

PROPOSED FY 2021 BUDGET

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Albuquerque Bernalillo County
Water Utility Authority



*Proposed
Operating Budget
FY21*



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Albuquerque Bernalillo Co. Water Utility Authority
New Mexico

For the Fiscal Year Beginning

July 1, 2019

Christopher P. Morrill

Executive Director

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Albuquerque Bernalillo County Water Utility Authority

April 22, 2020

To: Klarissa J. Peña, Chair

From: Mark S. Sanchez, Executive Director

Subject: Resolution Appropriating Funds for the Operation of the Water Authority for the Fiscal Year Beginning July 1, 2020 and Ending June 30, 2021

Presented to the Board for review and consideration is the proposed budget for the Albuquerque Bernalillo County Water Utility Authority (Water Authority) for Fiscal Year 2021 (FY21). This submittal is the Water Authority's financial plan for FY21. The development of this financial plan has been guided by the Water Authority's Five-year Goals, One-year Objectives, Performance Plan and the Guiding Principles. In the development of this proposed budget, the Water Authority has taken a conservative financial approach to provide effective and efficient water and wastewater services balanced against projected resources. This proposed budget is based upon the 10-year Financial Plan. It is balanced, fiscally conservative and sound.

The Water Authority has developed the budget according to the utility's projected estimated revenues. General Fund revenue for FY21 is estimated to be \$237.8 million, representing an increase of \$6.4 million from the FY20 budget amount. There is no rate increase proposed for FY21.

The proposed General Fund operating expenses for FY21 are \$237.8 million, representing an increase of \$6.4 million from the FY20 budget, including interfund transfers. This is comprised of an increase of \$1.6 million for salaries and benefits, an increase of \$0.4 million for operating expenses, and an increase of \$4.4 million for interfund transfers to the capital and debt service funds. Personnel expenses include a 2.0% step increase in wages and a 10.0% increase in health benefit costs. The most significant expense continues to be debt service payments, which comprise 34.4% of the total General Fund operating expense in FY21.

For FY21, General Fund revenues, including an addition of \$6.6 million from fund balance, are expected to be equal to proposed expenses. This amount will bring the Working Capital or Fund Balance to \$32.3 million at June 30, 2021, net of the reserve fund balances. The Water Authority's target is to maintain its Fund Balance at 1/12 of the annual budgeted operating expenses as defined by the Water Authority's Rate Ordinance. For FY21, the Rate Reserve fund remains at \$9.0 million; the Risk Reserve is \$0.5 million; and the Soil Amendment Facility Reserve is \$1.5 million.

Also submitted in a separate resolution is the Capital Improvement Program (CIP) proposed budget for FY21. This budget reflects the Water Authority's commitment to spend \$250.0 million to upgrade its sewage treatment plant and an additional \$36.0 million per year to cover the costs of routine replacement of aging pipes, pumps and other infrastructure as recommended in a recent asset management study commissioned by the Water Authority. The proposed CIP appropriation for FY21 is \$71.6 million. \$61.0 million is appropriated for the level one priority basic capital programs, \$4.0 million for growth-related projects, \$6.0 million for special projects, and \$0.6 million for Water 2120 projects. The \$6.0 million for special projects is comprised of \$2.0 million for Automated Meter Infrastructure (AMI), \$1.0 million for steel water line replacement, \$0.4 million for various renewable energy projects, and \$2.6 million for various identified projects.

This budget proposal represents the Water Authority's coordinative effort to bring to the Board a financial plan that will provide the necessary funding to perform all the varied operational and administrative functions, to maintain the Level of Service (LOS) to its customers with high-quality water and wastewater service and address the Water Authority's priorities for FY21 to improve services and gain operating efficiencies.

FY20 ACCOMPLISHMENTS

As we look forward to FY21, we also reflect on the Water Authority successes in the preceding year. These included:

- Receipt of a triple-A bond rating from Standard & Poors (S&P) Global Ratings, which cited the Water Authority's "strong financial management policies and practices...robust planning efforts...[and] strong levels of pay-as-you-go funding" in its rating decision.
- 2020 National Association of Clean Water Agencies (NACWA) Environmental Achievement Award for Watershed Collaboration
- 2019 NACWA Utility of the Future (UOTF) Award
- 2019 NACWA Excellence in Management – Gold Award
- 2019 NACWA Peak Performance – Silver Award
- 2019 Partnership for Safe Water Treatment – Director's Award
- 2019 Partnership for Safe Water Distribution – Director's Award
- 2019 Partnership for Clean Water Treatment – Director's Award
- A Platinum Award for Utility Excellence from the Association of Metropolitan Water Agencies (AMWA). AMWA noted the Water Authority's focus on delivering affordable, high-quality water while tackling infrastructure rehabilitation and resource management challenges.
- FY19 Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award
- FY18 GFOA Certificate of Achievement for Excellence in Financial Reporting (both Popular and Comprehensive)

Other achievements in the preceding fiscal year include the earmarking of additional funds to continue a project to extend municipal water services to the historic South Valley neighborhood of Los Padillas, the installation of 12,000 additional automated meters, and the installation of carbon filters at lift stations to address odor concerns. Additionally, the extensive multi-year, \$250 million refurbishment of the Southside Water Reclamation Plant continued on-schedule.

Operations

In calendar year 2019, the Surface Water Treatment Plant (SWTP) section produced 67% of all water for the Water Authority, which reflects good river flow conditions in the Rio Grande River. The treatment plant also met the Partnership for Safe Water-Treatment turbidity goal over 99.5% of the time during the year and submitted the AWWA partnership for Clean Water Phase III Self-Assessment for the program. The plant also began operating a temporary screw press dewatering facility that provided a third way to manage SWTP iron sludge besides discharge to the sewer or to drying beds.

Groundwater section began operation of the new Aquifer Storage and Recovery (ASR) well and performed aquifer recharge until March 2020; completed installation and start-up of the new PowerVent system at both BCIP Reservoirs to improve water quality in the upper College Trunk; completed in-house asset renewal, upgrades, and maintenance work to pump control valves, chlorine residual analyzers, volt/amp test stations, and continued with the program to refurbish 40-year old motor control center pump starter equipment at 5 well sites and 5 pump station sites. In addition, the Four Hills Pump Station is being rehabilitated to modernize its booster pumps and medium voltage power system and is nearly complete with well rehabilitation and well pump replacements at 3 sites. Finally, Groundwater is replacing three older Clortec disinfection systems with modern PSI units as part of the on-going replacement CIP program.

The Southside Water Reclamation Plant (SWRP) section completed calendar year 2019 with just 3 exceedances of its National Pollutant Discharge Elimination System (NPDES) permit, thus again qualifying for a NACWA Peak Performance Silver Award. This was the fourth consecutive year that SWRP met this goal. Approximately 19% of SWRP power requirements came from digester gas fueled cogeneration and another 5% from renewable solar power from an on-site solar array. The SWRP was able to process 30% of the SWTP's iron sludge solids; this provided odor control benefits in the collection system and at SWRP, with significant reductions in digester gas hydrogen

FY20 ACCOMPLISHMENTS

sulfide content, and allowed lower capital expenses for the new permanent solids handling system at SWTP. The Soil Amendment Facility (SAF) processed 40% of all SWRP bio-solids into compost. During 2019, the SWRP was one of the first treatment plants in the nation to complete the AWWA Partnership for Clean Water Phase III Self-Assessment for which it received a Director's Award for participating in the program.

Field Distribution section crews installed 10,000 additional Automated Meter Infrastructure (AMI) meter devices. The division received 30,000 line-locate requests from New Mexico 811 for excavations during the fiscal year leading to a reduction in underground utility damage frequency.

A web-based solution was developed to initiate and document isolation valve maintenance. Remote monitoring of pressure reducing valves was incorporated at select sites in a discrete area of the water system. The monitoring has aided response times and supported the preventative maintenance program of the Field division.

The Los Padillas water lines extension continued throughout the year. The constructed water lines have been tested for compliance and are available for domestic connection and fire suppression. To date, approximately 28,000 lineal feet of water main has been installed.

Staff tested approximately 350 small meters for accuracy to support the water loss audit and Strategic Water Loss Plan. The median of all meters tested was 98.1%, which was leveraged in benchmarking the Water Authority's non-revenue water performance indicators.

Wastewater Collections section continued to implement the Capacity Management Operations and Maintenance (CMOM) program. As part of the commitment to the program staff completed and approved the CMOM program Self-Assessment, staff completed and approved the CMOM Annual Report for CY18, staff and contractors televised 5% of the small diameter system, and in response to internal studies, Short Interval cleaning was focused on the colder portion of the year when SSOs are more likely. In conjunction with Information Technology Division (ITD), staff

updated sub-basin boundaries in the geographical information system (GIS) and established routes in Maximo software database.

In conjunction with Centralized Engineering section, the Collection section commenced in-house operation of the WATS model; this sewer process model allows evaluation of alternative chemical treatment methods and odor and corrosion levels. Staff developed and implemented processes to use trailer-mounted portable carbon units for construction and operations & maintenance projects.

The Overflow Emergency Response Plan (OERP) was updated per the new NPDES Permit; all blockages were studied by the SSO Team; and staff began reviewing, updating, and creating SOPs and training documents.

Planning & Engineering Utility Development section (One Stop Shop), in coordination with the City of Albuquerque and Bernalillo County, continued its work to ensure that the water and wastewater infrastructure designed and constructed as part of new developments met Water Authority standards. One Stop Shop also drafted a new Guide to Development that will assist developers in understanding the Water Authority's requirements per the Expansion Ordinance.

Maps & Records section updated the Water Systems Map, continued work on the Field Asset Global Positioning System (GPS) Project and assisted the process of onboarding linear assets (i.e. pipelines and appurtenances) into the GIS and the Maximo system.

Centralized Engineering section managed CIP projects primarily associated with the renewal of the Water Authority's water and wastewater infrastructure. Capital renewal expenses by the end of FY20 are projected to be approximately \$75 million.

The Water Authority established the Strategic Asset Management Program led by the Asset Management Program Team. Business processes across the Water Authority have been standardized to support multiple features of asset life cycle activity. Staff and a consultant began

FY20 ACCOMPLISHMENTS

reviewing previous asset management plans and updating data to establish condition assessments and develop an overall estimate of replacement costs for the capital assets at Water Authority facilities.

Water Resources Water Conservation section launched a new public awareness campaign, "Three Steps to Landscape Success" focusing on irrigation and desert-friendly plants; validated the internal non-revenue water audit procedures and conducted a component analysis; launched "505Outside", a monthly newsletter and website informing customers about landscape watering efficiency, seasonal tips and desert-friendly plants.

Full-scale operation of the Large-Scale Aquifer Storage and Recovery Project began and additional testing was conducted to inform operation and maintenance of the wells. Capture zone analysis for Water Authority wells was completed. This analysis identified areas that are most in need of protection as part of the ongoing source water protection program.

Water Resources staff collaborated and assisted the following agencies and programs: the Middle Rio Grande Endangered Species Collaborative Program, the U.S. Fish and Wildlife Service, the San Juan-Chama Contractors Association, and the Water Research Foundation.

The Water Authority continued its commitment of \$165,000 in support of the City of Albuquerque's BioPark Aquatic Conservation Facility, and \$200,000 in support of the Rio Grande Water Fund's watershed restoration. Staff began a series of meetings with Explora to develop water exhibits for their new STEM science center.

The education program was aligned with the adopted NextGen science standards and philosophy. In the first half of FY20, the program reached 9,390 students (3,788 on RIO field trips, 3,925 at in-class presentations, 972 at puppet shows and 705 on wastewater tours).

Compliance

The Compliance Division NPDES permit was renewed by the Environmental Protection Agency (EPA). The new permit requires a fish tissue study

and a mercury minimization plan to reduce mercury in the effluent. The permit also requires monitoring of the effluent and upstream and downstream of the plant for mercury and salinity. A Groundwater Discharge Permit for the Large-Scale Aquifer Storage and Recovery project was obtained which allows for injection.

Sampling in drinking water was completed for the fourth Unregulated Contaminant Monitoring Rule (UCMR4). The Water Quality Laboratory prepared for an audit from the American Association for Laboratory Accreditation (A2LA) which is scheduled for the end of FY20.

Administration, Employee Relations and Development

The Risk/Safety program developed new safety posters which include hazard/exposure information, chemicals in buildings, and required safety gear. Safety staff partnered with other divisions to create an authority-wide Ladder Safety Inventory and Compliance program, develop a Safety Roles and Responsibility Form, and develop a professional safety video for new employee orientation.

Risk staff completed the AWWA Risk and Resiliency Certification program and hired a security consultant to assist with security measures for the new Customer Services and Operations building and other remote Water Authority sites.

Human Resources Wellness staff coordinated the annual Employee Safety picnic and offered various wellness/fitness challenges and programs. Staff conducted the biannual Employee Engagement and Satisfaction Survey. The survey was updated to include sections on Risk and Wellness and some questions were retired. Overall, the results were positive and the information will be used to maintain and improve in the areas identified.

The certification training programs continue to develop employees' knowledge and skills in various positions, including water and wastewater operations and maintenance, dispatch, and customer service. Sixty-three employees were promoted throughout the Water Authority training programs; one-hundred twelve employees participated in the new Management

FY20 ACCOMPLISHMENTS

Series Training Program; and fifty-seven employees received a total of \$70,641 in tuition assistance.

