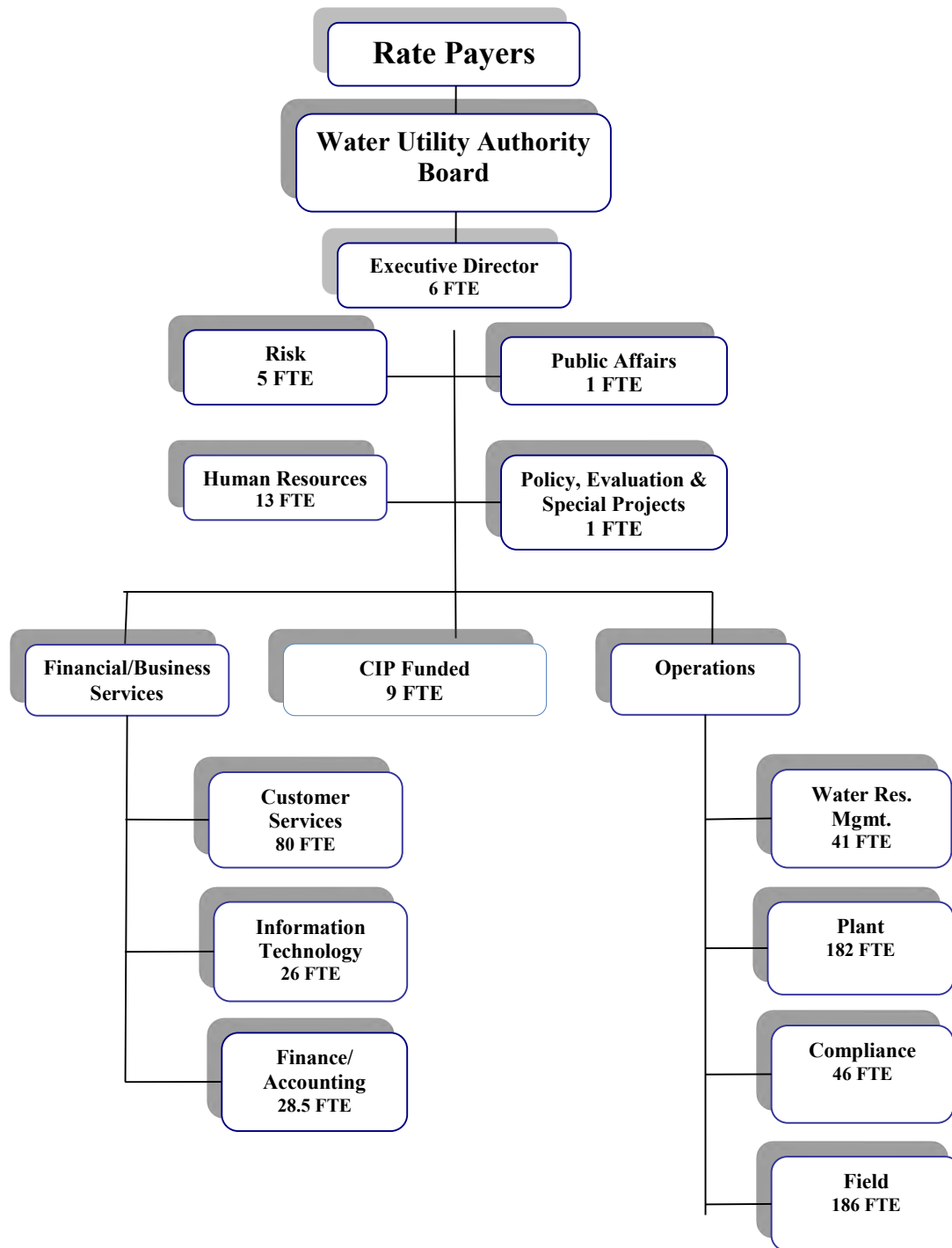
Executive Director

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, 2011. 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



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ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

PREFACE

Budget Policies and Procedures Ordinance

NMSA 1978, Section 72-1-20 which created the Albuquerque Bernalillo County Water Utility Authority (Authority), along with the Authority's Budget Policies and Procedures Ordinance require 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.

Process for Preparing, Reviewing, and Adopting the Budget

Prior to issuing budget instructions, the Authority's Ten Year Financial Plan is revised to determine the revenue and appropriation levels that are projected for the budgeted fiscal year as well as how future years will be impacted by these financial decisions. Details of the assumptions, challenges, one year objectives and working capital estimates used in the preparation of the Fiscal Year 2015 budget are contained in the Executive Summary of this document. Once revenue and appropriation levels are determined, budget instructions are issued in January. A salary forecast is completed for review by the Executive Director. Expense data is accumulated at the current level and totals are reviewed to determine if other actions or changes in budget instructions must be made in order to achieve a balanced budget. Budget meetings are held with the Executive Director and Authority Senior 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 submits the proposed operating and capital budgets to the Board on or before the 1st of April. This proposal includes the budgets, capital program, and rate proposal which may recommend changes in rates and fees. After receiving the budget proposal from the Executive Director, the 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.

Process for Amending the Budget after Adoption

In accordance with the Authority's Budget Policies and Procedures 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

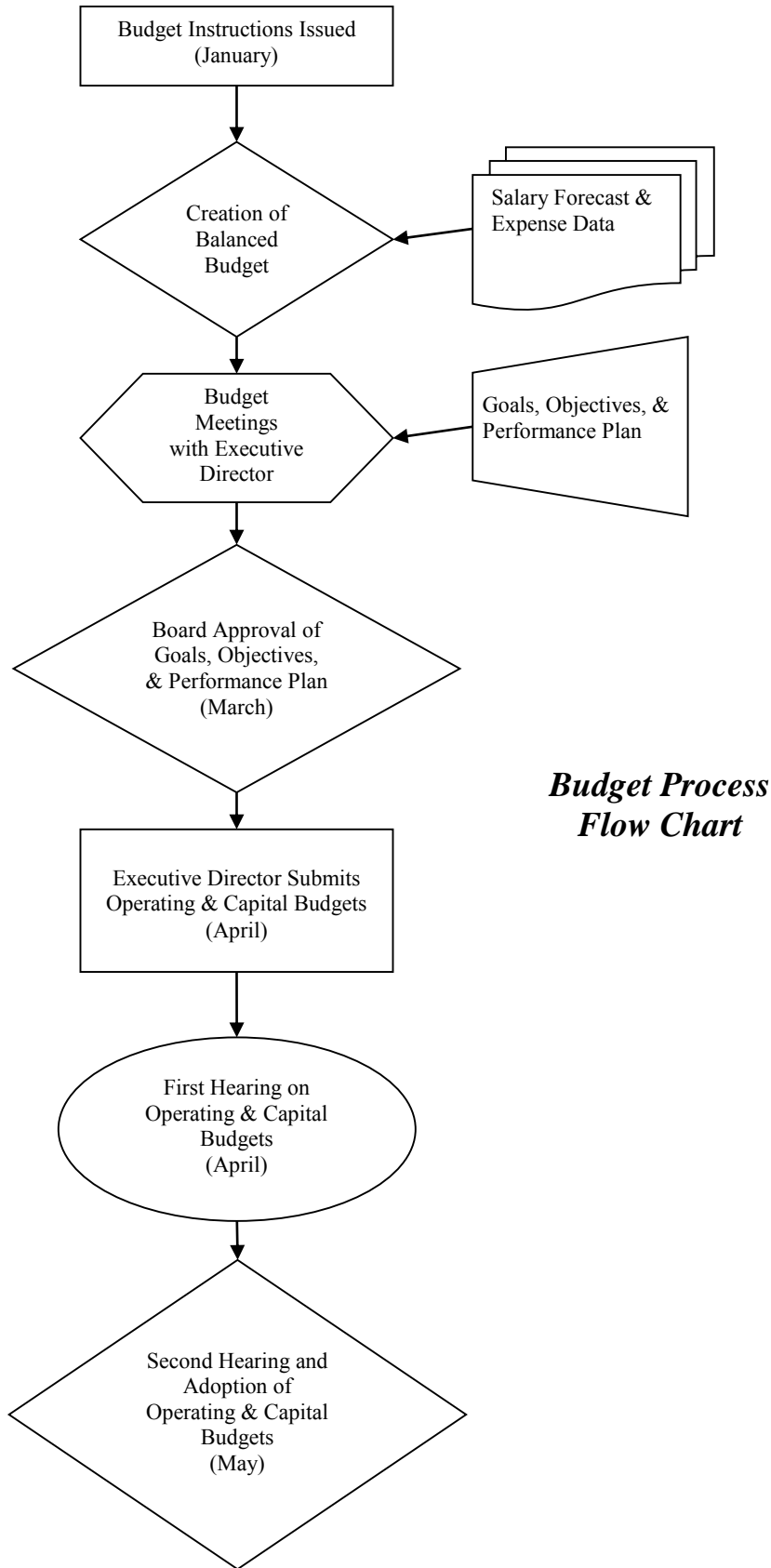
ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

does not significantly alter the project's scope. Any change which exceeds this amount requires Board approval.

Budgetary and Accounting System Requirements

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

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET



***Budget Process
Flow Chart***

**FISCAL YEAR 2015
BUDGET CALENDAR OF EVENTS**

Jan	Begin discussion on Authority's Performance Plan
Jan - Mar	Divisional preparation of FY15 budget request. Meetings between Authority Executive Director, Chief Operating Officer, Chief Financial Officer and Division Managers
Jan-Mar	Preparation of FY15 CIP Budget request. Meetings between Authority Executive Director, Chief Operating Officer, Chief Financial Officer and Division Managers
Jan – Feb	Preparation of Authority Objectives and Performance Measures
Jan 17	Budget Call to Operating Divisions
Feb – Mar	Budget review with Executive Director, Chief Operating Officer, Chief Financial Officer and Division Managers
Feb 21	Proposed budgets due to Finance Division, Includes all Issue Papers and Organization Changes
Feb 19	Introduction of Authority Objectives at Authority Meeting
Mar 19	CIP Budget Due to Finance Division
Mar 19	Approval of Authority Objectives at Authority Meeting
Apr 1	Proposed Operating and CIP Budget Document Prepared and Printed
Apr 1	Proposed Operating and CIP Budget Document submitted to Authority Staff
Apr 23	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 – 2015 BUDGET

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

The Budget is comprised of two parts. The first part is the Financial Plan, which is traditional financial information. The Financial Plan presents all funding issues by program strategy and division levels for all operating funds. The second part is the Performance Plan. The Performance Plan assesses the performance of the 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?

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EXECUTIVE SUMMARY

***Approved
Operating Budget
FY15***

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

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 San Juan-Chama Drinking Water Treatment Plant, 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 2015 Budget Highlights

The Fiscal Year 2015 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 2015 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. A water and sewer revenue rate adjustment has been approved for Fiscal Year 2015. Budgeted total Operating Revenues were projected using a 5-year historical trend based upon growth and consumption. The trend was structured by class of customer as well as by service size of each class. The projections also take into account the 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 increase \$1.0M for Fiscal Year 2015, reflecting the current trend in the development of residential housing.
- Wage Adjustments. There is a 2% cost of living adjustment for Fiscal Year 2015.
- Fringe Benefits. Fringe Benefits are calculated at 52.67% of gross wages.
- 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.

Challenges

Among the challenges facing the Authority in Fiscal Year 2015 are managing the increasing costs of fuel, chemicals and electricity for water treatment. The Authority operates and maintains two water systems, the well/aquifer system and the surface water treatment system. Although the well system usage will be reduced as the surface water system increases capacity, the well system will still have to be fully operational to supplement the surface water, as necessary. The operation of these systems represents a

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

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

One Year Objectives Fiscal Year 2015

The American Water Works Association (AWWA) QualServe programs help the Authority to identify gaps in service delivery or performance. The Authority's performance measures are used to help monitor the its performance and to develop performance targets. With the performance measures being used to identify gaps, the One-Year Objectives, which are policy directives from the Water Authority Board, are used to close performance or service delivery gaps and improve performance levels. It should be noted that not all One-Year Objectives are tied to performance measures or have a measurable component. Some Objectives are related to completing projects or improving programs. Some of the Fiscal Year 2015 Objectives are tied to resources contained in the Fiscal Year 2015 Budget. A few of the objectives are carried over from Fiscal Year 2014 either because they require more time to complete, or are ongoing issues. Some of the Objectives are tied to the Performance Plan in order to improve operations and/or customer service.

Working Capital

In the Fiscal Year 2015 budget, revenues are projected to exceed expenses in the General Operating Fund. Surplus revenue will be added to the Working Capital or Fund Balance to maintain a \$10 million balance.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

General Fund – 21

Total revenue approved for Fiscal Year 2015 is \$203.9 million. Of the total revenue, 97.3% is comprised of charges for water and wastewater services. Appropriations total \$196.8 million.

(\$000's)	AUDITED FY13	ORIGINAL BUDGET FY14	REVISED BUDGET FY14	ESTIMATED ACTUAL FY14	APPROVED BUDGET FY15	APP15/EST ACT 14 CHG
RESOURCES:						
Miscellaneous Revenues	1,188	2,300	2,300	2,300	5,510	3,210
Enterprise Revenues	178,942	196,374	196,374	185,657	197,649	11,992
Transfers from Other Funds	<u>1,710</u>	<u>800</u>	<u>800</u>	<u>800</u>	<u>800</u>	<u>-</u>
Total Current Resources	181,840	199,474	199,474	188,757	203,959	15,202
Beginning Working Capital Balance	<u>(10,869)</u>	<u>(14,921)</u>	<u>(14,921)</u>	<u>(14,921)</u>	<u>(8,986)</u>	<u>5,935</u>
TOTAL RESOURCES	<u>170,972</u>	<u>184,553</u>	<u>184,553</u>	<u>173,836</u>	<u>194,972</u>	<u>21,136</u>
APPROPRIATIONS:						
Joint Water/Sewer Operations	102,310	109,693	109,693	104,729	111,652	6,923
Transfers to Other Funds	<u>82,177</u>	<u>84,094</u>	<u>84,094</u>	<u>76,094</u>	<u>85,161</u>	<u>9,067</u>
TOTAL APPROPRIATIONS	<u>184,487</u>	<u>193,787</u>	<u>193,787</u>	<u>180,823</u>	<u>196,813</u>	<u>15,990</u>
ADJ TO WORKING CAPITAL BALANCE	<u>(1,405)</u>	<u>(2,000)</u>	<u>(2,000)</u>	<u>(2,000)</u>	<u>(2,000)</u>	<u>0</u>
ENDING WORKING CAPITAL BALANCE	<u>(14,921)</u>	<u>(11,234)</u>	<u>(11,234)</u>	<u>(8,986)</u>	<u>(3,841)</u>	<u>5,146</u>

Resources

General Fund revenue for Fiscal Year 2015 is estimated to be \$4.5 million above the Fiscal Year 2014 approved budget; due mainly to the 5% rate adjustment.

Appropriations

Operating Expenditures – Operating expenditures contain a net increase of \$3.0 million from Fiscal Year 2014. This includes an increase of \$2.4 million in salaries and benefits, a decrease of \$0.41 million in operating expenses and an increase of \$1.07 million for the Debt Service and Capital transfers.

Personnel expenditures include a 2% cost of living adjustment, as per labor agreements. Four and one-half new positions were added in Fiscal Year 2015 and one position was deleted for a net increase of three and one-half positions in Fiscal Year 2015. Fiscal Year 2015 annualized cost of the additional positions is \$0, due to offsets by other appropriations. The positions added include Risk Manager, System Support Specialist II, GPS Coordinator, Heavy Equipment Mechanic and part-time Treasury Officer. The position deleted was Records Manager. There is also a 3.65% increase for other employee benefits, due to increased cost of health insurance and PERA retirement contributions. Total general operating costs decrease by \$413,000. The internal service charges increase by \$1.07 million for the transfer to debt service.

Working Capital –The balance for Working Capital is estimated to be \$10 million at the end of the Fiscal Year 2015.

\$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.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

Debt Service Fund – 31

Total current resources approved for Fiscal Year 20154 is \$82.2 million. The current resources are comprised of transfers from the General Operating Fund and Utility Expansion Charges (UEC). Appropriations total \$80.2 million, of which \$75.2 million is debt service to offset payments and \$5.0 million is the transfer to CIP.

(\$000's)	AUDITED FY13	ORIGINAL BUDGET FY14	REVISED BUDGET FY14	ESTIMATED ACTUAL FY14	APPROVED BUDGET FY15	APPR 15/EST ACT 14 CHG
RESOURCES:						
Miscellaneous Revenues	8,282	8,200	8,200	8,200	9,000	800
Transfers from Other Funds	<u>66,362</u>	<u>72,094</u>	<u>72,094</u>	<u>72,094</u>	<u>73,160</u>	<u>1,066</u>
Total Current Resources	74,644	80,294	80,294	80,294	82,160	1,866
Beginning Fund Balance	<u>(2,392)</u>	<u>(2,476)</u>	<u>(2,476)</u>	<u>(2,476)</u>	<u>(165)</u>	<u>2,311</u>
TOTAL RESOURCES	<u>72,252</u>	<u>77,818</u>	<u>77,818</u>	<u>77,818</u>	<u>81,995</u>	<u>4,177</u>
APPROPRIATIONS:						
Total Joint Water/Sewer DS	72,670	73,621	73,621	73,621	75,161	1,540
Transfers to Other Funds	<u>3,000</u>	<u>4,362</u>	<u>4,362</u>	<u>4,362</u>	<u>5,000</u>	<u>638</u>
TOTAL APPROPRIATIONS	<u>75,670</u>	<u>77,983</u>	<u>77,983</u>	<u>77,983</u>	<u>80,161</u>	<u>2,178</u>
ADJ TO FUND BALANCE	<u>941</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
AVAILABLE FUND BALANCE	<u>(2,476)</u>	<u>(165)</u>	<u>(165)</u>	<u>(165)</u>	<u>1,835</u>	<u>2,000</u>

Resources

Debt Service resources increase \$1.9 million in Fiscal Year 2015 mainly due to an increase in the transfer from the General Fund.

Appropriations

Debt service payments increase \$5.4 million from Fiscal Year 2015 based on the Authority's debt service schedule.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

Fiscal Year 2015 Operational Highlights

The FY15 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, in conjunction with the Operating Divisions developed the budget by determining those costs necessary to running the utility operation. For FY15, the approved budget includes a 5% revenue rate adjustment. Looking forward, the Authority must continue to spend the \$250 million to upgrade its sewage treatment plant and adding an additional \$36 million per year in Capital Implementation Program (CIP) funding to cover the costs of routine replacement of aging pipes, pumps and other infrastructure as recommended in a recent asset management study commissioned by the Water Authority. The CIP infrastructure renewal budget is planned to increase by \$3 million per year starting in FY15.

In FY14, the Authority implemented the SunGard Enterprise Resource Planning (ERP) system. This project implemented a full range of financial and human capital resources modules. In FY14, Phase 1 was completed and the project went live on July 1, 2013. The Authority's first payroll run began in June of 2013. Phase 1 included all the Financial Modules, Payroll and the HR functions as they relate to Payroll. Phase 2 began on July 1, 2013 and is anticipated to be completed on April 28, 2014. This Phase will implement the remaining HR modules to include items such as Employee Self Service. Other SunGard modules will become available during FY15 and the Authority will develop work plans to implement those modules.

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

The San Juan-Chama Drinking Water Project (DWP) is expected to increase surface water treatment to provide 60% of water supplied to the service area, but this may change as we enter the fifth year of drought in the Middle Rio Grande. With the pending drought, the Authority provided a loan of 20,000 acre-feet to the Middle Rio Grande Conservancy District along with providing supplemental water for the Bureau of Reclamation. The goal is to sustain endangered species and partner with other water entities during this irrigation season. It is anticipated that the Authority will still have more than three years of water available at the end of calendar year 2014.

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

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

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The design of the full-scale pilot Aquifer Storage and Recovery (ASR) program will be continuing in FY15 with permitting, design and construction to attempt to ultimately store more than 50,000 acre-feet into the aquifer at the Large Scale project at the water treatment plant site along with the Webster well. This project will allow storage during winter months that could be used in a single year or through a series of years to assist in providing a drought management account for the rate payers.

The Northwest Service Area Division (NWSA) has been successfully integrated into operations of the Authority. The NWSA now provides some selected services not only to customers of the former New Mexico Utilities but also to other Authority Westside ratepayers. Since the Authority has long discussed area operations, the establishment of a northwest service area as described will provide a program that can be used to improve services to customers. The Field Operations & Maintenance Sections will work together to implement the Clevest mobile workforce management system, which will provide a bridge for Maximo and CC&B in order to create SOP's for a paperless, real time, work order system, where field activities are dispatched, closed out and updated on a mobile platform. In addition, Clevest will be used to manage line spot, schedule and record the preventative maintenance (PM) activities on the meter change out, box and valve replacement initiative for the field operations and maintenance sections and the Customer Service Division. Also, the NWSA will be developing a reporting matrix where response time, emergency repairs, work order completion percentage, and preventative maintenance can be measured and benchmarked against industry leaders.

On the Collections Section side, the Authority continued to implement the Capacity Management Operations and Maintenance (CMOM) program including expand closed circuit televising (pending available funding) and condition analysis of wastewater collection lines, root control and enhanced cleaning programs.. Continued efforts in odor and corrosion controls are also progressing along with a new program to evaluate of magnesium hydroxide treatment for odor control reduction and pH adjustment. The Collections Section implemented EPA-mandated (September, 2012) changes to reporting overflows in conjunction with enhanced communications with other impacted organizations (AMAFCA and the COA-Storm Drainage Section). The Authority's 24 sanitary sewer lift stations and 10 vacuum sewer stations will be evaluated and assessed for condition and risk. Asset Management plans will be produced and used as a guide for the future rehab of these facilities. The assessments are scheduled to be completed by the end of FY15.

The Plant Division began a major renovation of the Southside Water Reclamation Plant (SWRP) in FY10 called the Reclamation Rehabilitation and Asset Management Plan (RRAMP). The RRAMP is a multi-year program to renew the treatment processes at the plant. Construction began on the Preliminary Treatment Facility (PTF) in late 2013 and will continue until summer 2015. Engineering evaluation of alternatives for the Solids Dewatering facility continues, including replacing the facility with a new facility or rehabilitation of the existing facility. Construction improvements to the blower complex, aeration basins and systems, digester mixers and electrical systems are underway and will continue in 2014. The funding for the RRAMP improvements will be provided through the Authority's Capital Implementation Program (CIP).

Construction of the Southside Municipal Effluent Polishing and Reclamation project was completed in April, 2013. Connections to the individual users commenced during the Spring of 2013 and will continue until all of the users have connected. Full operations began during irrigation season 2013 and continue in irrigation season 2014. The project will eventually provide up to 2,500 acre-feet of non-potable water to more than forty large turf sites in the southeast heights and south valley of Albuquerque including Isotopes Baseball Park, UNM Championship and Puerto del Sol Golf Courses, Bullhead and Vietnam Veterans parks and Mesa del Sol.

The SWRP continues to generate Renewable Energy Certificates using digester gas (containing methane) which is used to power a generator. The Southside Water Reclamation Facility generates approximately 30% of its power requirements using digester gas. Plans are to continue to increase the amount of residual solids that are composted and sold to increase revenue and work cooperatively to increase the amount of compost sold in

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FY15. It is the Authority's goal to compost at least 25% of the total wastewater residuals while not "over-saturating" the regional market for compost product.

The Information Technology Department (ITD) will continue to push mobile technologies to field and operations staff to become more efficient. This includes Maximo, SharePoint and mobile Kronos/Timekeeping. ITD will also begin preparations for the upgrade of Authority Enterprise applications including Maximo, SunGard, and Customer Care & Billing (CC&B).

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

In FY15, the Authority continues with the implementation of Phase 3 of its Automated Meter Infrastructure (AMI) project for small residential meters (less than 4"). The Authority now has over 55,000 meters on the AMI technology. In FY15, Phase 3 of the AMI implementation is expected to be completed, which will include all City of Albuquerque accounts, so the City of Albuquerque can be billed on a composite bill. The Customer Care and Billing (CC&B) billing Web Self Service with a single logon interface for customers will be completed in FY15 and will allow for the increase in the market penetration of paperless billing in FY15, and the AMI project will provide access of monthly, daily and hourly water usage to customers.

Water and Wastewater Operations are regulated by a myriad of federal, state, and local environmental permits, regulations, and rules. The Compliance Division continues to maintain a quarterly matrix of regulatory requirements to monitor regulatory initiatives to define operational impacts and develop compliance strategies. To comply with requirements of the 2012 National Pollutant Discharge Elimination System (NPDES) permit requirements, the Industrial Pretreatment Program completed modification of the Water Authority Sewer Use and Wastewater Control Ordinance as approved by the Governing Body in January 2014 to become effective in July 2014, developed a policy to reduce the impacts to the sewer systems caused by Fats, Oils, and Grease (FOG) discharges, and revised the Technically Based Local Limits. Each of these documents has been submitted to EPA for approval and has been compiled, along with other documents as a proposed Pretreatment Program Modification for submittal for approval to EPA. Improvements in ordinance compliance continue with inspection, monitoring, and enforcement actions for permitted industrial users, septage waste haulers, food service establishments, and dental offices. In conjunction with ITD, the Laboratory Information Management System (LIMS) implementation project was advanced in FY14. The LIMS implementation scoping study was developed through the fall of 2013 with the final document completed by February 2014. A sample management model has been created and documented, as well as configuration test cases for existing laboratory procedures for the Water Quality Laboratory and Water Process Laboratory. A complete listing of processes to be documented was created and presented to a newly established steering committee. Development of these process models will be facilitated using modeling software under acquisition by ITD. These processes incorporate performance metrics to enable comparisons to industry standards as well as track actual cost for laboratory services. LIMS maintains records for millions of analytical results and associated quality assurance/quality control processes. Phase One of the Data Repository has been completed to combine LIMS records, along with results from other analytical laboratories, to develop a water quality monitoring data repository for user access to historical and current analytical results, inclusive of data validation procedures and statistical tools for analyses. Development of the Environmental Monitoring Program continues based upon pilot activities completed in FY14.

The approved budget also includes nonrecurring funding for an employee incentive program. This program will reward employees for cost savings due to increased efficiencies or a decrease in work related losses. Funding for this program is contingent on the Authority generating the same or a greater amount in savings. This

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incentive program has been an effective tool in the reduction of the Authority's Workers Compensation expense in half over the past two fiscal years.

Debt service payments increased by \$1.5 million over FY14. The Authority's service area is still experiencing very slow growth due to the impact of the recession in the service area. The proposed appropriation for Fiscal Year 2015 for CIP is \$51.0 million. \$48.0 million is appropriated for the Basic capital program and \$3.0 million is appropriated for special projects. The \$48.0 million is comprised of \$33.0 million in base level rehabilitation funding required by the Rate Ordinance, \$10.0 million in supplemental rehabilitation funding and \$5.0 million in growth program funding. The Working Capital balance at June 30, 2015 is estimated to be \$10.9 million.

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

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.”

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§ 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 Director’s proposed budget.

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BUDGET ORDINANCE PROVISIONS:

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

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

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

BUDGET ORDINANCE PROVISIONS:

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

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

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

RATE ORDINANCE PROVISIONS:

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

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

“(C) Increasing Minimum Monthly Fixed Charges. If the determination of §1-2(B) above shows that the total revenues minus the expenses of the system are less than 133% of the current debt service for the cumulative quarter of the fiscal year, the fixed monthly charge will be increased for water and 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

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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."

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.”

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

***Approved
Operating Budget
FY15***

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Five-Year Goal Development

The Authority established Five-Year Goals and One-Year Objectives in 2005 to help guide its 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 the American Water Works Association's QualServe business model. The QualServe framework is modeled on using fifteen successful quality achievement programs, including the Malcolm Baldrige National Quality Award Program, the Deming Award, and the International Standards Organization series of quality standards. The model characterizes the work of the typical water and wastewater utility around five business systems. The Authority's Five-Year Goals parallel the QualServe model. In addition, the Authority has developed guiding goal statements for each goal area which explains the long-term desired result for that goal.

Water Authority's Five-Year Goals



Effective Utility Management & AWWA QualServe Program

Effective Utility Management (EUM) was produced by water and wastewater utility leaders in 2008 to assist utility managers and policy makers improve water and wastewater management. The EUM Primer distills the expertise and experience of these utility leaders into a framework intended to help a utility manager identify and address their most pressing needs through a customized, incremental approach that is relevant to the day-to-day challenges utilities face. EUM incorporates the benchmarking performance indicators from the AWWA Utility Benchmarking Survey. Taken as a whole, the benchmarking performance indicators provide the Authority the ability to gauge progress in the EUM Attribute areas. The Authority has participated in all three AWWA QualServe programs which are designed to help the Authority identify and prioritize opportunities for

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improvement. The Benchmarking program allows the Authority to compare its performance against other utilities at least every two years. The Benchmarking program provides utilities an opportunity to collect and track data from already identified and tested performance measures, based on the same collection process and definitions. The most recent survey data was compiled in 2012 by AWWA from over 100 different utilities. The Self-Assessment program gathers employee's opinions about the Authority's operations in order to help determine the its current performance level. The Authority conducted Self-Assessments in 2004 and in 2011 which allowed the utility to compare results to determine where the employees feel the utility has improved or needs more improvement. The Peer Review program is an on-site, in-depth review of the Authority's operations by a team of volunteer utility professionals to help the utility design and implement improvements. A Peer Review was conducted in 2005 which identified 119 strengths and 127 areas of improvement. Many of the areas of improvement have been incorporated into the Authority's One-Year Objectives. In 2012, the AWWA discontinued the Self-Assessment and Peer Review components but will continue the Utility Benchmarking Survey. The Authority plans on utilizing the EUM framework in order to advance its continuous performance improvement process.

One-Year Objectives

The AWWA and EUM programs help the Authority to identify gaps in service delivery or performance. The Authority's performance measures are used to help monitor its performance and to develop performance targets. With the performance measures being used to identify gaps, the One-Year Objectives, which are policy directives from the Water Authority Board, are used to close performance or service delivery gaps and improve performance levels. It should be noted that not all One-Year Objectives are tied to performance measures or have a measurable component. Some Objectives are related to completing projects or improving programs. Some of the FY15 Objectives are tied to resources contained in the Approved FY15 Budget. A few of the objectives are carried over from FY14 either because they require more time to complete, or are ongoing issues. Some of the Objectives are tied to the Performance Plan in order to improve operations and/or customer service. The Performance Plan discusses in more detail the linkage between the Five-Year Goals, One-Year Objectives, and Performance Measures.

Strategic Planning, Budgeting and Improvement Process

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

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

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

Goal 1: Water Supply and Operations

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

- Complete Ground Water Plant Preventive Maintenance to Corrective Maintenance ratio to at least 55% of all completed maintenance labor hours by the end of the 4th Quarter of FY15.
- Complete Surface Water Plant Preventive Maintenance to Corrective Maintenance ratio to at least 40% of all completed maintenance labor hours by the end of the 4th Quarter of FY15. If funding is available, implement the decommissioning plans for Yale Reservoir and Santa Barbara Pump Station by the end of the 4th Quarter of FY15.

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- Purchase the necessary field equipment and begin implementation of a pilot large diameter valve exercise program including field location and GPS coordinates of existing valves. The program should include developing exercise protocol and standard operating procedures and determining overall manpower needs and equipment to implement a priority phasing schedule based on business risk exposure rating; continue implementation of program through the end of the 4th Quarter of FY15.
- Maintain water use between 136 to 146 gallons per capita per day for calendar year 2014; maintain water use between 135 to 145 gallons per capita per day for calendar year 2015.
- Submit an application for a full scale aquifer storage and recovery permit for Bear Canyon by the end of the 1st Quarter of FY15.
- Submit an application for an aquifer storage and recovery demonstration permit at Webster Well #1 by the end of the 2nd Quarter of FY15.
- Complete 95% design of the Large Scale aquifer storage and recovery project by the end of the 2nd Quarter of FY15.
- Complete a plan to provide field trips to all area fourth grade students by the end of the 2nd Quarter of FY15.
- Continue the distribution water loss program by locating water leaks from surveying 500 miles of small diameter water lines through conventional leak detection methods and 2,000 miles of small diameter water lines through acoustic leak detection by the end of the 4th Quarter of FY15.
- Continue work on the Partnership for Safe Water program for surface water treatment and drinking water distribution systems to optimize water system operations and performance by the end of the 4th Quarter of FY15.
- Complete asset management plans for the reservoirs, wells, and pump stations to determine the condition of the Authority's groundwater facilities by the end of the 4th Quarter of FY15.
- Continue implementation of the Water Resources Management Strategy and report to the Customer Advisory Committee by the end of the 3rd Quarter of FY15; and initiate the process to update the Water Resources Management Strategy (WRMS) by the 4th quarter of FY15 with the Customer Advisory Committee and a series of public forums.
- Continue implementation of the Water Quality Protection Policy and Action Plan (WPPAP) including administrative, policy and technical support to the Water Quality Advisory Board (WPAB). Continue to monitor ongoing or new ground water contamination sites and provide technical comments to preserve and protect the aquifer and surface water supplies in the Middle Rio Grande. Provide quarterly status reports to the Water Authority Board through the 4th Quarter of FY15.