Budget, Finance and Business Management

The Finance Accounting section submitted the FY19 Comprehensive Annual Financial Report (CAFR) to the Government Financial Officers Association (GFOA) for the Certificate of Achievement for Excellence in Financial Report program and the Popular Annual Financial Report (PAFR) program.

Purchasing staff partnered with Central Engineering to implement a major overhaul of contract documents and procedures for administering both On-Call construction and On-Call engineering agreements and staff implemented go-live for a new online bidding platform.

Maximo go-live Phase III established a major improvement to the inventory and non-stock item ordering structure creating clear visibility to ordering history. Fleet procurement go-live established the beginning of Fleet's use of Maximo as an asset management platform. The on-going fleet replacement program resulted in close to 90 upgrades of vehicles and heavy equipment.

Treasury section completed the contract for the Fiscal Agent Banking services, provided payment systems training and support to Customer Services staff, coordinated the automation of 200 Bernalillo County water bill account payments, and continued support and development of the E-Bill Express Payment platform.

Customer Services staff attended the Albuquerque Assistance Fair to help community members apply for the Low-Income Credit Program and the Water Assistance Fund (WAF). More than 160 households benefitted from these programs and over \$20,000 in grants were issued through the WAF. In the Customer Care Training Program, 34 staff members received over 3,369 hours of training and seven employees advanced to the next level in the program.

ITD Quality Assurance staff responded to 6,828 Help Desk incident tickets, upgraded desktop operating systems to Windows 10, and identified and documented all IT assets into Maximo. Infrastructure accomplishments include: upgrades to the active directory, they system center configuration manager, and the VOIP phone system. Network accomplishments include: transitioned operations staff to AT&T push-to-talk radios, upgraded the Call Center software, and replaced/refreshed all leased network equipment. The Applications group completed Phase III of the Maximo upgrade, upgraded AuthorityWorks, Org Plus Realtime, Kronos, and the PCA applications, successfully integrated the XC2 Cross Connections application with the Customer Care & Billing system, partnered with Bernalillo County for the Hydrant Inspection Program, and created a Maximo/ESRI Valve Inspection application.

Security continues to be a major concern. To address security concerns, ITD submitted an Information Security Plan (National Institute of Standards & Technology compliant) and related security policies, installed security tools, and upgraded the credit card readers to be PCI compliant. Staff continued the Phishing Security Tests program, where the difficulty of the tests increased quarterly. Industry benchmark data showed the Water Authority phish-prone percentage at 3.4%; industry percentage was 4.9%.

FY21 HIGHLIGHTS

The FY21 Executive Director's Proposed Budget establishes the Water Authority's financial plan and uses the Goals, Objectives and the Performance Plan as guides for the appropriation of funds. The Water Authority, with input from the operating divisions, developed the budget by determining those essential costs necessary to successfully run the utility operation.

Helping to guide this effort is *Water 2120*, the Water Authority's 100-year water resources management strategy, adopted in September 2016. *Water 2120* incorporates the latest science regarding the effect of climate change on the availability of surface water supplies. Using climatic hydrologic simulation models from the Office of the State Engineer, Sandia National Laboratories and the U.S. Bureau of Reclamation and Geological Survey, among other agencies, it takes climate variability into account and for the first time looks at a 100-year time horizon for the greater Albuquerque area. Three different demand scenarios along with three supply alternatives are used to examine the need for new supplies while maintaining a ground water resource for future generations. A portfolio of supply options is used to fill the gaps to meet future demand over the next 100 years. A key component going forward will be the shift from acquisition of water rights to the development of reuse facilities to have a more resilient supply.

Operations

The operational cornerstone of *Water 2120* is the San Juan-Chama Drinking Water Project (DWP), which will continue to have a major positive impact on the ground water resources in the Middle Rio Grande. After ten years of operation, the DWP – along with conservation and other resource management efforts – has resulted in rising aquifer levels throughout the service area as documented by the U.S. Geological Survey. A video documenting this success is available for viewing at:
<https://www.youtube.com/watch?v=Z6stQZw2L1M&feature=youtu.be>

The Water Authority will continue to operate two potable water supply systems, the surface water and the ground water systems. This dual system operation will continue into the future with the

primary source of supply being treated surface water from the DWP. The DWP provided 67% of all water distributed to Water Authority customers in calendar year 2019, Groundwater provided 29% and reuse provided 4%. The Water Authority's goal is to have the DWP supply 70-75% of all customer demand. Flow conditions in the Rio Grande may limit the ability to fully realize this goal on a consistent basis.

In FY21, the SWTP section will be commissioning its permanent dewatering system for iron sludge while proactively managing iron sludge discharges to the collection system. Permanent bulk storage facilities for calcium thiosulfate, a quenching agent for dissolved ozone, are also scheduled to be commissioned. These facilities are the last step of overall SWTP ozone system improvements. SWTP staff will start work on applying for the AWWA Partnership for Safe Water-Treatment Phase IV Presidents Award as a further commitment to producing the best quality drinking water possible.

For FY21, Groundwater Operations section will fine-tune system operations to the State Drinking Water Act (SDWA) standards for arsenic and the prescribed range for fluoride. Staff will be renovating and/or replacing up to 30 aging motor control centers pump starter equipment and renovating interior piping and valves at several pump stations, including renovation of 65-year old Griegos Pump Station, replacing older ClorTec disinfection systems with new PSI systems, renovating Charles Wells Reservoir and Lomas Reservoir 1, and repairing and/or replacing reservoir hatches. In addition, Groundwater section will initiate the replacement of remote facility RCPs and radios as part of a 5-year renewal program for 166 sites.

The Water Authority began a major renovation of the SWRP in FY10, called the Reclamation Rehabilitation and Asset Management Plan (RRAMP). The RRAMP is a multi-year program to renew the treatment processes at the plant. Several key improvement projects in this program have been completed, including the Preliminary Treatment Facility (PTF), aeration basin and air piping renovations, final clarifier renovations, and major renovations and improvements to the Solids Dewatering Facility (SDF). In FY21, RRAMP

FY21 HIGHLIGHTS

improvements will focus on renovating Secondary Sludge Thickening facilities, plant-wide electrical systems, and other SWRP facilities. The cogeneration facilities will also have exhaust gas cleaning systems installed on all four engines. These systems will remove at least 70% of carbon monoxide, nitrogen dioxide, and hazardous air pollutant compounds from engine exhaust gases, thus helping to improve air quality in the Mountain View community and eliminating the need for a federally-issued air quality permit.

Plans are to continue to increase the amount of wastewater bio-solids that are composted and sold while not “over-saturating” the regional market for bio-solids compost. The goal is to compost and sell at least 30% of the total quantity of available bio-solids. SWRP staff will focus on completing work on the 9 areas selected for focused improvement from the AWWA Partnership for Clean Water Phase II Self-Assessment. Staff will also continue updating plant asset records, preventative maintenance, and preventative maintenance routes in Maximo.

Wastewater Collections section will implement and utilize the process to capture new construction closed-circuit television (CCTV) for inclusion in Maximo and ITpipes Repository after unique GIS identifiers are established. Staff will continue to clean and CCTV the system in accordance with CMOM commitments, will utilize the WATS model to study locations for new chemical stations on the Tijeras interceptor and on the westside, and will utilize sondes and the WATS model to study and identify possible Sewer Use Ordinance (SUO) violations.

Water Field-Distribution section will continue the deployment of Automated Meter Infrastructure (AMI) pressure monitoring equipment in reduced pressure zones to improve efficiency and reduce operation and maintenance costs.

To reduce the occurrence of dirty water in the distribution system, a flushing program will be implemented to systematically flush water lines, filter the water before returning it to the distribution system and minimize water loss. Results of effectiveness will be measured through improvements/reductions in customer inquiries. To improve water service reliability and reduce

interrupted water service, Field-Distribution will exercise 4,000 isolation valves. The long-term goal is to exercise all isolation valves over a ten-year period.

Continual GIS enhancements, including the accuracy of the asset inventory, are being performed as information is gathered by staff in the field. Examples include the addition of a ferric chloride pipeline, missing infrastructure, unbilled services, fire hydrant ownership and material type and size. To facilitate life-cycle cost accounting, staff will collaborate with ITD and the Asset Management Program Team to develop a mobile workforce solution that integrates with Maximo to leverage consistent collection of data from field operations and maintenance activities.

Water Resources-Conservation will begin a new campaign that focuses on encouraging customers to service their irrigation systems as a tool to reduce water waste and continue to build resilient landscapes. The WaterSmart Academy classes will become a hub for landscape management and irrigation professionals seeking advanced knowledge in the areas of design, installation, and maintenance of landscapes and irrigation systems. Staff will develop a new guidance for customers called “Water By Season” to expand customer knowledge on watering different plant types throughout the year. Staff will evaluate the current guidelines for establishment of water conservation rebates to align the guidelines with the new water conservation goal and the updated Water Conservation Plan.

The education program will work with teachers in middle and high schools to create more opportunities for the Water Authority to reach students beyond elementary school. Staff will continue its collaboration with Explora to design water exhibits for the new STEM education wing of the museum which is scheduled to open April 2021.

The updated capture zones for Water Authority wells will be used to update the potential contaminant sites of concern inventory for the source water protection program. This update will be reviewed to determine if any new sites should be added to the priority site list and if action is needed.

FY21 HIGHLIGHTS

Staff will work to get the remaining permanent easements around Abiquiu reservoir, which is an important step to increasing the storage at this facility from 170,000 acre-feet to 238,000 acre-feet. Staff will begin the analysis and evaluation for storage of San Juan-Chama or native water at locations in the Middle Rio Grande. Staff will work with Central Engineering, Operations, and Compliance to develop a guidance and flowcharts for evaluating, building and managing future joint projects to include: aquifer storage and recovery projects, reuse projects and updates to Water 2120.

Planning & Engineering Utility Development section will continue work on the Guide to Development; including meetings with developers to seek their input.

Centralized Engineering will continue managing CIP projects. A greater emphasis will be placed on renewing the Water Authority's sanitary sewage collection system. However, renewal projects will also continue at the Southside Water Reclamation Plant (SWRP) and other infrastructure categories.

The Asset Management Program Team will continue implementing the Strategic Asset Management Program by vetting the asset registry in Maximo and updating the information for each asset. Staff will develop Key Performance Indicators for measuring how effectively the Water Authority is meeting goals. A dashboard will be created to measure effectiveness and a guidebook or procedure manual will be developed that includes instructions and definitions.

Compliance

Water and Wastewater Operations are regulated by a myriad of federal, state, and local environmental permits, regulations, and rules. The Compliance Division continues to maintain a matrix that is updated quarterly of regulatory requirements to monitor regulatory initiatives to define operational impacts and develop compliance strategies. Staff will work with the Plant division to update the Emergency Response Plan.

In accordance with the new NPDES permit, the mercury fish tissue study will be started and staff will work to identify industrial and commercial sources of mercury in the collection system. Staff will revise the Technically Based Local Limits for Permitted Industrial Wastewater Users.

The Water Quality program will prepare for the proposed updates to the Lead and Copper Rule. Staff will also increase use of hydraulic modeling to monitor and predict water quality parameters.

Administration, Employee Relations and Development

The Water Authority will continue to conduct periodic activities to engage, educate, and provide updates to customers, legislators and neighborhood associations regarding Water Authority activities and initiatives, and offer opportunities for dialogue and feedback.

In FY21, Risk/Safety will complete the Security Consultant's Deliverables and develop an Emergency Response Plan and maps for the new Customer Service and Operations building. Safety staff will partner with HR Wellness to incorporate the new stretching program throughout the Water Authority.

Human Resources wellness staff will continue offering wellness challenges for individuals and departments. At least two fitness challenges per quarter will be offered in conjunction with nutrition, physical activity and weight loss tips as well as disease and injury prevention topics to employees. Staff will also partner with Safety to incorporate the new stretching program throughout the Water Authority.

Staff will develop a program that focuses on employee and leadership development including topics such as: hiring and retaining motivated, participative employees, creating a collaborative organization and positive workforce environment, and providing a positive environmental and community impact.

The proposed budget also includes nonrecurring funding for an employee safety incentive program. This program will reward employees for cost savings that result from a decrease in work-related

FY21 HIGHLIGHTS

losses. Funding for this program is contingent on the Water Authority generating the same or a greater amount in savings. This incentive program has been an effective tool in the reduction of the Water Authority's Workers Compensation expense.

Budget, Finance and Business Management

Finance will submit to GFOA the FY21 Approved Budget for the Distinguished Budget Presentation Award, the FY20 Comprehensive Annual Financial Report (CAFR) for the Certificate of Achievement for Excellence in Financial Reporting and the FY20 Popular Annual Financial Report (PAFR) for the Popular Annual Financial Reporting Award. The division believes that all three financial documents meet or exceed the recommended requirements to successfully receive each award and to also be nationally recognized by GFOA for these accomplishments.

During FY21, Purchasing section will complete the move of both Fleet Maintenance and the Warehouse to the new Customer Service and Operations building. As part of the move, the Soil Amendment Facility fleet pool and maintenance will be incorporated into the centralized fleet processes. Fleet will continue vehicle replacement and work to add a more formalized plan to long-term vehicle needs and enhance tools already in place with focus on Fleet satellite storeroom management procedures.

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

In FY21, Treasury will manage the cash balances and investment portfolio during market turmoil, coordinate changes in cash handling and deposits for the Customer Services consolidation and move, coordinate the consolidation of bill presentment into the E-Bill Express platform, and continue to support Customer Services payment projects.

During the first quarter, Customer Services will consolidate its downtown and Northwest Service area operations to the new Customer Services and Operations building located near the Surface Water Treatment Plant. A customer portal will be

developed to consolidate electronic bill presentment and payment and roll-out a single-sign on to the portal.

ITD Quality Assurance staff will implement the Information Technology Infrastructure Library (ITIL) best practices for: service requests, change management, incidences, and self-service. Staff will continue to identify, maintain and audit all IT-related assets in Maximo and continue to support all enterprise training initiatives.

ITD Infrastructure objectives for FY21 include: refreshing Netapp storage, looking at backup solutions that will protect the Water Authority from ransomware and allow the ability to restore, and providing SCADA infrastructure planning and support.

ITD Network staff will deploy cloud-based WebEx/Teams, Cisco E911, and Cisco DNA & software defined networks.

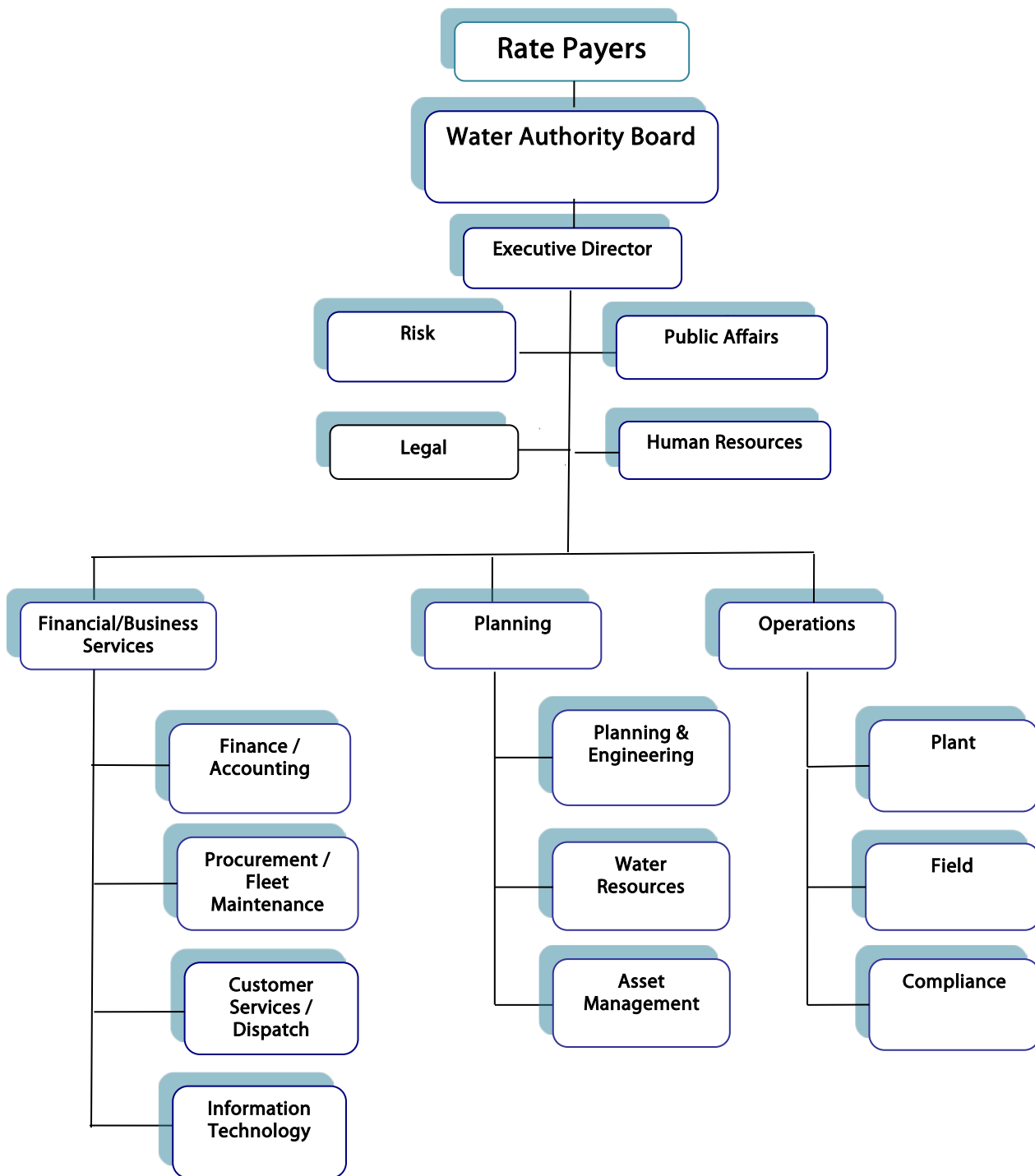
ITD Application staff will collaborate with Customer Services to redesign the Water Authority website and customer portal, provide asset management program support, support the upgrades to OneSolution, Cognos, and PE applications, and maintain and update all paper and electronic maps & records.

IT Security will be a major focus in FY21. Staff will be: continuing to reduce the overall risk assessment scores, completing and implementing all security-related policies including SCADA, utilizing Splunk to provide visibility to all security-related data, reducing the KnowBe4 phish-prone %, and applying External pen/application testing to identify security risks.

IT SCADA objective for the fiscal year include: determining staffing, standards, cyber security policies and short and long-term projects.

The Rate Reserve fund will remain at \$9.0 million; the Risk Reserve is \$0.5 million; and the Soil Amendment Facility Reserve is \$1.5 million. The Water Authority will also provide deferred UEC collections on up to 50 affordable housing units developed by non-profit housing developers.

ORGANIZATION CHART



PREFACE

NMSA 1978 Section 72-1-10, which created the Water Authority, along with Water Authority Ordinance O-04-6 requires the Executive Director to formulate the operating budget for the Water Authority. The Executive Director shall propose the budget to the Board at the April regularly scheduled meeting each year. The Water Authority Board then will approve or amend and approve the Executive Director's proposed budget, after the Board has received the budget and has deliberated on it, provided public notice and allowed for public input at or before the May regularly scheduled meeting.

Budget instructions are issued in January. A salary forecast is completed for review by staff. 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 to achieve a balanced budget. Budget meetings are held with the Executive Director and Water Authority staff, where divisions may request program expansions, offer plans for reducing costs, or revenue enhancements.

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

Budget data is prepared consistent with the Water Authority's basis of accounting. The Water Authority's Enterprise Funds are on an accrual basis. Revenues are recorded in the accounting period in which earned, and expenses are recorded at the time liabilities are incurred. Transactions are recorded in individual funds. However, depreciation, amortization and bad debt expense, although expensed in the accounting system, are not budget items in the Water Authority budget.

The Water Authority's Goals and Objectives focus on improving the utility's operations and improving customer conditions. The goals are based on the American Water Works Association's

(AWWA) business model using fifteen successful quality achievement programs. The FY21 Goals and Objectives have been submitted for approval to the Water Authority Board.

The Proposed Budget has 6 major sections. The [Budget Proposal & Financial Consolidations](#) section is designed as an overview. This section contains the Water Authority's Goals and Objectives, Strategic Planning process, Appropriations, and Proposed Issue Papers. The funds are presented with estimated ending balances for the current year. This section also includes the Financial Plan.

The [Revenue Outlook](#) section contains detailed information on the projected revenues and the Economic Outlook to be addressed in the coming year. This section also looks at the Albuquerque Economy as it relates to the budget.

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

[Debt Obligations](#) and the [Appendix](#) complete the supporting documentation. The [Appendix](#) contains information that is useful to prepare or understand the budget, including definitions.

The [Appropriations Legislation](#) section contains a copy of the legislation that is submitted to the Water Authority Board along with this document. It must be passed as submitted or amended and passed by the Water Authority Board before the budget becomes law.



*BUDGET PROPOSAL
&
FINANCIAL CONSOLIDATIONS*

*Proposed
Operating Budget
FY21*

MISSION AND OVERVIEW OF GOAL DEVELOPMENT

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

Mission

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

Assure responsive Customer Service.

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

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

Overview of Goal Development

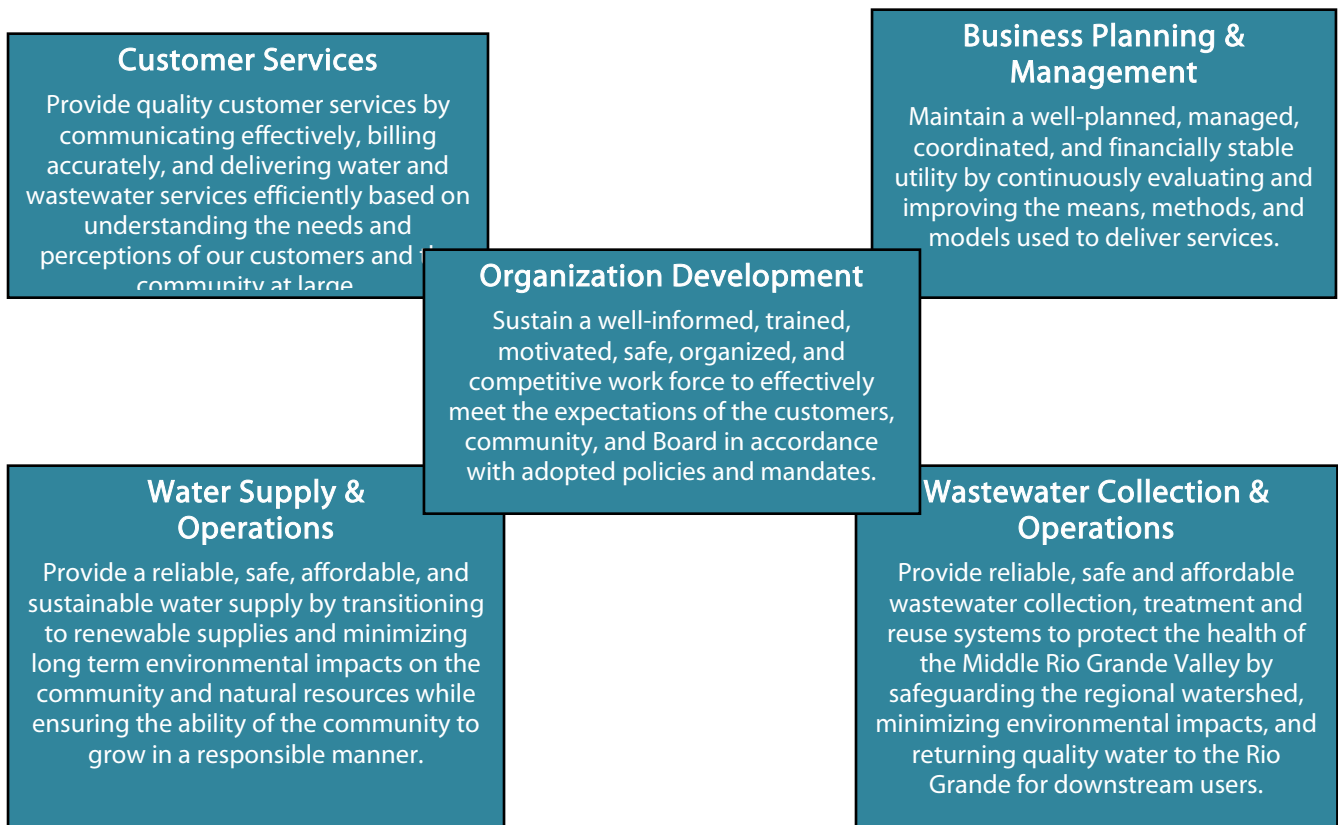
The Water Authority established Five-Year Goals and One-Year Objectives in 2005 to help guide its budget process and address priority issues. In addition, the Water Authority's Budget Ordinance specifies that the Water Authority shall annually review and adopt one-year objectives related to the five-year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

FY21 GOALS AND OBJECTIVES

The Five-Year Goals adopted by the Water Authority are based on the American Water Works Association’s (AWWA) business model using fifteen successful quality achievement programs, including the Malcolm Baldrige National Quality Award Program, the Deming Award, and the International Standards Organization series of quality standards. The model characterizes the work of the typical water and wastewater utility around five business systems: 1) Water Supply and Operations, 2) Wastewater Collections and Operations, 3) Customer Relations, 4) Business Planning and Management, and 5) Organization Development.

The Water Authority has participated in several continuous performance programs through AWWA including Benchmarking, Self-Assessment, and Peer Review. Since 2012, the Water Authority has incorporated the EPA’s *Effective Utility Management* (EUM) into its strategic planning process which is designed to help utilities to make practical, systematic changes to achieve excellence in performance. The Water Authority has been using the EUM’s Ten Attributes framework to identify areas for improvement.