Goal 2: Wastewater Collection and Operations

Provide reliable, safe and affordable wastewater collection, treatment and reuse systems to protect the health of the Middle Rio Grande Valley by safeguarding the regional watershed, minimizing environmental impacts, and returning quality water to the Rio Grande for downstream users.

- Limit overall permit excursions to no more than 5 operating discharge permit violations to comply with effluent quality standards through the end of the 4th Quarter of FY15.
- Complete application to NACWA's Peak Performance Award and the Excellence in Management Program by the end of the 3rd Quarter of FY15.
- Beneficially reuse biosolids by diverting 25% of the biosolids to compost through the end of the 4th Quarter of FY15.
- Complete Waste Water Plant Preventive Maintenance to Corrective Maintenance ratio to at least 35% of all completed maintenance labor hours by the end of the 4th Quarter of FY15.
- To continue minimizing odors, begin testing of the magnesium hydroxide station in the sanitary sewer system and establish criteria to evaluate performance impacts to the interceptor system including the Yucca/Central area and the water reclamation facility by the end of the 4th Quarter of FY15.

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- Conduct a root foaming pilot program on sewer lines that meet the root infested and/or inaccessibility criteria; assess the effectiveness to mechanical cleaning currently practiced and provide recommendation by the end of the 4th Quarter of FY15.
- Conduct a Fats, Oils, and Grease (FOG) Buster pilot program on sewer lines; evaluate and provide recommendation by the end of the 4th Quarter of FY15.
- Develop a nozzle program for cleaning sewer lines in conjunction with the Maximo software module and based on televised identified conditions; provide status report and recommendation by the end of the 4th Quarter of FY15.
- Televis and assess the condition of approximately five percent of the small diameter sanitary sewer system by the end of the 4th Quarter of FY15.
- Complete an Arc Flash Hazard Evaluation and being implementation if funding is available by the end of the 4th Quarter of FY15.
- Complete asset management plans for the sanitary sewer lift stations to determine the condition and criticality of the Authority's facilities by the end of the 4th Quarter of FY15.
- Implement the Reclamation Rehabilitation Asset Management Plan by planning, designing and constructing reclamation facility improvements through the end of the 4th Quarter of FY15.
- Continue examination of water reclamation and reuse alternatives for future use of wastewater effluent or other non-potable water sources by the end of the 4th Quarter of FY15.
- Monitor compliance with the Authority's Sewer Use and Wastewater Control Ordinance by continuing to inspect, monitor, and take enforcement action for permitted industrial users, septage waste haulers, food service establishments, and dental offices; report activities and respective compliance rates through weekly, monthly, and quarterly reporting, while referencing past performance through the end of the 4th Quarter of FY15. Obtain a compliance rate goal is 85% for each category.
- Implement the Fats, Oils, and Grease (FOG) Policy to reduce impacts on the sewer system by inspecting each Food Service Establishment (FSE) once every three years, working with the Collections section with Sanitary Sewer Overflow (SSOs) investigations, and convene FOG Task Force of other governmental entities to coordinate efforts to reduce FOG discharges. Track and report the number of SSOs due to FOG compared with previous years. In conjunction with Public Affairs Manager, develop a public relations campaign to inform rate-payers of Best Management Practices for FOG. Report campaign progress monthly and quarterly.

Goal 3: Customer Services

Provide quality customer services by communicating effectively, billing accurately, and delivering water and wastewater services efficiently based on understanding the needs and perceptions of our customers and the community at large.

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

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

- Conduct quarterly Customer Conversation meetings to engage customers and obtain input on the Authority's activities through the end of the 4th Quarter of FY15.

Goal 4: Business Planning and Management

Maintain a well- planned, managed, coordinated, and financially stable utility by continuously evaluating and improving the means, methods, and models used to deliver services.

- Expend \$34 million in water and wastewater capital rehabilitation and replacement programs to replace aging, high risk assets that are past their useful life by the end of the 4th Quarter of FY15. \$1 million shall be dedicated and used for identifying steel water pipes in critical or poor condition and rehabilitating or replacing at least 2 miles of small diameter steel water lines by the end of the 4th Quarter of FY15.
- Continue to develop the integrated water/sewer/reuse master plan by incorporating the Southwest quadrant of Bernalillo County by the end of the 4th Quarter of FY15.
- Continue development of a comprehensive energy master plan to reduce energy demand by utilizing alternative clean energy sources by the end of the 4th Quarter of FY15.
- Continue implementation and system integration of mobile solutions to operations staff for optimization of the work order process including Clevest, and automation of preventative maintenance on utility equipment through the end of the 4th Quarter of FY15.
- Implement an independent telephony/data network that will provide a more reliable infrastructure and network in order to provide better customer service and additional functionality to staff by the end of the 4th Quarter of FY15.
- Implement an Information Technology Strategic Plan that supports the upgrading and hosting of major utility applications including: Customer Care and Billing (CC&B) application, Maximo Work Order application, SunGard Core Finance & HR/Payroll application; consolidate network storage by the end of the 4th Quarter of FY15; continue implementation of an IT Service Desk Authority-wide.
- Implement Phase 3 of the Enterprise Resource Planning (ERP) project to integrate and optimize major business management functions by the end of the 4th Quarter of FY15.
- Evaluate water and sewer rate structures to ensure equity within the structures by the end of the 4th Quarter of FY15; develop a customer outreach strategy to educate customers on the value of water and infrastructure rehabilitation needs by the end of the 1st Quarter of FY15.
- Maintain the Compliance Division Regulatory Compliance Permit Matrix and the Regulatory Matrix Status Report to respectively maintain schedules for permit submittals and monitor and report emerging Safe Drinking Water Act (SDWA) and Clean Water Act (CWA) regulations, New Mexico Water Quality Control Commission and Environmental Improvement Board regulations, and local laws ordinances, etc. to identify and assess potential impacts on the Authority. Provide quarterly reports through the end of the 4th Quarter of FY15.
- Collect, monitor, and report weekly, monthly and quarterly key laboratory performance metrics to include: WQL results approved and reported for each laboratory section (chemistry, microbiology, metals, and external labs), laboratory productivity (results reported per productive hour), and the percentage of results reported late (turnaround time (TAT)). Maintain performance levels at FY13 levels. Research and identify industry performance benchmarks to be included for comparison.
- Continue collection and analyses of the operational data necessary to determine and document the actual cost of service for laboratory services for the analytical methods within the Water Quality Laboratory scope of accreditation. The status of the data collection and analyses efforts will be reported quarterly.
- In conjunction with the Information Technology Division, continue reimplementation of the Laboratory Information Management System (LIMS).
- Continue to develop the data repository including coordinating with Plant Operations Division to develop reports generated from the Data Repository to provide new access to approved laboratory and field analytical instrument water quality analyses and user statistical analyses tools.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

- Continue to develop the Environmental Monitoring Program to improve the reliability of results from field instrumentation and sample collection techniques. Develop a program plan based on designated ISO standard to address accreditation requirements to include standard operating procedures, document control and records management plans, and a process for demonstration of staff capability. Implement program plan by the end of Quarter 2 of FY15.
- Prepare for the American Association for Laboratory Accreditation (A2LA) annual assessment of the Water Quality Laboratory including completing required internal audits and annual review and revision of Standard Operating Procedures. Monitor and report findings each Quarter of FY15, along with progress made to address and resolve any deficiencies identified in the preceding quarter. Monitor and report weekly, monthly, and quarterly the number of Corrective Action Reports and the necessary time for completion of corrective actions.
- In conjunction with ITD Quality Assurance, define a clear organizational architecture and IT governance structure for Compliance Division technology assets. Roles and responsibilities for this structure will be defined through a division service portfolio. The service portfolio will identify all information services provided to the Compliance Division and include a service catalog of software/hardware required to deliver services and service level agreements (SLAs) defining service metrics.
- In order to evaluate and improve the services provided by Pretreatment staff members that interact with the public and customers on a daily basis, a customer service survey will be developed and implemented to survey businesses and facilities that are inspected and/or monitored by Pretreatment staff members to include permitted industrial users, food service establishments, dental facilities, septage waste haulers, as well as pollution prevention assessments, public outreach events and consultations. Report survey results quarterly, as well as improvements made as a result of findings.

Goal 5: Organizational Development

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

- Implement Phase 2 of employee performance expectations that aligns to performance strategies through the 4th Quarter of FY15.
- Maintain an average utility-wide vacancy rate of no greater than 6% through the end of FY15.
- Improve workforce efficiency by implementing electronic personnel action forms in conjunction with the SunGard financial system by the end of the 4th Quarter of FY15.
- Complete the standard operating procedures for the water and wastewater plants and begin training by the end of the 4th Quarter of FY15.
- Continue implementation of the Operational Improvement Strategy by implementing the Area Procedures and Evaluations, and documenting and collecting data from key performance indicators to improve work load management and system performance efficiencies by the end of the 4th Quarter of FY15.
- Reduce injury hours to 2,750 hours or less to improve productivity and reliability of services provided by employees by the end of the 4th Quarter of FY15.

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***APPROVED BUDGET
&
FINANCIAL
CONSOLIDATIONS***

***Approved
Operating Budget
FY15***

PERSONNEL SUMMARY

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ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

PERSONNEL INFORMATION

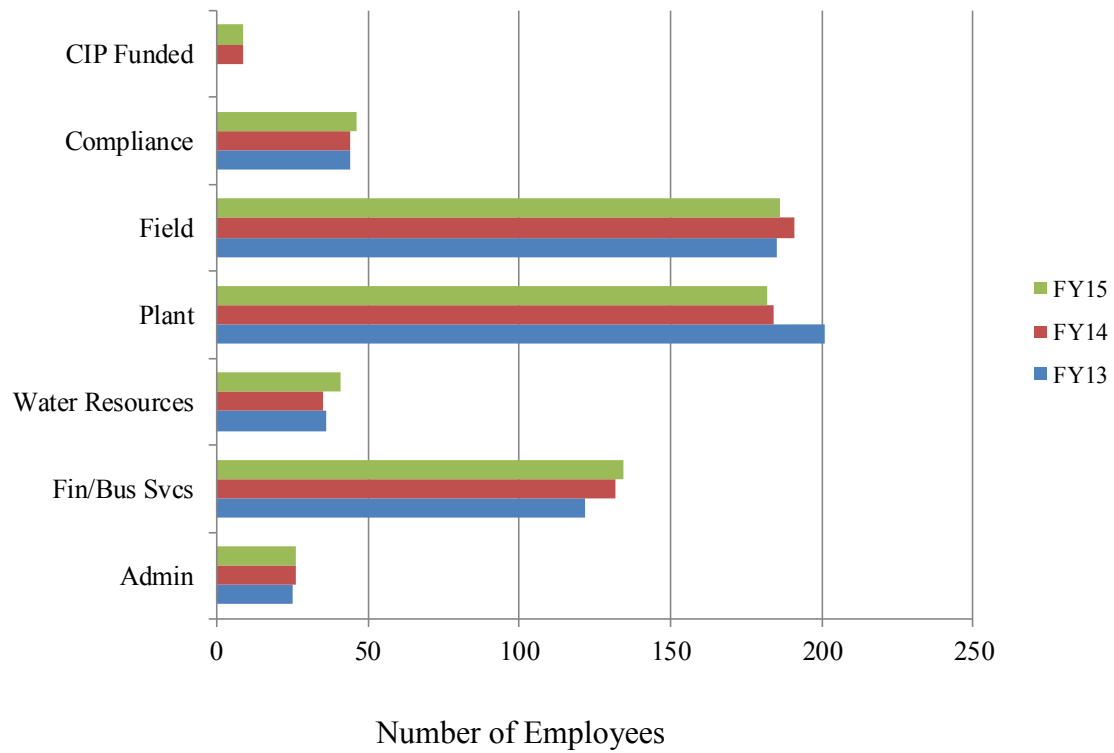
The Fiscal Year 2015 approved budget contains a net increase of 3.5 employees over the Fiscal Year 2014 level. The Fiscal Year 2015 budget is authorized and approved at 624.5 employees.

Three labor unions represent 497 of the 624.5 Authority employees. Local 2962 AFSME, AFL-CIO, CLC represents 56 clerical series employees, Local 624 AFSCME, AFL-CIO represents 316 blue collar employees and Local 3022 AFSCME, COUNCIL 18, AFL-CIO represents 125 management series employees.

Changes in Employment - The budget for Fiscal Year 2015 shows a net increase of 3.5 new positions. The positions added include Risk Manager, System Support Specialist II, GPS Coordinator, Heavy Equipment Mechanic, and part-time Treasury Officer. The position deleted is Records Manager.

POSITIONS:	ACTUAL FY13	ORIGINAL BUDGET FY14	REVISED BUDGET FY14	ESTIMATED ACTUAL FY14	APPROVED BUDGET FY15
Administration					
Water Authority	12	13	13	13	8
Risk	0	0	0	0	5
Human Resources	13	13	13	13	13
Total Administration	25	26	26	26	26
Financial /Business Services					
Finance	23	27	27	27	28.5
Customer Services	74	80	80	80	80
Information Technology	25	25	25	25	26
Total Financial/Business Services	122	132	132	132	135
Plant					
Wastewater Treatment	109	99	99	99	99
Groundwater	68	57	57	57	56
San Juan-Chama Water Treat Plant	24	28	28	28	27
Total Plant	201	184	184	184	182
Field					
Wastewater Collection	63	65	65	65	60
Water Field Operations	122	126	126	126	126
Total Field	185	191	191	191	186
Compliance	44	44	44	44	46
Water Resources Management	36	35	35	35	41
CIP Funded	0	9	9	9	9
TOTAL FULL TIME POSITIONS	613	621	621	621	624.5

Changes in Employment by Functional Unit



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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.

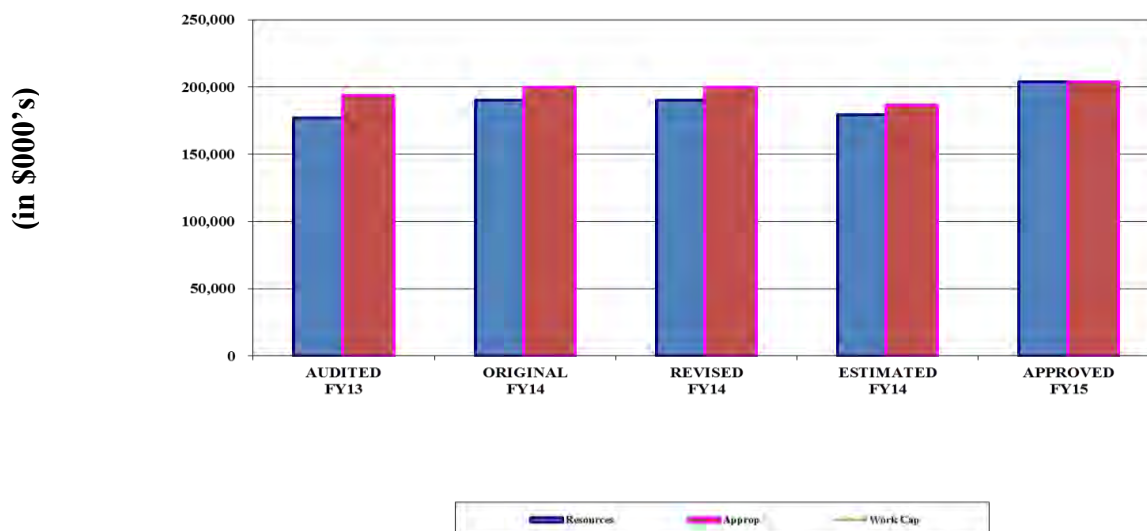
Fund 21 - General Fund - To account for the general operations of providing water and sewer services in the Authority's service area.

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

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

CONSOLIDATED RESOURCES, APPROPRIATIONS AND WORKING CAPITAL BALANCE

	AUDITED	ORIGINAL	REVISED	ESTIMATED	APPROVED	APP 15/ EST ACT 14
(\$000's)	FY13	BUDGET FY14	BUDGET FY14	ACTUAL FY14	BUDGET FY15	CHG
RESOURCES:						
Miscellaneous Revenues	9,470	10,500	10,500	10,500	14,510	4,010
Enterprise Revenues	178,942	196,374	196,374	185,657	197,649	11,992
Transfers from Other Funds	68,072	72,894	72,894	72,894	73,961	1,067
Interfund Adjustments	(66,362)	(72,094)	(72,094)	(72,094)	(73,161)	(1,067)
Total Current Resources	190,122	207,674	207,674	196,957	212,959	16,002
Beginning Working Capital Balance	(13,261)	(17,397)	(17,397)	(17,397)	(9,152)	8,245
TOTAL RESOURCES	176,861	190,277	190,277	179,560	203,807	24,246
APPROPRIATIONS:						
Enterprise Operations	102,310	109,693	109,693	104,729	111,652	6,923
Debt Service	72,670	73,621	73,621	73,621	75,161	1,540
Transfers to Other Funds:	85,177	88,456	88,456	80,456	90,161	9,705
Interfund Adjustments	(66,362)	(72,094)	(72,094)	(72,094)	(73,161)	(1,067)
TOTAL APPROPRIATIONS	193,795	199,676	199,676	186,711	203,813	17,101
ADJ TO WORKING CAPITAL BALANCE	(463)	(2,000)	(2,000)	(2,000)	(2,000)	0
ENDING WORKING CAPITAL BALANCE	(17,397)	(11,399)	(11,399)	(9,152)	(2,006)	7,146



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

COMBINED FISCAL YEAR 2015 FUNDS BUDGET

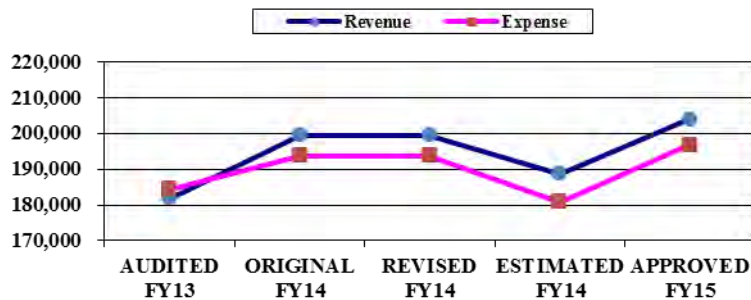
	GENERAL FUND 21	DEBT SERVICE FUND 31	2014-2015 TOTALS
Revenues and Other Resources			
Interest	10,000		10,000
Miscellaneous	5,500,000		5,500,000
Water	90,277,000		90,277,000
Water Resources Management	4,500,000		4,500,000
Sewer	62,513,000		62,513,000
CIP Employees	800,000		800,000
Solid Waste Billing Fee	1,323,000		1,323,000
Franchise Fee	7,836,000		7,836,000
SJC Strategy Implementation	31,200,000		31,200,000
Utility Expansion Charges		9,000,000	9,000,000
Transfers		73,161,000	73,161,000
Interfund Adjustment			(72,094,000)
TOTAL	<u>203,959,000</u>	<u>82,161,000</u>	<u>214,026,000</u>
Expenditures			
Wages	34,726,881		34,726,881
Fringe Benefits	17,075,762		17,075,762
Professional and Other Services	1,222,512		1,222,512
Utilities	12,300,982		12,300,982
Supplies	8,751,520		8,751,520
Travel, Training, and Dues	415,582		415,582
Repairs and Maintenance	11,275,906		11,275,906
Vehicle Maintenance	2,505,604		2,505,604
Insurance, Tort, and Other Liab	3,231,844		3,231,844
Franchise Fee	7,836,000		7,836,000
NM Water Conservation Fee	700,000		700,000
Interest	332,000		332,000
Principal	1,070,000		1,070,000
Admin Svcs-IDOH	455,992		455,992
Contractual Services	9,112,089		9,112,089
Capital Outlay	640,326		640,326
Transfers to Other Funds	12,000,000	5,000,000	17,000,000
Transfer to Debt Service	73,160,000		73,160,000
Debt Service Payments		75,161,000	75,161,000
Interfund Adjustment			(72,094,000)
TOTAL	<u>196,813,000</u>	<u>80,161,000</u>	<u>204,880,000</u>
Revenue Over (Under) Expenditures	7,146,000	2,000,000	9,146,000
Beginning Fund Balance	(8,987,000)	(165,000)	(9,152,000)
Rate Reserve	(2,000,000)		(2,000,000)
Ending Fund Balance	<u>(3,841,000)</u>	<u>1,835,000</u>	<u>(2,006,000)</u>

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ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

GENERAL FUND 21 RESOURCES, APPROPRIATIONS AND WORKING CAPITAL BALANCE

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



- ◇ 5% rate adjustment for FY15.
- ◇ 2% Cost of Living adjustment for salaries in FY15.
- ◇ General operating expenses decrease \$0.41M in FY15.
- ◇ Transfers and Internal Services increase \$1.1M in FY15.
- ◇ Working Capital balance maintained at \$10M in FY15.
- ◇ \$2M added to Rate Reserve in FY15.

GENERAL FUND 21 RESOURCES, APPROPRIATIONS AND WORKING CAPITAL BALANCE

(\$000's)	AUDITED FY13	ORIGINAL BUDGET FY14	REVISED BUDGET FY14	ESTIMATED ACTUAL FY14	APPROVED BUDGET FY14	APPR 15/ EST ACT 14 CHG
RESOURCES:						
Miscellaneous Revenues	1,188	2,300	2,300	2,300	5,510	3,210
Enterprise Revenues	178,942	196,374	196,374	185,657	197,649	11,992
Transfers from Other Funds	1,710	800	800	800	800	0
Total Current Resources	181,840	199,474	199,474	188,757	203,959	15,202
Beginning Working Capital Balance	(10,869)	(14,921)	(14,921)	(14,921)	(8,987)	5,934
TOTAL RESOURCES	170,972	184,553	184,553	173,836	194,972	21,136
APPROPRIATIONS:						
Joint Water/Sewer Operations	102,310	109,693	109,693	104,729	111,652	6,923
Transfers to Other Funds:	82,177	84,094	84,094	76,094	85,161	9,067
TOTAL APPROPRIATIONS	184,487	193,787	193,787	180,822	196,813	15,990
ADJ TO WORKING CAPITAL BALANCE	(1,405)	(2,000)	(2,000)	(2,000)	(2,000)	-
ENDING WORKING CAPITAL BALANCE	(14,921)	(11,234)	(11,234)	(8,987)	(3,841)	5,146

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

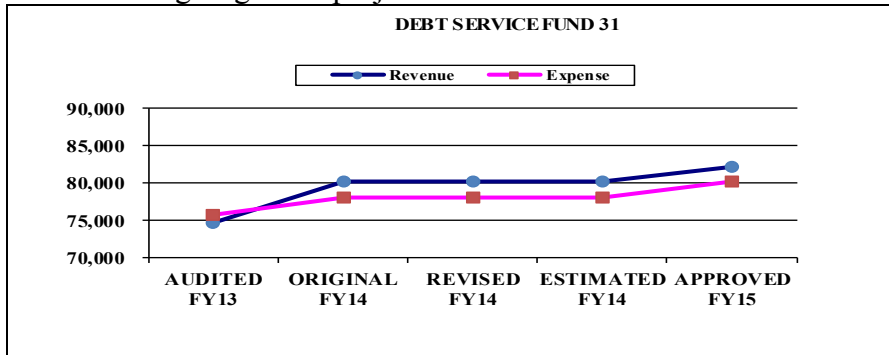
GENERAL FUND – 21

(S000's)	AUDITED FY13	ORIGINAL BUDGET FY14	REVISED BUDGET FY14	ESTIMATED ACTUAL FY14	APPROVED BUDGET FY15	APPR 15/ EST ACT 14 CHG
RESOURCES:						
Miscellaneous Revenues						
Bond Proceeds	-	-	-	-	-	-
Interest on Investments	(2)	750	750	750	10	(740)
Other Miscellaneous Revenue	1,190	1,550	1,550	1,550	5,500	3,950
Total Miscellaneous Revenues	1,188	2,300	2,300	2,300	5,510	3,210
Enterprise Revenues						
City System-Water	64,558	77,515	77,515	68,515	74,507	5,992
City System-Sewer	41,098	52,187	52,187	38,600	41,313	2,713
City System-Contr/Aid	386	350	350	350	350	-
SJC Strategy Implementation	29,161	30,000	30,000	28,000	31,200	3,200
City Metered Water Sales - Reuse	397	400	400	400	400	-
City System-Franchise Fee	6,006	7,130	7,130	7,130	7,130	-
Solid Waste Admin Fees	-	1,236	1,236	1,236	1,323	87
Water Resources Management	4,594	4,500	4,500	4,500	4,500	-
Water Facilities Rehab	9,916	7,100	7,100	10,000	10,000	-
Wastewater Facilities Rehab	13,260	6,200	6,200	17,200	17,200	-
Total City System	169,376	186,618	186,618	175,931	187,923	11,992
Valley System-Water	5,249	5,000	5,000	5,000	5,000	-
Valley System-Sewer	3,673	4,000	4,000	4,000	4,000	-
Valley System-Contr/Aid	21	50	50	20	20	-
Valley System-Franchise Fee	552	627	627	627	627	-
Rio Rancho-Franchise Fee	1	1	1	1	1	-
Los Ranchos-Franchise Fee	70	78	78	78	78	-
Total Valley System	9,566	9,756	9,756	9,726	9,726	-
Total Enterprise Revenues	178,942	196,374	196,374	185,657	197,649	11,992
Transfers from Other Funds						
CIP Funded Employees	568	800	800	800	800	-
Refuse Disposal Op. Fund - 651	1,142	-	-	-	-	-
Total Transfers	1,710	800	800	800	800	-
Total Current Resources	181,841	199,474	199,474	188,757	203,959	15,202
Beginning Working Capital Balance	(10,869)	(14,921)	(14,921)	(14,921)	(8,987)	5,934
TOTAL RESOURCES	170,972	184,553	184,553	173,836	194,972	21,136
APPROPRIATIONS:						
Programs:						
Administration	3,935	2,537	2,537	2,794	2,142	(652)
Risk	-	-	-	-	3,679	3,679
Human Resources	1,052	1,230	1,230	1,250	1,304	54
Finance	6,741	2,840	2,840	3,067	3,342	274
Customer Services	6,912	7,697	7,697	7,030	7,834	804
Information Technology	5,565	4,302	4,302	5,520	5,748	229
Wastewater Plant	11,744	10,030	10,097	10,253	10,830	577
San Juan-Chama Water Treatment Plant	3,203	3,059	3,059	3,240	2,917	(323)
Groundwater Operations	6,600	5,761	5,761	5,678	5,670	(7)
Wastewater Collection	7,098	9,135	9,067	9,430	5,940	(3,490)
Water Field Operations	18,535	16,058	16,058	14,577	18,904	4,327
Compliance	3,761	4,525	4,525	3,773	5,338	1,565
Water Resources Management	6,333	6,429	6,429	6,522	7,040	518
Power & Chemicals	17,992	18,782	18,782	17,473	18,482	1,008
Taxes	-	8,936	8,936	6,664	8,536	1,872
Overhead	712	6,124	6,124	5,041	1,700	(3,342)
San Juan Chama	2,126	2,247	2,247	2,417	2,247	(170)
Total Enterprise Appropriations	102,310	109,693	109,693	104,729	111,652	6,924
Transfers to Other Funds:						
General Fund - 110	7,815	-	-	-	-	-
Rehab Fund - 28	8,000	12,000	12,000	4,000	12,000	8,000
Growth Fund - 29	-	-	-	-	-	-
Debt Service Fund - 31	66,362	72,094	72,094	72,094	73,161	1,067
Total Transfers	82,177	84,094	84,094	76,094	85,161	9,067
TOTAL APPROPRIATIONS	184,487	193,787	193,787	180,823	196,813	15,990
ADJUSTMENTS:						
Adjustment to Allowance for Uncollectible A/R	-	-	-	-	-	-
Rate Stabilization	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	-
Year-End Adjustments	595	-	-	-	-	-
TOTAL ADJUSTMENTS	(1,405)	(2,000)	(2,000)	(2,000)	(2,000)	-
ENDING WORKING CAPITAL BALANCE	(14,921)	(11,234)	(11,234)	(8,987)	(3,841)	5,146

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

DEBT SERVICE FUND – 31

The Debt Service Fund is used to accumulate monies for payment of principal and interest on revenue bonds secured by pledge of water and 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.

DEBT SERVICE FUND 31 RESOURCES, APPROPRIATIONS AND FUND BALANCE

	AUDITED FY13	ORIGINAL BUDGET FY14	REVISED BUDGET FY14	ESTIMATED ACTUAL FY14	APPROVED BUDGET FY15	APPR 15/EST ACT 14 CHG
(\$000's)						
RESOURCES:						
Miscellaneous Revenues	8,282	8,200	8,200	8,200	9,000	800
Transfers from Other Funds	66,362	72,094	72,094	72,094	73,160	1,066
Total Current Resources	74,644	80,294	80,294	80,294	82,160	1,866
Beginning Fund Balance	(2,392)	(2,476)	(2,476)	(2,476)	(165)	2,311
TOTAL RESOURCES	72,252	77,818	77,818	77,818	81,995	4,177
APPROPRIATIONS:						
Total Joint Water/Sewer DS	72,670	73,621	73,621	73,621	75,161	1,540
Transfers to Other Funds	3,000	4,362	4,362	4,362	5,000	638
TOTAL APPROPRIATIONS	75,670	77,983	77,983	77,983	80,161	2,178
ADJ TO FUND BALANCE	941	0	0	0	0	0
AVAILABLE FUND BALANCE	(2,476)	(165)	(165)	(165)	1,835	2,000

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

DEBT SERVICE FUND - 31

(S000's)	AUDITED FY13	ORIGINAL BUDGET FY14	REVISED BUDGET FY14	ESTIMATED ACTUAL FY14	APPROVED BUDGET FY15	APPR 15/ EST ACT 14 CHG
RESOURCES:						
Miscellaneous Revenues:						
Interest on Investments	82	200	200	200	0	(200)
Expansion Charges (UEC)	8,200	8,000	8,000	8,000	9,000	1,000
Proceeds of Refunding Bonds	0	0	0	0	0	0
Release of Reserves	0	0	0	0	0	0
Total Miscellaneous Revenues	8,282	8,200	8,200	8,200	9,000	800
Transfer from Other Funds:						
Rehab Fund - 28	0	0	0	0	0	0
General Fund - 21	66,362	72,094	72,094	72,094	73,161	1,067
Total Transfers	66,362	72,094	72,094	72,094	73,161	1,067
Total Current Resources	74,644	80,294	80,294	80,294	82,161	1,867
Beginning Fund Balance	(2,392)	(2,476)	(2,476)	(2,476)	(165)	2,311
TOTAL RESOURCES	72,252	77,818	77,818	77,818	81,996	4,177
APPROPRIATIONS:						
Payments to Refunded Bond Escrow Agent	-	-	-	-	-	-
Joint Water/Sewer Debt Service	72,670	73,621	73,621	73,621	75,161	1,540
Transfers to Other Funds						
Transfer to Rehab Fund - 28	-	-	-	-	-	-
Growth Fund - 29	3,000	4,362	4,362	4,362	5,000	638
Total Transfers	3,000	4,362	4,362	4,362	5,000	638
TOTAL APPROPRIATIONS	75,670	77,983	77,983	77,983	80,161	2,178
ADJUSTMENTS:						
Change in Reserve	-	-	-	-	-	-
Adjustment to Fund Balance	942	-	-	-	-	-
TOTAL ADJUSTMENTS	942	-	-	-	-	-
AVAILABLE FUND BALANCE	(2,476)	(165)	(165)	(165)	1,835	2,000

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PROGRAM BUDGET HIGHLIGHTS

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

Expenditures

Comparing the Fiscal Year 2014 approved budget with the approved budget for Fiscal Year 2015 reveals an overall net increase of \$3.0 million. The approved budget for Fiscal Year 2015 has a net increase of \$2.4 million for total personnel expenditures. This increase includes a 2% cost of living adjustment as per the labor agreements, an increase of other employee benefits due to the increase in health insurance and retirement and the addition of 3.5 net new positions. Total general operating costs decrease by \$413,000. The internal service charges increase by \$1.1 million for the transfer to debt service.

The balance for Working Capital, total revenues minus total expenses, is estimated to be \$10 million at the end of Fiscal Year 2015. An additional \$2 million is reserved in the rate reserve fund. The Water Authority will also provide deferred UEC collections on up to 50 affordable housing units developed by non-profit housing developers.

Adopted Issue Papers and Initiatives – Adopted issue papers and initiatives funded are budget neutral for FY15. This was achieved by offsetting costs with a position deletion and reducing other operating costs. The list below identifies the issues and divisions funded.

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

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

Total ABCWUA Approved Issue Papers	
Fund 21 - General Fund	-
Administration	
Risk Manager (Offset Risk and Tort Cost)	-
Reclassify Mixed Media Tech to Health and Wellness Asst	-
Fund Customer Conversation Meetings (Offset IDOH)	-
Financial Services	
CIP Coming On Line - SunGard (.5 FTE for Treasury-Offset Positions and IDOH)	-
Reclassify Functional Support Specialist to SAI	-
System Support Specialist II - Help Desk (eliminated 3 intern positions)	-
IT Maint an (delete NWSA Mgr and Professional Services)	-
Water Resources Management	
Senior Engineer (Deleted an Engineering position)	-
Plant	
UV Lamp and Centrifuge Rehab (Offset by IDOH)	-
Training for WW Mech and Water Plant Field (Offset by position deletion)	-
ET Supervisor and Consolidate ET's (neutral reclass)	-
Bldgs and Grounds Supervisor (reclass JU Tech - neutral reclass)	-
Reclassify Control System Supervisor (neutral reclass)	-
Reclassify (6) Control System Operators (neutral reclass)	-
Compliance	
Move Cross Connection Program to Compliance (neutral)	-
Unregulated Contaminant Monitoring-Round 3 (Offset IDOH 1-time cost)	-
Field	
Root Control (Mandated - Offset IDOH)	-
Vactor FOG Buster System (Mandated 0 Offset position deletion)	-
GPS Coordinator for Fleet Maintenance (Offset Vehicle Maint and Fuel costs)	-
Heavy Equipment Mechanic (Offset Fuel costs)	-
Field Servicer/Fueler Upgrade (Offset position deletion)	-

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

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

(\$000's)	AUDITED FY13	ORIGINAL BUDGET FY14	REVISED BUDGET FY14	ESTIMATED ACTUAL FY14	APPROVED BUDGET FY15	APPR 15/ EST ACT 14 CHG
<u>GENERAL FUND - 21</u>						
Administration	3,935	2,537	2,537	2,794	2,142	(652)
Risk	-	-	-	-	3,679	3,679
Human Resources	1,052	1,230	1,230	1,250	1,304	54
Finance	6,741	2,840	2,840	3,067	3,342	274
Customer Services	6,912	7,697	7,697	7,030	7,834	804
Information Technology	5,565	4,302	4,302	5,520	5,748	229
Wastewater Plant	11,744	10,030	10,097	10,253	10,830	577
San Juan-Chama Water Treatment Plant	3,203	3,059	3,059	3,240	2,917	(323)
Groundwater Operations	6,600	5,761	5,761	5,678	5,670	(7)
Wastewater Collection	7,098	9,135	9,067	9,430	5,940	(3,490)
Water Field Operations	18,535	16,058	16,058	14,577	18,904	4,327
Compliance	3,761	4,525	4,525	3,773	5,338	1,565
Water Resources Management	6,333	6,429	6,429	6,522	7,040	518
Power & Chemicals	17,992	18,782	18,782	17,473	18,482	1,009
Taxes	-	8,936	8,936	6,664	8,536	1,872
Overhead	712	6,124	6,124	5,041	1,700	(3,341)
San Juan-Chama	2,126	2,247	2,247	2,417	2,247	(170)
Trfr from Fund 21 to COA	7,815	-	-	-	-	-
Trfr from Fund 21 to Fund 28	8,000	12,000	12,000	4,000	12,000	8,000
Trfr from Fund 21 to Fund 29	-	-	-	-	-	-
Trfr from Fund 21 to Fund 31	66,362	72,094	72,094	72,094	73,161	1,067
Subtotal General Fund - 21	184,487	193,787	193,787	180,823	196,813	15,990
<u>DEBT SERVICE FUND - 31</u>						
Debt Service	72,670	73,621	73,621	73,621	75,161	1,540
Transfer to Capital Fund 29	3,000	4,362	4,362	4,362	5,000	638
Total Debt Service Fund - 31	75,670	77,983	77,983	77,983	80,161	2,178
TOTAL	260,157	271,770	271,770	258,806	276,974	18,168
TOTAL WUA APPROPRIATIONS	260,157	271,770	271,770	258,806	276,974	18,168
Interfund Adjustment	(66,362)	(72,094)	(72,094)	(72,094)	(73,161)	(1,067)
NET WUA APPROPRIATIONS	193,795	199,676	199,676	186,712	203,813	17,101

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ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

Financial Plans

The following table is the financial plan for Fund 21 (General Fund). The plan looks from FY14 thru FY23. This plan takes into account the Authority's Capital needs, Debt Service needs, revenue sources and expenditures. The Financial Plan helps the Authority plan for future potential expenditure levels in both operating and capital and compare them to the estimated revenue resources for each projected Fiscal Year. The plan shows the effects of the budget on the Authority's Future Working Capital and provides a tool to project future budget needs for the Utility. Based upon this financial plan, the Authority forecasts the rate revenue adjustment of 5% for FY15 due to decreasing consumption levels in the service area and 5% rate revenue adjustments that were approved by the Board for FY16 and FY18.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

Operating Fund

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Capital Funds										
Needs: Basic (Min 50% cash Trans)	34000	36000	37000	37000	37000	37000	38000	38000	38000	38000
Increase for Rehab/Asset Mgt Plan		3000	6000	9000	12000	15000	18000	21000	24000	27000
Water Reclamation	12000	3000	25000	10000	10000	10000	10000	10000	10000	10000
Southside Reuse										
SJC Remediation										
Steel Line	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
AMI	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000
Special Projects	0	0	0	0	0	0	0	0		
Valley Utility Projects	0	0	0	0	0	0	0	0		
Resources:										
Beginning Bal.	4688	26788	14888	28988	1088	29188	2288	30388	2488	29588
Trf. from Operating	4000	12000	22000	24000	27000	31000	34000	37000	39000	44000
Trf. from Debt Service	4000	5000	6000	6000	6000	6000	6000	6000	6000	6000
Bond Proceeds (Water Reclamation)										
Bond Proceeds	62000	15000	56000		56000		56000		56000	
Bond Proceeds Southside/SJC										
Adjustments										
First Year is 6mos. (y/n)	n	n	n	n	n	n	n	n	n	n
<i>Subtotal</i>	74688	58788	98888	58988	90088	66188	98288	73388	103488	79588
Interest on Above	1100	1100	1100	1100	1100	1100	1100	1100	1100	1100
Total	75788	59888	99988	60088	91188	67288	99388	74488	104588	80688
Balance June 30	26788	14888	28988	1088	29188	2288	30388	2488	29588	2688
Debt Service Fund										
Future Bond Interest=										
Resources:										
Interest Income	200	200	800	800	800	800	800	800	800	800
UECs	8000	8000	9000	9000	9000	9000	9000	9000	9000	9000
Transfer from 621	72895	73160	77631	77385	80343	81938	79257	82715	77247	73388
Transfer from 622										
Adjustments/Misc										
Bg. Fund Balance	-2300	-2972	0	0	0	0	0	0	0	0
Total	78795	78388	87431	87185	90143	91738	89057	92515	87047	83188
Expenditures:										
Agent Fees	15	15	15	15	15	15	15	15	15	15
Trf to Capital	4000	6000	6000	15000	15000	15000	15000	15000	15000	15000
Wtr/Swr Loans	1281	985	645	645	645	645	645	645	645	645
SJC Series 1999 w/o bas										
Series 97 P&I										
99 P&I (excl SJC 622)										
2001 P&I										

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

Operating Fund

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Series 2005 P&I	2316	2310	2295	2447						
2005 SJC \$116.695M	12498	10368	11838	6630	6684	6744	6793	6856	6907	3051
NMFA 2004B 82.120M	6869	6097	6948	6995	7044	7100	7149	7149	7256	7256
2004 NMFA DWRFL	734	734	734	734	734	734	734	734	734	734
NMFA 20M 2005 SJC	1708	1670	1880	1931	1977	1909	1861	1861	1924	1924
NMFA 36.295M Basic	4445	4004	5415							
NMFA Series 2007A Basic	3448	2087	2834	2638	8909	8954	2757	2757	3187	3187
NMFA Series 2007A Reuse/SJ	3936	5069	3804	5147	2279	2507	2758	2758	3187	3187
Series 2008 Reuse/SJC \$55.6	2781	2781	2781	2781	2781	2781	2781	2781	2781	2781
Series 2006 P&I	2411	2316	2310	2295	2447					
Series 2006 P&I (8.680)	1170	1171	1169	1169	570					
Series 2006 SJC 112.765	7986	7981	7982	7986	6984	7986	7984	7984	7982	7982
Series 2009 (129.26)	12388	12393	12389	12392	12389	12385	12393	12393	5844	5844
Series 2009 (SJC 6.73)	503	501	504	499	499	499	503	503	504	504
AARA Funding	54	54	54	54	54	54	54	54	54	54
NMFA 2011 Basic 37.74	4398	4398	4402	4398	4396	4397	4400	4399	4399	4399
NMFA 2011 SJC & Soutside \$15.66	1079	1075	1075	1075	1079	1076	1077	1077	1077	1077
NMFA 2013A	4076	6426	6432	6428	6431	6430	6429	6428	6431	6428
Proposed Issue					3200	6497	6497	6497	6497	6497
Proposed Issue			5626	5626	5626	5626	5626	5626	5626	5626
Proposed Issue							3200	6497	6497	6497
Proposed 15M Catch up			1500	1500	1500	1500	1500	1500	1500	1500
Proposed Refinance Savings		-600	-1200	-1200	-1100	-1100	-1100	-1000	-1000	-1000
Total	78095	77835	87431	87185	90143	91738	89057	92515	87047	83188
Fund Balance	700	553	0	0	0	0	0	0	0	0
Operating Fund Resources										
Rate Revenue	181031	191731	201235	203247	215442	217596	219772	232959	235288	237641
Nonrate Revenue	8892	8892	8892	8892	8892	8892	8892	8892	8892	8892
Franchise Fee	7193	7336	7483	7632	7785	7941	8099	8261	8427	8595
Bg. Working Cap.	-14921	1411	10904	13959	15149	19996	19185	17970	19560	23317
Total	192194	209370	228513	233730	247268	254425	255949	268082	272167	278445
Expenditures										
Basic O&M plus issues	88878	79490	81477	83107	85184	86888	88626	90842	93567	96374
Power/Chem/Overhead & Taxes	14710	31516	32146	32789	33445	34114	34796	35666	36736	37838
Salary Savings 4%	-2000		-1000	-1000	-1000	-1000	-1000	0	0	0
Incentive	300	300	300	300	300	300	300	300	300	300
Rate Stabilization Fund	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000
Transf. to DS	72895	73160	77631	77385	80343	81938	79257	82715	77247	73388
Transf. to Capital	4000	12000	22000	24000	27000	31000	34000	37000	39000	44000
Total	180783	198466	214555	218581	227272	235240	237979	248522	248850	253900
Resources over Comm.	1411	10904	13959	15149	19996	19185	17970	19560	23317	24545
Rate Increases	5%	5%	5%	0%	5%	0%	0%	5%	0%	0%
Accum. Inc. from 2004	11%	16%	21%	21%	26%	26%	26%	31%	31%	31%

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FUNCTIONAL UNITS

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 water distribution and wastewater treatment systems, manage two water supply systems, and curb the depletion of the aquifer. 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, and Evaluation and Special Projects.

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

Human Resources provides all human resource functions to the 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.

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, Water Research Foundation projects, a span of control study, a leak detection program study, coordination of regional water or wastewater system expansion projects, and the coordination of the asset management program currently being implemented. In addition, this unit coordinates federal and state legislative appropriation requests. This unit also administers the Selection Advisory Committee (SAC) Ordinance. This ordinance governs the process of soliciting proposals and recommending selection of professional consultants to the Executive Director. The Customer Advisory Committee, an advisory group to the Authority, is coordinated by this unit.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

FISCAL YEAR 2015 ADMINISTRATION OBJECTIVES

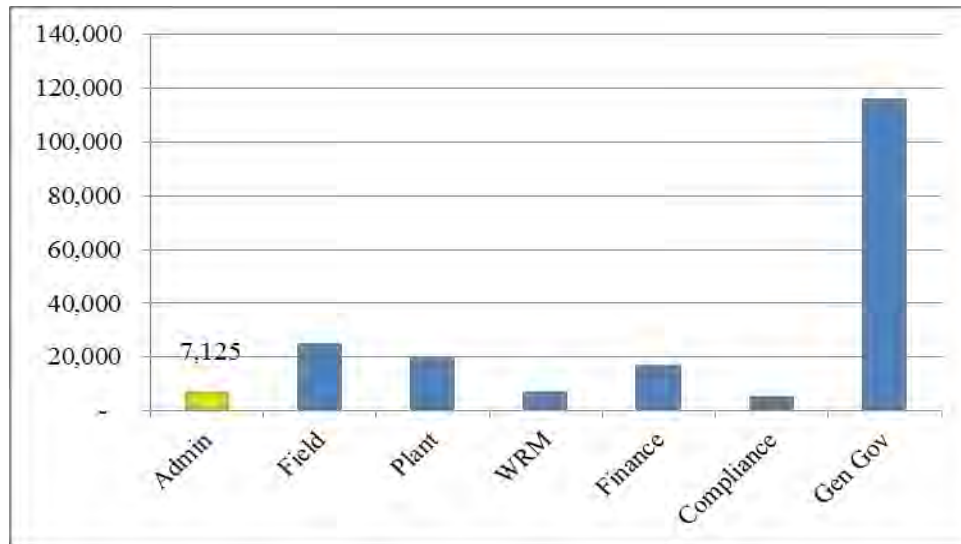
- Implement Phase 2 of employee performance expectations that aligns to performance strategies through the 4th Quarter of FY15.
- Improve workforce efficiency by implementing electronic personnel action forms in conjunction with the SunGard financial system by the end of the 4th Quarter of FY15.
- Reduce injury hours to 2,750 hours or less to improve productivity and reliability of services provided by employees by the end of the 4th Quarter of FY15.
- Maintain a utility-wide vacancy rate of no greater than 6% through FY15.

FISCAL YEAR 2015 ADMINISTRATION HIGHLIGHTS

The Authority will continue to fund the Employee Tuition Reimbursement Program and Employee Recognition Program in Fiscal Year 2015. The Authority is again proposing a nonrecurring employee safety/performance incentive to be offset by savings generated through reduced costs associated with safety and/or performance.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

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



Expenditures by Department (\$000's)		Audited FY13	Original Budget FY14	Revised Budget FY14	Estimated Actual FY14	Approved Budget FY15	Appr 15/ Est Act 14 CHG
Executive Director							
	Personnel	926	974	974	1,010	823	(187)
	Operating	1,617	850	850	1,179	847	(332)
	Capital	0	0	0	0	0	-
	Internal Service	236	-	-	-	-	-
	Total	2,779	1,823	1,823	2,189	1,671	(519)
COO's Office							
	Personnel	726	332	332	239	349	110
	Operating	161	126	126	149	123	(27)
	Capital	0	0	0	0	0	-
	Internal Service	6	-	-	-	-	-
	Total	892	458	458	388	471	83
Risk							
	Personnel	238	235	235	199	424	225
	Operating	7	21	21	18	3,255	3,238
	Capital	0	0	0	0	0	-
	Internal Service	19	-	-	-	-	-
	Total	264	256	256	216	3,679	3,463
Human Resources							
	Personnel	911	1,074	1,074	1,044	1,147	103
	Operating	138	156	156	206	157	(49)
	Capital	0	0	0	0	0	-
	Internal Service	3	-	-	-	-	-
	Total	1,052	1,230	1,230	1,250	1,304	54
Total Division		4,987	3,767	3,767	4,044	7,125	3,081
Staffing (FTE)		25	26	26	26	26	-

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FIELD DIVISION

The Field division is responsible for operating and maintaining the water distribution system, wastewater collection and non-potable reuse distribution system. Drinking water is distributed to approximately 643,881 residents comprising approximately 95% of the residents of Bernalillo County. About one-third of unincorporated County residents are customers of the Water System. Service is provided to approximately 213,182 accounts, including 192,479 residential and 20,703 multi-family, commercial, institutional and industrial accounts, as of FY14. Approximately 60% of the water sales are for residential uses.

Water Distribution

The water distribution system consists of more than 2,600 miles of transmission and distribution pipelines that transport drinking water from the reservoirs to our customers throughout the service area. The water system takes advantage of the unique topography of the Authority's service area which allows ground level storage while simultaneously providing system pressure by gravity. Control of the water system is provided by remote telemetry units distributed throughout the system for control from a central control facility.

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

Wastewater Collection and Lift Stations

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

Storm Water

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

FISCAL YEAR 2015 FIELD DIVISION OBJECTIVES

- Develop and begin implementation of a pilot large diameter valve exercising program to minimize property damage and water loss and capture the global positioning system location by the end of the 4th Quarter of FY15.
- Conduct a root foaming pilot program on sewer lines that meet the root infested and/or inaccessibility criteria; assess the effectiveness to mechanical cleaning currently practiced and provide recommendation by the end of the 4th Quarter of FY15.
- Conduct a Fats, Oils, and Grease (FOG) Buster pilot program on sewer lines; evaluate and provide recommendation by the end of the 4th Quarter of FY15.
- Televiser and assess the condition of approximately five percent of the small diameter sanitary sewer system by the end of the 4th Quarter of FY15.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

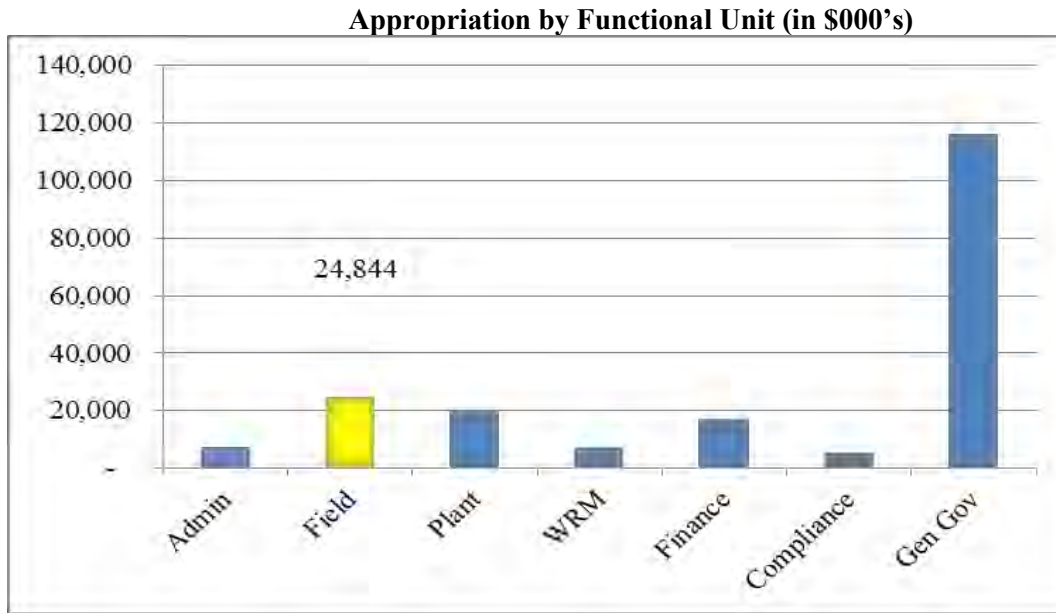
- Develop a nozzle program for cleaning sewer lines in conjunction with the Maximo software module and based on televised identified conditions; provide status report and recommendation by the end of the 4th Quarter of FY15.
- Complete asset management plans for the sanitary sewer lift stations to determine the condition and criticality of the Authority's facilities by the end of the 4th Quarter of FY15.
- To continue minimizing odors, begin testing of the magnesium hydroxide station in the sanitary sewer system and establish criteria to evaluate performance impacts to the interceptor system including the Yucca/Central area and the water reclamation facility by the end of the 4th Quarter of FY15.

FISCAL YEAR 2015 FIELD DIVISION HIGHLIGHTS

Various Field Division efforts include the continuation of Large Interceptor rehabilitation and enhanced cleaning programs; continuation of the Large Meter Testing & Repair program with in-house resources, large valve exercising on critical transmission lines and corrosion monitoring and mitigation analysis.

On the Collections Section side, the Authority continues to implement the Capacity Management Operations and Maintenance (CMOM) program including expanding closed circuit televising (pending available funding) and condition analysis of wastewater collection lines, root control and enhanced cleaning programs. Continued efforts in odor and corrosion controls are also progressing along with a new program to evaluate of magnesium hydroxide treatment for odor control reduction and pH adjustment. . The Collections Section implemented EPA-mandated (September, 2012) changes to reporting overflows in conjunction with enhanced communications with other impacted organizations (AMAFCA and the COA-Storm Drainage Section). The Authority's 24 sanitary sewer lift stations and 10 vacuum sewer stations will be evaluated and assessed for condition and risk. Asset Management plans will be produced and used as a guide for the future rehab of these facilities. The assessments are scheduled to be completed by the end of FY15.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET



Expenditures by Department (\$000's)	Audited FY13	Original Budget FY14	Revised Budget FY14	Estimated Actual FY14	Approved Budget FY15	Appr 15/ Est Act 14 CHG
Water Distribution						
Personnel	10,634	9,767	9,767	9,666	9,861	194
Operating	7,095	6,262	6,262	4,910	8,425	3,514
Capital	163	30	30	0	618	618
Internal Service	642	-	-	-	-	-
Total	18,535	16,058	16,058	14,577	18,904	4,327
Collections						
Personnel	4,895	4,874	4,874	5,262	4,701	(561)
Operating	1,867	3,642	3,642	3,781	1,239	(2,542)
Capital	7	618	618	388	0	(388)
Internal Service	328	-	-	-	-	-
Total	7,098	9,135	9,135	9,430	5,940	(3,490)
Total Division	25,633	25,193	25,193	24,007	24,844	837
Staffing (FTE)	185	191	191	191	186	(5)

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PLANT DIVISION

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

Drinking Water

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

Groundwater from the middle Rio Grande basin aquifer provides supply during peak and drought and consists of 101 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. In addition, to the surface water facilities, the division is also responsible for operating and maintaining the arsenic treatment plant at the College Reservoir site, the water system that serves the Metropolitan Detention Center, and the Cordero Mesa Business Park.

Ground storage reservoirs provide for fire, peak hour and uphill transfer storage. Water is distributed from higher to lower elevations through a 115-foot vertical height pressure zone to provide minimum static pressures of 50 psi for consumers. 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.

Wastewater and Biosolids Management

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

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

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

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

FISCAL YEAR 2015 PLANT DIVISION OBJECTIVES

- Complete groundwater preventive maintenance to corrective maintenance ratio to at least 55% of all completed maintenance labor hours by the end of the 4th Quarter of FY15.
- Complete surface water preventive maintenance to corrective maintenance ratio to at least 40% of all completed maintenance labor hours by the end of the 4th Quarter of FY15. If funding is available, implement the decommissioning plans for Yale Reservoir and Santa Barbara Pump Station by the end of the 4th Quarter of FY15.
- Limit overall permit excursions to no more than 5 operating discharge permit violations through the end of the 4th Quarter of FY15.
- Beneficially reuse biosolids by diverting 25% of the biosolids to compost through the end of the 4th Quarter of FY15.
- Complete wastewater preventive maintenance to corrective maintenance ratio to at least 35% of all completed maintenance labor hours by the end of the 4th Quarter of FY15.
- Complete application to NACWA's Peak Performance Award and Excellence in Management Program by the end of the 3rd Quarter of FY15
- Continue examination of water reclamation and reuse alternatives for future use of wastewater effluent or other non-potable water sources by the end of the 4th Quarter of FY15.

FISCAL YEAR 2015 PLANT DIVISION HIGHLIGHTS

The Plant Division began a major renovation of the Southside Water Reclamation Plant (SWRP) in FY10 called the Reclamation Rehabilitation and Asset Management Plan (RRAMP). The RRAMP is a multi-year program to renew the treatment processes at the plant. Construction began on the Preliminary Treatment Facility (PTF) in late 2013 and will continue until summer 2015. Engineering evaluation of alternatives for the Solids Dewatering facility continues, including replacing the facility with a new facility or rehabilitation of the existing facility. Construction improvements to the blower complex, aeration basins and systems, digester mixers and electrical systems are underway and will continue in 2014. The funding for the RRAMP improvements will be provided through the Authorities Capital Implementation Program (CIP).

Construction of the Southside Municipal Effluent Polishing and Reclamation project was completed in April, 2013. Connections to the individual users commenced during the Spring of 2013 and will continue until all of the users have connected. Full operations began during irrigation season 2013 and continue in irrigation season 2014. The project will eventually provide up to 2,500 acre-feet of non-potable water to more than forty large turf sites in the southeast heights and south valley of Albuquerque

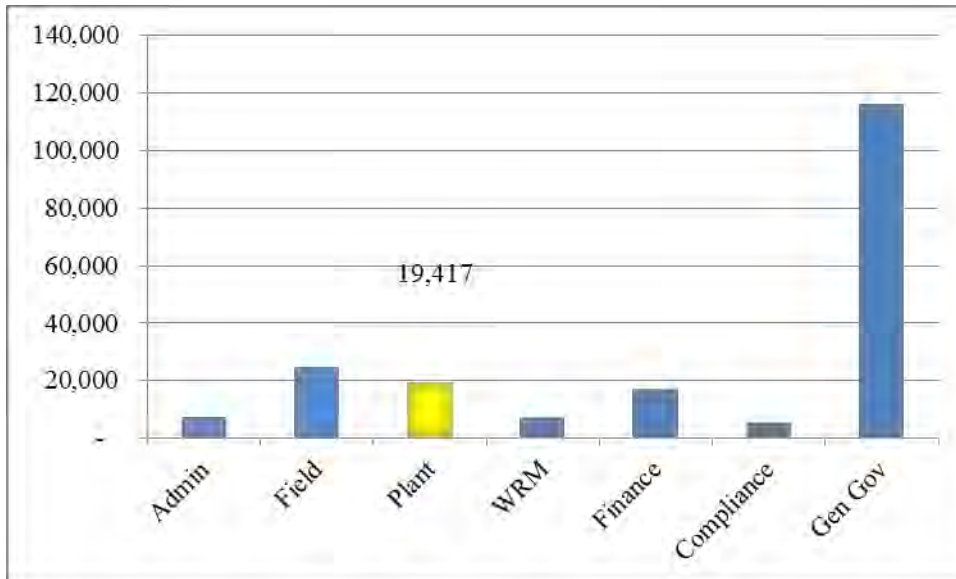
ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

including Isotopes Baseball Park, UNM Championship and Puerto del Sol Golf Courses, Bullhead and Vietnam Veterans parks and Mesa del Sol.

The SWRP continues to generate Renewable Energy Certificates using digester gas (containing methane) which is used to power a generator. The Southside Water Reclamation Facility generates approximately 30% of its power requirements using digester gas. Plans are to continue to increase the amount of residual solids that are composted and sold to increase revenue and work cooperatively to increase the amount of compost sold in FY15. It is the Authority's goal to compost at least 25% of the total wastewater residuals while not "over-saturating" the regional market for compost product.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

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



Expenditures by Department (S000's)	Audited FY13	Original Budget FY14	Revised Budget FY14	Estimated Actual FY14	Approved Budget FY15	Appr 15/ Est Act 14 CHG
Drinking Water						
Personnel	7,251	6,785	6,785	6,844	6,876	32
Operating	2,191	2,035	2,035	2,069	1,711	(358)
Capital	129	0	0	5	0	(5)
Internal Service	232	-	-	-	-	-
Total	9,803	8,820	8,820	8,918	8,587	(331)
WW & Biosolids Mgmt.						
Personnel	7,540	7,387	7,387	7,772	7,838	67
Operating	3,307	2,623	2,623	2,474	2,972	497
Capital	198	20	20	7	20	13
Internal Service	699	-	-	-	-	-
Total	11,744	10,030	10,030	10,253	10,830	577
Total Division	21,547	18,850	18,850	19,171	19,417	246
Staffing (FTE)	201	184	184	184	182	(2)

WATER RESOURCES MANAGEMENT DIVISION

The Water Resources Management 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 Authority customers a safe and sustainable water supply at least to 2060. The Strategy incorporates the projects identified to be implemented in the original strategy including the San Juan-Chama Drinking Water Project, North I-25 Non-potable Surface and Industrial Reuse Project, Southside Municipal Effluent Polishing and Reuse project and demonstration project for aquifer storage and recovery.

This Division also oversees the 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.

FISCAL YEAR 2015 WATER RESOURCES MANAGEMENT OBJECTIVES

- Complete asset management plans for the reservoirs, wells, and pump stations to determine the condition of the Water Authority's groundwater facilities by the end of the 4th Quarter of FY15.
- Continue the distribution water loss program by locating water leaks from surveying 500 miles of small diameter water lines through conventional leak detection methods and 2,000 miles of small diameter water lines through acoustic leak detection by the end of the 4th Quarter of FY15.
- Submit an application for a full scale aquifer storage and recovery permit for Bear Canyon by the end of the 1st Quarter of FY15; and an application for an aquifer storage and recovery demonstration permit at Webster Well #1 by the end of the 2nd Quarter of FY15.
- Maintain water use between 136 to 146 gallons per person per day for calendar year 2014; maintain water use between 135 to 145 gallons per capita per day for calendar year 2015.
- Continue implementation of the Water Resources Management Strategy and report to the Customer Advisory Committee by the end of the 3rd Quarter of FY15 and initiate the process to update the Water Resources Management Strategy (WRMS) by the 4th quarter of 2015 with the Customer Advisory Committee and a series of public forums.
- Continue implementation of the Water Quality Protection Policy and Action Plan (WPPAP). Provide quarterly status reports to the Water Authority Board through the end of the 4th Quarter of FY15.
- Implement the Reclamation Rehabilitation Asset Management Plan by planning, designing and constructing reclamation facility improvements through the end of the 4th Quarter of FY15.
- Expend \$34 million in water and wastewater capital rehabilitation and replacement programs by the end of the 4th Quarter of FY15. \$1 million shall be dedicated and used for identifying steel water pipes in

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

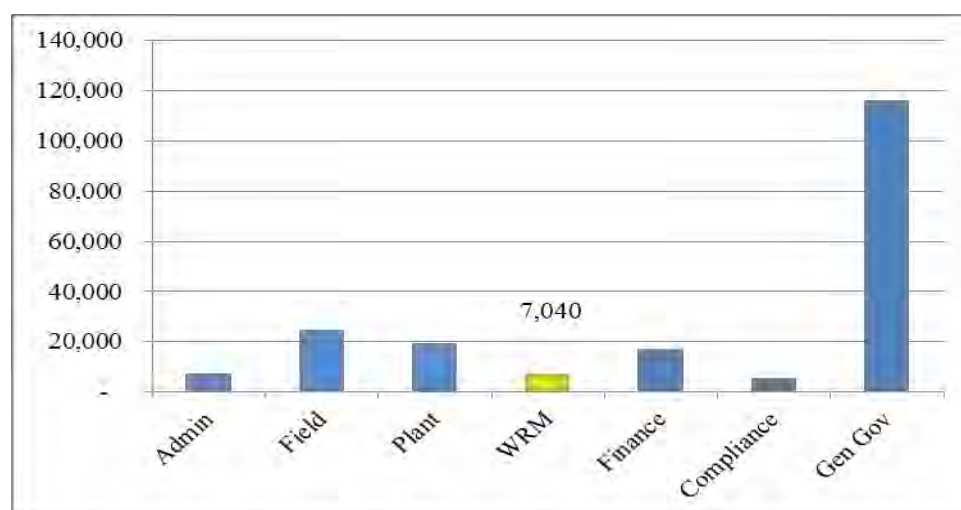
- critical or poor condition and rehabilitating or replacing at least 2 miles of small diameter steel water lines by the end of the 4th Quarter of FY15.

FISCAL YEAR 2015 WATER RESOURCES MANAGEMENT HIGHLIGHTS

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

The design of the full-scale pilot Aquifer Storage and Recovery (ASR) program will be continuing in FY15 with permitting, design and construction to attempt to ultimately store more than 50,000 acre-feet into the aquifer at the Large Scale project at the water treatment plant site along with the Webster well. This project will allow storage during winter months that could be used in a single year or through a series of years to assist in providing a drought management account for the rate payers.

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



Expenditures by Department (\$000's)	Audited FY13	Original Budget FY14	Revised Budget FY14	Estimated Actual FY14	Approved Budget FY15	Appr 15/ Est Act 14 CHG
Utility Development						
Personnel	1,632	1,686	1,686	1,617	2,482	865
Operating	114	144	144	100	139	38
Capital	23	0	0	0	0	-
Internal Service	12	-	-	-	-	-
Total	1,782	1,830	1,830	1,717	2,620	904
Water Resources						
Personnel	1,660	1,832	1,832	1,650	1,666	16
Operating	2,796	2,763	2,763	3,155	2,754	(401)
Capital	14	4	4	0	0	-
Internal Service	81	-	-	-	-	-
Total	4,551	4,599	4,599	4,805	4,420	(385)
Total Division	6,333	6,429	6,429	6,522	7,040	518
Staffing (FTE)	36	35	35	35	41	6

FINANCIAL/BUSINESS SERVICES DIVISION

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

The Finance department 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, payroll, auditing and overall financial support.

The Customer Services departments oversee 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 Technology department 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.