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

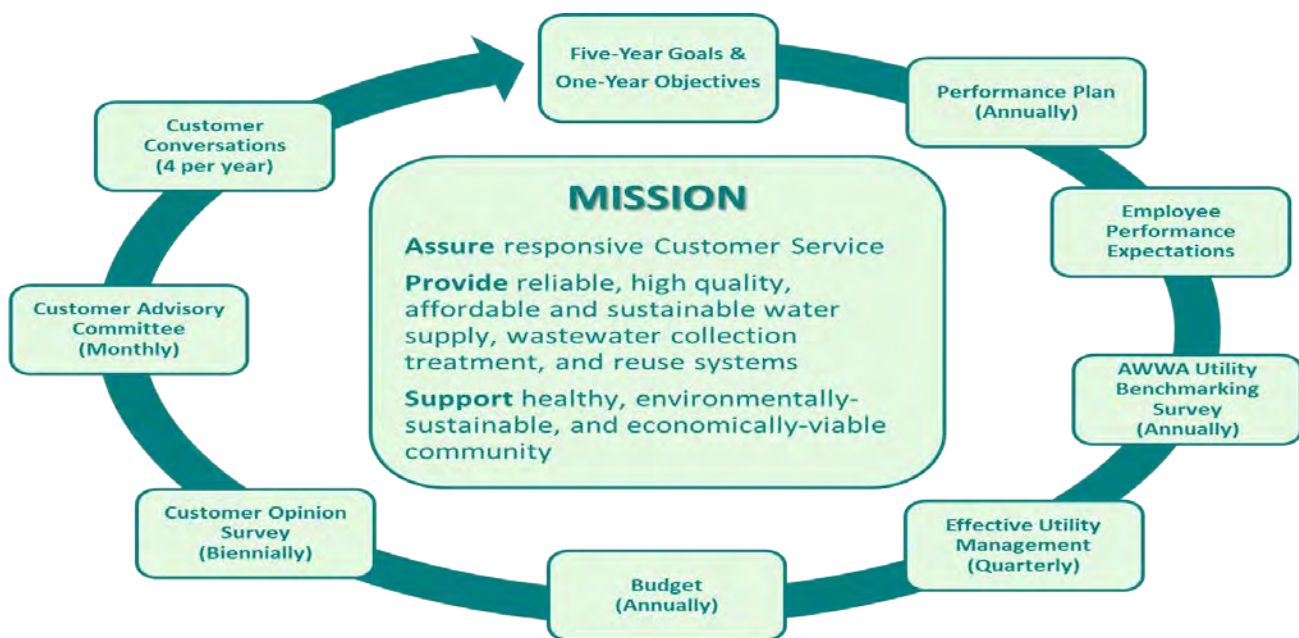


FY21 GOALS AND OBJECTIVES

The One-Year Objectives are categorized by the Water Authority's Five-Year Goal areas. The Water Authority has developed guiding goal statements for each goal area which explains the long-term desired result for that goal. The continuous performance programs mentioned above help the Water Authority to identify gaps in service delivery or performance. The Water Authority's performance measures are used to help monitor the Water Authority's performance and to develop performance targets. With the performance measures being used to identify gaps, the One-Year Objectives are used to close performance or service delivery gaps and improve performance levels.

In addition to identifying areas of improvement, some of the Objectives are related to completing projects or improving programs. A few of the objectives are carried over from FY20 either because they require more time to complete or are ongoing issues.

The diagram below shows the Water Authority's strategic planning process. It starts with long-range goals and short-term objectives which are linked to performance measures in the Performance Plan which help guide the budget process. This process is periodically evaluated by utility customers every two years through opinion surveys and customer focus group meetings four times per year. Customer Conversations are roundtable discussions with customers focusing on important issues facing the utility. The facilitated meetings are innovative and interactive, engaging customers with hands-on activities so that they can think through the decisions and discuss issues with fellow customers. The Water Authority measures its progress in the goals and objectives through the AWWA Benchmarking program. The benchmarking program allows the utility to benchmark its performance among 25 key performance indicators. The goals and objectives are integrated into the employee's performance evaluations biannually through the Employee Performance Expectations. The Technical Customer Advisory Committee provides input on the utility's policies, plans, and programs. The Water Authority has incorporated the EPA's Effective Utility Management (EUM) program into its strategic planning process which is designed to help utilities to make practical, systematic changes to achieve excellence in performance. The Water Authority has been using the EUM's Ten Attributes and Five Keys to Management Success to select priorities for improvement, based on each organization's strategic objectives and the needs of the community it serves. All the strategic planning process components help fulfil the Water Authority's MISSION.



FY21 GOALS AND OBJECTIVES

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

Below is a summary of the Goals and Objectives for FY21, as introduced to the Water Authority Board in April 2020.

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 60% of all completed maintenance labor hours by the end of the 4th Quarter of FY21.
- Complete Surface Water Plant Preventive Maintenance to Corrective Maintenance ratio to at least 60% of all completed maintenance labor hours by the end of the 4th Quarter of FY21.
- Submit annual distribution and treatment data to the Partnership for Safe Water program for inclusion in the program's annual report of aggregated system water quality data. Maintain individual and combined filter effluent turbidity less than 0.1 NTU more than 95% of time in operation. Continue work on items identified from the Phase 3 Self-Assessment that are not yet considered optimized and submit a progress report to AWWA by the end of the 4th Quarter of FY21. Complete and submit the application for the Phase IV Presidents Award in the Partnership for Safe Water-Treatment by end of the 4th Quarter of FY21.
- To improve energy efficiency and reduce operation and maintenance costs, continue deployment of automated meter infrastructure pressure monitoring in reduced pressure zones by the end of the 4th Quarter of FY21; Through hydraulic modeling assess opportunities for operational efficiency by eliminating redundant pressure reducing stations in pressure zone 4ER by the end of the 4th Quarter of FY21.
- To improve reliability and reduce interrupted water service, exercise 4,000 isolation valves by the end of the 4th Quarter of FY21.
- To improve the validated water audit inputs for apparent water loss, test a minimum of 300 small meters to support the water audit and strategic water loss plan by the end of the 4th Quarter of FY21.
- As part of the water distribution system preventative maintenance program, pilot a flushing program that uses a systematic approach to flush water lines, filtering the water before returning it to distribution by the end of the 4th Quarter of FY21. Monitor and report the occurrence complaints before and after flushing to evaluate whether the flushing program improved water quality in the pilot area. Utilize the new unidirectional flushing (UDF) module of the InfoWater hydraulic model to assist the pilot program by the end of the 4th Quarter of FY21.
- Work with the Non-Revenue Water Loss Committee on the implementation of water loss control strategies by identifying areas of improvement recommended in the water loss report and reporting activities through the end of the 4th Quarter of FY21.
- Locate water leaks by surveying 650 miles of small diameter water lines through

FY21 GOALS AND OBJECTIVES

conventional leak detection methods and 2,200 miles of small diameter water lines through acoustic leak detection by the end of the 4th Quarter of FY21; Track, evaluate, and report on pilot-scale Echologics acoustic leak detection system on a quarterly basis in FY21. Evaluate current locations for both Echologics and Zonescan leak detection system redeployment, perform fleet-wide Zonescan battery replacement, and mobilize these devices to the decided location by the end of the 4th Quarter of FY21.

- Maintain water use at or below 125 gallons per capita per day thru the end of the 4th Quarter of FY21.
- Develop criteria and evaluate all the possible sites considered for aquifer storage and recover (ASR) projects by the beginning of the 1st Quarter of FY21.
- Track and report conservation education outreach to service area customers and meet the following targets: 1) 100 Irrigation Audits; 2) 45 Meetings with Landscapers; 3) 30 Meetings with Property Managers; and 4) 2 Water Conservation Open House Meetings by the end of the 4th Quarter of FY21.
- To better educate children on the importance of water and resource planning, continue collaborate with ¡Explora! to design interactive water exhibits for the new STEM center which is planned to open in FY21.
- Implement Water 2120 through the end of the 4th Quarter of FY21: Groundwater Management Plan, Environmental Plan, and Reuse Plan. Analyze proposed water conservation rebate compliance with rebate ordinance by the end of the 1st Quarter of FY21.
- Implement the Rivers and Aquifers Protection Plan (RAPP), the Water Authority's source water protection plan through: 1) Updating of the potential sources of contamination (PSOC) inventory with capture zones by the end of the 2nd Quarter of FY21; 2) Tracking and review of site data and documents for priority groundwater contamination sites through the end of the 4th Quarter of FY21; 3) Collaboration and coordination with other agencies, including support of the Water Protection Advisory Board (WPAB) and the Office of Natural Resources Trustee through the end of the 4th Quarter of FY21; and 4) Contracting with the NM Bureau of Geology and Mineral Resources to provide an update to the Middle Rio Grande Basin Water Quality Study by the end of the 4th Quarter of FY21.
- Provide leadership and support of the Middle Rio Grande Endangered Species Collaborative Program (ESA Collaborative Program) through: 1) Assisting in the development and implementation of a long-term plan and 2) Participating in the development of adaptive management practices for the program.
- Complete acquisition of easements for additional storage in Abiquiu Reservoir by the end of the 4th Quarter of FY21. Continue towards permitting and environmental approvals for storage of native water in Abiquiu Reservoir through the 4th Quarter of FY21.
- Initiate analysis and evaluation for storage of San Juan-Chama or native water at various locations in the Middle Rio Grande and report by the end of the 4th Quarter of FY21.

Goal 2: Wastewater Collection and Operations

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

- Limit overall permit excursions to no more than 5 operating discharge permit violations through the end of the 4th Quarter of FY21.
- Beneficially reuse biosolids by diverting 30% to compost thru the end of the 4th Quarter of FY21.
- Complete Waste Water Plant Preventive Maintenance to Corrective Maintenance ratio to at least 45% of all completed maintenance labor hours by the end of the 4th Quarter of FY21.

FY21 GOALS AND OBJECTIVES

- Continue work on the Partnership for Clean Water program for the water reclamation treatment to optimize system operations and performance; Continue work on outstanding items from the Phase 3 Self-Assessment that are not yet considered optimized and submit a progress report to AWWA by the end of the 4th Quarter of FY21.
- Televisé and assess the condition of approximately 5% of the small diameter sanitary sewer system by the end of the 4th Quarter of FY21. Confirm that CCTV (video) data is uploaded to Maximo and the ITpipes Repository. Provide report summarizing the video data and update the Asset Management Plan to reflect the new data by the end of the 4th Quarter of FY21.
- Implement recommendations from the WATS odor and corrosion control model to identify potential locations for new chemical stations on the Tijeras and Westside Interceptors by the end of the 4th Quarter of FY21.
- Monitor compliance with the Water Authority's Cross Connection Prevention and

Control Ordinance. Prepare update on the implementation of new software program (XC2) by the end of the 1st Quarter of FY21. Obtain a compliance rate goal of 75% through the end of the 4th Quarter of FY21.

- Monitor compliance with the Water Authority's Sewer Use and Wastewater Control Ordinance by continuing to inspect, monitor, and take enforcement action for permitted industrial users, septage waste haulers, food service establishments, and dental offices. The compliance rate goal is 87% for each category through the end of the 4th Quarter of FY21.
- 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, to coordinate efforts to reduce FOG discharges. Track and report the number of SSOs due to FOG compared with previous years through the end of the 4th Quarter of FY21.

Goal 3: Customer Services

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

- Improve customer satisfaction and operational efficiency in achieving the four call-center targets through the 4th Quarter of FY21: 1) Average Wait Time of less than 1:00 minute; 2) Average Contact Time of less than 4:00 minutes; 3) Abandoned Call Ratio of less than 3; and 4) First Call Resolution of greater than 95%. Develop a metric for call quality by the end of the 1st Quarter of FY21. Track and report data through the end of the 4th Quarter of FY21.
- Improve customer satisfaction by achieving a billing accuracy ratio of less than 8 errors per 10,000 bills through the 4th Quarter of FY21.
- Continue implementation of the Automated Meter Infrastructure (AMI) project by replacing 30,000 aging water meters with smart meters to increase revenue, support conservation efforts, and provide better customer service by the end of the 4th Quarter of FY21.
- Develop a Strategic Plan for Internal Communications by the end of the 2nd Quarter of FY21. Finalize and begin implementation of the plan during the 3rd Quarter of FY21 and report activities quarterly.
- Complete Customer Conversation meetings to engage customers and obtain input from customers on the Water Authority's activities through the end of the 4th Quarter of FY21.