FISCAL YEAR 2015 FINANCIAL/BUSINESS SERVICES OBJECTIVES

- Maintain call wait time for all call centers to less than 1 minute, 90 percent of the time through the 4th Quarter of FY15.
- Implement Phase 4 of the Automated Meter Infrastructure (AMI) project, pending WaterSmart funding, by the end of the 4th Quarter of FY15.
- Continue transitioning the meter-reading representatives to Utility Tech positions and adding the AMI curriculum to the training program to transfer small meter replacement into customer service by the end of the 4th Quarter of FY15.
- Implement new payment methods for customer billing and web self-service in conjunction with Western Union payment centers and the AMI program by the end of the 4th Quarter of FY15. Increase paperless billing to 22,000 enrollments and web self-service to 60,000 registrations by the end of the 4th Quarter of FY15.
- Evaluate and provide status reports on the low-income credit program; provide water use status reports on the low-income conservation program through the end of the 4th Quarter of FY15
- Conduct quarterly Customer Conversation meetings to engage customers and obtain input on the Authority's activities through the end of the 4th Quarter of FY15.
- Continue implementation and system integration of mobile solutions to operations staff for optimization of the work order process, including Clevest, through the end of the 4th Quarter of FY15.
- Implement an independent telephony/data network to provide better customer service and additional functionality to staff by the end of the 4th Quarter of FY15.
- Implement an Information Technology Strategic Plan that supports the upgrading and hosting of major utility applications, E-government/E-commerce, hosted solutions, and the consolidation of network storage by the end of the 4th Quarter of FY15; continue implementation of IT Service Desk Authority-wide.
- Implement Phase 3 of the Enterprise Resource Planning (ERP) project to integrate and optimize major business management functions by the end of the 4th Quarter of FY15.
- Evaluate water and sewer rate structure to ensure equity within the structures by the end of the 4th Quarter of FY15; develop a customer outreach strategy to educate customers on the value of water and infrastructure rehabilitation needs by the end of the 1st Quarter of FY15.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

FISCAL YEAR 2015 FINANCIAL/BUSINESS SERVICES HIGHLIGHTS

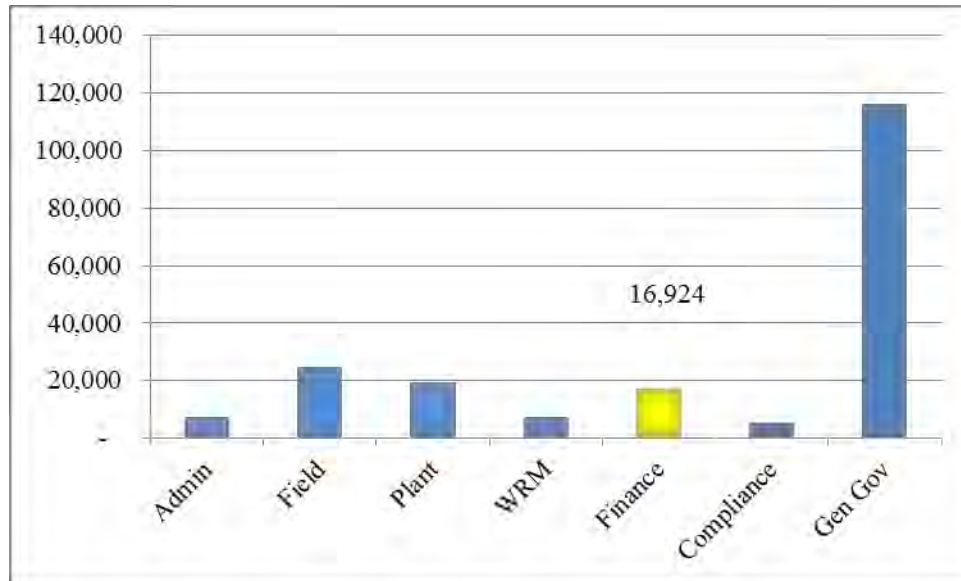
The Information Technology Department (ITD) will continue to push mobile technologies to field and operations staff to become more efficient. This includes Maximo, SharePoint and mobile Kronos/Timekeeping. ITD will also begin preparations for the upgrade of WUA Enterprise applications including Maximo, SunGard, and Customer Care & Billing (CC&B).

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

In FY15, the Authority continues with the implementation of Phase 3 of its Automated Meter Infrastructure (AMI) project for small residential meters (less than 4"). The Authority now has over 55,000 meters on the AMI technology. In FY15, Phase 3 of the AMI implementation is expected to be completed, which will include all City of Albuquerque accounts, so the City of Albuquerque can be billed on a composite bill. The Customer Care and Billing (CC&B) billing Web Self Service with a single logon interface for customers will be completed in FY15 and will allow for the increase in the market penetration of paperless billing in FY15, and the AMI project will provide access of monthly, daily and hourly water usage to customers.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

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



Expenditures by Department (\$000's)		Audited FY13	Original Budget FY14	Revised Budget FY14	Estimated Actual FY14	Approved Budget FY15	Appr 15/ Est Act 14 CHG
Finance							
Personnel		1,667	1,842	1,842	1,818	2,282	463
Operating		2,456	998	998	1,249	1,060	(188)
Capital		0	0	0	0	0	-
Internal Service		2,618	-	-	-	-	-
Total		6,741	2,840	2,840	3,067	3,342	275
Customer Services							
Personnel		4,602	4,868	4,868	4,922	5,076	154
Operating		1,998	2,830	2,830	2,108	2,758	650
Capital		185	0	0	0	0	-
Internal Service		126	-	-	-	-	-
Total		6,912	7,697	7,697	7,030	7,834	804
Information Technology							
Personnel		2,827	2,905	2,905	2,796	3,084	288
Operating		2,729	1,397	1,397	2,723	2,664	(60)
Capital		0	0	0	0	0	-
Internal Service		9	-	-	-	-	-
Total		5,565	4,302	4,302	5,520	5,748	228
Total Division		19,218	14,840	14,840	15,616	16,924	1,308
Staffing (FTE)		122	132	132	132	134.5	2.5

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COMPLIANCE DIVISION

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

FISCAL YEAR 2015 COMPLIANCE OBJECTIVES

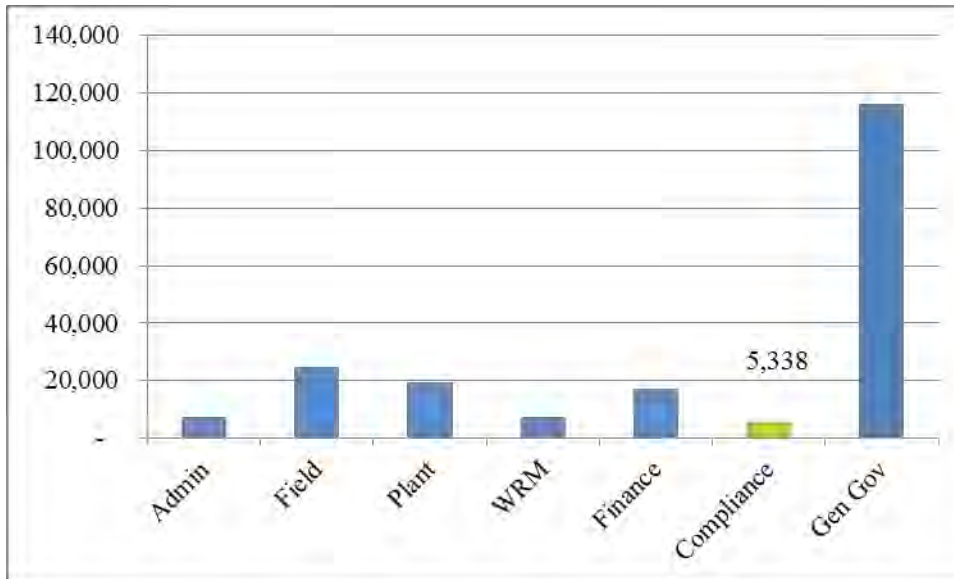
- Monitor compliance with the Sewer Use and Wastewater Control Ordinance by continuing to inspect, monitor, and take enforcement action for permitted industrial users, septage waste haulers, food service establishments, and dental offices and report activities through the end of the 4th Quarter of FY15. Obtain a compliance rate goal of 85% for each category.
- Implement the Fats, Oils, and Grease (FOG) Policy as required by the new NPDES permit and track and report the number of SSOs due to FOG compared with previous years. Develop a public relations campaign to inform rate-payers of Best Management Practices for FOG. Report campaign progress monthly and quarterly.
- Maintain the Compliance Division Regulatory Compliance Permit matrix and the Regulatory Matrix Status report to respectively maintain schedules for permit submittals and routinely monitor emerging Federal Safe Drinking Water Act (SDWA) and Clean Water Act (CWA) regulations and NM Water Quality Control Commission and Environmental Improvement Board regulations to identify potential impacts to Authority and provide quarterly reports through the end of the 4th Quarter of FY15.
- In conjunction with Information Technology, continue reimplementation of the Laboratory Information Management System (LIMS).
- Prepare for the American Association for Laboratory Accreditation (A2LA) assessment in July 2015, by completing required internal audits and annual review and revision of Standard Operating Procedures. Monitor and report findings each quarter of FY15, along with progress made to address and resolve any deficiencies identified in the preceding quarter. Monitor and report weekly, monthly, and quarterly the number of Corrective Action Reports and the necessary time for completion of corrective actions.

FISCAL YEAR 2015 COMPLIANCE HIGHLIGHTS

Water and Wastewater Operations are regulated by a myriad of federal, state, and local environmental permits, regulations, and rules. The Compliance Division continues to maintain a quarterly matrix of regulatory requirements to monitor regulatory initiatives to define operational impacts and develop compliance strategies. To comply with requirements of the 2012 National Pollutant Discharge Elimination System (NPDES) permit requirements, the Industrial Pretreatment Program completed modification of the Water Authority Sewer Use and Wastewater Control Ordinance as approved by the Governing Body in January 2014 to become effective in July 2014, developed a policy to reduce the impacts to the sewer systems caused by Fats, Oils, and Grease (FOG) discharges, and revised the Technically Based Local Limits. Each of these documents has been submitted to EPA for approval and has been compiled, along with other documents as a proposed Pretreatment Program Modification for submittal for approval to EPA. Improvements in ordinance compliance continue with inspection, monitoring, and enforcement actions for permitted industrial users, septage waste haulers, food service establishments, and dental offices. In conjunction with ITD, the Laboratory Information Management System (LIMS) implementation project was advanced in FY14. The LIMS implementation scoping study was developed through the fall of 2013 with the final document completed by February 2014. A sample management model has been created and documented, as well as configuration test cases for existing laboratory procedures for the Water Quality Laboratory and Water Process Laboratory. A complete listing of processes to be documented was created and presented to a newly established steering committee. Development of these process models will be facilitated using modeling software under acquisition by ITD. These processes incorporate performance metrics to enable comparisons to industry standards as well as track actual cost for laboratory services. LIMS maintains records for millions of analytical results and associated quality assurance/quality control processes. Phase One of the Data Repository has been completed to combine LIMS records, along with results from other analytical laboratories, to develop a water quality monitoring data repository for user access to historical and current analytical results, inclusive of data validation procedures and statistical tools for analyses. Development of the Environmental Monitoring Program continues based upon pilot activities completed in FY14.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

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



Expenditures by Department ((\$000's))		Audited FY13	Original Budget FY14	Revised Budget FY14	Estimated Actual FY14	Approved Budget FY15	Appr 15/ Est Act 14 CHG
Laboratory							
Personnel		1,522	1,850	1,850	1,580	1,741	161
Operating		287	461	461	114	458	343
Capital		0	0	0	0	0	-
Internal Service		11	-	-	-	-	-
Total		1,821	2,311	2,311	1,694	2,199	505
NPDES							
Personnel		775	1,063	1,063	1,008	1,402	394
Operating		63	114	114	69	151	82
Capital		0	0	0	0	0	-
Internal Service		11	-	-	-	-	-
Total		850	1,178	1,178	1,077	1,552	475
Water Quality							
Personnel		807	748	748	716	809	93
Operating		278	287	287	286	777	490
Capital		0	2	2	0	2	2
Internal Service		6	-	-	-	-	-
Total		1,091	1,036	1,036	1,002	1,587	585
Total Division		3,761	4,525	4,525	3,773	5,338	1,565
Staffing (FTE)		44	44	44	44	46	2

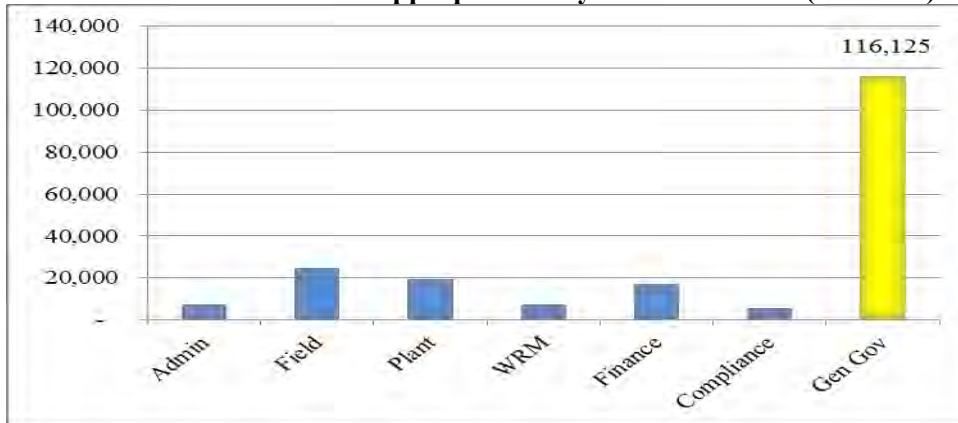
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ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

GENERAL GOVERNMENT DIVISION

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

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



Expenditures by Department (\$000's)	Audited FY13	Original Budget FY14	Revised Budget FY14	Estimated Actual FY14	Approved Budget FY15	Appr 15/ Est Act 14 CHG
Power & Chemicals						
Personnel	-	-	-	-	-	-
Operating	17,992	18,782	18,782	17,473	18,482	1,009
Total	17,992	18,782	18,782	17,473	18,482	1,009
Taxes						
Personnel	-	-	-	-	-	-
Operating	-	8,936	8,936	6,664	8,536	1,872
Total	-	8,936	8,936	6,664	8,536	1,872
Overhead						
Personnel	560	1,209	1,209	1,045	1,243	198
Operating	152	4,915	4,915	7,996	457	(7,539)
Total	712	6,124	6,124	9,041	1,700	(7,341)
Total Program	18,704	33,842	33,842	33,178	28,718	(4,460)
Staffing (FTE)	9	9	9	9	9	0
San Juan Chama						
Personnel	-	-	-	-	-	-
Operating	2,126	2,247	2,247	2,417	2,247	(170)
Total	2,126	2,247	2,247	2,417	2,247	(170)
General Government						
Transfers/Other Funds	82,177	84,094	84,094	72,094	85,160	13,066
Total Division	103,007	120,183	120,183	107,689	116,125	8,436

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REVENUE OUTLOOK

***Approved
Operating Budget
FY15***

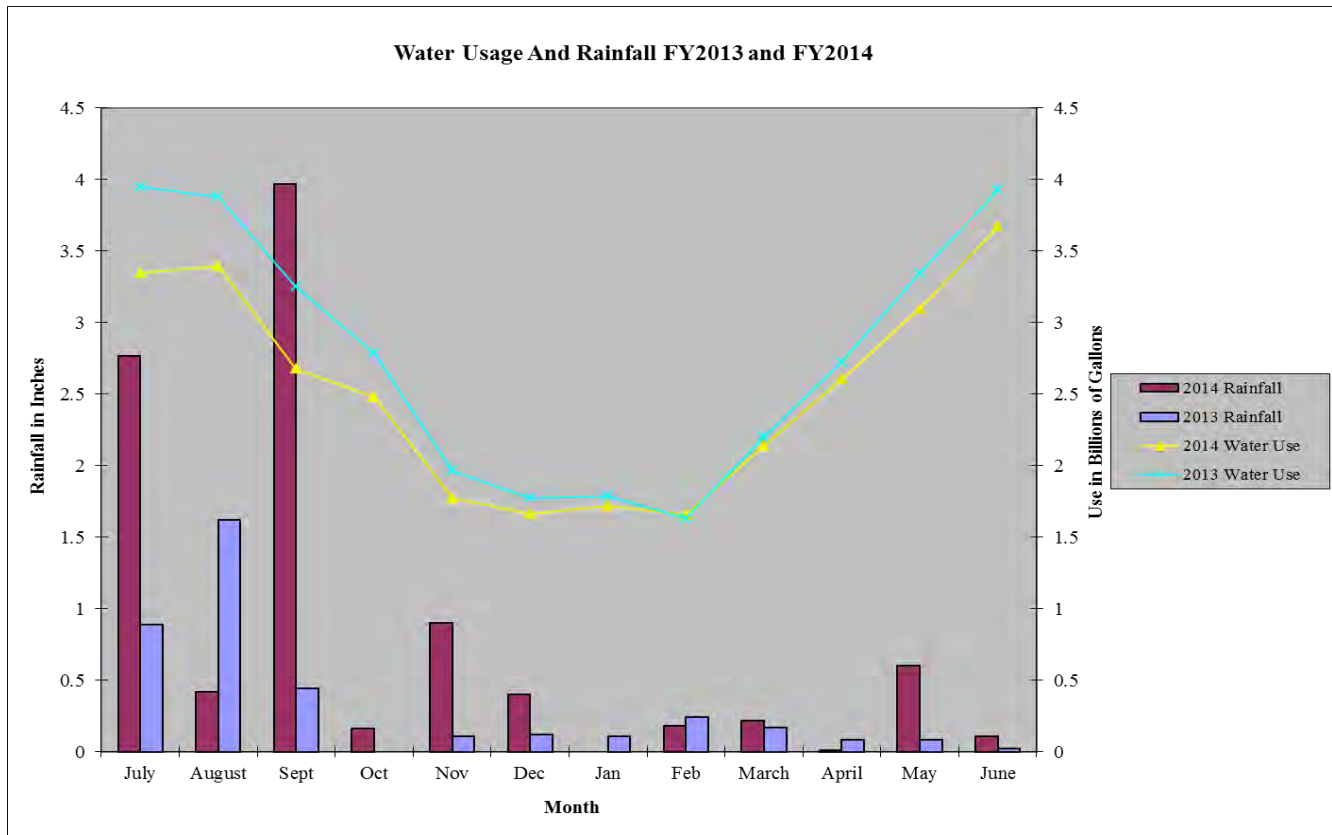
ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

REVISED FISCAL YEAR 2013 AND APPROVED FISCAL YEAR 2014 REVENUE PROJECTIONS

The Authority's revenue projections are summarized in the two tables included in this section. The first table, General Fund 21, presents the operating budgeted revenue for Fiscal Year 2015 as compared to budget Fiscal Year 2014. The second table, Debt Service Fund 31, also provides for the same comparison as the other table. For Fiscal Year 2013 the actual results are reported, and for Fiscal Year 2014 budgeted revenues and estimated actual are reported as well.

REVISED FISCAL YEAR 2014 REVENUE ESTIMATES

Total Authority operating fund revenues for Fiscal Year 2014 are anticipated to be \$188.8 million or \$7.0 million above Fiscal Year 2013. This is an increase of 3.8% over Fiscal Year 2013 and is projected to be below the approved Fiscal Year 2014 budget level by \$10.7 million. The decrease is primarily the result of a decrease in water usage due to continued conservation efforts. The system has remained fairly flat from a growth perspective due to the slump in the housing industry.



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

APPROVED BUDGET REVENUE ESTIMATES FOR FISCAL YEAR 2015

Budgeted total Authority Operating Revenues for Fiscal Year 2015 are \$203.9 million representing an increase of \$4.49 million above the budgeted Fiscal Year 2014 amount. The increase is due mainly from a 5% rate adjustment previously approved by the Board. Revenue in the Debt Service Fund increases \$1.87 million in Fiscal Year 2015 due to an increase in the revenue received from Utility Expansion Charges and the transfer from the General Fund.

The Authority's Rate Structure

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

Major Revenue Sources

Water Sales (\$90.3 million, 42% of total revenue). The Water System provides water services to approximately 643,881 residents comprising approximately 95% of the residents of Bernalillo County. About one-third of unincorporated County residents are customers of the Water System. Service is provided to approximately 213,182 accounts, including 192,479 residential and 20,703 multi-family, commercial, institutional and industrial accounts. Approximately 60% of the water sales are for residential uses.

Sewer (\$62.5 million, 29% 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 600,000 people, with 192,499 residential customer accounts, 16,744 multi-family and commercial accounts, 1,014 institutional accounts and 93 industrial customer accounts.

San Juan Chama Strategy Implementation (\$31.2 million, 15% of total revenue). The San Juan-Chama Drinking Water Project will supply up to 60% 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 began operations in FY09.

Utility Expansion Charges (\$9 million, 4% of total revenue). A Utility Expansion Charge is paid at the time of a meter sale or an application for service for all properties connecting to the water and/or wastewater system.

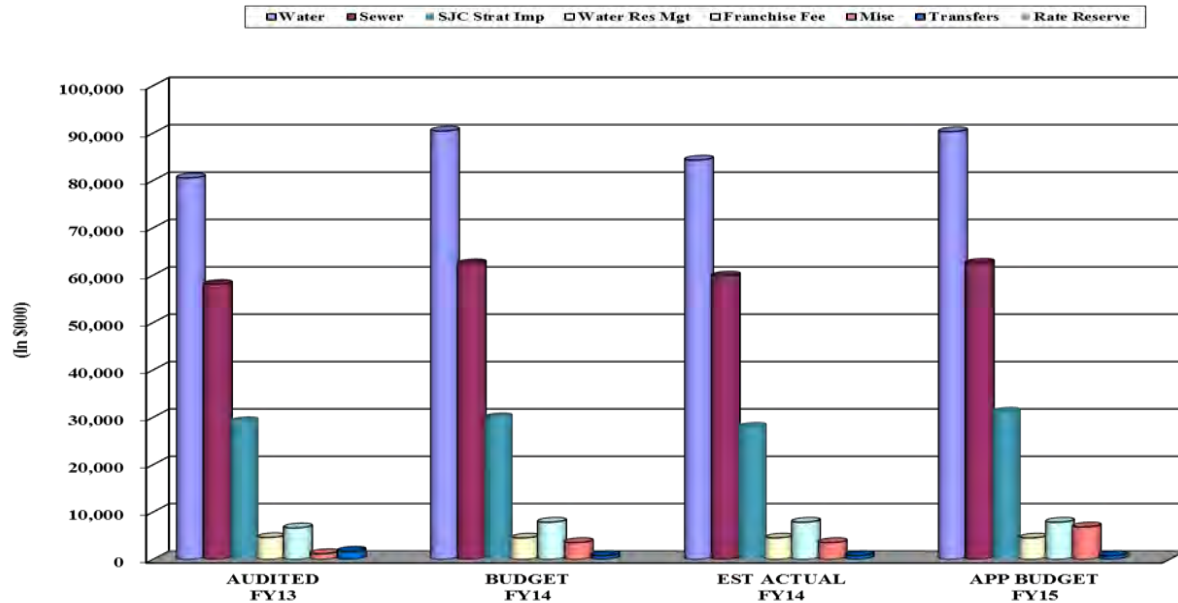
Franchise Fee (\$7.8 million, 4% of total revenue). A 4% charge on the total sales of water and sewer services is added to customer billings to compensate the Authority for the franchise fee charged by the City of Albuquerque, Bernalillo County, Village of Los Ranchos and the City of Rio Rancho for the granted authorization to use rights-of-way and public places to construct, operate, and maintain water and wastewater systems.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET



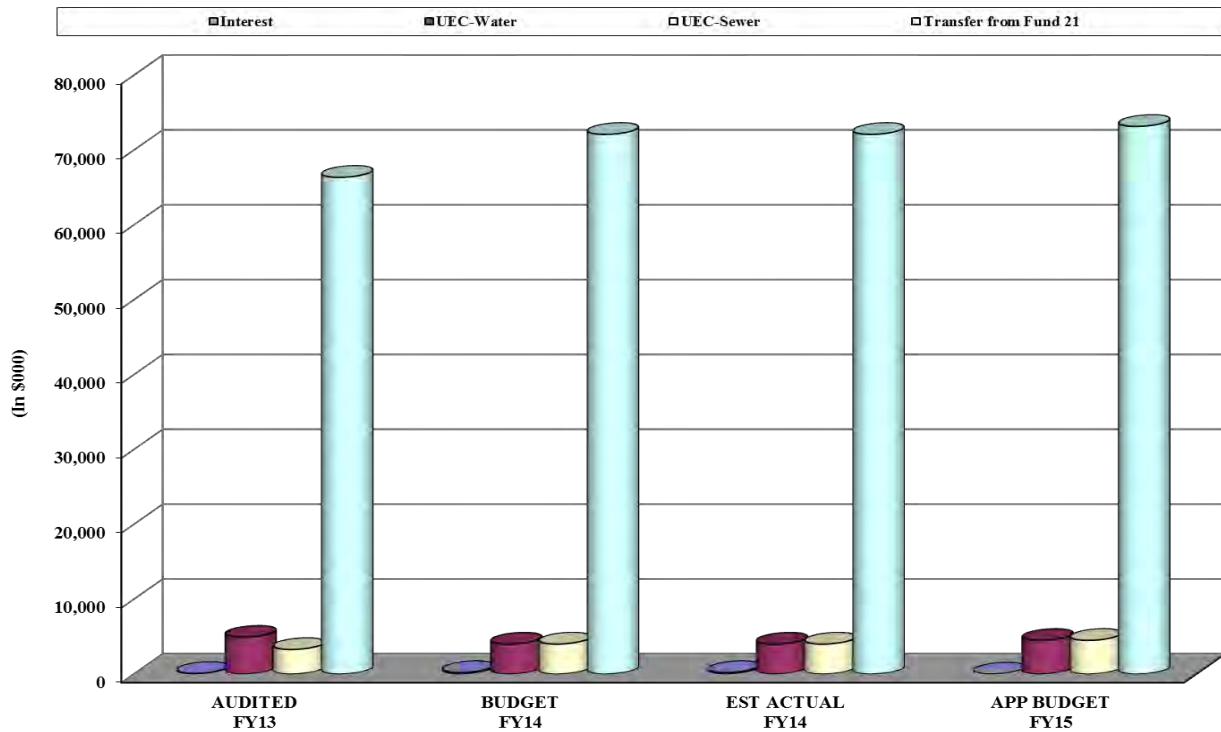
ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

Fund 21 Operating Revenue



(\$000's)	AUDITED FY13	ORIGINAL BUDGET FY14	REVISED BUDGET FY14	ESTIMATED ACTUAL FY14	APPROVED BUDGET FY15	APPR 15/ EST ACT 14 CHG
RESOURCES:						
Miscellaneous Revenues						
Bond Proceeds	-	-	-	-	-	-
Interest on Investments	(2)	750	750	750	10	(740)
Other Miscellaneous Revenue	1,190	1,550	1,550	1,550	5,500	3,950
Total Miscellaneous Revenues	1,188	2,300	2,300	2,300	5,510	3,210
Enterprise Revenues						
City System-Water	64,558	77,515	77,515	68,515	74,507	5,992
City System-Sewer	41,098	52,187	52,187	38,600	41,313	2,713
City System-Contr/Aid	386	350	350	350	350	-
SJC Strategy Implementation	29,161	30,000	30,000	28,000	31,200	3,200
City Metered Water Sales - Reuse	397	400	400	400	400	-
City System-Franchise Fee	6,006	7,130	7,130	7,130	7,130	-
Solid Waste Admin Fees	-	1,236	1,236	1,236	1,323	87
Water Resources Management	4,594	4,500	4,500	4,500	4,500	-
Water Facilities Rehab	9,916	7,100	7,100	10,000	10,000	-
Wastewater Facilities Rehab	13,260	6,200	6,200	17,200	17,200	-
Total City System	169,376	186,618	186,618	175,931	187,923	11,992
Valley System-Water	5,249	5,000	5,000	5,000	5,000	-
Valley System-Sewer	3,673	4,000	4,000	4,000	4,000	-
Valley System-Contr/Aid	21	50	50	20	20	-
Valley System-Franchise Fee	552	627	627	627	627	-
Rio Rancho-Franchise Fee	1	1	1	1	1	-
Los Ranchos-Franchise Fee	70	78	78	78	78	-
Total Valley System	9,566	9,756	9,756	9,726	9,726	-
Total Enterprise Revenues	178,942	196,374	196,374	185,657	197,649	11,992
Transfers from Other Funds						
CIP Funded Employees	568	800	800	800	800	-
Refuse Disposal Op. Fund - 651	1,142	-	-	-	-	-
Total Transfers	1,710	800	800	800	800	-
Total Current Resources	181,841	199,474	199,474	188,757	203,959	15,202
Beginning Working Capital Balance	(10,869)	(14,921)	(14,921)	(14,921)	(8,987)	5,934
TOTAL RESOURCES	170,972	184,553	184,553	173,836	194,972	21,136

Fund 31 Debt Service Revenue



	AUDITED FY13	ORIGINAL BUDGET FY14	REVISED BUDGET FY14	ESTIMATED ACTUAL FY14	APPROVED BUDGET FY15	APPR 15/ EST ACT 14 CHG
(S000's)						
RESOURCES:						
Miscellaneous Revenues:						
Interest on Investments	82	200	200	200	0	(200)
Expansion Charges (UEC)	8,200	8,000	8,000	8,000	9,000	1,000
Proceeds of Refunding Bonds	0	0	0	0	0	0
Release of Reserves	0	0	0	0	0	0
Total Miscellaneous Revenues	8,282	8,200	8,200	8,200	9,000	800
Transfer from Other Funds:						
General Fund - 110	0	0	0	0	0	0
Joint Water and Sewer Rehab - 628	0	0	0	0	0	0
Water/Sewer Operating Fund - 621	66,362	72,094	72,094	72,094	73,161	1,067
Total Transfers	66,362	72,094	72,094	72,094	73,161	1,067
Total Current Resources	74,644	80,294	80,294	80,294	82,161	1,867
Beginning Fund Balance	(2,392)	(2,476)	(2,476)	(2,476)	(165)	2,311
TOTAL RESOURCES	72,252	77,818	77,818	77,818	81,996	4,177

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ECONOMIC OUTLOOK

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

NATIONAL ECONOMY AND KEY POINTS FROM THE GLOBAL INSIGHT OUTLOOK

Baseline Scenario

In the baseline forecast, assigned a probability of 60%, IHS Global Insight (GI) expects limited growth in the U.S economy. The year over year growth in real GDP for FY14 is expected to be 1.9% which is below the 2.0% growth in FY13. Growth remains low due to the many uncertainties both in the U.S. and in the world. Exports, which had been leading the recovery, are lagging as Europe and the rest of the world still remain weak and the dollar remains relatively strong against the Euro. Consumer spending continues to be sluggish. Consumers have reduced their debt levels though they are still relatively high. In addition, consumers lack confidence in the strength of the economy and the government's ability to make things better. With the government shutdown in October consumer confidence fell to an all-time low. GI assumes that the automatic spending cuts of the sequestration will continue through calendar year 2014 and that some combination of tax increases and spending cuts will occur moving forward. Employment growth remains sluggish but has shown steady increases. Growth was 1.6% in FY13, and 1.7% in FY14. Total employment is not expected to reach its previous peak of FY08 until FY15. Unemployment reached a peak of 9.9% in the fourth quarter of 2009 and by FY18 declines to 5.5%.

Inflation is one of the few bright spots in the GI forecast. Weak employment growth puts little pressure on wages helping to limit pressure on prices. Inflation is expected to remain below 2% from FY14 through FY18. Oil prices increase in FY14 to over \$100 per barrel, but remain below \$100 for the remainder of the forecast. GI expects growth in the Consumer Price Index (CPI) to remain muted, around 1.5% in FY14 and increasing slightly in FY15 to 1.7% and only reaching 1.9% in FY17 and FY18. The low inflation expectation also plays into moderate increases in interest rates. GI believes that the Federal Reserve Bank (FRB) will not raise rates until FY16; reaching 1.1% in FY16 and 4% by FY18.

There are a number of risks in the economy. With the rate of growth in GDP so low, any unexpected occurrence could push the economy into recession. The battle in congress over spending, taxes and extension of the debt ceiling pushed confidence to a new low in October 2013. The shutdown of the federal government in October was not directly factored into the forecast, but the November forecast showed little impact. The "sequester" is expected to be in place through December 2014. The current levels of uncertainty on businesses restrain activity in investment and hiring. Unfortunately, these high levels of uncertainty are likely to remain with us over the next few years.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

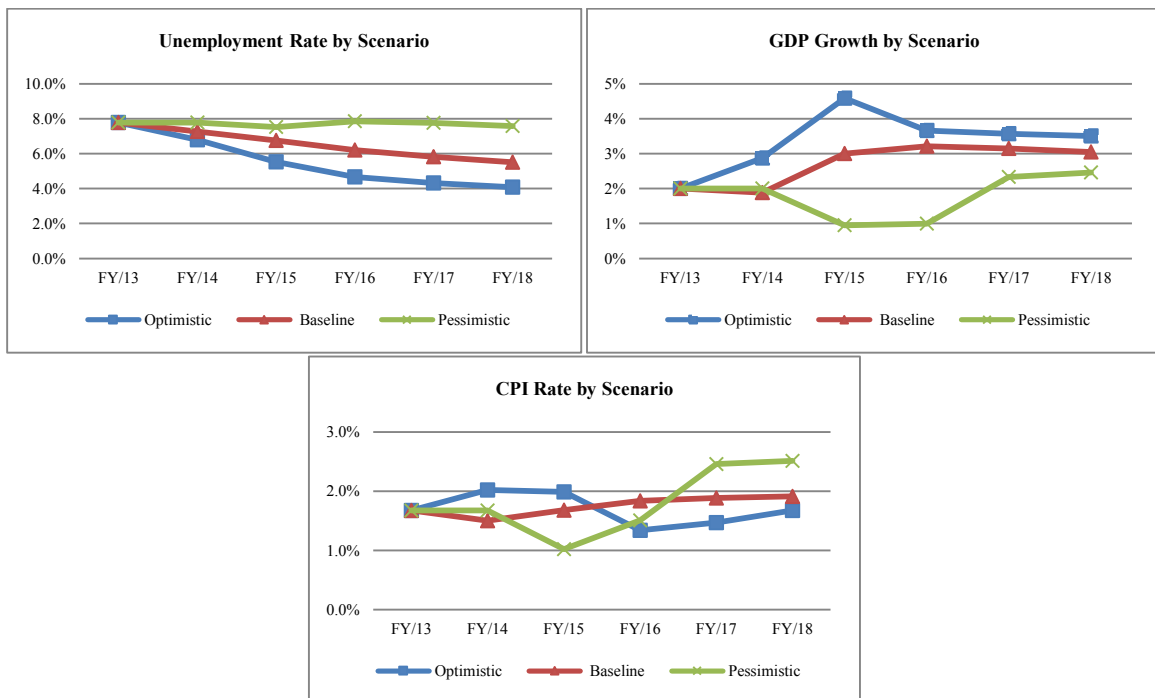
Pessimistic Scenario

The pessimistic scenario is assigned a probability of 20%. In this scenario, the recovery stalls. Construction is weak in part due to more difficulty in access to credit; an increase in the credit crunch. The “sequester” is replaced by more severe cuts including a suspension of long term unemployment benefits. Unemployment basically remains at a high level, only decreasing to 7.4% by FY18. Inflation is above the baseline at 2.5% in the out years in part due to supply constraints that raise the price of oil to \$112 per barrel. Internationally the Eurozone falls back into recession and emerging markets are weak. The FRB doesn’t increase rates until FY18 as it attempts to continue to stimulate the economy.

Optimistic Scenario

The optimistic scenario is assigned a probability of 20%. In this scenario GI assumes that basically everything goes right. A tax and spending compromise is reached, the Eurozone and emerging markets show strong growth helping exports. Inflation is above the baseline as strong demand pushes it up. The FRB reacts and starts raising interest rates in FY15 to limit inflation. Even with higher interest rates housing starts accelerate and unemployment drops to near 4.1% in FY18.

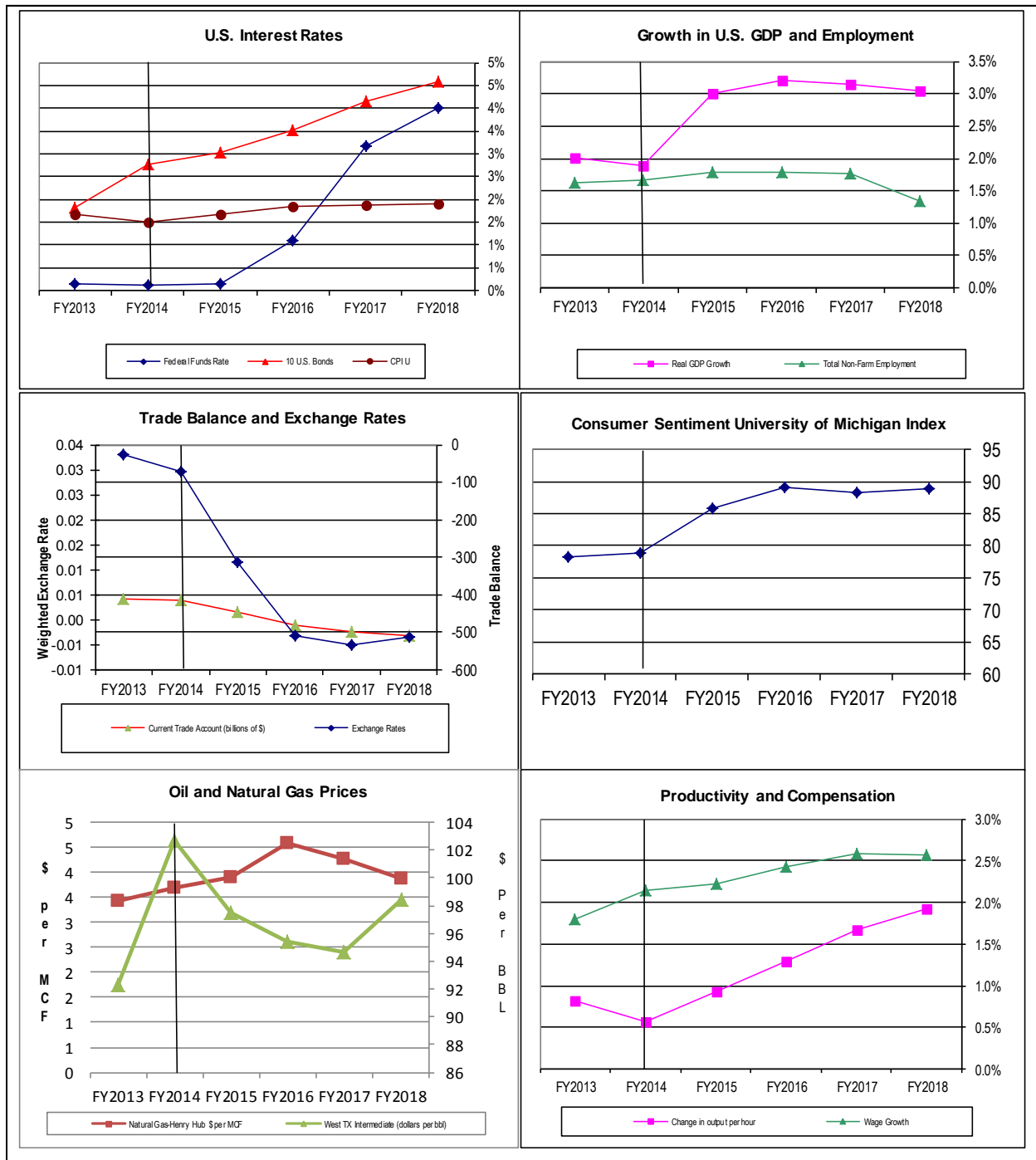
The following charts provide information on some of the key measures in the forecast.



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

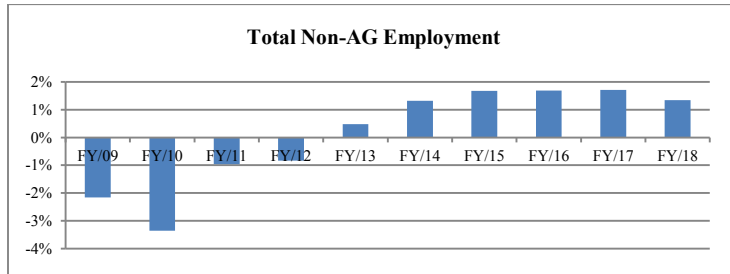
U.S. ECONOMIC VARIABLES AND FORECAST (FISCAL YEAR)

October 2013 Baseline Forecast

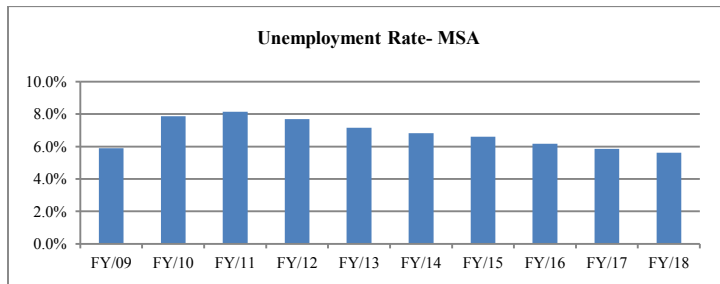


ALBUQUERQUE ECONOMY

The Albuquerque economy is affected by the U.S. and world economies. Albuquerque fell with the national economy, but has lagged in its recovery. Employment has begun to grow, but at very modest rates. The FOR-UNM forecast of employment in October 2013, has positive non-agricultural (non-ag) employment growth beginning in FY13. FY13 increased 0.5% and FY14 is expected to grow 1.3%.



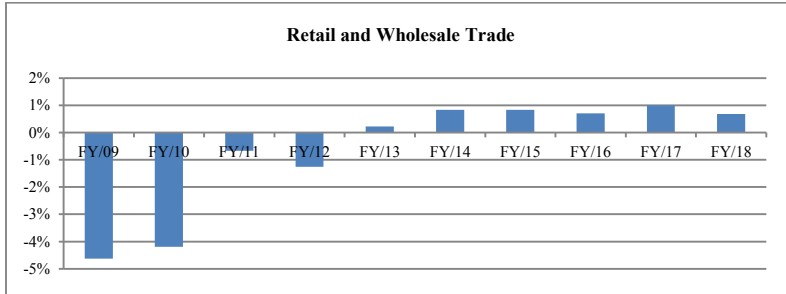
The Albuquerque economy lost over 27 thousand jobs from FY08 to FY12 a loss of 7% of total employment. Growth for FY15 is expected at 1.7% with FY16 increasing at the same rate. This is a muted growth rate for pulling out of a recession. The economy does not reach FY08 levels until FY18. Construction has improved and is now helping the economy. The unemployment rate continues to decline, but some of this is due to discouraged workers leaving the labor force. The rate is expected to slowly decline to 5.6% in FY18.



Several tables following this section provide a summary of the economic variables underlying the forecast and detailed employment numbers for FY11 to FY18 by the major NAICS categories.

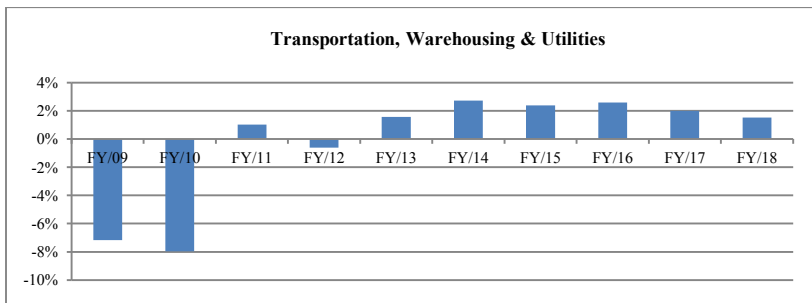
ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

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

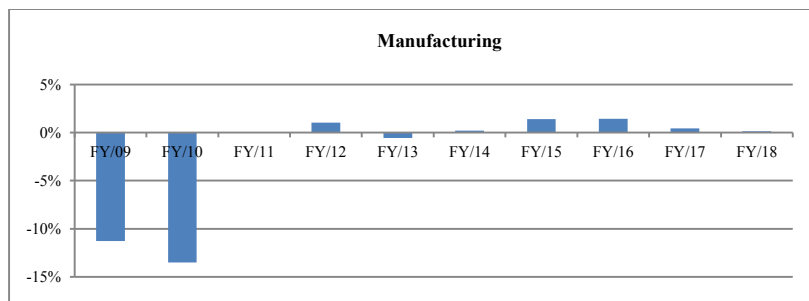


The sector is expected to have employment growth of just over 1% in FY13. Growth remains at these low levels for the remainder of the forecast period.

Transportation, Warehousing and Utilities. This sector while important, only accounts for 2.5% of employment. Employment in this sector was weak before the recession hit and then declined substantially in FY09 and FY10. In FY11 the sector grew 1.2%, but declined in FY12. The expectations for the forecast are a robust recovery with growth approaching 3% in FY14. Even with this growth the sector remains below the levels of FY07 and FY08.



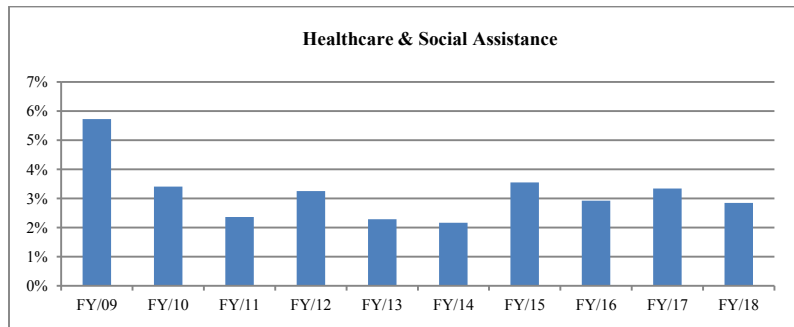
Manufacturing. This sector accounted for about 5% of employment in the MSA. It is an important sector as it creates jobs that bring revenue from outside the area. It also makes purchases of materials and services in the local economy making this sector's impact greater than its employment share.



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

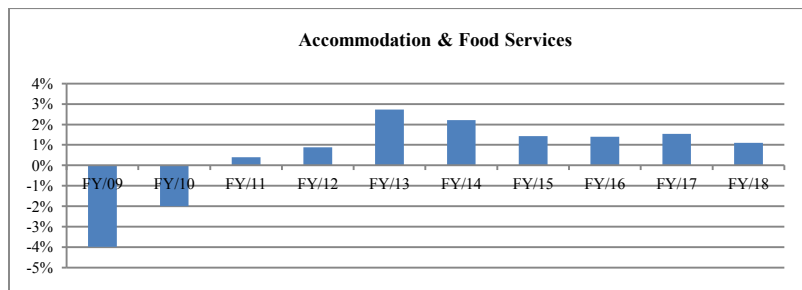
After substantial job losses including closing of Eclipse Aviation and GE, the sector posted small gains in FY11 and FY12. In FY13 the sector declined and FY14 is expected to increase despite job losses at Intel. The sector is expected to grow slowly in the remainder of the forecast. However, FY18 employment is about 83% of the employment of FY08.

Educational and Health Services. This sector is predominantly health services and accounts for 14% of employment. Albuquerque is a major regional medical center. Presbyterian Hospital and its HMO are one of the largest employers in the area. This is also one of the fastest growing categories in the MSA economy.

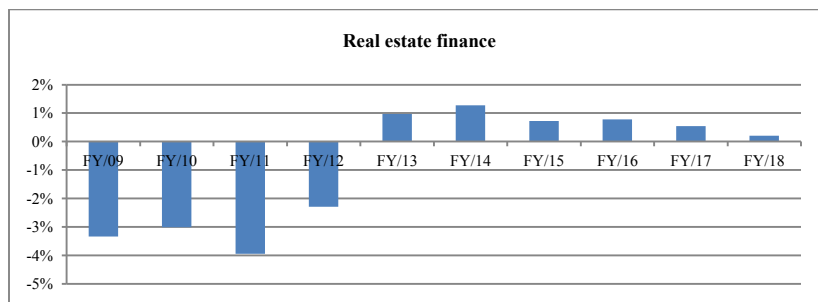


It was the only sector that increased through the recession and continues to be a driver of the economy.

Accommodation and Food Services. This category includes eating and drinking establishments as well as hotels and other travel related facilities. It accounts for 10% of employment in the MSA. The sector is a major contributor to GRT and Lodgers' Tax. FY13 showed strong growth of 2.7% and FY14 has expected growth of 2.2%. The sector reaches its previous peak of FY08 in FY14. The remainder of the forecast shows subdued growth in the sector with a maximum of 1.5% in FY17.

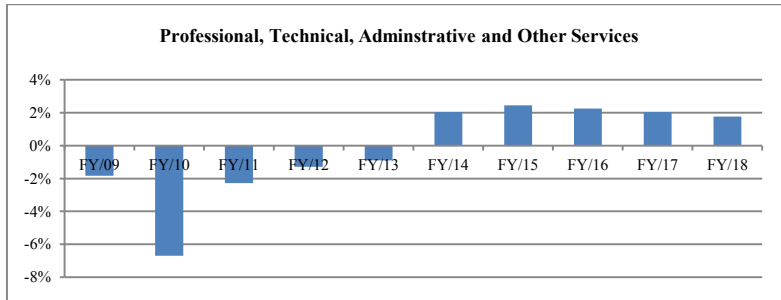


Real Estate & Financial Activities. This is two sectors (Real Estate and Finance and Insurance). The sector includes finance, insurance and real estate including credit intermediation. It accounts for about 4% of employment in the MSA. The financial crisis, the consolidation of banking, and the collapse of real estate impacted this sector. FY13 shows an increase of 1% with FY14 increasing 1.3%. Growth tapers off through the remainder of the forecast. The sector remains 1,600 jobs below the level of FY07.



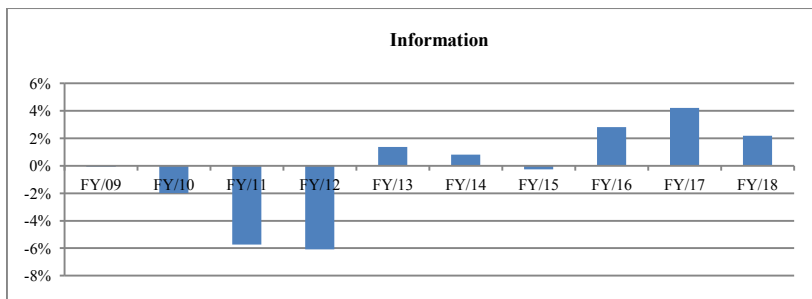
ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

Professional and Business Services. This category is a grouping of four service sectors (Professional and Technical, Management of Companies, Administrative and Waste Services, and Other Services). The category accounts for 18% of the employment in the MSA. It includes temporary employment agencies, some of Albuquerque’s back-office operations, and architect and engineering firms that are closely tied to construction. It also includes Sandia National Labs (SNL).



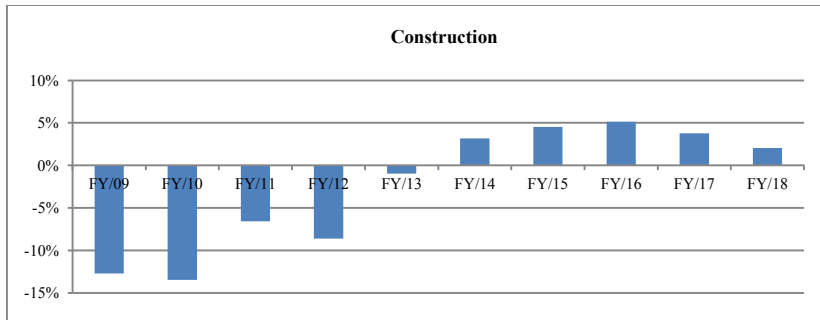
While the national labs have gained some positions the rest of the sector has been very weak. The federal budget problems and sequestration are creating risks in spending reductions and the loss of jobs both at the labs and contractors hired by the labs. Following a small decrease in FY13 the category is expected to grow in the remainder of the forecast. In FY18 it still remains 2,000 jobs below the peak of FY08.

Information. This sector includes businesses in publishing, broadcasting, telecommunications, and internet service establishments. It also includes the film studios. It accounts for about 2% of employment in the MSA. FY11 and FY12 each declined near 6%. FY13 increased 1.4%, but the forecast is very weak until FY16.



Construction. Construction is typically cyclical, with significant swings in building and employment. Construction is an important sector and has an impact on the economy larger than its employment share of 5%. This sector lost 12 thousand jobs from FY07 to FY13. In FY07 its employment share was 8%. After falling consistently from FY07, employment in construction began increasing at the end of FY13. FY13 ended down 1%, but the forecast is expected to show positive growth. FY14 is expected to increase 3.2% with large increases in FY15, FY16, and FY17. In FY18 growth is expected to be 2.1%. Even with this growth construction employment is forecasted to be 27% or 8,400 jobs below the FY07 peak.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET



Construction permits show the trends in construction and the types of construction. The graph following this section shows the real values of building permits after adjusting by the CPI. Construction is described as new and additions, alterations, and repairs from 1970 to 2013 (December of 2013 was estimated) by categories of residential and commercial. Five distinct peaks occurred in 1973, 1979, 1985, 1995 and 2005. The last cycle was the longest and the fall following 2005 the largest.

The lowest level of residential construction was reached in the period of August 2008 to February 2009. From this point single family permitting has increased, but it remains subdued and at levels below any other in the chart. In 2008 much of the decline in residential construction was offset by new commercial, primarily public sector construction. Much of this construction was for new Albuquerque public schools. In 2009 residential housing stabilized, but commercial construction fell making 2009 the worst year as far as percentage decline in new construction. Additions, alterations, and repairs did not drop as significantly as new construction but still showed declines. This category is dominated by commercial and public projects.

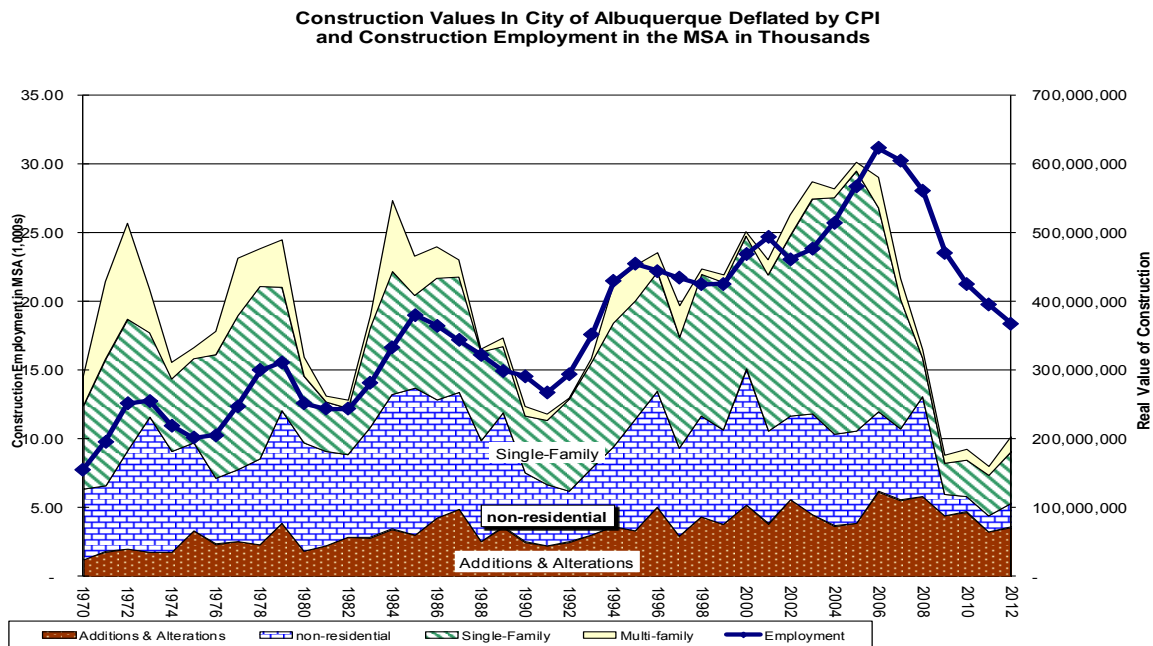
Looking forward, single family permitting is expected to show significant growth nearly doubling from around 1,000 in FY13 to near 2,000 in FY17. This still is less than half of the permitting activity of the peak. Multi-family construction is also expected to show some recovery.

Building permits only tell part of the construction story. Non-building construction such as roads and storm drainage are not captured in the permit numbers. Large construction projects for the State, such as University Hospital, are permitted by the State rather than the City. Employment in the construction sector gives a picture of growth in the entire MSA.

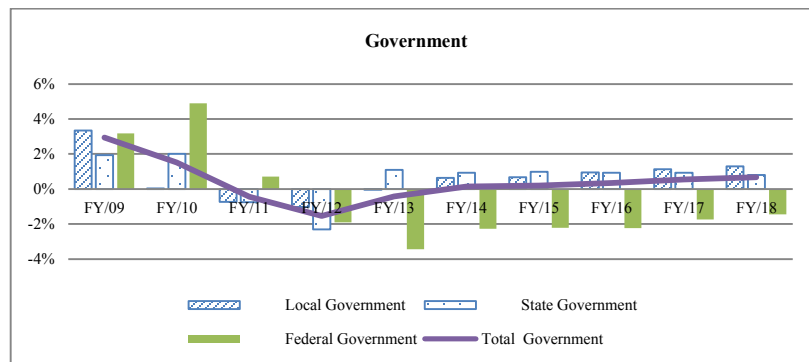
As shown in the chart following this section, construction employment moves similarly to permit values, but differences occur. Some of this is due to projects outside the City as well as non-building projects. Growth in employment was very strong in 2000-2006, driven in large part by the Intel project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

FIGURE 1

City of Albuquerque Value of Permits Deflated by CPI



Government The government sector makes up almost 22% of the Albuquerque MSA employment. The largest part of State and Local government is education. Local Government includes the public schools and State Government includes the University of New Mexico. The local sector also includes Indian enterprises. The Federal Government makes up 4.4% of employment; nationally, Federal government makes up 3.4% of total employment. This doesn't include military employment which is counted separately. Active military is around 6,000 or about 1.7% of the total non-agricultural employment. Nationally military is 1% of total non-agricultural employment.



Government employment slowed and decreased in FY11, FY12 and FY13. Local and State employment decreased due to declines in tax revenue and the inability to fund the same level of employees. State and Local are flat in FY13 and improve in the out years, due to increases in state and local government. Federal Government after growing strongly in FY09 and FY10 showed little growth in FY11 and declines in FY12 through the remainder of the forecast. This occurs due to the federal government taking steps to reduce its expenditures.

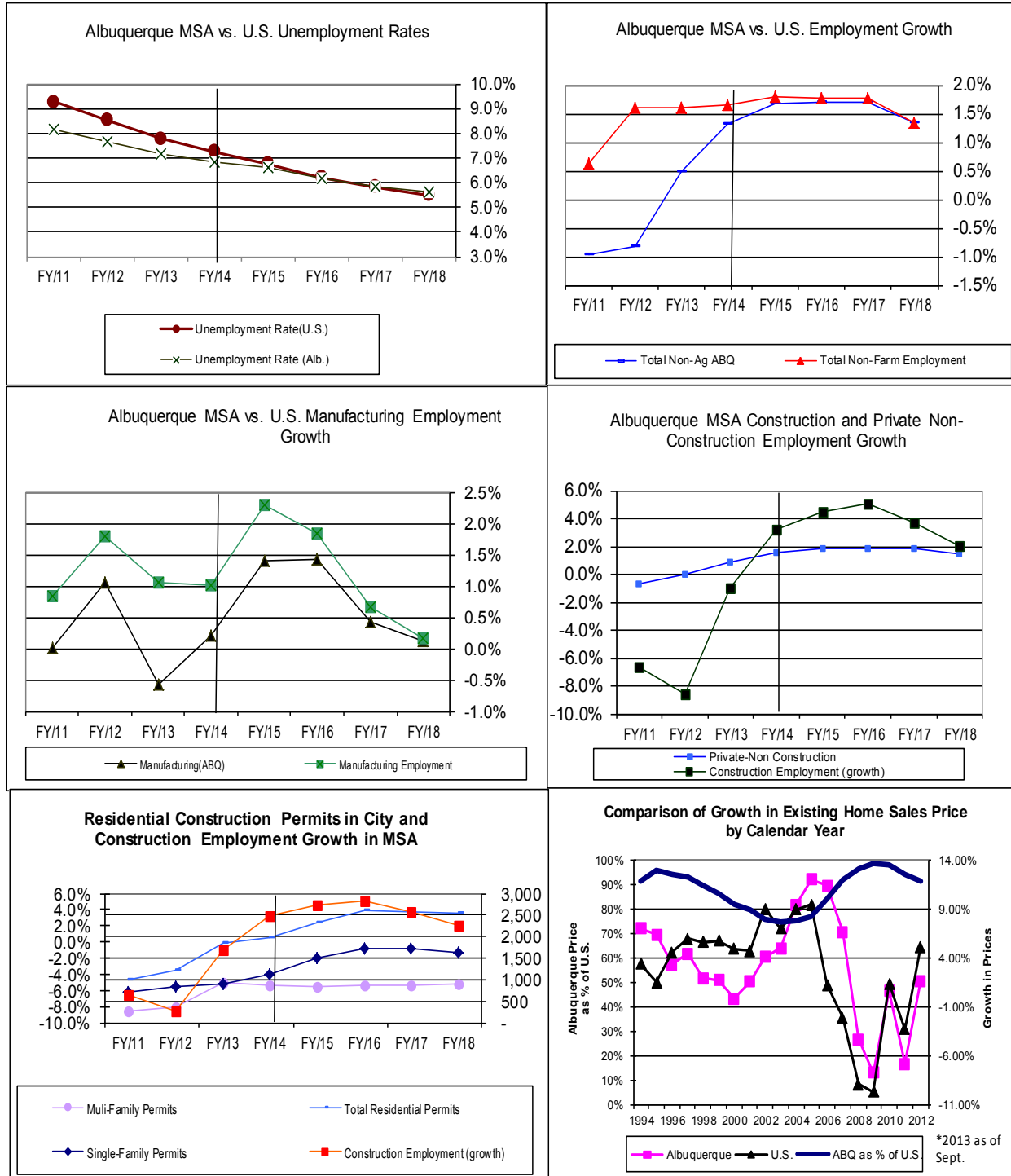
ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

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

TABLE 2

LOCAL ECONOMIC VARIABLES HISTORY AND FORECAST

October 2013 Economic Outlook- BBER and Global Insight



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

TABLE 3

Economic Variables Underlying the Forecast									
	Historical				Forecast				
	2009	2010	2011	2012	2013	2014	2015	2016	2017
National Variables									
Real GDP Growth	3.0%	0.2%	2.2%	2.0%	1.7%	2.3%	3.4%	3.1%	3.2%
Federal Funds Rate	4.2%	0.2%	0.2%	0.1%	0.2%	0.2%	0.2%	1.6%	4.0%
10 U.S. Bonds	4.6%	3.5%	3.1%	2.1%	1.7%	2.5%	3.1%	3.9%	4.9%
CPI U	3.8%	1.0%	2.0%	2.9%	1.5%	1.5%	1.8%	1.7%	2.7%
Unemployment Rate(U.S.)	4.8%	9.7%	9.3%	8.6%	8.1%	7.9%	7.3%	6.7%	6.9%
Total Non-Farm Employment	1.9%	-3.2%	0.7%	1.4%	1.2%	1.6%	1.9%	1.9%	0.7%
Manufacturing Employment	-0.6%	-8.9%	0.9%	1.9%	1.3%	1.2%	1.8%	1.6%	-0.1%
Consumer sentiment index–University of Michigan	85.7	71.6	71.1	69.1	77.5	81.3	84.8	85.2	83.9
Exchange Rates	1.0	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.8
Current Trade Account (billions of \$)	(792.6)	(419.1)	(458.4)	(477.8)	(412.9)	(447.5)	(497.4)	(530.5)	(424.2)
Change in output per hour	2.5%	4.2%	1.5%	0.8%	0.7%	0.5%	1.3%	1.2%	3.4%
Natural Gas-Henry Hub \$ per MCF		4.2	4.1	3.0	3.1	4.3	5.1	4.2	5.2
West TX Intermediate (dollars per bbl)	48.8	75.2	89.4	95.0	89.8	89.4	83.6	81.9	105.1
Wage Growth	1.5%	1.4%	1.7%	1.7%	1.8%	1.9%	2.0%	2.1%	3.3%
Albuquerque Variables									
Employment Growth and Unemployment in Albuquerque MSA									
Total Non-Ag ABQ	-2.2%	-3.4%	-1.0%	-0.9%	0.4%	1.6%	1.9%	1.8%	1.7%
Private-Non Construction	0.6%	-3.8%	-0.7%	-0.2%	1.0%	2.0%	2.2%	2.1%	1.8%
Construction Employment (growth)	-12.2%	-13.1%	-6.1%	-9.1%	-3.1%	2.1%	3.3%	3.1%	3.0%
Manufacturing(ABQ)	-11.3%	-13.5%	0.0%	1.3%	1.6%	2.2%	2.4%	2.1%	1.7%
Unemployment Rate (Alb.)	5.9%	7.9%	8.1%	7.5%	6.6%	6.5%	6.1%	5.9%	5.7%
Construction Units Permitted in City of Albuquerque									
Single-Family Permits	435	875	723	843	1,014	1,342	1,699	1,832	1,948
Muli-Family Permits	204	172	262	359	622	642	597	867	1,119
Total Residential Permits	639	1,047	985	1,202	1,635	1,984	2,296	2,698	3,067
Source Global Insight and FOR-UNM October 2012 Baseline Forecasts									