FY21 GOALS AND OBJECTIVES

Goal 4: Business Planning and Management

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

- Expend \$61 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 FY21. \$1 million shall be dedicated and used for identifying steel water pipes in critical or poor condition by the end of the 4th Quarter of FY21.
- Prepare a report on the status of the implementation of the Reclamation Rehabilitation Asset Management Plan including activities completed and remaining work by the end of the 1st Quarter of FY21. Continue implementation of the Reclamation Rehabilitation Asset Management Plan by planning, designing and constructing reclamation facility improvements through the end of the 4th Quarter of FY21.
- Prepare interceptor rehabilitation program utilizing the latest CCTV (video) data and submit by the end of the 1st Quarter of FY21. Implement at least one planned Interceptor Rehabilitation project in FY21, and complete at least three interceptor design packages by the 4th Quarter of FY21; Implement at least one planned Small Diameter Sanitary Sewer Rehabilitation project in FY21.
- Complete the remaining facility-specific asset management plans and complete an update to the 2011 Comprehensive/Utility Wide Asset Management Plan by the end of the 4th Quarter of FY21.
- Review alignment of the Utility Development Guide with applicable rules and ordinances and propose modifications needed by the end of the 2nd Quarter of FY21. Complete a draft of the Utility Development Guide by the end of the 4th Quarter of FY21.
- Develop Operating Plans for Centralized Engineering, field, Water Resources, and Asset Management, to be used to inform/train new staff and for existing staff to use as resource by the end of the 4th Quarter of FY21.
- Develop an Asset Management Strategic Plan by the end of the 2nd Quarter of FY21. Establish a baseline of percent complete on the Strategic Asset Management Program (SAMP) Asset Registry and establish target(s) for improved accuracy of data by the end of the 2nd Quarter of FY21. Monitor SAMP Asset Registry accuracy and report status towards achieving target(s) by the end of the 4th Quarter of FY21.
- To promote a continued Culture of Security in accordance with the AWWA G430 standard within the Water Authority, develop policies and procedures that include strategies for internal communication and trainings on security-related topics. Track and measure metrics that are directly related to National Infrastructure Protection Plan (NIPP) Water Sector-Specific Plan (SSP) and America's Infrastructure ACT (AWIA). Conduct at least 2 table-top exercises for security that include representatives from across the organization. Based on the countermeasures identified in Phase 1 of the Water Authority's Final Security Plan implement at least 5 of the countermeasures by the end of the 4th Quarter of FY21.
- Complete the annual update and review of the Comprehensive Information Technology Security Plan and related policies that are aligned with the standards, guidelines, and best practices of the National Institute of Standards and Technology (NIST) Cybersecurity Framework by the end of the 4th Quarter of FY21. Track and measure metrics that are directly related to NIST standards. Incorporate specific standards and policies that directly relate to the utilities Supervisory Controls and Data Acquisition (SCADA) systems.
- Complete human machine interface (HMI) selectin and a system integrator for the utilities Supervisory Control and Data Acquisition (SCADA) system by the end of the 2nd Quarter of FY21; Implement both short-term and long-term goals directly tied to the sequencing of migrating to a single SCADA platform for surface water, ground water, reclamation and

FY21 GOALS AND OBJECTIVES

- collections systems by the end of the 4th Quarter of FY21.
- Complete the Maximo upgrade by the end of the 4th Quarter of FY21; Migrate all mobile functions to EZMAXMOBILE (mobile app for work order tracking), including the authorities AMR/AMI (automated meter reading infrastructure) program, Line Spotting (NM One Call), New Services and Water Lines mobile functions. Enhance SCADA integration to leverage Predictive Failure/Maintenance through the end of the 4th Quarter of FY21.
- Migrate all mobile and cellular devices from Verizon to AT&T to leverage FirstNet, AT&T's public safety priority band for enhanced communication. Utilize AT&T's Push-To-Talk (PTT) functionality to replace connection to the City of Albuquerque's citizens band (CB) radio system by the end of the 1st Quarter of FY21.
- Complete a gap analysis to identify current and future GIS needs by the end of the 2nd Quarter of FY21. Follow up on action items and report status quarterly through the end of the 4th Quarter of FY21.
- Redesign the Water Authority web site, including the customer portal, resulting in a user-friendly, intuitive user experience that provides customers with the ability to complete tasks such as managing their account, monitoring water usage data, and start/stop services. All tasks will be completed and operational by the end of the 3rd Quarter of FY21.
- Identify opportunities to apply machine learning to assess current operations by the end of the 2nd Quarter of FY21. Opportunities might include strategies that use predictive analytics on near real-time data for early warning of potential issues and opportunities to integrate capabilities of the Water Authority's existing modeling tools. Select at least one area to begin development of machine learning applications and start work by the end of the 4th Quarter of FY21. Expand usage of Splunk data analytics tool to implement functions for cyber-security, water quality, and/or asset management by the end of the 4th Quarter of FY21.
- 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, and issues involving emerging contaminants to identify and assess potential impacts on the Water Authority. Provide quarterly reports through the end of the 4th Quarter of FY21.
- 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, results sent to subcontract laboratories in lieu of in-house testing), and the percentage of results reported late per quarter and provide quarterly results through end of the 4th Quarter of FY21.
- Continue to develop LabVantage (laboratory information management system) throughout FY21 to increase the automation of data entry to reduce data entry errors and reduce the amount of paper used at the laboratory. Begin tracking data entry errors and set target for reduction by the end of the 2nd Quarter of FY21. Develop at least one dashboard to help analysts and management manage samples and reagents by the end of the 4th Quarter of FY21. Expand the collection of electronic data to field analytics, balances, probes, and spectrophotometry instruments stored in the Database of Compliance by the end of the 4th Quarter of FY21.
- Utilize the Environmental Monitoring Program to monitor the reliability and consistency of results from Compliance field instrumentation and sample collection techniques. Conduct and report on internal audits of sampling procedures and report results as they pertain to regulatory requirements and standard operating procedures. Issue corrective action response requests as needed and track and report on their progress. Ensure Compliance Division field instruments are calibrated as necessary and that personnel demonstrate capability in sample collection and

FY21 GOALS AND OBJECTIVES

measurement. Monitor and report on CARR closure duration quarterly through the end of the 4th Quarter of FY21.

- Maintain accreditation with the American Association for Laboratory Accreditation (A2LA) by addressing any changes resulting from the on-site assessment of the Water Quality Laboratory. Conduct internal audits, Standard Operating Procedure (SOP) revisions, and identify actions to address risks and opportunities as required by ISO/IEC 17025:2017. Implement any changes resulting from the 2019 Methods Update Rule. Track and report on corrective actions and risk assessment responses. Maintain a closure duration of less than 60 days per corrective action response report (CARR) and an average completion of less than 30 days for all CARRs

per fiscal year through the end of the 4th Quarter of FY21.

- Prepare for the Revised Lead and Copper Rule by developing a system for a lead service line inventory and to identify and track monitoring at all schools and child-care centers in the service area by the end of the 4th Quarter of FY21.
- Evaluate water and sewer rate structures to ensure equity within the structures by the end of the 4th Quarter of FY21. Complete an affordability study that utilizes the methodology described in the 2019 report titled “Developing a New Framework for Household Affordability and Financial Capability Assessment in the Water Sector” prepared for AWWA, NACWA, and WEF.

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.

- Emphasize Employee Recognition through initiatives such as employee incentive awards, on-the-spot awards, and years of service awards through the 4th Quarter of FY21.
- Complete two employee wellness challenges per fiscal quarter focusing on nutrition, physical activity and weight loss, and disease and injury prevention to employees with a 60 percent or greater overall completion rate by the end of the 4th Quarter of FY21. Increase time spent stretching to 4,125 hours to improve productivity and wellness of employees by the end of the 4th Quarter of FY21.
- Maintain an average utility-wide vacancy rate of no greater than 5% through the end of FY21. Maintain an average number of days to fill positions of 40 days or less and report quarterly through the end of the 4th Quarter of FY21.
- To promote a continued Culture of Safety in the Water Authority, provide a variety of job-related safety trainings, opportunities for recognition and safety communications to create awareness and promote good work practices. Create a system to track and report the total hours of safety training offered and

percent attendance by working group by the end of the 1st Quarter of FY21. Track and report the hours of training offered and percent attendance by working group through the end of the 4th Quarter of FY21. Reduce injury hours to 2,600 hours or less to improved productivity and reliability of services provided by employees by the end of the 4th Quarter of FY21.

- Provide employees with job-related training and monitor hours of training completed. Maintain an average of at least 25 hours of training per employee through the end of the 4th Quarter of FY21.

APPROPRIATIONS BY PROGRAM

The Albuquerque Bernalillo County Water Utility Authority can be examined by program. Comparing the revised budget for FY20 with the proposed FY21 budget shows changes in the Water Authority programs, excluding the interfund transfers.

(\$000's)	AUDITED FY19	ORIGINAL BUDGET FY20	REVISED BUDGET FY20	ESTIMATED ACTUAL FY20	PROPOSED BUDGET FY21	PROP 21/ REV 20 CHG
Administration	2,765	2,224	2,073	2,340	1,864	(209)
Risk	5,117	4,397	4,397	4,333	4,803	406
Legal	891	790	790	900	796	6
Human Resources	1,469	1,799	1,799	1,909	1,847	48
Finance	3,698	4,124	7,504	7,367	7,654	150
Customer Services	9,026	5,192	5,114	4,866	5,276	162
Information Technology	7,033	7,370	7,809	7,695	8,323	514
Wastewater Plant	11,586	11,786	11,597	11,699	11,669	72
San Juan-Chama Water Treat Plant	4,103	4,285	4,285	4,235	4,528	243
Groundwater Operations	6,148	6,614	6,501	6,490	6,793	292
Wastewater Collection	7,163	7,077	7,077	6,975	7,228	151
Water Field Operations	17,536	23,824	20,543	20,299	20,519	(24)
Compliance	4,977	5,424	5,424	5,128	5,604	180
Planning & Engineering	3,793	4,008	4,001	3,962	4,307	306
Water Resources	3,726	4,675	4,675	4,241	4,599	(76)
Power & Chemicals	20,197	21,487	21,487	22,014	21,487	-
Taxes	381	656	656	404	656	-
Overhead	1,709	1,839	1,839	1,721	1,655	(184)
San Juan-Chama	2,666	2,747	2,747	2,711	2,747	-
Total Enterprise Appropriations	113,981	120,318	120,318	119,288	122,355	2,037

The proposed FY21 operating expenses budget, excluding the interfund transfers, contains an increase of \$2.0 million from the FY20 revised budget. Total personnel costs have increased by \$1.6 million. General operating costs increased \$0.4 million.

Personnel expenses for FY21 include a 2.0% step increase in wages and a 10.0% increase in health benefits costs. There are 3 additional full-time equivalent positions proposed for FY21.

Interfund transfers in FY21 increased \$4.4 million from the FY20 revised budget.

The Water Authority's target is to maintain its Fund Balance at 1/12th of the annual budgeted operating expenses as defined by the Water Authority's Rate Ordinance. The General Fund Working Capital balance at June 30, 2021 is

projected to be \$32.3 million, net of the reserve fund balances.

The Rate Reserve fund balance is \$9.0 million; the Risk Reserve balance is \$0.5 million; and the Soil Amendment Facility Reserve is \$1.5 million.

The Water Authority will also provide deferred UEC collections on up to 50 affordable housing units developed by non-profit housing developers.

FY21 PROPOSED ISSUE PAPERS

Proposed issue papers were submitted by Water Authority divisions. The list below identifies the issues and divisions affected.

Water Authority Proposed Issue Papers - FY21	
Fund 21 - General Fund	1,097,253
Administration	
Risk - Security Services - CS/Operations Building	215,000
HR - M-Series Certification Programs-2% Increase	171,798
HR - M-Series Certification Programs-Increase Funding	20,000
Financial Services	
Finance - Re-assign WW Warehouse Expenses to Finance	-
Fleet Maint - Roadside Assistance	17,000
Fleet Maint - SAF Fleet Maintenance Additional Funding	-
Dispatch - Re-assign Sr. Office Spec. from WA Field Admin	-
ITD - SCADA Engineer Position	128,022
ITD - Membership Isle Utilities Technical Advisory Group	12,000
ITD - Re-assign System Administrator I from WA Field Admin	-
Plant	
WW Plant - Re-assign WW Plant Admin Expenses to WW Plant Ops	-
WW Plant - Cogen Contract Serves - Increase Funding	50,000
WW Plant - Cogen Training - Increase Funding	15,000
SJCWTP - CS/Operations Building Contract Services	-
SJCWTP - Multilins Inspection - One-Time	47,000
SJCWTP - Control Net Inspections - One-Time	25,000
SJCWTP - Chemical Tank Inspections	20,000
GW Operations - Roof Inspections/Maintenance - One-Time	41,000
GW Operations - Transformer Oil Sampling - One-Time	80,300
Field	
WW Collections - Wastewater Stations Operator Position	96,620
WA Field - Re-assign WA Field Admin Expenses to WA Field Lines	-
Planning & Engineering	
Asset Management - Create Operating Expense Budgets	11,000
Water Resources	
WR Planning - Office Specialist I Position - FY20 Mid-Year	52,513
General Government	
Tuition Reimbursement & Incentive Programs	95,000
TOTAL	1,097,253

CHANGES IN EMPLOYMENT

The proposed budget for FY21 adds three full-time equivalent positions: SCADA Engineer, Wastewater Stations Operator, and Office Specialist 1. All other changes are due to staff re-assignments and program re-alignments.

	AUDITED FY19	ORIGINAL BUDGET FY20	REVISED BUDGET FY20	ESTIMATED ACTUAL FY20	PROPOSED BUDGET FY21	PROP 21/ REV 20 CHG
POSITIONS:						
Administration	15	11	9	9	7	(2)
Risk	5	5	5	5	5	-
Legal	1	1	1	1	1	-
Human Resources	15	15	15	15	15	-
Finance	29.5	29.5	39	39	39	-
Customer Services	91	54	52	52	53	1
Information Technology	27	28	34	34	36	2
Wastewater Plant	91	92	90	90	91	1
San Juan-Chama Water Treat Plant	33	34	34	34	34	-
Groundwater Operations	53	53	53	53	53	-
Wastewater Collection	62	62	62	62	63	1
Water Field Operations	123	162	153	153	151	(2)
Compliance	44.5	44.5	44.5	44.5	44.5	-
Planning & Engineering	31	31	31	31	32	1
Water Resources	12	12	12	12	13	1
TOTAL FULL TIME POSITIONS	633.0	634.0	634.5	634.5	637.5	3.0

APPROPRIATIONS BY FUND

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

(\$000's)	AUDITED FY19	ORIGINAL BUDGET FY20	REVISED BUDGET FY20	ESTIMATED ACTUAL FY20	PROPOSED BUDGET FY21	PROP 21/ REV 20 CHG
<u>GENERAL FUND - 21</u>						
Administration	2,765	2,224	2,073	2,340	1,864	(209)
Risk	5,117	4,397	4,397	4,333	4,803	406
Legal	891	790	790	900	796	6
Human Resources	1,469	1,799	1,799	1,909	1,847	48
Finance	3,698	4,124	7,504	7,367	7,654	150
Customer Services	9,026	5,192	5,114	4,866	5,276	162
Information Technology	7,033	7,370	7,809	7,695	8,323	514
Wastewater Plant	11,586	11,786	11,597	11,699	11,669	72
San Juan-Chama Water Treat Plant	4,103	4,285	4,285	4,235	4,528	243
Groundwater Operations	6,148	6,614	6,501	6,490	6,793	292
Wastewater Collection	7,163	7,077	7,077	6,975	7,228	151
Water Field Operations	17,536	23,824	20,543	20,299	20,519	(24)
Compliance	4,977	5,424	5,424	5,128	5,604	180
Planning & Engineering	3,793	4,008	4,001	3,962	4,307	306
Water Resources	3,726	4,675	4,675	4,241	4,599	(76)
Power & Chemicals	20,197	21,487	21,487	22,014	21,487	-
Taxes	381	656	656	404	656	-
Overhead	1,709	1,839	1,839	1,721	1,655	(184)
San Juan-Chama	2,666	2,747	2,747	2,711	2,747	-
Trf from General Fund 21 to Rehab Fund 28	26,589	31,618	31,618	31,618	33,618	2,000
Trf from General Fund 21 to Debt Service Fund 31	72,267	79,411	79,411	79,411	81,815	2,404
Subtotal General Fund - 21	212,837	231,347	231,347	230,317	237,788	6,441
<u>CAPITAL FUNDS - 27, 28 & 29</u>						
Water 2120 Projects	51	300	2,549	2,549	637	(1,912)
CIP Basic Rehab	54,514	64,041	97,603	97,603	67,033	(30,570)
CIP Growth	13,193	4,000	23,560	23,560	4,000	(19,560)
Subtotal Capital Funds - 27, 28 & 29	67,757	68,341	123,712	123,712	71,670	(52,042)
<u>DEBT SERVICE FUND - 31</u>						
Debt Service	82,176	84,496	84,496	84,496	85,900	1,404
Transfer to Growth Fund 29	5,000	4,000	4,000	4,000	4,000	-
Subtotal Debt Service Fund - 31	87,176	88,496	88,496	88,496	89,900	1,404
TOTAL	367,770	388,184	443,555	442,525	399,358	(44,197)
TOTAL WATER AUTHORITY APPROPRIATIONS	367,770	388,184	443,555	442,525	399,358	(44,197)
Interfund Adjustment	(103,856)	(115,029)	(115,029)	(115,029)	(119,433)	(4,404)
NET WATER AUTHORITY APPROPRIATIONS	263,914	273,155	328,526	327,496	279,925	(48,601)

APPROPRIATIONS BY FUND - DETAIL

(\$000's)	AUDITED FY19	ORIGINAL BUDGET FY20	REVISED BUDGET FY20	ESTIMATED ACTUAL FY20	PROPOSED BUDGET FY21	PROP 21/ REV 20 CHG
GENERAL FUND - 21						
100 WATER AUTHORITY:						
005 Executive Director	1,552	1,447	1,447	1,638	1,331	(116)
006 COO's Office	1,212	777	626	702	533	(93)
PROGRAM APPROPRIATION	2,765	2,224	2,073	2,340	1,864	(209)
105 RISK:						
010 Risk	5,117	4,397	4,397	4,333	4,803	406
PROGRAM APPROPRIATION	5,117	4,397	4,397	4,333	4,803	406
106 LEGAL:						
011 Legal	891	790	790	900	796	6
PROGRAM APPROPRIATION	891	790	790	900	796	6
110 HUMAN RESOURCES:						
015 Human Resources	1,469	1,799	1,799	1,909	1,847	48
PROGRAM APPROPRIATION	1,469	1,799	1,799	1,909	1,847	48
120 FINANCE:						
020 Finance	3,698	4,124	4,069	4,188	3,961	(108)
021 Fleet Maintenance	-	-	3,435	3,179	3,693	258
PROGRAM APPROPRIATION	3,698	4,124	7,504	7,367	7,654	150
130 CUSTOMER SERVICES:						
025 Customer Services & Billing	4,488	4,434	4,356	4,107	4,312	(44)
026 Dispatch Operations	-	758	758	759	964	206
031 Customer Service Field	4,538	-	-	-	-	-
PROGRAM APPROPRIATION	9,026	5,192	5,114	4,866	5,276	162
140 INFORMATION TECHNOLOGY:						
035 Information Technology	7,033	7,370	7,809	7,695	8,323	514
PROGRAM APPROPRIATION	7,033	7,370	7,809	7,695	8,323	514

APPROPRIATIONS BY FUND - DETAIL

(\$000's)	AUDITED FY19	ORIGINAL BUDGET FY20	REVISED BUDGET FY20	ESTIMATED ACTUAL FY20	PROPOSED BUDGET FY21	PROP 21/ REV 20 CHG
150 WASTEWATER PLANT:						
040 WW Plant Administration	306	321	286	318	-	(286)
045 WW Cogen	984	1,069	1,069	1,106	1,135	66
050 WW Mechanical	3,883	4,247	4,247	4,046	4,040	(207)
055 WW Plant Operations	4,444	4,439	4,439	4,668	4,970	531
060 WW MDC	187	63	63	93	63	-
061 WW 2nd Chance Facility	9	15	15	10	15	-
065 WW SAF	1,708	1,545	1,391	1,403	1,370	(21)
070 WW Warehouse	13	11	11	9	-	(11)
115 South Reuse	51	76	76	46	76	-
PROGRAM APPROPRIATION	<u>11,586</u>	<u>11,786</u>	<u>11,597</u>	<u>11,699</u>	<u>11,669</u>	<u>72</u>
160 SJC WATER TREATMENT PLANT:						
075 San Juan-Chama Water Treatment Plant	4,037	4,215	4,215	4,173	4,458	243
100 College Arsenic Treatment	66	70	70	62	70	-
PROGRAM APPROPRIATION	<u>4,103</u>	<u>4,285</u>	<u>4,285</u>	<u>4,235</u>	<u>4,528</u>	<u>243</u>
170 GROUNDWATER SYSTEM:						
085 WA Wells, PS, Boosters, Reservoirs	3,995	4,386	4,386	4,495	4,888	502
090 GW Treatment	1,035	977	977	960	845	(132)
095 WA Control System Operators	678	785	785	753	718	(67)
096 SCADA	411	445	332	259	321	(11)
110 North Reuse	29	21	21	22	21	-
PROGRAM APPROPRIATION	<u>6,148</u>	<u>6,614</u>	<u>6,501</u>	<u>6,490</u>	<u>6,793</u>	<u>292</u>
180 WASTEWATER COLLECTIONS:						
120 WW Gravity	4,796	4,948	4,948	4,812	4,986	38
125 WW Lift Station Operations	2,368	2,129	2,129	2,163	2,242	113
PROGRAM APPROPRIATION	<u>7,163</u>	<u>7,077</u>	<u>7,077</u>	<u>6,975</u>	<u>7,228</u>	<u>151</u>
190 WATER FIELD OPERATIONS:						
126 Fleet Maintenance	2,825	3,281	-	-	-	-
130 Line Locating	552	1,052	1,052	1,174	1,034	(18)
135 WA Distribution Lines	12,434	15,710	15,776	15,101	17,674	1,898
136 Meter Operations	-	2,222	2,156	2,361	1,811	(345)
145 WA Field Administration	1,724	1,559	1,559	1,663	-	(1,559)
PROGRAM APPROPRIATION	<u>17,536</u>	<u>23,824</u>	<u>20,543</u>	<u>20,299</u>	<u>20,519</u>	<u>(24)</u>

APPROPRIATIONS BY FUND - DETAIL

(\$000's)	AUDITED FY19	ORIGINAL BUDGET FY20	REVISED BUDGET FY20	ESTIMATED ACTUAL FY20	PROPOSED BUDGET FY21	PROP 21/ REV 20 CHG
200 COMPLIANCE:						
150 Laboratory	2,136	2,409	2,409	2,234	2,460	51
155 NPDES	1,428	1,595	1,595	1,475	1,663	68
160 Water Quality	1,413	1,420	1,420	1,420	1,481	61
PROGRAM APPROPRIATION	<u>4,977</u>	<u>5,424</u>	<u>5,424</u>	<u>5,128</u>	<u>5,604</u>	<u>180</u>
211 PLANNING & ENGINEERING:						
165 Central Engineering	2,782	2,938	2,892	2,916	3,116	224
166 Asset Management	-	-	294	269	552	258
170 One Stop Shop Enterprise	499	496	542	500	639	97
175 Maps & Records	512	574	273	277	-	(273)
PROGRAM APPROPRIATION	<u>3,793</u>	<u>4,008</u>	<u>4,001</u>	<u>3,962</u>	<u>4,307</u>	<u>306</u>
212 WATER RESOURCES:						
180 Water Resources Planning	1,432	1,877	1,877	1,659	1,842	(35)
185 Water Conservation	2,147	2,156	2,156	2,113	2,161	5
190 Groundwater Protection	148	610	610	459	564	(46)
195 Arsenic Removal	-	32	32	10	32	-
PROGRAM APPROPRIATION	<u>3,726</u>	<u>4,675</u>	<u>4,675</u>	<u>4,241</u>	<u>4,599</u>	<u>(76)</u>
220 GENERAL GOVERNMENT:						
201 Power	9,918	11,296	11,296	9,836	11,296	-
206 SJCWTP Chemicals	5,369	6,246	6,246	6,246	6,246	-
207 GW Chemicals	134	262	262	124	262	-
208 WW Treatment Chemicals	669	875	875	831	875	-
209 Collections Chemicals	4,107	2,808	2,808	4,977	2,808	-
PROGRAM APPROPRIATION	<u>20,197</u>	<u>21,487</u>	<u>21,487</u>	<u>22,014</u>	<u>21,487</u>	<u>-</u>
200 Taxes	381	656	656	404	656	0
PROGRAM APPROPRIATION	<u>381</u>	<u>656</u>	<u>656</u>	<u>404</u>	<u>656</u>	<u>0</u>
200 Overhead	1,047	1,439	1,439	1,314	1,255	(184)
205 Early Retirement	662	400	400	406	400	-
PROGRAM APPROPRIATION	<u>1,709</u>	<u>1,839</u>	<u>1,839</u>	<u>1,721</u>	<u>1,655</u>	<u>(184)</u>

APPROPRIATIONS BY FUND - DETAIL

(\$000's)	AUDITED FY19	ORIGINAL BUDGET FY20	REVISED BUDGET FY20	ESTIMATED ACTUAL FY20	PROPOSED BUDGET FY21	PROP 21/ REV 20 CHG
230 SAN JUAN-CHAMA:						
215 San Juan-Chama	2,666	2,747	2,747	2,711	2,747	-
PROGRAM APPROPRIATION	2,666	2,747	2,747	2,711	2,747	-
TRANSFER FROM FUND 21 TO 28						
200 General Government	26,589	31,618	31,618	31,618	33,618	2,000
PROGRAM APPROPRIATION	26,589	31,618	31,618	31,618	33,618	2,000
TRANSFER FROM FUND 21 TO 31						
200 General Government	72,267	79,411	79,411	79,411	81,815	2,404
PROGRAM APPROPRIATION	72,267	79,411	79,411	79,411	81,815	2,404
<u>CIP FUNDS</u>						
27 WATER 2120 PROJECTS FUND						
Water 2120 Projects	51	300	2,549	2,549	637	(1,912)
PROGRAM APPROPRIATION	51	300	2,549	2,549	637	(1,912)
28 REHAB FUND						
Basic Rehab	50,857	58,000	82,484	82,484	61,000	(21,484)
Special Projects	3,656	6,041	15,120	15,120	6,033	(9,087)
PROGRAM APPROPRIATION	54,514	64,041	97,603	97,603	67,033	(30,570)
29 GROWTH FUND						
Growth	13,193	4,000	23,560	23,560	4,000	(19,560)
PROGRAM APPROPRIATION	13,193	4,000	23,560	23,560	4,000	(19,560)

APPROPRIATIONS BY FUND - DETAIL

(\$000's)	AUDITED FY19	ORIGINAL BUDGET FY20	REVISED BUDGET FY20	ESTIMATED ACTUAL FY20	PROPOSED BUDGET FY21	PROP 21/ REV 20 CHG
DEBT SERVICE FUND - 31						
250 DEBT SERVICE						
230 DS - NM Loans	6,166	6,993	6,993	6,993	6,637	(356)
240 DS - Revenue Bonds	<u>76,011</u>	<u>77,503</u>	<u>77,503</u>	<u>77,503</u>	<u>79,263</u>	<u>1,760</u>
PROGRAM APPROPRIATION	<u>82,176</u>	<u>84,496</u>	<u>84,496</u>	<u>84,496</u>	<u>85,900</u>	<u>1,404</u>
260 UEC TRANSFER						
245 DS - UEC Transfer	<u>5,000</u>	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	<u>-</u>
PROGRAM APPROPRIATION	<u>5,000</u>	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	<u>-</u>

FINANCIAL PLAN

The following table is the financial plan for Fund 21 (General Fund). The plan displays financial projections from FY20 thru FY29. This plan considers the Water Authority's Capital needs, Debt Service needs, revenue sources and expenses. The Financial Plan helps the Water Authority plan for future potential expense levels in both operating and capital and compare them to the estimated revenue resources for each projected fiscal year. The plan shows the effects of the budget on the Water Authority's future Working Capital and provides a tool to project future budget needs for the utility.