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

TABLE 4

Albuquerque MSA Employment in Thousands								
	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Total Employment	357.958	354.986	356.711	361.421	367.482	373.709	380.105	385.217
Private Employment	280.256	278.480	280.531	285.132	291.036	297.001	302.974	307.574
Mining & Agriculture	0.814	0.742	0.766	0.730	0.737	0.745	0.755	0.764
Construction	20.730	18.946	18.760	19.355	20.229	21.263	22.062	22.516
Manufacturing	17.524	17.708	17.607	17.643	17.891	18.147	18.226	18.250
Wholesale Trade	11.928	11.484	11.572	11.627	11.754	11.879	12.009	12.087
Retail Trade	40.976	40.755	40.783	41.167	41.482	41.732	42.140	42.427
Transportation, Warehousing & Utilities	8.919	8.865	9.004	9.249	9.470	9.715	9.908	10.058
Information	8.478	7.963	8.071	8.137	8.116	8.345	8.697	8.888
Finance & Insurance	11.033	10.615	10.682	10.843	10.890	10.909	10.921	10.933
Real Estate, Rental & Leasing	5.060	5.109	5.195	5.237	5.306	5.413	5.490	5.513
Professional & Technical Services	28.711	28.420	27.988	27.959	28.340	28.812	29.295	29.770
Management of Companies & Enterprises	3.298	3.340	3.296	3.356	3.372	3.383	3.390	3.394
Administrative & Waste Services	24.928	24.311	24.267	25.598	26.722	27.684	28.542	29.287
Educational Services	4.690	4.933	4.861	4.822	4.871	4.930	5.004	5.072
Healthcare & Social Assistance	46.013	47.509	48.598	49.653	51.415	52.916	54.682	56.237
Arts, Entertainment & Recreation	3.628	3.946	4.403	4.340	4.410	4.490	4.576	4.649
Accommodation & Food Services	33.675	33.971	34.897	35.670	36.181	36.688	37.251	37.663
Other Services & Unclassified	9.851	9.853	9.782	9.747	9.850	9.948	10.027	10.065
Government	77.703	76.506	76.179	76.289	76.446	76.708	77.131	77.644
Local Government	41.004	40.587	40.567	40.823	41.099	41.487	41.953	42.493
State Government	20.928	20.447	20.672	20.866	21.070	21.264	21.463	21.634
Federal Government	15.771	15.472	14.940	14.600	14.277	13.957	13.715	13.516
Military Employment	6.095	6.234	6.242	6.170	6.186	6.106	6.065	6.042
Growth Rates								
Total Employment	-1.0%	-0.8%	0.5%	1.3%	1.7%	1.7%	1.7%	1.3%
Private Employment	-1.1%	-0.6%	0.7%	1.6%	2.1%	2.0%	2.0%	1.5%
Mining & Agriculture	4.8%	-8.9%	3.2%	-4.7%	1.0%	1.1%	1.3%	1.2%
Construction	-6.6%	-8.6%	-1.0%	3.2%	4.5%	5.1%	3.8%	2.1%
Manufacturing	0.0%	1.1%	-0.6%	0.2%	1.4%	1.4%	0.4%	0.1%
Wholesale Trade	-1.7%	-3.7%	0.8%	0.5%	1.1%	1.1%	1.1%	0.6%
Retail Trade	-0.4%	-0.5%	0.1%	0.9%	0.8%	0.6%	1.0%	0.7%
Transportation, Warehousing & Utilities	1.0%	-0.6%	1.6%	2.7%	2.4%	2.6%	2.0%	1.5%
Information	-5.7%	-6.1%	1.4%	0.8%	-0.3%	2.8%	4.2%	2.2%
Finance & Insurance	-4.0%	-3.8%	0.6%	1.5%	0.4%	0.2%	0.1%	0.1%
Real Estate, Rental & Leasing	-3.8%	1.0%	1.7%	0.8%	1.3%	2.0%	1.4%	0.4%
Professional & Technical Services	-3.5%	-1.0%	-1.5%	-0.1%	1.4%	1.7%	1.7%	1.6%
Management of Companies & Enterprises	0.9%	1.3%	-1.3%	1.8%	0.5%	0.3%	0.2%	0.1%
Administrative & Waste Services	-2.1%	-2.5%	-0.2%	5.5%	4.4%	3.6%	3.1%	2.6%
Educational Services	3.6%	5.2%	-1.4%	-0.8%	1.0%	1.2%	1.5%	1.4%
Healthcare & Social Assistance	2.4%	3.3%	2.3%	2.2%	3.5%	2.9%	3.3%	2.8%
Arts, Entertainment & Recreation	-1.5%	8.8%	11.6%	-1.4%	1.6%	1.8%	1.9%	1.6%
Accommodation & Food Services	0.4%	0.9%	2.7%	2.2%	1.4%	1.4%	1.5%	1.1%
Other Services & Unclassified	-0.1%	0.0%	-0.7%	-0.4%	1.1%	1.0%	0.8%	0.4%
Government	-0.4%	-1.5%	-0.4%	0.1%	0.2%	0.3%	0.6%	0.7%
Local Government	-0.7%	-1.0%	0.0%	0.6%	0.7%	0.9%	1.1%	1.3%
State Government	-0.8%	-2.3%	1.1%	0.9%	1.0%	0.9%	0.9%	0.8%
Federal Government	0.7%	-1.9%	-3.4%	-2.3%	-2.2%	-2.2%	-1.7%	-1.4%
Military Employment	1.0%	2.3%	0.1%	-1.1%	0.3%	-1.3%	-0.7%	-0.4%

CAPITAL BUDGET

***Approved
Operating Budget
FY15***

CAPITAL IMPLEMENTATION PROGRAM

Capital Program Overview

The Authority's Capital program is comprised of different categories of projects, each with its own funding rules. The 'Basic Program' is funded by recurring revenues generated from the water/sewer rate structure. Special Projects are done outside of the Basic program but are funded from the same revenue stream that funds the Basic Program. Since the Basic Program is the first in line to get this revenue, the size and scope of these Special projects depend upon the availability of resources. 'Dedicated Revenue' projects have a revenue element in the rate structure dedicated for that specific purpose and accordingly, their size and scope are dependent upon the revenue stream generated. The Authority has increased in recent years its utilization of state and federal grants to fund some capital projects in whole or in part.

The blueprint for the Authority's Basic Program is its Decade Plan, a ten-year capital plan required to be updated biennially in even numbered fiscal years with two, four, six, eight and ten year planning elements. The Decade Plan includes detailed requirements for program development and project scope, schedule, budget, justification and alternatives. The Decade Plan requires approval by the Authority Board with at least one public hearing and due deliberation. In those fiscal years where the Decade Plan must be updated, the new Decade Plan must be approved by the Authority's Board before that year's Capital program budget can be approved. This policy ensures there is always an approved two-year planning element in place for every approved annual Basic Program budget. FY15 is the second year of the first two-year planning element included in the FY14 – FY23 Decade Plan approved by the Board in June, 2013.

Basic Program capital needs are incorporated into the water/sewer rate structure. The Rate Ordinance states that on average 50 percent of the cost of capital projects, which constitute the normal (Basic) capital program of the water and sewer system, shall be paid with cash rather than from borrowed funds. The balance of capital funding is obtained through revenue bond or loan financing. The rate structure is designed to provide sufficient revenue to meet the cash requirement and to meet the debt service obligations incurred to finance the remainder of the Basic Program. System growth projects are funded through Utility Expansion Charge (UEC) revenues, either by reimbursing capital investments made under the terms of a Developer Agreement, or by direct appropriation to Authority capital projects. UEC revenue is considered cash for purposes of meeting the cash test. The current Rate Ordinance requires a \$33 million Basic rehabilitation program. The Rate Ordinance does not specify the size of the Basic growth program.

The most significant change in the adopted FY14 – FY23 Decade Plan was the disaggregation of the previous water facilities rehabilitation category into two categories; drinking water plant groundwater systems and drinking water plant treatment systems renewal. The change was made to provide a separate reporting for each of the two water supply systems which the Authority maintains; the groundwater system and the surface water system. The other change made in the current decade plan was to pull out franchise fee compliance costs from the shared rehabilitation category in order to allow for clearer identification of the significant costs the Authority incurs for compliance with its franchise agreements. The current decade plan views the capital program from a Field / Plant / Compliance perspective.

The funding for the Basic rehabilitation program in FY15 includes \$10.0 million in supplemental funding for rehabilitation of the Southside Water Reclamation Plant. Another \$10 million in supplemental funding for reclamation plant rehabilitation was approved for FY14. The \$20 million in supplemental funding has been allocated to the Preliminary Treatment Facility Replacement (PTF) project which got underway in FY14 and represents the major new project in the current decade plan.

The Basic growth program in FY15 is \$5.0 million, an increase of \$1.0 from FY14. The growth program is funded by Utility Expansion Charge (UEC) revenue which is tied to economic growth in the Authority's service area. Because of stagnant UEC revenues, the Basic growth program has had to reduce discretionary

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spending and focus on continuing initiatives in Information Technology (IT) support for the operating divisions. The non-discretionary portion of the growth program includes funding for the low income connection program managed by Bernalillo County and development repayment agreements as connections are made to the system. The FY15 increase in the growth program will be used for the Increased Transmission Capacity to Corrales Trunk project which will move water from the Volcano Cliffs reservoirs site into the Corrales Trunk. The project will also facilitate conveyance of treated surface water and reduce reliance on groundwater.

There are no appropriations in the approved FY15 CIP budget for projects that will be funded with revenues from FY16 and later.

FY15 Capital Program Appropriations and Spending by Categories

Summary Perspective

The FY15 capital program appropriation totals \$51.0 million. \$48.0 million is appropriated for the Basic capital program and \$3.0 million is appropriated for special projects. The \$48.0 million is comprised of \$33.0 million in base level rehabilitation funding per the Rate Ordinance, \$10.0 million in supplemental water reclamation facility rehabilitation funding and \$5.0 million in growth program funding.

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

The \$3.0 million for special projects is comprised of \$2.0 million for Automated Meter Infrastructure (AMI) / Leak Detection and \$1.0 million for steel water line replacement.

In order to meet reporting requirements, the Capital program is presented from the perspective of categories of spending. Category definitions are:

Rehabilitation = Costs required to extend the service life of an existing facility or to restore original performance or capacity by rehabilitating or replacing system components. In the following schedules, the word renewal is used in place of rehabilitation in conformity with the decade plan.

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

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

Water Resources Management Strategy (WRMS) = Costs for projects identified in the Water Resources Management Strategy as adopted by the City of Albuquerque in 1997 and as adopted by the Authority as successor. There is a revenue element in the rate structure dedicated for WRMS.

There are no appropriations in FY15 in either the Valley or the WRMS category.

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Basic Program appropriations by decade plan category

Rehabilitation

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

Growth

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

Special Projects appropriations by decade plan category

Rehabilitation

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

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

The revenue sources for the appropriations are comprised of:

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

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

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FY15 Capital Program Highlights

The major project in the Basic rehabilitation program for FY15 will be the ongoing construction of the replacement Preliminary Treatment Facility (PTF). The project has a current contract cost of \$30.8 million and is expected to be substantially complete by the end of FY15. The other major project in the current decade plan, the Dewatering Replacement project, is being reevaluated whether rehabilitation or replacement of the existing facility represents the best use of limited funds.

A major stress on the Basic rehabilitation program cash flows in FY14 came from the projects done to move the Authority's water and sewer lines required by the Paseo Del Norte Interchange Rehabilitation project managed by the City of Albuquerque. More than \$5 million will end up being spent for these line relocations which add little value to the Authority's infrastructure but are necessary per the terms of the franchise agreements. The Authority chose to contract for the work itself rather than have the work done by the City contractors in the belief that the ultimate cost would be less and a higher quality result would be achieved. These line projects will be substantially complete by June 30, 2014.

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

The largest planned project other than at the water reclamation plant is the chemical solids systems improvement project at the Surface Water Treatment Plant. During the process of removing solids from the water, a coagulant (ferric chloride) and a polymer are added to the water. The coagulant and the polymer promote the solids in aggregating and coming out of suspension. The solids removed during the clarification process require further processing. The chemical solids systems improvement project will include evaluation, design and construction of improvement to the waste solids handling and treatment systems at the surface water treatment plant. The improvements will facilitate the surface water treatment plant operating at its current finished water capacity of 92 million gallons per day (mgd) when the Rio Grande source water is especially turbid.

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

CIP Projects Coming On Line

In FY15, there are no CIP projects that are projected to come on line and there are no additional projected impacts to the operating budget in FY15.

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<u>Purpose</u>	<u>Source</u>	<u>Increase</u>
<u>Basic Program</u>		
<u>Rehab Fund 28</u>		
<u>Sanitary Sewer Pipeline Renewal</u>		
Interceptor Sewer Rehabilitation	Bond Proceeds	1,000,000
Interceptor Rehab Contingency	Bond Proceeds	1,400,000
Small Diameter Sewer Line		
Rehabilitation	Bond Proceeds	1,000,000
Small Diameter Sewer Line		
Rehab Contingency	Bond Proceeds	500,000
Sewer Line CCTV Inspections	Bond Proceeds	500,000
<u>Drinking Water Pipeline Renewal</u>		
Small Diameter Water Line		
Rehabilitation	Bond Proceeds	1,000,000
Small Diameter Water Line		
Rehab Contingency	Bond Proceeds	1,000,000
Large Diameter Water Line		
Rehab Contingency	Bond Proceeds	500,000
Water Meters, Meter Boxes and		
Service Lines Rehabilitation	Bond Proceeds	150,000
Large Water Valve Replacement	Bond Proceeds	250,000
Pressure Reducing Valve		
Replacement	Bond Proceeds	100,000
Asset Management Plan For		
Large Diameter Water Line	Bond Proceeds	150,000
<u>Southside Water Reclamation Plant Renewal</u>		
Preliminary Treatment Facility		
Replacement	Bond Proceeds	7,500,000
Dewatering Facility Replacement	Bond Proceeds	6,000,000
Existing Digester Rehabilitation		
Improvements	Bond Proceeds	1,500,000
Primary Clarifier Improvements	Bond Proceeds	1,500,000
Water Reclamation Plant Contingency	Transfer from Fund 21	1,500,000
	Bond Proceeds	1,500,000
ABB Service Contract	Transfer from Fund 21	140,000

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Plant Wide Electrical, Instrumentation

And Control Improvements	Bond Proceeds	1,000,000
Plant Equalization Basins	Transfer from Fund 21	750,000
Program Management Assistance	Transfer from Fund 21	100,000
New Digester Capacity	Transfer from Fund 21	1,210,000
Digester Cleaning Program	Transfer from Fund 21	300,000
Chemical Storage and Feed		
Systems Upgrade	Transfer from Fund 21	500,000
Pre-Screens for UV Disinfection		
Facility	Transfer from Fund 21	500,000

Soil Amendment Facility (SAF) Renewal

Upgrade of Soil Amendment Facility	Bond Proceeds	50,000
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Lift Station and Vacuum Station Renewal

Lift Station Rehabilitation	Bond Proceeds	1,500,000
Vacuum Station Rehabilitation	Bond Proceeds	770,000
Lift Station Programmable Logic		
Controller Replacement	Bond Proceeds	155,000

Odor Control Facilities Renewal

Interceptor Odor Control	Bond Proceeds	10,000
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Drinking Water Plant Groundwater System Renewal

Sodium Hypochlorite Generator System

Rehabilitation / Replacement	Bond Proceeds	205,000
Booster Pump Station Rehabilitation	Bond Proceeds	590,000
Well Rehabilitation and Maintenance	Bond Proceeds	120,000
Reservoir Cleaning and Inspection	Bond Proceeds	50,000
Corrales Well No. 5 Improvements	Bond Proceeds	700,000
Corrales Trunk Gas Engine Overhauls	Bond Proceeds	350,000
Booster Pump Surge Tank Renewal	Bond Proceeds	50,000
Valve Exercising Equipment and		
Valve Replacement	Bond Proceeds	100,000

Drinking Water Plant Treatment Systems Renewal

Water Treatment Plant Contingency	Bond Proceeds	150,000
Chemical Solids Systems		
Improvements	Bond Proceeds	740,000
Grit Removal Basin Improvements	Bond Proceeds	240,000

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Dissolved Ozone Monitoring		
Improvements	Bond Proceeds	150,000
Water Systems SCADA Rehabilitation	Bond Proceeds	20,000
College Arsenic Removal		
Demonstration Facility Rehabilitation	Transfer from Fund 21	50,000
Corrales Trunk Arsenic System		
Improvements	Bond Proceeds	100,000
Corrales Well No. 2 Arsenic		
Treatment Project	Bond Proceeds	600,000
Corrales Well No. 4 Arsenic		
Treatment Project	Bond Proceeds	540,000
Corrales Trunk Arsenic Media		
Replacement	Transfer from Fund 21	350,000
Raw Water Pumping Station		
Rehabilitation	Bond Proceeds	80,000
Add Caustic Soda Storage and Feed		
System at the SJCWTP	Transfer from Fund 21	250,000
<u>Reuse Line and Plant Rehabilitation</u>		
Reuse Line Rehabilitation	Bond Proceeds	10,000
Reuse Plant Rehabilitation	Bond Proceeds	20,000
<u>Compliance</u>		
Water Quality Laboratory	Transfer from Fund 21	295,000
NPDES Program	Transfer from Fund 21	155,000
Water Quality Program	Bond Proceeds	150,000
<u>Shared Renewal</u>		
Ferrous / Ferric Transfer Station 70		
Rehabilitation	Transfer from Fund 21	500,000
CIP Funded Position Transfer	Transfer from Fund 21	400,000
<u>Franchise Agreement Compliance</u>		
Franchise Fee Water and Sewer	Transfer from Fund 21	1,000,000
City of Albuquerque DMD Street		
Rehabilitation Manhole and Valve		
Box Adjustments	Transfer from Fund 21	1,000,000
<u>Growth Fund 29</u>		
Warehouse Meters	Transfer from Fund 31	500,000

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Development Agreements	Transfer from Fund 31	1,250,000
Increased Transmission Capacity		
To Corrales Trunk	Transfer from Fund 31	1,000,000
MIS / GIS	Transfer from Fund 31	2,000,000
Low Income W/S Connections	Transfer from Fund 31	250,000
<u>Special Projects</u>		
<u>Rehab Fund 28</u>		
Automatic Meter Infrastructure	Transfer from Fund 21	2,000,000
Steel Water Line Replacement	Transfer from Fund 21	1,000,000

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

CIP Plan FY 2014 - 2018	2014	2015	2016	2017	2018	Total
Facility and Project Descriptions	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Basic Capital Program						
Sanitary Sewer Pipeline Renewal						
Interceptor Sewer Rehab	1,000	1,000	3,000	4,000	4,500	13,500
Interceptor Sewer On-Call Contingency	1,000	1,400	1,500	1,500	1,500	6,900
Small Diameter Sewer Line Rehab		1,000	1,500	2,400	3,000	7,900
Small Diameter Sewer Line On-Call Contingency	500	500	500	500	500	2,500
Sewer Line CCTV Inspections	500	500	500	500	500	2,500
Sanitary Sewer Pipeline Renewal Subtotal	3,000	4,400	7,000	8,900	10,000	33,300
Drinking Water Pipeline Renewal						
Small Diameter Water line Rehab	1,000	1,000	1,000	1,500	2,700	7,200
Small Diameter Water Line On-Call Contingency	1,000	1,000	1,000	1,000	1,000	5,000
Large Diameter Water Line On-Call Contingency	500	500	500	500	500	2,500
Water Meters, Boxes & Services Rehab	150	150	150	150	150	750
Large Water Valve Replacement	250	250	250	250	250	1,250
Pressure Reducing Valve Replacements		100		170		270
Asset Management Plan for Large Diameter Water Line		150				150
Drinking Water Pipeline Renewal Subtotal	2,900	3,150	2,900	3,570	4,600	17,120
Southside Water Reclamation Plant Renewal						
Preliminary Treatment Facility Replacement (PTF)	10,000	7,500				17,500
Dewatering Facility Replacement	4,000	6,000	1,000			11,000
Interim Blower Capacity Improvements	1,000					1,000
Existing Digester Rehabilitation and Improvements	1,000	1,500	2,140	3,000	2,700	10,340
Primary Clarifier Improvements	500	1,500	1,400	2,100		5,500
Aeration Basin Rehabilitation	2,400		1,800	1,800		6,000
Secondary Sludge Thickening Improvements	500			2,500	1,500	4,500
Cogeneration Improvements	250			500	6,140	6,890
SWRP Renewal Contingency	2,010	3,000	1,000	1,000	1,000	8,010
ABB Service Contract	140	140	155	160	160	755
Plant-Wide Electrical, Instrumentation & Control Improvement	500	1,000	1,000	1,000	1,000	4,500
RAS and Sludge Withdrawal Pumps Improvements				1,500	1,500	3,000
Storm Water Drainage Improvements			205	250		455
Plant Equalization Basins	100	750	4,500	4,000		9,350
RAMP Report Update	200					200
Program Management Assistance	100	100				200
High Efficiency Blower Upgrades	500			1,590	5,600	7,690
New Digester Capacity	500	1,210	8,400	4,400	4,000	18,510
Digester Cleaning Program	300	300	400	200	400	1,600
Chemical Storage and Feed Systems Upgrade		500				500
Pre-Screens for UV Disinfection Facility		500	2,000			2,500
Southside Water Reclamation Plant Renewal Subtotal	24,000	24,000	24,000	24,000	24,000	120,000
Basic Program Funding	14,000	14,000	14,000	14,000	14,000	70,000
Special Funding	10,000	10,000	10,000	10,000	10,000	50,000
Soil Amendment Facility (SAF) Renewal	-	-	-	-	-	
Upgrade of Soil Amendment Facility	50	50	50	50	50	250
SAF Renewal Subtotal	50	50	50	50	50	250

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Lift Station and Vacuum Station Renewal						
Lift Station Rehab	350	1,500	3,400	1,585	2,500	9,335
Lift Station 24 Rehab	50					50
Vacuum Station Rehab	400	770	1,000	2,000	2,000	6,170
Lift Station PLC Replacement	130	155	155			440
Asset Management Plan for Lift Station/Vacuum Station	150					150
Arc Flash Study	150					150
Lift Station and Vacuum Station Renewal Subtotal	1,230	2,425	4,555	3,585	4,500	16,295
Odor Control Facilities Renewal						
Interceptor Odor Control Renewal	10	10	10	250	10	290
Odor Control Facilities Renewal Subtotal	10	10	10	250	10	290
Drinking Water Plant: Groundwater System Renewal						
Annual Sodium Hypochlorite Generator System Rehab/Replace	220	205	150	175	157	907
Booster Pumping Station Rehab	220	590	250	210	210	1,480
Well Rehab and Replacement	200	120	1,060	1,060	2,035	4,475
Ridgecrest Well 5 Improvements	40					40
Kiva Reservoir No. 1 Rehab	150					150
College Reservoir Rehab				200	1,400	1,600
Love Reservoir No. 1 Rehab				250		250
Charles Wells Reservoir Rehab	50					50
Santa Barbara Reservoir No. 1 Rehab				250		250
Annual Reservoir Cleaning and Inspection	50	50	50	50	50	250
Corrales Well 2 Collector Pipeline	500	700	250			1,450
Corrales Trunk Gas Engine Overhauls	50	350	50	50	50	550
Booster Pump Surge Tank Renewal	75	50	50	50	50	275
Burton Reservoir No. 2 Renewal	50					50
Asset Management Plan for Water Pumping Stations	250					250
Asset Management Plan for Reservoirs	150					150
Asset Management Plan for Wells	250					250
Valve Exercising Equipment and Valve Replacement	100	100	100	100	100	500
Arc Flash Study for Groundwater System	150					150
DWP GW System Renewal Subtotal	2,505	2,165	1,960	2,395	4,052	13,077
Drinking Water Plant: Treatment Systems Renewal						
Water Treatment Plant Contingency Rehab	300	150	150	200	200	1,000
Chemical Solids Systems Improvements	1,210	740	1,075	945		3,970
Grit Removal Basin Improvements	315	240	240	1,240	1,240	3,275
Dissolved Ozone Monitoring Improvements		150				150
Diversion Bar Screen Improvements	120					120
Settling Basin Edge Protection	75					75
Water Systems SCADA Rehab	110	20	20	330	330	810
Radio and Telemetry Replacement				500		500
UPS Replacement				40		40
College Arsenic Removal Demonstration Facility Rehab	50	50	50	50	50	250
Corrales Trunk Arsenic System Improvements	25	100	100			225
Corrales Well 2 Arsenic Treatment Project	100	600	950			1,650
Corrales Well 4 Arsenic Treatment Project	120	540				660
Corrales Well 5 Arsenic Treatment Project	75					75
Corrales Trunk Arsenic Media Replacement	350	350	350	350	350	1,750
Raw Water Pumping Station Rehab	100	80	50	50	50	330
SJWTP Site Security Improvements	50					50
Relocate MDC & BCIP Arsenic Treatment Systems	50					50

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

Add Caustic Soda Storage and Feed System at SJCWTP	50	250				300
DWP GW System Renewal Subtotal	3,100	3,270	2,985	3,705	2,220	15,280
Reuse Line and Plant Renewal						
Reuse Line Rehab	10	10	10	10	10	50
Reuse Plant Rehab	50	20	20	20	20	130
Reuse Line and Plant Renewal Subtotal	60	30	30	30	30	180
Compliance						
Water Quality Laboratory	250	295	20	47	47	659
NPDES Program	13	155	78	68	8	322
Water Quality Program	22	150	12			184
Compliance Subtotal	285	600	110	115	55	1,165
Shared Renewal						
Ferrous/Ferric Transfer Station 70 Rehab	360	500			83	943
Valve Assessment Program Study	100					100
CIP Funded Position Transfer	400	400	400	400	400	2,000
Shared Line & Plant Renewal Subtotal	860	900	400	400	483	3,043
Franchise Agreement Compliance						
Franchise Compliance Water & Sewer	1,000	1,000	1,000	1,000	1,000	5,000
DMD Street Rehab Manhole and Valve Box Adjustments	1,000	1,000	1,000	1,000	1,000	5,000
Franchise Agreement Compliance Subtotal	2,000	2,000	2,000	2,000	2,000	10,000
Total Basic Capital Program	40,000	43,000	46,000	49,000	52,000	230,000
Special Projects and Growth Programs						
Special Projects						
Steel Waterline Rehab	1,000	1,000	1,000	1,000	1,000	5,000
AMR Meter	2,000	2,000	2,000	2,000	2,000	10,000
Renewable energy Projects	350	350	350	350	350	1,750
Special Projects Subtotal	3,350	3,350	3,350	3,350	3,350	16,750
Water Lines Growth						
Warehouse Meters	500	500	500	500	500	2,500
Water Lines Growth Subtotal	500	500	500	500	500	2,500
Development Agreements						
Development Agreements	1,250	1,250	1,250	1,250	1,250	6,250
Development Agreements Subtotal	1,250	1,250	1,250	1,250	1,250	6,250
MIS/GIS						
MIS / GIS	2,000	2,000	2,000	2,000	2,000	10,000
MIS/GIS Subtotal	2,000	2,000	2,000	2,000	2,000	10,000
Miscellaneous						
Low Income W/S Connections	250	250	250	250	250	1,250
Miscellaneous Subtotal	250	250	250	250	250	1,250
Total Special Projects and Growth Programs	7,350	7,350	7,350	7,350	7,350	36,750
Total Capital Program	47,350	50,350	53,350	56,350	59,350	266,750

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ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

Project Title - Small Diameter Sanitary Sewer Pipeline Rehab

Decade Plan Line and Work Category: 103 & 104 - Sewer Pipeline Renewal

Description:

Risk Ranking: 62.5

This program provides funding for planning, design, construction, and related activity necessary for rehabilitation and replacement of deteriorating small diameter sewer collection lines. The cash flow includes both 103 and 104 funding.

Project Cash Flow Est.

(\$1000s)

FY14	500
FY15	1,500
FY16	2,000
FY17	2,900
FY18	3,500
FY19	5,000
FY20	5,000
FY21	6,500
FY22	7,000
FY23	7,500
Total	41,400

There are over 1,835 miles of 8-inch and 10-inch sanitary sewer collection lines through the Authority's service area. Lines that were constructed using concrete material or other obsolete material have a life expectancy of 50 years or less. These types of lines must now be lined or replaced with suitable material to avoid collapses in the collection line and possibly the roadways that they occupy. Lining or replacement options will increase the life of the pipe up to 100 years if not longer. When the deterioration has compromised the integrity of the wall strength, the replacement option is the only option left for rehabilitation of the line. This option is about twice the cost of lining the pipe if it had been caught in time.

Other Alternatives Considered?

None

**8-inch Sewer Lining Installation Project
Downtown at 7th Street and Kent**



8-inch Sewer Lining Project on Los Arboles NE



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

Project Title - Small Diameter Water Line Renewal with Contingency

Decade Plan Line and Work Category: 201 & 202 - Water Lines Renewal

Description:

Risk Ranking: 61.2

This program provides funding for evaluation, planning, design, construction, and related activity necessary for the rehabilitation or replacement of water lines that have deteriorated and are past their useful life. The activity includes both rehab, (201) and contingency, (202) funding.

Project Cash Flow Est.

	(\$1000s)	
FY14	2,000	There are over 2,000 miles of small diameter (4-inch to 10-inch) water lines that serve as the distribution network for the Authority's water system. These lines are used to provide domestic metered water service, fire protection, and irrigation uses for our customers. Currently there is over 500-miles of pipe that is deficient either in wall integrity or size that poses potential threats to the Utility. As our older steel or cast iron lines become deficient, the Utility will often respond to numerous leaks. These leaks if gone unnoticed do have the potential, under certain circumstances, to become sinkholes which destroy entire roadways and create incredible liability for the utility.
FY15	2,000	
FY16	2,000	
FY17	2,500	
FY18	3,700	
FY19	5,100	
FY20	6,000	
FY21	8,000	
FY22	9,755	
FY23	9,900	
Total =	50,955	

Other Alternatives Considered?

None. There are no other alternatives for this critical activity.

New 6-inch Water Line Installation



Old Steel Line at the Break Point



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

Project Title - Preliminary Treatment Facility Replacement

Decade Plan Line and Work Category: 301 - Southside Water Reclamation Plant Renewal

Description: Risk Ranking: 74.2

Wastewater Grit Removal; This equipment is used to remove grit from the sewage and dewater it prior to off-site disposal. The proposed project involves replacement of the existing grit removal systems within the Preliminary Treatment Facility (PTF) with a more efficient and updated system to be implemented in a new facility.

Project Cash Flow Est.

(\$1000s)

FY14	10,000
FY15	7,500
FY16	-
FY17	-
FY18	-
FY19	-
FY20	-
FY21	-
FY22	-
FY23	-
Total =	17,500

The existing grit equipment does not remove grit effectively. As a result, grit does not get removed from the sewage. The grit is then carried through the rest of the plant's processes where it damages equipment through abrasion and settles in the sludge digesters. Grit deposits in the digesters adversely impact the digestion process by reducing detention time otherwise available volume for sludge digestion and results in inadequate destruction of volatile solids. Grit increases digester maintenance costs by accelerating the need to take a digester out of service remove accumulated grit. This results in higher costs to the WUA for equipment repair and replacement. Inadequate grit removal also impairs the ability the Plant to meet NPDES Discharge Permit requirements.

The overall funding for this project is \$30.5-million, which includes approximately \$13-million in carry-over budget from FY13.

Other Alternatives Considered?

Several methods of grit removal besides the two existing equipment types were evaluated as part of the design process.

PTF Pista Grit System Grit Lift Pump



PTF Pista Grit Pump and Grit Recovery System



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

Project Title - Chemical Solids Treatment Improvements at the SJCWTP

Decade Plan Line and Work Category: **802 - Drinking Water Plant: Treatment Systems Renewal**

Description: **Risk Ranking:** 62.6

The four solids drying beds at the SJCWTP do not drain properly to allow the solids to dry sufficiently prior to removal. This has limited the ability to operate the SJCWTP at its full initial capacity of 92 mgd.

Project Cash Flow Est.

(\$1000s)

FY14	1,210
FY15	740
FY16	1,075
FY17	945
FY18	-
FY19	-
FY20	-
FY21	-
FY22	-
FY23	-
Total =	3,970

The SJCWTP has four drying beds that are used to dewater and dry the waste solids generated by the Actiflo high rate clarification process. The design of the solids beds does not allow for complete dewatering of the solids. Therefore, it takes several months for the solids to dry and then it requires extraordinary efforts by the operations staff to excavate the partially dry material. The requested funding includes funding for a consultant to evaluate the current design and make recommendations for design modifications. The cost of construction will ultimately depend on the required modifications and will not be known until the design consultant completes its evaluation. During the initial years, revenue will be needed to lease temporary belt filter presses to dewater the thickened sludge.

Other Alternatives Considered?

Alternative improvements to the existing chemical solids systems will be evaluated. Also, supplemental sludge thickening and dewatering systems will be evaluated.

Sludge Drying Bed at SJCWTP



Ramp of Sludge Drying Bed at SJCWTP



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

Project Title - Franchise Compliance: Pipeline Relocations

Decade Plan Line and Work Category: 1201 - Franchise Compliance

Description:

Risk Ranking: N/A

This program will provide funding for compliance with the ABCWUA Franchise Ordinance between the City of Albuquerque and the Water Authority within the municipal limits of the service area. This decade plan item is for relocating water and sanitary sewer pipelines.

Project Cash Flow Est.
(\$1000s)

FY14	1,000
FY15	1,000
FY16	1,000
FY17	1,000
FY18	1,000
FY19	1,000
FY20	1,000
FY21	1,000
FY22	1,000
FY23	1,000
Total =	10,000

The Franchise Ordinance primarily allows the Authority the use of the City's public rights-of-way as corridors to operate its water delivery and wastewater collection systems. In exchange, the Authority is responsible to pay a franchise fee associated with the use and rental as well as other detailed requirements stated in the Ordinance.

One of the conditions of use requires the Authority to fund relocation(s) of water and sewer infrastructure as needed within the rights-of-way for completion of the City's projects. These projects include installation of storm drainage, landscaping, or traffic signal facilities, and road reconstruction. The Ordinance also requires the Authority to make all reasonable efforts to relocate its utilities so as not to delay City projects. The Authority is also required to remove any and all abandoned facilities and infrastructure located in the rights-of-way within a period of 90 days following a request from the City.

Other Alternatives Considered?

N/A This is mandatory for compliance.

**16" Ductile Iron Water Line Relocation
for a City Storm Drain Project in Atrisco SW**



**24" Concrete Cylinder Water Line Lowering and
Relocation for a City Storm Drain Project in
San Mateo NE**



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

Project Title - Management Information Systems and Geographical Information Systems

Decade Plan Line and Work Category: 2801 - MIS/GIS

Description:

Risk Ranking: 36.0

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

Project Cash Flow Est.

(\$1000s)

FY14	2,000
FY15	2,000
FY16	2,000
FY17	2,000
FY18	2,000
FY19	2,000
FY20	2,000
FY21	2,000
FY22	2,000
FY23	2,000
Total =	20,000

Increases in out years due to major releases of Maximo, CC&B, LIMS and Kronos which may require vendor assistance (FY12, FY16, FY20). Does not include any potential costs due to further separation of IT services from the City.



Servers and Databases (New and Upgrades): This category covers servers that house all software applications and the databases that support those applications. Applications include CC&B, Maximo, Kronos, LIMS and GIS, among others. Databases include Oracle and SQL Server and some that are no longer supported. It also includes networking equipment. The FY12 requests for this category include: Server, Network and Database Upgrades: \$350,000

Applications (New and Upgrades): This category covers the purchase and upgrades of new software, both enterprise-wide and division specific. Examples include: CC&B, Maximo, Sharepoint, LIMS, H2O Water Waste, and Kronos. On average, 2-4 service packs (including several patches) are released each year, with major releases occurring every 1-3 years. The FY12 requests for this category include:

CC&B, Maximo, Kronos upgrades: \$1,400,000

Sharepoint upgrade to Office365: \$250,000

Enterprise Search of Documents, Cloud Storage

Document Imaging, Online Forms, Excel Services, Visio Services

Office Web Apps, Outlook and Exchange, Communications, Video Conferencing

Soil Amendment Upgrade (unsupported): \$50,000

Septic Hauling Upgrade (unsupported): \$50,000

Client Services (New and Upgrades): This category covers hardware and software at the clients desktop. It includes the ongoing upgrade of desktop computers, monitors, keyboards, etc. and the upgrades of Windows operating systems and Microsoft software. It also includes the purchase of new desktop equipment and software. The FY12 requests for this category include:

Desktop Upgrades/Computer Virtualization: \$100,000

Active Directory: \$150,000

Microsoft Software Assurance Agreement Lease: \$150,000

Geographic Information Systems (GIS – New and Upgrades): This category represents all purchases done within the GIS environment to include new software and software. It includes the purchase of GIS-related software for Maximo and mobile devices, including vehicle tracking. The FY12 requests for this category include:

Creating New Environments similar to CC&B and Maximo: \$150,000

Establishing Disaster Recovery, Development and Test Environments

Application Enhancements: \$100,000

Mobile Editing Enhancements, MAXGIS, ESRI Licensing

Mobile, Security and Telecommunications (New and Upgrades): This new category addresses the mobile, security and telecommunications environment to include portable devices, phones, vehicle location devices, radios, security cameras, etc. It is expected that category will expand over the coming years due to the advancement of mobile, security and telecommunications technology. The FY12 requests for this category include:

Mobile and Radio Units: \$150,000

Security: \$100,000

Risks: The majority of items requested either provides for continual efficient running and backups of mission critical systems (CC&B, Maximo, Kronos, LIMS, GIS, Security) or provide

DEBT OBLIGATIONS

*Approved
Operating Budget
FY15*

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 continued to operate the Water/Sewer System until June 30, 2007. In 2005, the New Mexico Legislature amended Section 7-1-10, NMSA 1978, to provide the Authority the statutory powers provided to all public water and wastewater utilities in the state and to recognize the Authority as a political subdivision of the State. On March 21, 2007 the Authority and City entered into a new MOU effective July 1, 2007. At that time the utility employees transitioned from the City and became employees of the Authority.

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

The total outstanding obligation indebtedness of the Authority as of July 1, 2014 is \$622.432 million shown in the table on the next page.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

Fiscal Year 2015 Debt Service Payments

Issue	Basic Capital Bonds		San Juan Chama Debt	
	Principal	Interest	Principal	Interest
2001 Loan -SRF \$9.6287M				
2003 NMFA DWRLF Loan				
2004 NMFA DWRLF Loan				
2005 NMFA PPRF Loan SJC \$20				
2005 Improvements	1,990,000.00	319,750.00	8,365,000.00	4,352,336.26
2006 SJC \$112.765			5,605,000.00	4,201,941.26
2006 Rehab 628-\$8.68	990,000.00	181,056.26		
2006 VUP 627 - \$11.945		572,205.00		
2007 NMFA Basic \$53.595M				
2007 NMFA SJC \$23.410M				
2008 Bond SJC \$48.430			0.00	2,421,500.00
2008 Bond Reuse \$7.200			0.00	360,000.00
2009 Bond	6,860,000.00	5,533,100.00		
2009 Bond SJC			180,000.00	320,800.00
2009 NMFA DWRF Loan				
2009 WTB Loan - 51				
2009 WTB Loan - 79				
2010 NMFA DWRLF Loan-2379-PP				
2010 NMFA DWRLF Loan 2380-PP				
2010 NMFA DWRLF Loan 2381-PP				
2010 NMFA DWRLF Loan 2382-PP				
2011 NMFA Basic \$37.740				
2011 NMFA SJC \$5M				
2011 NMFA Reuse \$10.660				
2011 NMFA DWRFL Loan-205-ADW				
2011 NMFA DWRFL Loan-206-ADW				
2011 NMFA DWRFL Loan-207-ADW				
2013 Basic				
2013 Refunding 2004				
	<u>9,840,000.00</u>	<u>6,606,111.26</u>	<u>14,150,000.00</u>	<u>11,656,577.52</u>

SCHEDULE OF BONDS & OTHER DEBT OBLIGATIONS

SENIOR DEBT OBLIGATIONS	RATINGS/CR. ENH.
JOINT WATER AND SEWER - SENIOR LIEN	Aa2/AA+/AA
2003 - NMFA DWRLF LOAN	
2005 - NMFA IMPROVEMENT	
2005 - NMFA PPRF LOAN	
Series 2006A Bonds	
Series 2007A NMFA Loan	
Series 2008A Bonds	
Series 2009A-1	
2009 NMFA DWRF Loan	
Series 2011 NMFA Loan	
Series 2013A Basic	
Series 2013B Refunding	
SUBTOTAL - CITY/COUNTY WATER AUTHORITY OBLIGATIONS	

SUBORDINATE DEBT OBLIGATIONS

2001 Loan - SRF \$9.6287M
 2004 NMFA DWRLF Loan
 2009 WTB Loan - 51
 2009 WTB Loan - 79
 2010 NMFA DWRLF Loan - 2379-PP
 2010 NMFA DWRLF Loan - 2380-PP
 2010 NMFA DWRLF Loan - 2381-PP
 2010 NMFA DWRLF Loan - 2382
 2011 NMFA DWRFL Loan - 205-ADW
 2011 NMFA DWRFL Loan - 206-ADW
 2011 NMFA DWRFL Loan - 207-ADW
SUBTOTAL - SUBORDINATE LIEN LOANS

GRAND TOTAL - CITY/COUNTY WATER AUTHORITY DEBT OBLIGATIONS

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

State of NM Revolving Loan Fund		New Mexico Finance Authority			
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Fiscal Agent Fees</u>	<u>Total Issue</u>
467,510.99	179,633.56				647,144.55
333,826.00	5,841.96			834.56	340,502.52
		474,093.00	176,803.74	-	650,896.74
		1,010,000.00	625,825.50	62,987.50	1,698,813.00
					15,027,086.26
					9,806,941.26
					1,171,056.26
					572,205.00
		4,325,000.00	1,123,612.50	129,550.00	5,578,162.50
		150,000.00	1,428,187.50		1,578,187.50
					2,421,500.00
					360,000.00
					12,393,100.00
					500,800.00
		46,791.00	6,467.90	2,155.98	55,414.88
		2,524.00	96.31		2,620.31
		5,054.00	192.90		5,246.90
		1,892.00	261.50	87.16	2,240.66
		2,854.00	369.44	123.14	3,346.58
		5,820.00	796.00	265.34	6,881.34
		9,863.00	301.50	100.50	10,265.00
		2,835,000.00	1,563,250.00		4,398,250.00
		124,521.07	218,783.90		343,304.97
		265,478.93	466,447.34		731,926.27
		22,233.00	723.05	241.01	23,197.06
		31,481.00	1,023.86	341.28	32,846.14
		3,116.00	101.34	33.78	3,251.12
		3,485,000.00	2,941,850.00		6,426,850.00
		7,605,000.00	2,763,250.00		10,368,250.00
<u>801,336.99</u>	<u>185,475.52</u>	<u>20,405,721.00</u>	<u>11,318,344.28</u>	<u>196,720.25</u>	<u>75,160,286.82</u>

<u>Original</u>	<u>Outstanding</u>	<u>Needs</u>	<u>Projects</u>
3,600,000	333,826	333,826	0
132,985,000	100,535,000	6,395,000	94,140,000
20,000,000	16,395,000	0	16,395,000
133,390,000	103,445,000	3,670,000	99,775,000
77,005,000	51,820,000	39,145,000	12,675,000
55,630,000	55,630,000	0	55,630,000
135,990,000	114,890,000	38,045,000	76,845,000
1,000,000	862,388	0	862,388
53,400,000	46,025,000	31,265,000	14,760,000
62,950,000	60,950,000	0	60,950,000
<u>55,265,000</u>	<u>55,265,000</u>	<u>55,265,000</u>	<u>0</u>
\$731,215,000	\$606,151,214	\$174,118,826	\$432,032,388

<u>Original</u>	<u>Outstanding</u>	<u>Basic Needs</u>	<u>Special Projects</u>
9,627,877	5,987,785	0	5,987,785
10,426,232	8,840,187	0	8,840,187
50,000	38,524	0	38,524
100,000	77,163	0	77,163
40,429	34,866	0	34,866
59,872	49,257	0	49,257
124,172	106,134	0	106,134
200,000	160,795	0	160,795
452,000	385,632	0	385,632
640,000	546,028	0	546,028
<u>63,354</u>	<u>54,051</u>	<u>0</u>	<u>54,051</u>
\$21,783,936	\$16,280,422	\$0	\$16,280,422

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

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

Date	Series 2003 NMFA DWRFL	Series 2005 NMFA PPRF	Series 2005 Public Marketing	Series 2006A Public Marketing	Series 2007A NMFA Loan	Series 2008A Bonds
2015	339,668	1,698,813	15,027,086	11,550,203	7,156,350	2,781,500
2016		1,888,433	13,269,336	11,548,215	6,637,900	2,781,500
2017		1,939,671	14,778,586	11,546,328	7,784,525	2,781,500
2018		1,986,495	11,554,586	11,549,403	8,908,550	2,781,500
2019		1,918,825	11,325,571	11,548,134	8,953,675	2,781,500
2020		1,870,825	11,059,646	11,550,678	2,757,275	2,781,500
2021		1,851,695	10,665,746	11,552,345	3,110,900	2,781,500
2022		1,935,195	10,452,996	11,552,375	3,186,688	2,781,500
2023		1,921,928	10,104,715	11,552,625	7,413,025	2,781,500
2024		1,925,698	9,742,455	11,549,000	7,271,513	2,781,500
2025		1,850,615	9,378,875	11,554,000	4,636,263	2,781,500
2026				11,550,000		8,606,500
2027						8,605,250
2028						8,604,500
2029						8,608,500
2030						8,606,250
2031						8,612,250
2032						8,610,250
2033						8,604,750
2034						
2035						
2036						
2037						
2038						
Total	\$339,668	20,788,192	127,359,600	138,603,304	67,816,663	\$99,454,750

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

Date	2001 Loan	Series 2004 NMFA DWRFL	2009 WTB Loan-51	2009 DWRFL Loan-79	2010 DWRFL Loan-2379	2010 DWRFL Loan-2380
2015	647,145	650,897	2,620	5,247	2,241	3,347
2016	647,145	650,920	2,620	5,247	2,241	3,346
2017	647,145	650,944	2,620	5,248	2,241	3,346
2018	647,145	650,969	2,620	5,248	2,240	3,346
2019	647,145	650,994	2,620	5,247	2,241	3,347
2020	647,145	651,020	2,620	5,247	2,240	3,346
2021	647,145	651,047	2,620	5,248	2,240	3,347
2022	647,145	651,073	2,620	5,248	2,240	3,347
2023	647,145	651,100	2,620	5,248	2,240	3,347
2024	647,145	651,128	2,620	5,248	2,240	3,347
2025	647,145	651,156	2,620	5,248	2,241	3,347
2026		651,185	2,620	5,248	2,241	3,347
2027		651,215	2,620	5,248	2,241	3,347
2028		651,245	2,620	5,248	2,241	3,347
2029		651,276	2,620	5,247	2,241	3,347
2030		651,308			2,240	3,347
2031					2,239	
Total	\$7,118,590	\$10,417,478	\$39,299	\$78,715	\$38,088	\$53,548

GRAND TOTAL - SENIOR AND SUBORDINATE DEBT

866,981,571

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

Series 2009A-1 Bonds New Money	2009 DWRf Loan	Series 2011 Bonds	Series 2013A	Series 2013B- Refunding	Total Senior Debt	Total Debt Service
12,893,900	55,415	5,473,481	6,426,850	10,368,250	73,771,516	75,159,453
12,892,300	55,415	5,477,231	6,432,300	11,838,000	72,820,630	74,208,588
12,891,050	55,415	5,472,731	6,428,500	6,630,250	70,308,556	71,696,543
12,888,050	55,415	5,474,981	6,431,750	6,684,250	68,314,980	69,702,989
12,883,750	55,415	5,473,231	6,430,500	6,743,750	68,114,351	69,502,386
12,896,500	55,415	5,477,231	6,429,500	6,792,750	61,671,320	63,059,380
12,892,225	55,415	5,476,231	6,428,250	6,856,000	61,670,307	63,058,394
6,347,975	55,416	5,474,981	6,431,250	6,907,000	55,125,376	56,513,490
6,341,700	55,415	5,477,981	6,427,750	3,050,500	55,127,139	56,515,282
6,341,075	55,415	1,074,481	6,427,500	2,541,000	49,709,637	51,097,807
6,340,275	55,415	1,074,231	6,429,750		44,100,924	45,489,123
6,343,750	55,416	1,077,481	1,348,750		28,981,897	29,722,979
6,340,675	55,416	1,079,031	1,348,000		17,428,372	18,169,487
6,340,775	55,415	1,074,281	1,350,500		17,425,471	18,166,615
6,343,225	55,416	1,077,094	1,351,000		17,435,235	18,176,407
6,347,200	55,415	1,074,344	1,349,500		17,432,709	18,166,048
6,344,163	55,418	1,074,844	1,351,000		17,437,675	17,504,966
6,342,738		1,076,644	1,350,250		17,379,882	17,379,882
6,347,138		1,078,394	1,347,250		17,377,532	17,377,532
6,341,313		1,074,719	1,347,000		8,763,032	8,763,032
		1,078,375	1,349,250		2,427,625	2,427,625
		\$1,075,063	1,348,750		2,423,813	2,423,813
			1,350,500		\$1,350,500	1,350,500
			1,349,250		\$1,349,250	1,349,250
172,699,775	\$942,062	\$63,267,061	88,264,900	\$68,411,750	\$847,947,729	866,981,571

2010 DWRf Loan-2381	2010 DWRf Loan-2382	2011 DWRf Loan-205	2011 DWRf Loan-206	2011 DWRf Loan-207	Total Subordinate Debt
6,881	10,265	23,197	32,846	3,251	1,387,937
6,881	10,264	23,197	32,846	3,251	1,387,958
6,881	10,265	23,198	32,847	3,252	1,387,987
6,881	10,265	23,198	32,846	3,252	1,388,009
6,881	10,264	23,198	32,846	3,252	1,388,035
6,881	10,264	23,198	32,847	3,252	1,388,060
6,881	10,264	23,197	32,847	3,251	1,388,087
6,881	10,264	23,198	32,847	3,251	1,388,114
6,881	10,265	23,199	32,847	3,251	1,388,143
6,881	10,265	23,198	32,847	3,251	1,388,170
6,881	10,265	23,198	32,847	3,251	1,388,199
6,881	10,264	23,198	32,847	3,251	741,082
6,881	10,265	23,199	32,848	3,251	741,115
6,881	10,265	23,199	32,847	3,251	741,144
6,881	10,264	23,198	32,847	3,251	741,172
6,881	10,265	23,199	32,848	3,251	733,339
5,754		23,199	32,846	3,253	67,291
\$115,850	\$164,233	\$394,368	\$558,396	\$55,273	19,033,842

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***STATISTICAL
INFORMATION***

***Approved
Operating Budget
FY15***

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ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

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

(\$000's)	ACTUAL FY04	ACTUAL FY05	ACTUAL FY06	ACTUAL FY07
RESOURCES:				
Miscellaneous Revenues	36	(283)	13,941	5,610
Enterprise Revenues	111,027	103,200	112,134	115,414
Transfers from Other Funds	1,281	1,331	1,353	1,520
Total Current Resources	112,344	104,248	127,428	122,544
Beginning Working Capital Balance	10,865	12,419	5,194	19,919
TOTAL RESOURCES	123,209	116,667	132,622	142,463
APPROPRIATIONS:				
Joint Water/Sewer Operations	55,308	57,998	60,000	65,596
Transfers to Other Funds:	56,030	53,175	50,152	59,250
TOTAL APPROPRIATIONS	111,338	111,173	110,152	124,846
ADJUSTMENTS TO WORKING CAPITAL BALANCE	548	(300)	2,551	1,872
ENDING WORKING CAPITAL BALANCE	12,419	5,194	19,919	19,489

Note: In Fiscal Year 2009 the Authority collapsed Fund 622 into Fund 621 creating one operating Fund.

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

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

<u>ACTUAL FY08</u>	<u>ACTUAL FY09</u>	<u>ACTUAL FY10</u>	<u>ACTUAL FY11</u>	<u>ACTUAL FY12</u>	<u>ACTUAL FY13</u>
4,754	2,586	1,562	3,064	2,554	1,188
136,486	121,411	152,148	157,276	175,505	178,942
<u>1,564</u>	<u>1,516</u>	<u>1,493</u>	<u>1,500</u>	<u>1,745</u>	<u>1,710</u>
142,804	125,513	155,203	161,840	179,804	181,840
<u>19,489</u>	<u>25,053</u>	<u>16,065</u>	<u>(636)</u>	<u>(10,650)</u>	<u>(10,869)</u>
<u>162,293</u>	<u>150,566</u>	<u>171,268</u>	<u>161,204</u>	<u>169,151</u>	<u>170,972</u>
72,468	71,994	89,853	96,243	95,371	102,310
<u>52,705</u>	<u>57,500</u>	<u>87,538</u>	<u>79,593</u>	<u>82,828</u>	<u>82,177</u>
<u>125,173</u>	<u>129,494</u>	<u>177,391</u>	<u>175,836</u>	<u>178,199</u>	<u>184,487</u>
<u>(12,067)</u>	<u>5,055</u>	<u>5,487</u>	<u>3,980</u>	<u>(1,822)</u>	<u>(1,405)</u>
<u>25,053</u>	<u>26,127</u>	<u>(636)</u>	<u>(10,650)</u>	<u>(10,869)</u>	<u>(14,921)</u>

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET**SUSTAINABLE WATER SUPPLY FUND – 622
RESOURCES, APPROPRIATIONS, AND FUND BALANCE
SINCE INCEPTION OF FUND**

(S000's)	ACTUAL FY99	ACTUAL FY00	ACTUAL FY01	ACTUAL FY02
RESOURCES:				
Miscellaneous Revenues	(10)	13	231	197
Strategy Implementation Revenues	4,005	7,310	9,954	13,279
Total Current Resources	3,995	7,323	10,185	13,473
Beginning Fund Balance	0	(727)	2,151	5,302
TOTAL RESOURCES	3,995	6,596	12,336	18,775
APPROPRIATIONS:				
Sustainable Water Operations	3,036	2,636	3,608	7,297
Transfers to Other Funds	1,680	1,809	3,498	6,948
TOTAL APPROPRIATIONS	4,716	4,445	7,106	14,245
ADJUSTMENTS TO FUND BALANCE	(6)	0	72	0
ENDING WORKING CAPITAL BALANCE	(727)	2,151	5,302	4,530

Note: In Fiscal Year 2009 the Authority collapsed Fund 622 into Fund 621 creating one operating Fund.

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

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

<u>ACTUAL FY03</u>	<u>ACTUAL FY04</u>	<u>ACTUAL FY05</u>	<u>ACTUAL FY06</u>	<u>ACTUAL FY07</u>	<u>ACTUAL FY08</u>
143	408	660	538	972	1,055
<u>16,263</u>	<u>21,542</u>	<u>23,330</u>	<u>25,096</u>	<u>24,975</u>	<u>24,600</u>
16,406	21,950	23,990	25,634	25,947	25,655
<u>4,514</u>	<u>6,963</u>	<u>8,075</u>	<u>4,205</u>	<u>11,706</u>	<u>18,835</u>
<u>20,920</u>	<u>28,913</u>	<u>32,065</u>	<u>29,839</u>	<u>37,653</u>	<u>44,490</u>
6,049	12,099	7,761	2,512	590	2,030
<u>7,890</u>	<u>8,543</u>	<u>21,735</u>	<u>14,302</u>	<u>18,122</u>	<u>22,393</u>
<u>13,939</u>	<u>20,642</u>	<u>29,496</u>	<u>16,814</u>	<u>18,712</u>	<u>24,423</u>
18	(196)	1,636	(1,319)	(106)	(106)
<u>6,963</u>	<u>8,075</u>	<u>4,205</u>	<u>11,706</u>	<u>18,835</u>	<u>19,961</u>

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET**DEBT SERVICE FUND – 31
RESOURCES, APPROPRIATIONS, AND FUND BALANCE
LAST TEN FISCAL YEARS**

(\$000's)	ACTUAL FY04	ACTUAL FY05	ACTUAL FY06	ACTUAL FY07
<hr/>				
RESOURCES:				
Miscellaneous Revenues	15,550	13,258	18,475	13,796
Transfers from Other Funds	<u>40,392</u>	<u>50,493</u>	<u>52,517</u>	<u>59,347</u>
 Total Current Resources	 55,942	 63,751	 70,992	 73,143
Beginning Working Capital Balance	<u>6,442</u>	<u>10,019</u>	<u>11,185</u>	<u>13,679</u>
 TOTAL RESOURCES	 <u>62,384</u>	 <u>73,770</u>	 <u>82,177</u>	 <u>86,822</u>
APPROPRIATIONS:				
Total Joint Water/Sewer D/S	46,082	50,882	55,626	63,957
Transfers to Other Funds:	<u>5,909</u>	<u>12,000</u>	<u>13,612</u>	<u>16,000</u>
 TOTAL APPROPRIATIONS	 <u>51,991</u>	 <u>62,882</u>	 <u>69,238</u>	 <u>79,957</u>
ADJUSTMENTS TO WORKING CAPITAL BALANCE	<u>(374)</u>	<u>297</u>	<u>740</u>	<u>(283)</u>
ENDING WORKING CAPITAL BALANCE	<u>10,019</u>	<u>11,185</u>	<u>13,679</u>	<u>6,582</u>

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

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

<u>ACTUAL FY08</u>	<u>ACTUAL FY09</u>	<u>ACTUAL FY10</u>	<u>ACTUAL FY11</u>	<u>ACTUAL FY12</u>	<u>ACTUAL FY13</u>
11,932	6,668	7,026	6,351	8,142	8,282
<u>59,406</u>	<u>64,301</u>	<u>67,790</u>	<u>65,337</u>	<u>66,727</u>	<u>66,362</u>
71,338	70,969	74,816	71,688	74,869	74,644
<u>6,582</u>	<u>(4,136)</u>	<u>(5,652)</u>	<u>(2,689)</u>	<u>(2,972)</u>	<u>(2,392)</u>
<u>77,920</u>	<u>66,833</u>	<u>69,164</u>	<u>68,999</u>	<u>71,897</u>	<u>72,252</u>
62,981	64,301	69,627	65,202	70,450	72,670
<u>19,000</u>	<u>14,000</u>	<u>5,000</u>	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>
<u>81,981</u>	<u>78,301</u>	<u>74,627</u>	<u>68,202</u>	<u>73,450</u>	<u>75,670</u>
<u>(75)</u>	<u>5,816</u>	<u>2,774</u>	<u>(3,769)</u>	<u>(840)</u>	<u>942</u>
<u>(4,136)</u>	<u>(5,652)</u>	<u>(2,689)</u>	<u>(2,972)</u>	<u>(2,392)</u>	<u>(2,476)</u>

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

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

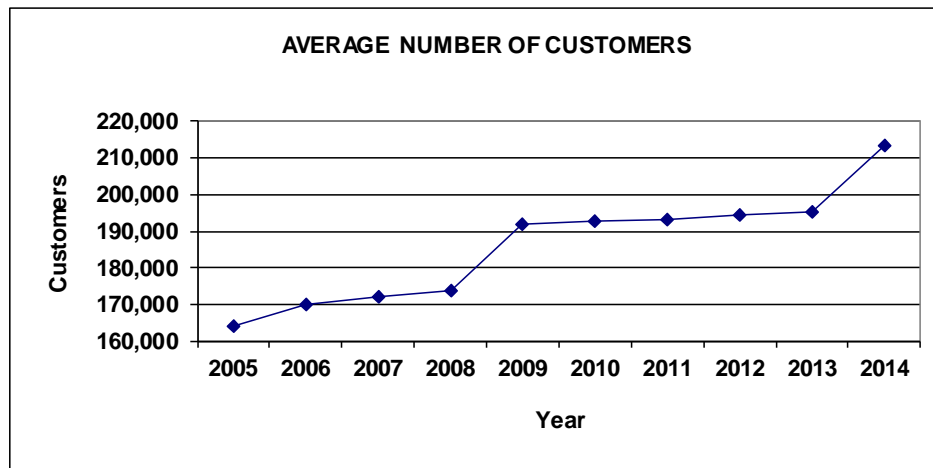
History of Water Users by Class

<u>Class</u>	<i>Average Number of Customers by Fiscal Year</i>									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Residential	148,974	151,089	152,563	153,959	171,983	172,787	173,339	174,277	174,909	192,479
Multi-Family ⁽¹⁾	-	6,812	7,565	7,644	6,231	6,349	6,364	6,393	6,430	6,628
Commercial	13,304	10,065	10,049	9,998	11,367	11,272	11,226	11,287	11,321	11,619
Institutional	1,853	1,981	1,983	2,013	2,119	2,223	2,279	2,316	2,391	2,358
Industrial	<u>114</u>	<u>113</u>	<u>110</u>	<u>110</u>	<u>113</u>	<u>106</u>	<u>99</u>	<u>102</u>	<u>99</u>	<u>98</u>
Total	<u>164,245</u>	<u>170,060</u>	<u>172,270</u>	<u>173,724</u>	<u>191,813</u>	<u>192,737</u>	<u>193,307</u>	<u>194,375</u>	<u>195,150</u>	<u>213,182</u>

History of Water Users by Meter Sizes

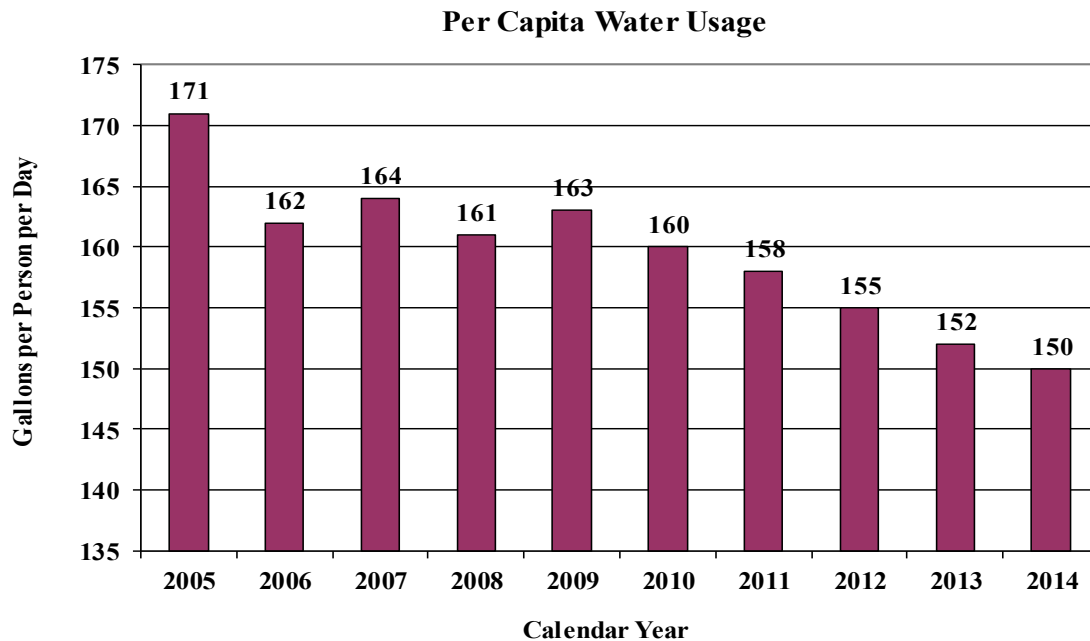
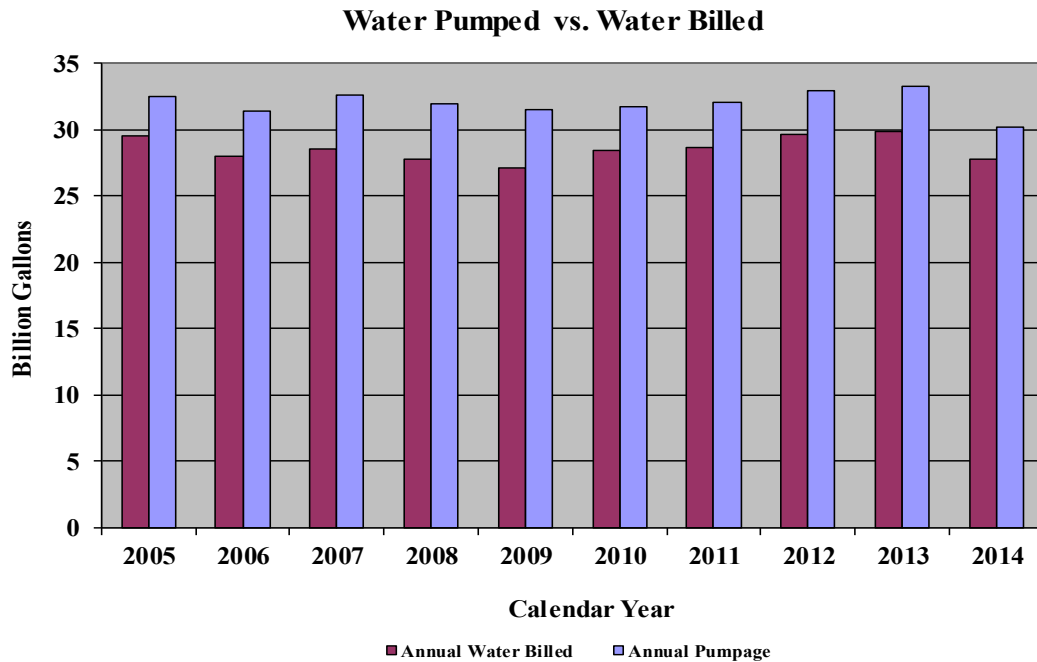
<u>Meter Size</u>	<i>Average Number of Customers by Fiscal Year</i>									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
¾"	142,018	146,842	149,846	151,172	168,632	169,414	169,984	171,103	171,874	189,483
1" and 1 ¼ "	17,588	17,773	17,581	17,621	17,611	17,820	17,820	17,717	17,645	17,866
1 ½ "	1,879	1,945	1,955	1,968	2,169	2,195	2,195	2,221	2,249	2,348
2"	1,997	2,509	1,816	1,839	2,179	2,228	2,228	2,320	2,352	2,473
3"	419	654	733	766	834	714	714	634	634	627
4"	251	244	246	264	275	268	268	273	286	278
6"	52	52	53	53	67	58	58	61	63	62
8" and over	<u>41</u>	<u>41</u>	<u>40</u>	<u>41</u>	<u>46</u>	<u>40</u>	<u>40</u>	<u>46</u>	<u>47</u>	<u>45</u>
Total	<u>164,245</u>	<u>170,060</u>	<u>172,270</u>	<u>173,724</u>	<u>191,813</u>	<u>192,737</u>	<u>193,307</u>	<u>194,375</u>	<u>195,150</u>	<u>213,182</u>

⁽¹⁾ The Authority established this class of user in 2006.