The highlighted amount in Capital Funds – Water 2120 for FY29 is for the new Reuse Plant identified in the Water 2120 Plan.

Operating Fund										
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Capital Funds										
Needs: Basic (Min 50% cash Trans)	37000	37000	37000	37000	37000	37000	37000	37000	37000	37000
Increase for Rehab/Asset Mgt Plan	15000	18000	21000	24000	27000	30000	30000	30000	30000	30000
Water Reclamation	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000
Additional CIP	30000	0		5000						
Steel Line	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
AMI	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000
Water 2120	0	0			2000	2000	5000	9000	13000	169000
Resources:										
Beginning Bal.	16406	44124	14842	41560	12278	37994	5710	29426	2145	26864
Trf. from Operating	31618	33618	36618	39618	43616	44616	47616	56619	60619	70619
Trf. from Debt Service	4000	4000	4000	4000	4000	4000	4000	4000	4000	4000
Bond Proceeds	56000		56000		56000		56000		52000	150000
Adjustments	30000									
Subtotal	108024	81742	111460	85178	115894	86610	113326	90045	118764	251483
Interest on Above	1100	1100	1100	1100	1100	1100	1100	1100	1100	1100
Total	109124	82842	112560	86278	116994	87710	114426	91145	119864	252583
Balance June 30	44124	14842	41560	12278	37994	5710	29426	2145	26864	3583
Debt Service Fund										
Resources:										
Interest Income	100	100	100	100	100	100	100	100	100	100
UECs	8000	8000	8000	8000	8000	8000	8000	8000	8000	8000
Transfer from 621	79411	81815	82298	81737	82436	81448	79596	67858	61232	52848
Adjustments/Misc										
Bg. Fund Balance	4188	3188	3188	3188	3188	3188	3188	3188	3188	3188
Total	91699	93103	93586	93025	93724	92736	90884	79146	72520	64136
Expenditures:										
Agent Fees	15	15	15	15	15	15	15	15	15	15
Trf to Capital	4000	4000	4000	4000	4000	4000	4000	4000	4000	4000
Debt Service	84496	85900	86383	85822	81021	80033	74181	59943	49317	40933
Advanced Rehab									5000	5000
FY/26 Bond Proceeds							4000	6500	5500	5500
FY/24 Bond Proceeds					5500	5500	5500	5500	5500	5500
FY/20 Bond Proceeds										
FY/22 Bond Proceeds										
Total	88511	89915	90398	89837	90536	89548	87696	75958	69332	60948
Fund Balance	3188	3188	3188	3188	3188	3188	3188	3188	3188	3188
Operating Fund										
Resources										
Rate Revenue	220326	220877	221981	234190	234190	247071	248306	249548	250795	252049
adj due to re-estimate										
Nonrate Revenue	6242	6242	5832	5832	5832	6000	6000	6000	6000	6000
Bg. Res over Comm	52242	52506	44838	32364	27178	16456	16538	15389	15916	17976
Total	278810	279625	272651	272386	267200	269527	270844	270936	272712	276026
Rate Stabilization Fund										
Expenditures										
Labor	58638	60264	61469	62699	64580	65871	67189	68532	69903	71301
Operations Exp	56451	60693	62602	63854	62812	63754	63754	64711	65681	66995
Issue Paper	2886	1097								
Incentive	300	300	300	300	300	300	300	300	300	300
Transf. to DS	79411	81815	82298	81737	82436	81448	79596	67858	61232	52848
Transf. to Cap.	31618	33618	36618	39618	43616	44616	47616	56619	60619	70619
Total	231304	239787	245287	250208	255744	257989	260455	260020	259735	264063
Rate Reserve	9000	9000	9000	9000	9000	9000	9000	9000	9000	9000
Resources over Comm.	38506	30838	18364	13178	2456	2538	1389	1916	3976	2963
Res over Comm with Rate Res	52506	44838	32364	27178	16456	16538	15389	15916	17976	16963
Rate Increases	0.00%	0.00%	0.00%	5.00%	0.00%	5.00%	0.00%	0.00%	0.00%	0.00%
Accum. Inc. from 2004	26.0%	26.0%	26.0%	31.0%	31.0%	36.0%	36.0%	36.0%	36.0%	36.0%
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029

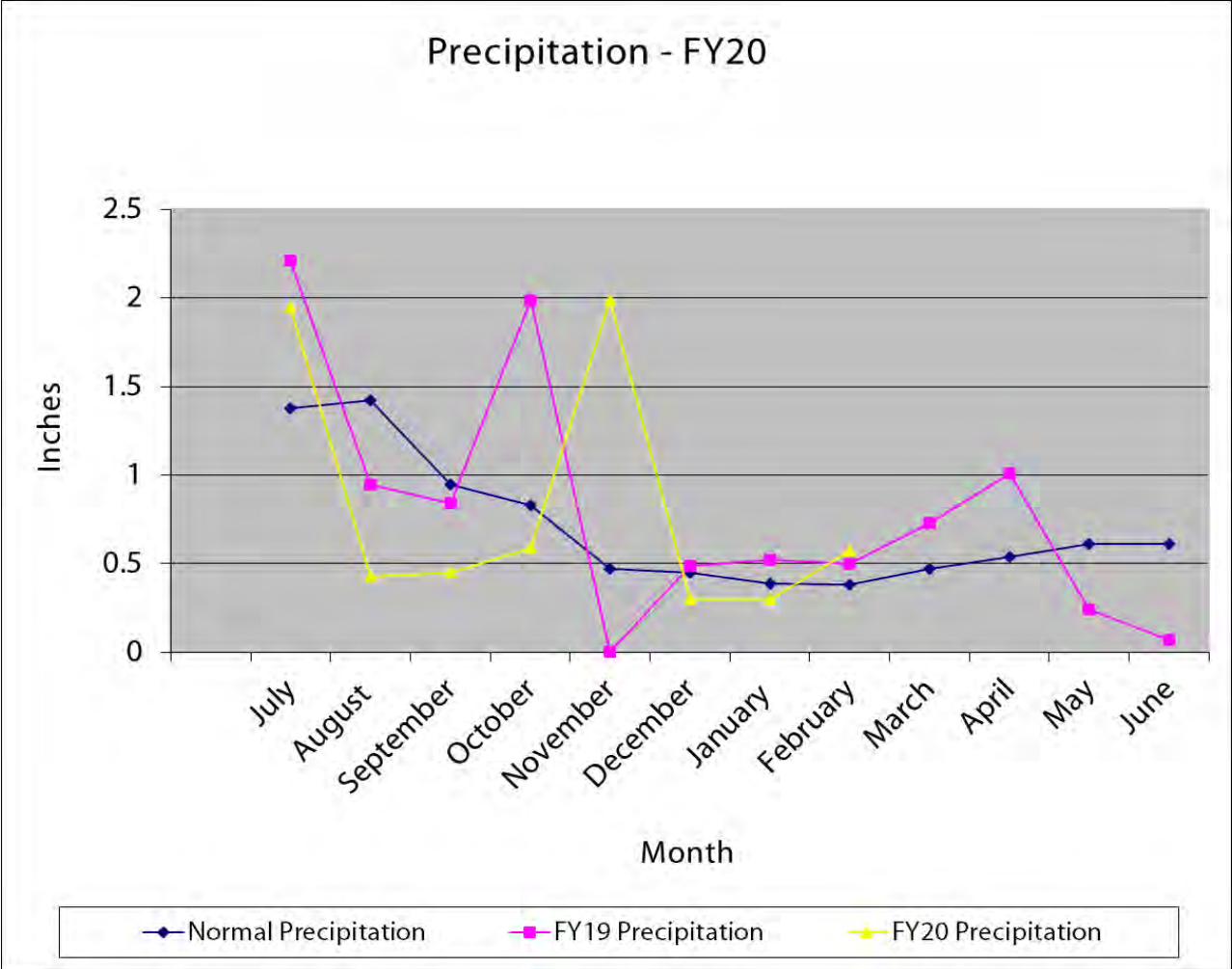


REVENUE OUTLOOK

*Proposed
Operating Budget
FY21*

PRECIPITATION HISTORY

A history of the precipitation for FY19 and FY20 as compared to the average moisture that the service area has received since the beginning of the fiscal year is seen in the chart below.



REVENUE OUTLOOK

The Water Authority's revenue projections are summarized in the two tables included in this section. Table 1, General Fund 21, presents the operating budgeted revenue for FY21 as compared to budget FY20. Table 2, Debt Service Fund 31, provides for the same comparison as Table 1. For FY19, the actual audited results are reported, and for FY20, budgeted revenues and estimated actuals are reported as well.

Total Water Authority General Fund revenues for FY20 are projected to be \$226.6 million. The system has seen minimal growth in the service area.

Budgeted General Fund revenues for FY21 are \$226.5 million, representing a decrease of \$0.1 million from the FY20 Revised Budget amount, due to a decrease in administrative fees. FY21 revenues include an addition of \$6.6 million from the General Fund Working Capital balance.

No rate increase is proposed for FY21.

TABLE 1 - GENERAL FUND 21

(\$000's)	AUDITED FY19	ORIGINAL BUDGET FY20	REVISED BUDGET FY20	ESTIMATED ACTUAL FY20	PROPOSED BUDGET FY21	PROP 21/ REV 20 CHG
RESOURCES:						
Rate Revenue						
Water Service	100,584	90,578	90,578	90,578	90,578	-
Water Facilities Rehab	36,616	32,402	32,402	32,402	32,402	-
Wastewater Service	42,754	64,869	64,869	64,869	64,869	-
Wastewater Facilities Rehab	34,094	27,602	27,602	27,602	27,602	-
Contr/Aid/Hookups	326	375	375	375	375	-
Water Resources Management	4,119	4,500	4,500	4,500	4,500	-
Total Rate Revenue	218,494	220,326	220,326	220,326	220,326	-
Other Revenue						
Solid Waste Admin Fee	1,509	1,637	1,637	1,637	1,673	36
DMD Admin Fee	359	496	496	496	350	(146)
Interest on Investments	2,539	1,000	1,000	1,000	1,000	-
PNM Pass Thru	-	-	-	-	-	-
Miscellaneous Revenue	1,430	3,109	3,109	3,109	3,109	-
Total Other Revenue	5,837	6,242	6,242	6,242	6,132	(110)
Total Current Resources	224,331	226,568	226,568	226,568	226,458	(110)
Add from Working Capital	-	4,800	4,800	4,800	11,350	6,550
Beginning Working Capital Balance	32,204	44,634	44,634	44,634	38,899	(5,735)
TOTAL RESOURCES	256,535	276,002	276,002	276,002	276,707	705

Note: The beginning working capital balance does not include the reserve balances.

REVENUE OUTLOOK

The revenue increase for FY21 in the Debt Service Fund is projected to be \$2.4 million representing an increase in the transfer from the General Fund for debt service payments.

TABLE 2 - DEBT SERVICE FUND 31

(\$000's)	AUDITED FY19	ORIGINAL BUDGET FY20	REVISED BUDGET FY20	ESTIMATED ACTUAL FY20	PROPOSED BUDGET FY21	PROP 21/ REV 20 CHG
RESOURCES:						
Miscellaneous Revenues	383	-	-	-	-	-
Expansion Charges (UEC)	<u>6,887</u>	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>0</u>
Total Revenues	7,270	8,000	8,000	8,000	8,000	0
Transfer from Other Funds:						
General Fund - 21	<u>72,267</u>	<u>79,411</u>	<u>79,411</u>	<u>79,411</u>	<u>81,815</u>	<u>2,404</u>
Total Transfers	72,267	79,411	79,411	79,411	81,815	2,404
Total Current Resources	79,537	87,411	87,411	87,411	89,815	2,404
Beginning Fund Balance	<u>56,420</u>	<u>49,939</u>	<u>49,939</u>	<u>49,939</u>	<u>48,854</u>	<u>(1,085)</u>
TOTAL RESOURCES	<u>135,957</u>	<u>137,350</u>	<u>137,350</u>	<u>137,350</u>	<u>138,669</u>	<u>1,319</u>

ECONOMIC OUTLOOK

The following is based on the January 2020 forecasts from IHS Global Insight (IHS). Along with the baseline forecast, alternative forecasts are prepared with pessimistic and optimistic scenarios.