Source: Albuquerque Bernalillo County Water Utility Authority

**WATER CONSUMPTION
LAST TEN CALENDAR YEARS**

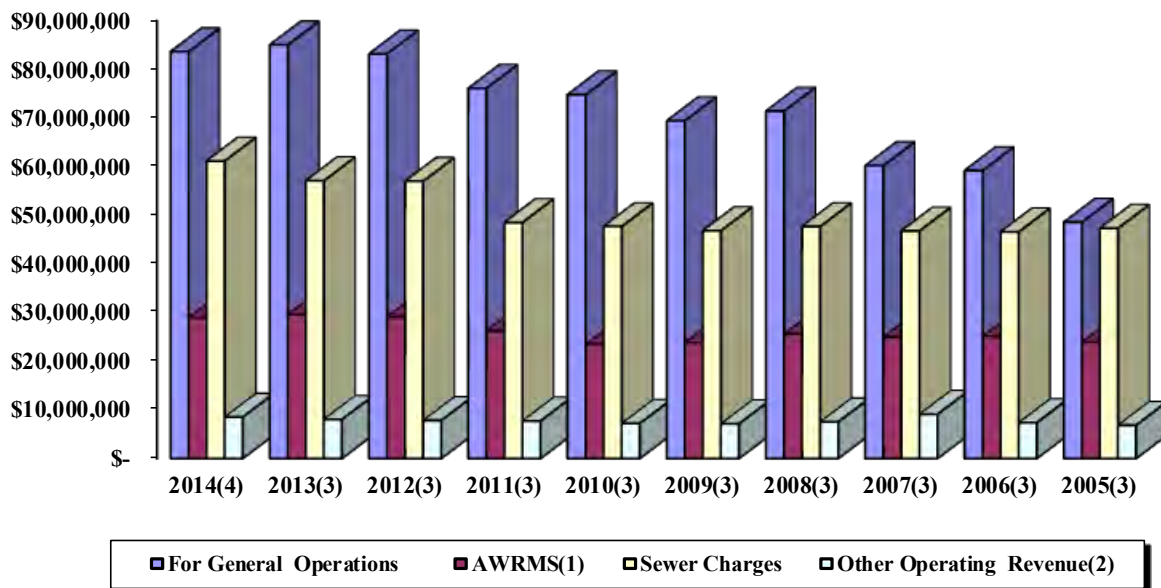


Source: Albuquerque Bernalillo County Water Utility Authority

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

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

Fiscal Year	Revenue from Water Charges		Revenue From Sewer Charges	Other Operating Revenue ⁽²⁾	Total Operating Revenue
	For General Operations	For AWRMS ⁽¹⁾			
2014 ⁽⁴⁾	83,598,764	28,989,346	61,126,823	8,505,466	182,220,399
2013 ⁽³⁾	84,994,139	29,558,320	57,072,020	8,053,146	179,677,625
2012 ⁽³⁾	83,145,457	29,096,281	56,982,228	7,830,724	177,054,690
2011 ⁽³⁾	76,072,550	26,219,494	48,504,637	7,718,145	158,514,826
2010 ⁽³⁾	74,773,904	23,483,160	47,685,066	7,202,722	153,144,852
2009 ⁽³⁾	69,395,141	23,803,266	46,805,468	7,141,714	147,145,589
2008 ⁽³⁾	71,398,950	25,630,246	47,683,918	7,519,231	152,232,345
2007 ⁽³⁾	60,186,959	24,975,068	46,771,690	9,100,112	141,033,829
2006 ⁽³⁾	59,172,344	25,095,852	46,563,188	7,371,006	138,202,390
2005 ⁽³⁾	48,560,930	23,904,227	47,310,366	6,846,660	126,622,183



(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.

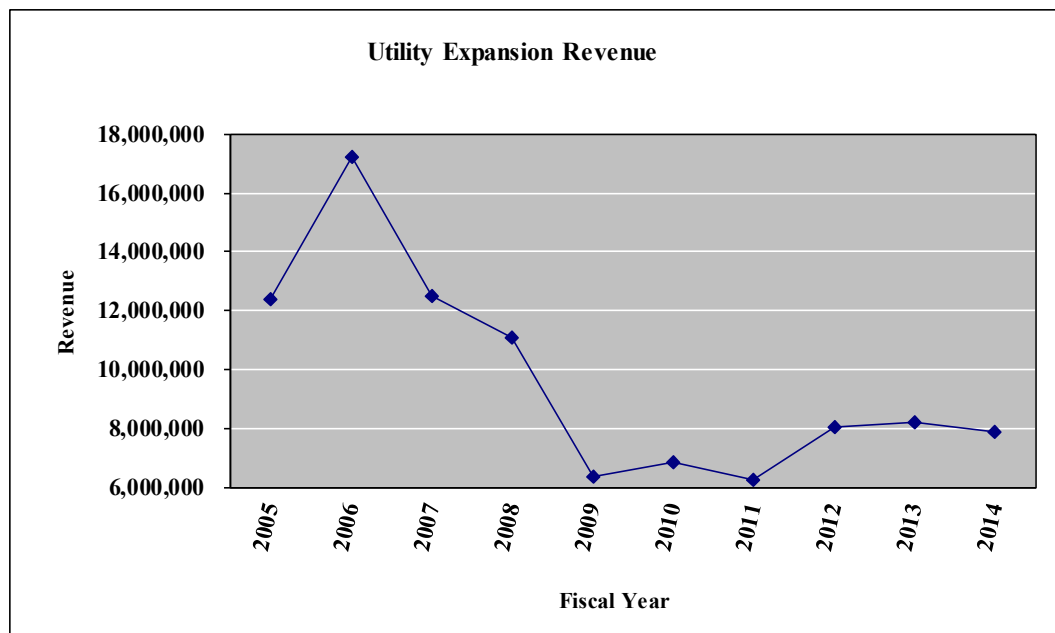
(3) Source: Albuquerque Bernalillo County Water Utility Authority Comprehensive Annual Financial Report.

(4) The 2014 figures are unaudited.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

REVENUE FROM UTILITY EXPANSION CHARGES LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Total Utility Expansion Charge Revenues</u>
2005	12,404,189
2006	17,254,474
2007	12,516,234
2008	11,074,840
2009	6,346,401
2010	6,834,261
2011	6,240,073
2012	8,035,123
2013	8,197,016
2014 ⁽¹⁾	7,871,487

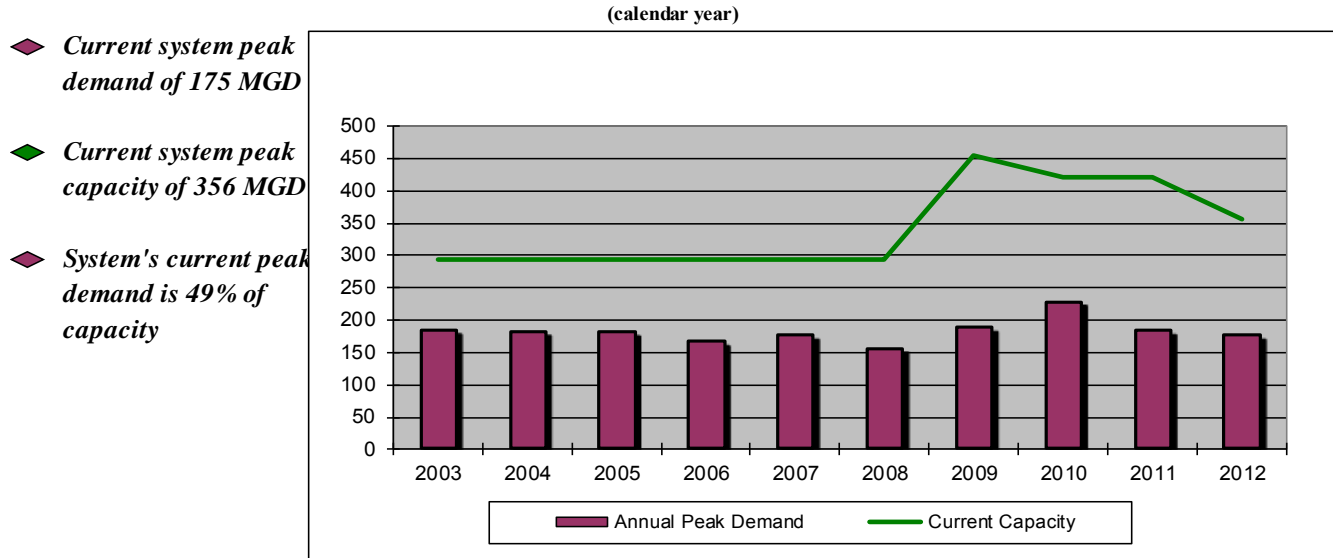


Source: Albuquerque Bernalillo County Water Utility Authority Comprehensive Annual
Financial Report.

(1) The 2014 figures are unaudited.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

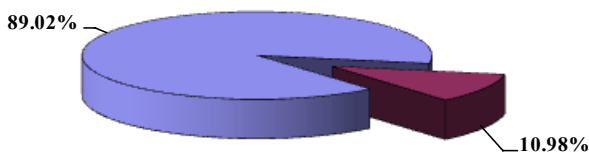
WATER SYSTEM ANNUAL PEAK DEMAND



WATER SYSTEM TOP 10 CUSTOMERS

(fiscal year)

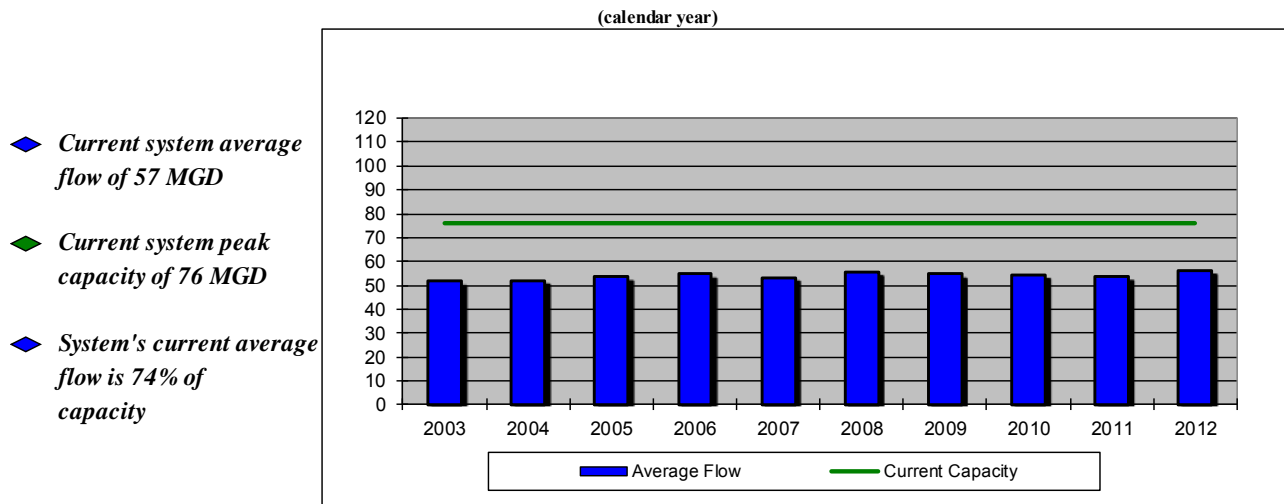
	<u>Customer Name</u>	<u>Consumption Rate (Kgal)</u>	<u>Total Collected 2013 Revenue</u>	<u>% of Total Revenue</u>
1.	City of Albuquerque	2,752,293	\$ 6,714,624	5.86%
2.	Albuquerque Public Schools	709,846	2,331,362	2.04%
3.	University of New Mexico	302,787	1,066,700	0.93%
4.	Bernalillo County	224,123	625,254	0.55%
5.	Kirtland Air Force Base	174,674	553,306	0.48%
6.	ABCWUA	125,383	339,866	0.30%
7.	Lovelace Health	117,962	265,555	0.23%
8.	Albuquerque Academy	114,110	211,199	0.18%
9.	Sumitomo	112,453	209,185	0.18%
10.	Central New Mexico Community College	79,460	257,138	0.22%
	Total		\$ 12,574,189	10.98%
	Total Revenue for System		\$ 114,552,459	



Source: Albuquerque Bernalillo County Water Utility Authority

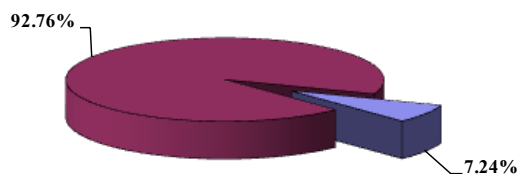
ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2015 BUDGET

WASTEWATER SYSTEM ANNUAL PEAK DEMAND



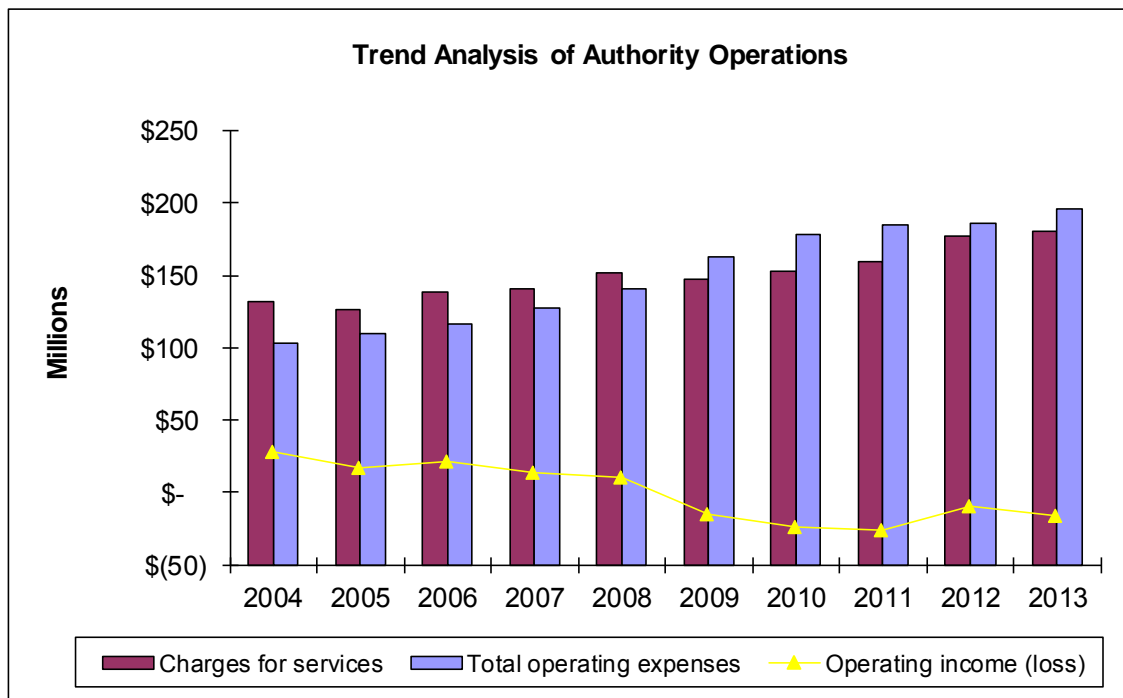
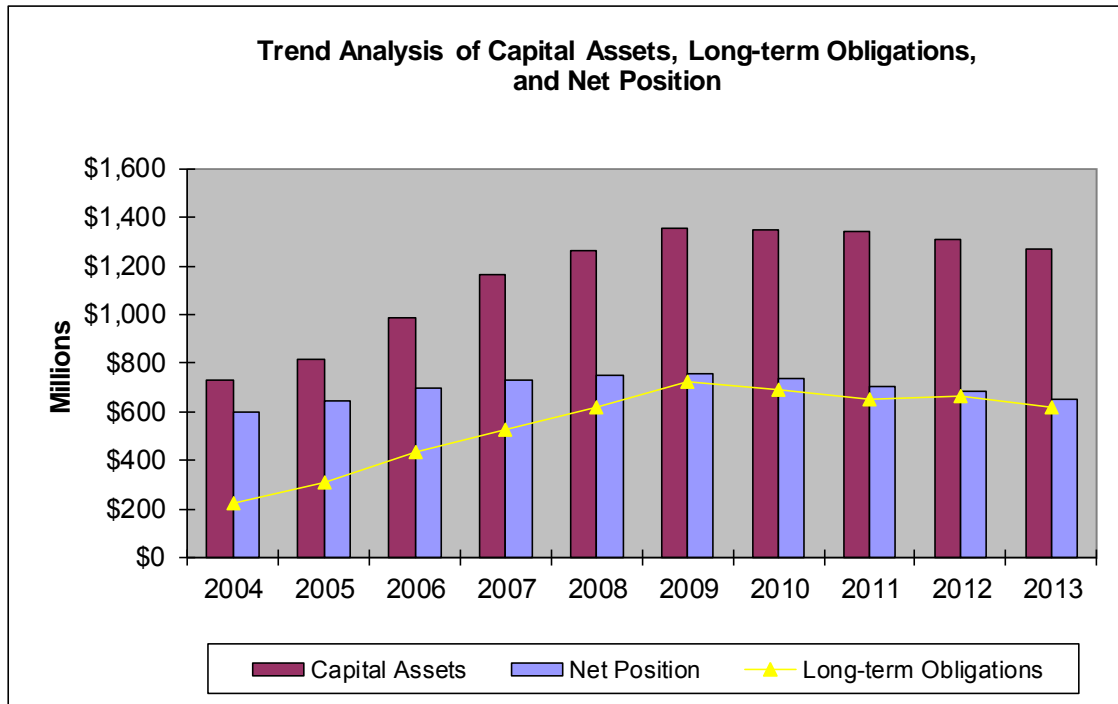
WASTEWATER SYSTEM TOP 10 CUSTOMERS

(fiscal year)				
	Customer Name	Consumption Rate (Kgal)	Total Collected 2013 Revenue	% of Total Revenue
1.	Kirtland Air Force Base	688,730	\$ 1,150,505	2.02%
2.	University of New Mexico	537,000	806,373	1.41%
3.	Albuquerque Public Schools	167,799	680,831	1.19%
4.	City of Albuquerque	161,725	480,441	0.84%
5.	Sandia Peak Services	84,394	96,422	0.17%
6.	Lovelace Health	83,563	145,383	0.25%
7.	Bernalillo County	54,142	145,082	0.25%
8.	Creamland Dairies	53,845	448,602	0.79%
9.	Four Hills MHP	36,763	65,688	0.12%
10.	Central New Mexico Community College	36,158	110,357	0.19%
Total			\$ 4,129,684	7.24%
Total Revenue for System			\$ 57,072,020	



Source: Albuquerque Bernalillo County Water Utility Authority

**MISCELLANEOUS TREND ANALYSIS
LAST TEN FISCAL YEARS**



Source: Albuquerque Bernalillo County Water Utility Authority

APPENDIX

***Approved
Operating Budget
FY15***

ANALYSIS METHODOLOGY FOR COMPUTING LINE ITEM ADJUSTMENTS

Numerical Rounding

Budgets were developed using whole numbers. When program strategies were summarized, each was rounded to the nearest one thousand. Rounding makes for ease of reading when reviewing the document.

Salaries

- The wage and salary base was established for each filled or authorized-to-be-filled position.
- This base is increased or decreased for all wage adjustments for FY15 so as to incorporate current contractual increases.
- Employee benefits are calculated on wage and salary costs at the following rates: FICA - 7.65% regular, RHCA-2.00%, PERA – 20.16% for blue and white collar and management/professional, and 7.00% for temporary employees and some seasonal employees. Other employee benefits (group life, health insurance including retiree health insurance, and employee bus passes) – 24.86%.
- A vacancy savings rate of 0.5% for the Water Authority is calculated into employee salaries.

Operating Expenses

Division managers were required to provide detailed information supporting FY15 budget requests for professional services, contract services, supplies and repairs and maintenance. Other FY15 operating expenses were equal to FY14 appropriated amounts. One-time appropriations for FY14 were deleted.

- Inflationary adjustments were not granted as automatic across-the-board adjustments.
- For FY15, utilities (gas, electricity, and water) are budgeted based on historical expenditures and anticipated needs.
- Power, chemicals and fuel will not exceed the CPI index and the cost of operating two water distribution systems will not exceed the consultant estimate.
- Beyond those stated above, line item increases needing special justifications include extraordinary price increases, increased workload, or a special need not previously funded.
- Workers' Compensation and insurance are treated as direct costs for FY15. These costs are identified by the Executive Director's Department, Risk Management, based on the historical experience and exposure factors relative to each specific program.
- Vehicle maintenance charges are estimated for FY15 according to the class of vehicle and historical cost of maintaining that class. These charges are designed to recover the costs of normal maintenance including a preventive maintenance program which schedules vehicles for periodic checks and needed repairs as determined by those checks.

Capital Expenditures

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

Transfers

- Authority debt interest costs for future borrowings will be approximately 25 basis points under market rate based on the Authority's AAA bond rating.

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

NWSA – Northwest Service Area

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, the Village of Los Ranchos, and the City of Rio Rancho

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

FUND BALANCE: Fund equity of governmental funds

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

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

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

NON-RECURRING REVENUES: Revenues generated only once

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

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

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

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

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

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

RECURRING REVENUES: Revenues generated each and every year

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

SELECTED GLOSSARY OF TERMS

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

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

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

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

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

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

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

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

NUMERIC LIST OF FUND NAMES BY CATEGORY

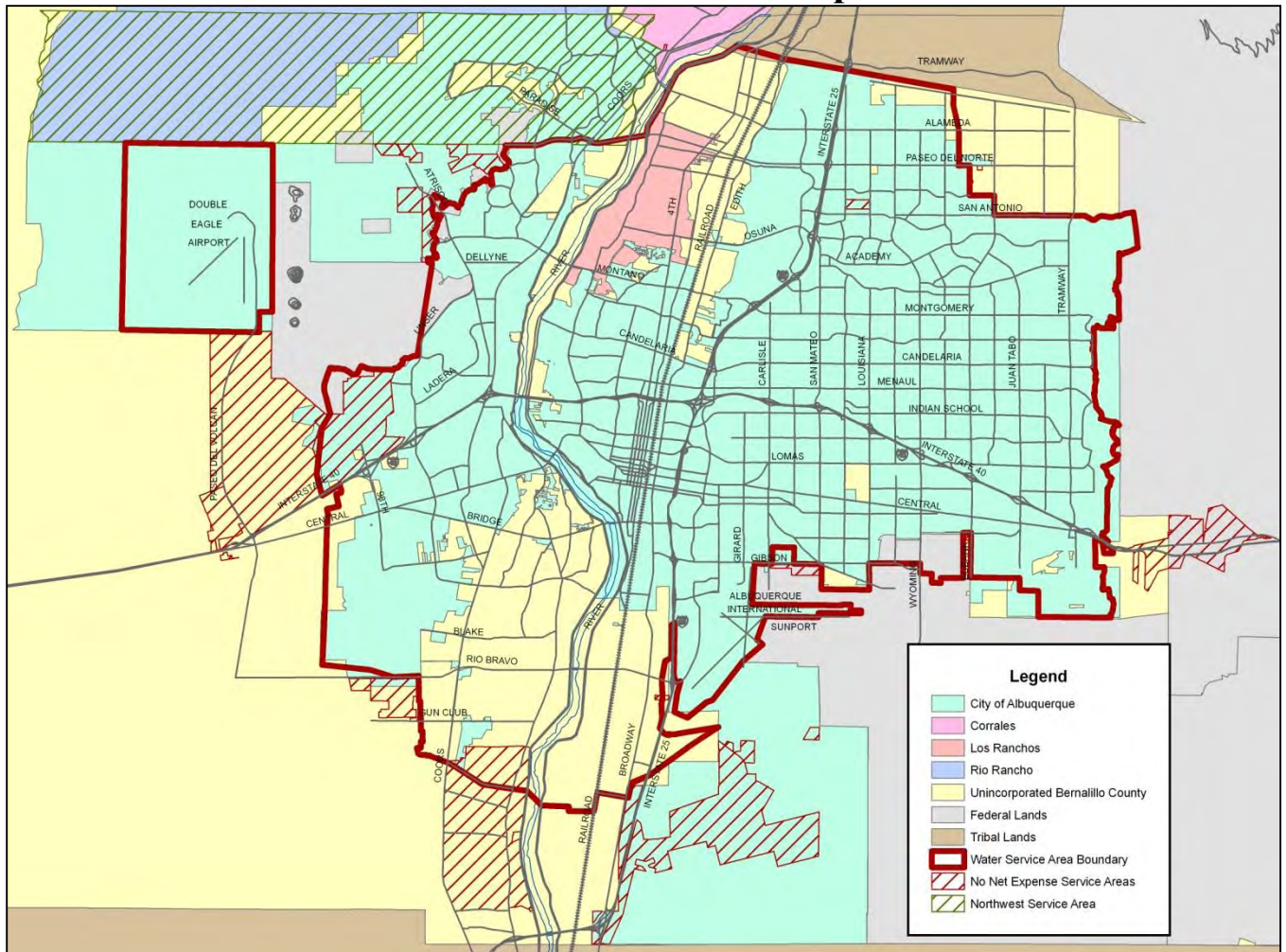
ENTERPRISE FUNDS:

21	General Fund
31	Debt Service

CIP FUNDS REFERENCED:

28	Rehab Fund
29	Growth Fund

Water Service Area Map



Major Assets:

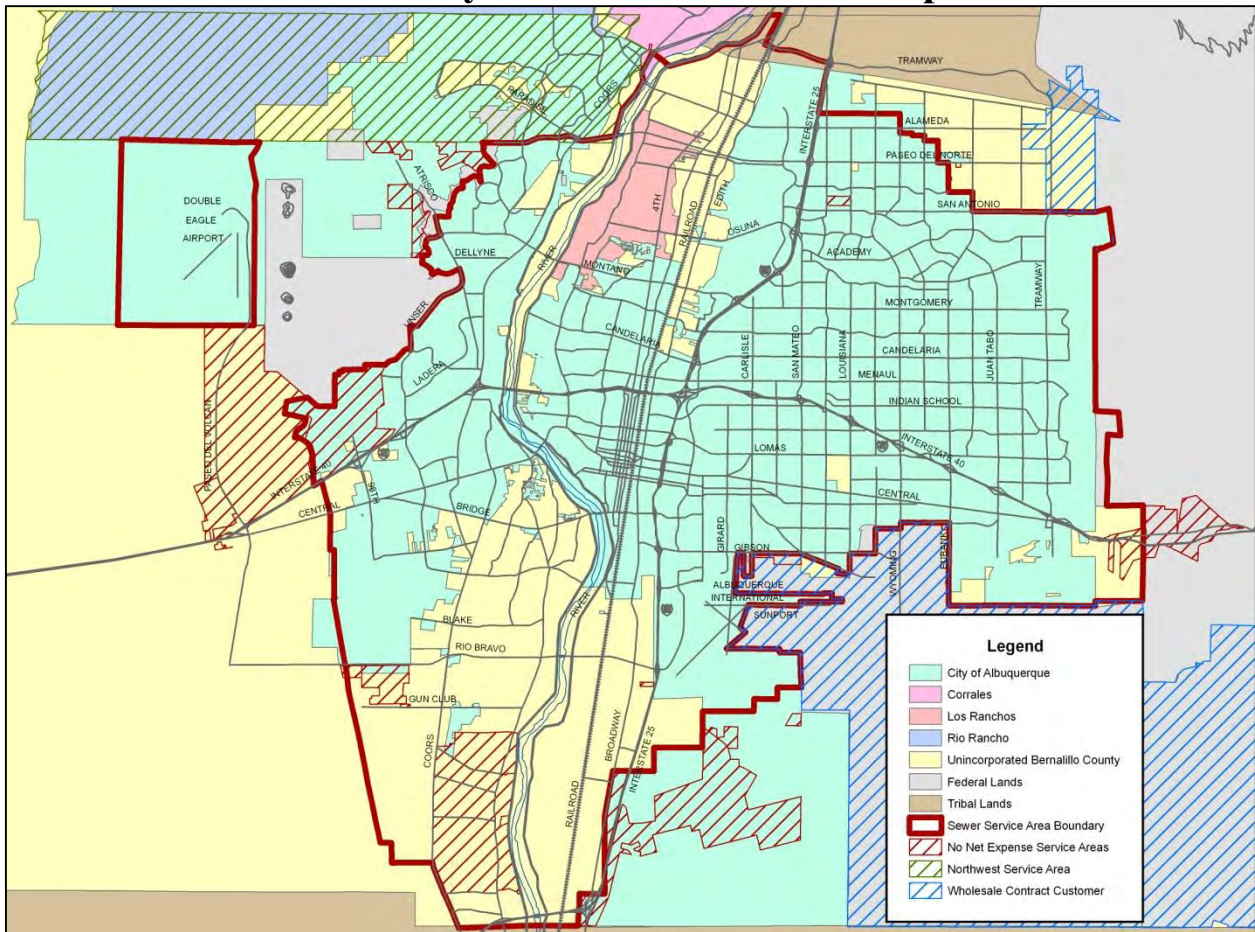
- 92 MGD San Juan-Chama Surface Water Treatment Plant
- Adjustable diversion dam, intake structure and raw water pump station on the Rio Grande
- 101 ground water supply wells
- 62 water supply reservoirs providing both mixed surface and ground water
- 3,130 miles of water supply pipeline
- 5 MGD arsenic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

The Water System provides water services to approximately 643,881 residents comprising approximately 95% 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 213,182 accounts. Approximately 60% of the water sales are for residential uses. Up until December 2008, ground water from the middle Rio Grande basin aquifer was the Water Authority's primary source of supply used for the Water System. Now, the Water Authority is using about 56% ground water and 44% surface water from its Surface Water Drinking Water Treatment Plant which treats imported Colorado river water (San Juan-Chama water) from the Rio Grande River for potable water use. The new treatment plant has the capacity to produce 92 MGD and can be expanded to 120 MGD. The San Juan-Chama Drinking Water Project is part of the Water Authority's strategic plan to provide for a safe and sustainable water supply through conservation and the conjunctive use of surface water, reclaimed water, and shallow and deep groundwater. The ground water supply is produced from 101 wells located throughout the metropolitan area. Total well production capacity is approximately 294 MGD. Maximum historical peak day demand is 214 MGD. Ground storage reservoirs that hold both surface and ground water provide for fire, peak hour and uphill transfer storage. Water is distributed from higher to lower elevations through a 115-foot vertical height pressure zone to provide minimum static pressures of 50 psi for consumers. There are 62 reservoirs located throughout the service area, with a total reservoir storage capacity of 211 million gallons. These reservoirs are interconnected by over 3,130 miles of pipelines and are situated at various locations east and west of the service area to provide multiple sources of supply to customers and for operating economies. The Water System takes advantage of the unique topography of the Water Authority's service area which allows ground level storage while simultaneously providing system pressure by gravity. Control of the Water System is provided by remote telemetry units distributed throughout the System for control from a central control facility. The Water System Service Area is approximately 186 square miles.

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

In May 2009, the Water Authority acquired a private utility in the northwest section of Bernalillo County. In FY11, these customers were incorporated into the Water System and pay the same rates as current customers. The new rates reflect the cost of providing a sustainable long-term supply via the San Juan-Chama Drinking Water Project, and the cost of conservation programs designed to ensure our water future in Albuquerque and Bernalillo County.

'Sanitary Sewer Service Area Map



Major Assets:

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

The Sewer System consists of small diameter collector sewers, sewage lift stations, and large diameter interceptor sewers conveying wastewater flows to the Southside Water Reclamation Plant. The treatment plant provides preliminary screening, grit removal, primary clarification and sludge removal, advanced secondary treatment including ammonia and nitrogen removal, final clarification, and effluent chlorination and dechlorination prior to discharge to the Rio Grande River. Treatment plant capacity is based upon overall 76 MGD hydraulic capacity. 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. In FY12, the chlorination/dechlorination system was replaced by ultraviolet light disinfection. Existing flows at the plant are about 54 MGD. The Sewer System Service Area is approximately 196 square miles. The secondary service area designates Wholesale-Special Contracts. These contract customers are responsible for a collection system beyond the point where their respective wastewater discharges into the Water Authority's interceptors.

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

In May 2009, the Water Authority acquired a private utility in the northwest section of Bernalillo County. In FY11, these customers were incorporated into the Sewer System and pay the same rates as current customers.

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LEGISLATION

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