NATIONAL ECONOMY AND KEY POINTS FROM THE GLOBAL INSIGHT OUTLOOK

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

Baseline Scenario

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

- Gross Domestic Product (GDP) growth slows, at 2.3% in 2019, 2.2% in 2020; 1.9% in 2021
- Consumer Spending, a key driver of growth, is 2.8% in 2019 and 2020, and 2.5% in 2021
- Business Fixed Investment growth slows to 0.3% in 2019, 3.5% in 2020 and 3.0% in 2021
- Housing shows improvement, with 1.34 million starts by late 2019, average 1.31 million in 2020
- Exports fall 0.8% in 2019 and rise 4.2% in 2020
- Fiscal Policy forecast incorporates the impacts of personal tax cuts extended, while entitlement spending will follow current program guidelines
- Monetary Policy Federal Reserve is at the end of its easing cycle and rate rises to 2.50-2.75%
- Credit Conditions are gradually easing
- Productivity Growth averages 1.5% from 2019 through 2022
- Consumer Confidence gradually declines from the 4th quarter 2020 through end of forecast
- Oil Prices have Brent crude oil averages at \$64/barrel in 2019 and \$58 in 2020
- Stock Markets have the S&P 500 gains 27.6% in 2019 and 2.6% in 2020
- Inflation Consumer Price Index (CPI) is 1.6% in 2019, 1.9% in 2020, and 2.1% in 2021
- Foreign Growth Eurozone growth drops to 1.2%, while China's growth eases to 6.2%
- US Dollar real dollar gradually appreciates through 2023 before falling thru end of forecast

Pessimistic Scenario

This scenario reflects a probability of 25%. The key assumptions include:

- Gross Domestic Product (GDP) growth 0.2% in 2020 and 2021 with recession
- Consumer Spending, a key driver of growth, is 2.8% in 2019, 2.0% in 2020, and 0.9% in 2021
- Business Fixed Investment growth slows to 0.3% in 2019, declines 3.3% in 2020 and 3.5% in 2021
- Housing starts drop below baseline levels in 2020 and never surpass 1.1 million units
- Exports fall 0.8% in 2019 and rise 0.5% in 2020 and 1.1% in 2021
- Fiscal Policy forecast incorporates the impacts of personal tax cuts extended, while entitlement spending will follow current program guidelines
- Monetary Policy Federal Reserve lowers rate to zero; increases again last quarter 2022
- Credit Conditions have lending standards remaining high
- Productivity Growth averages 1.3% from 2019 through 2022
- Consumer Confidence declines thru the recession and below baseline thru end of forecast
- Oil Prices have Brent crude oil averages at \$64/barrel in 2019 and \$54 in 2020
- Stock Markets have the S&P 500 gains 27.6% in 2019 and declining 3.9% in 2020
- Inflation Consumer Price Index (CPI) is 1.6% in 2019, 1.8% in 2020, and 1.61% in 2021
- Foreign Growth slows during US recession period
- US Dollar real dollar remains below baseline over entire forecast interval

ECONOMIC OUTLOOK

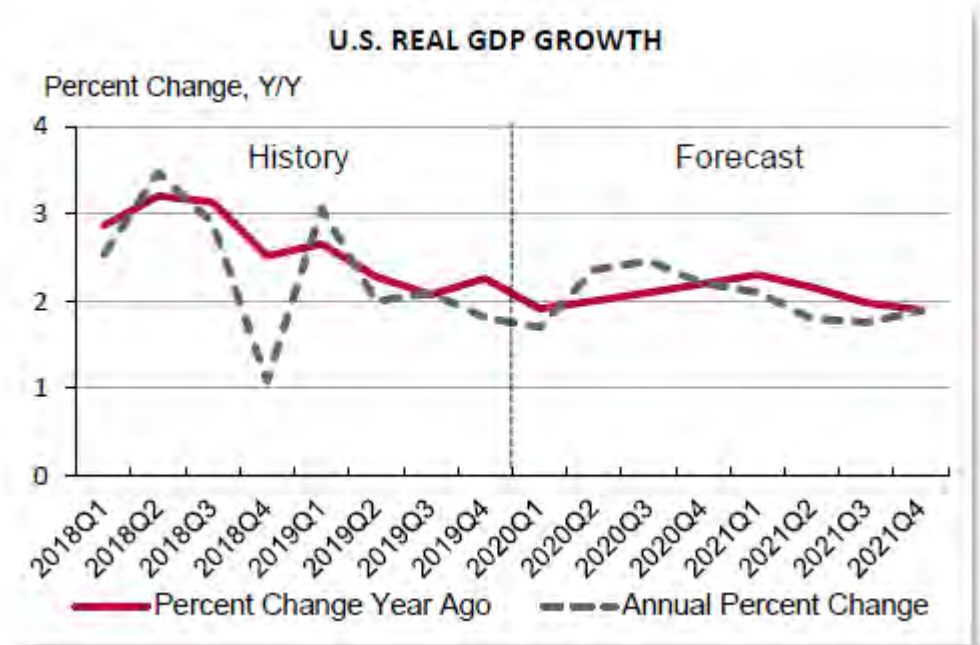
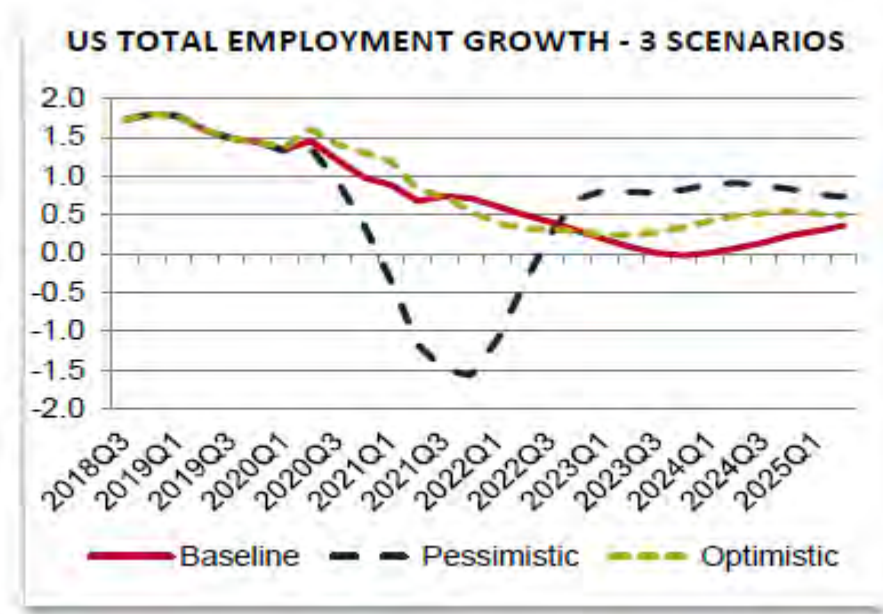
Optimistic Scenario

This scenario reflects a probability of 10%. The key assumptions include:

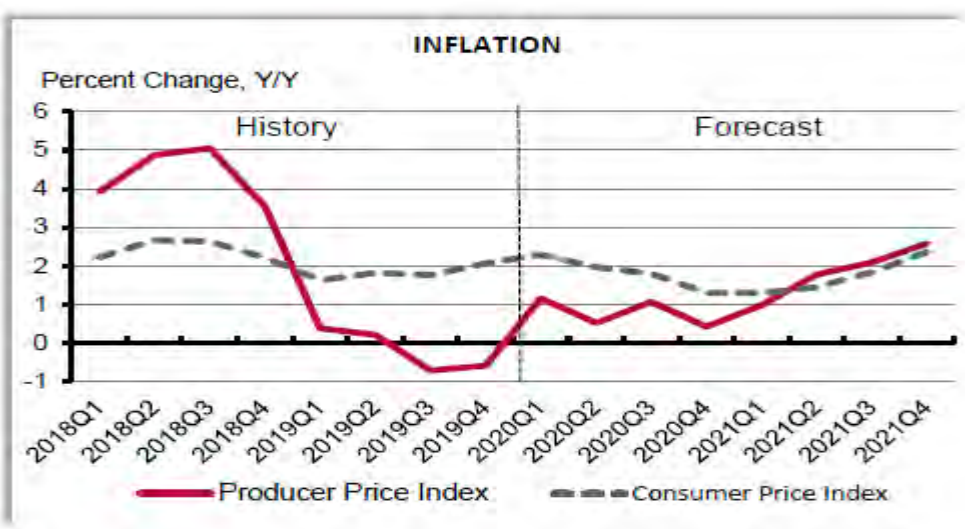
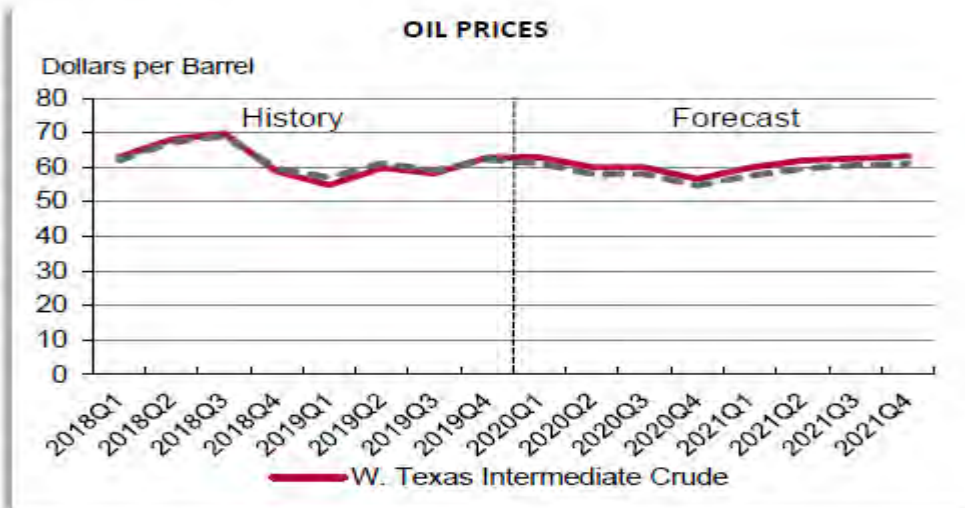
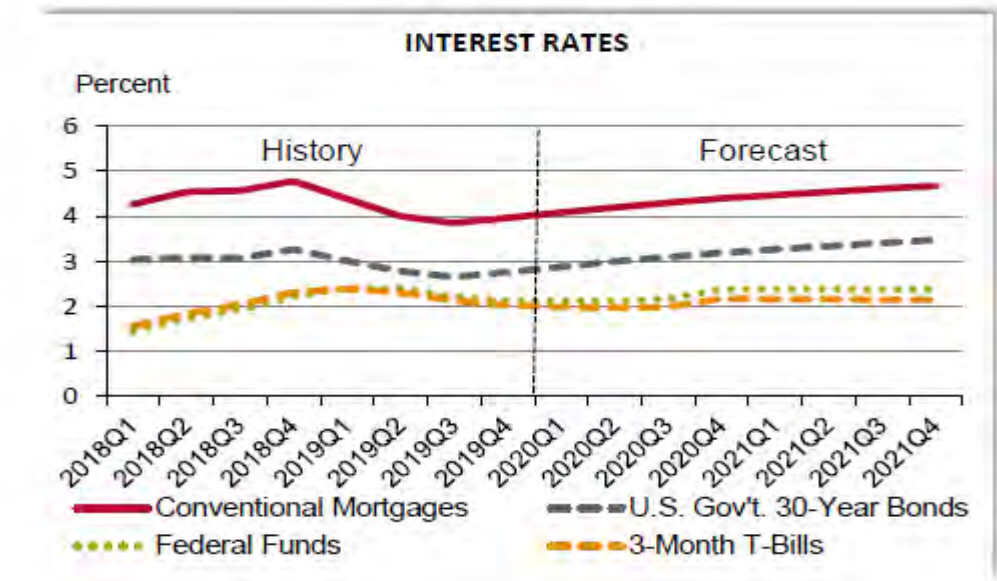
- Gross Domestic Product (GDP) growth slows to 2.31% in 2019 and climbs to 2.9% in 2020 and 3.1% in 2021
- Consumer Spending, a key driver of growth, is up 2.8% in 2019 and jumps to 3.4% in 2020 and 3.6% in 2021 thanks to faster real income growth
- Business Fixed Investment growth cools to 0.3% in 2019, rising to 5.7% in 2020 and 5.6% in 2021
- Housing has young adults forming households in greater numbers due to strengthening economy, resulting in 1.43 million starts on average in 2021
- Exports fall 0.8% in 2019, rise 4.2% in 2020 and 3.6% in 2021
- Fiscal Policy forecast incorporates the impacts of personal tax cuts extended, while entitlement spending will follow current program guidelines
- Monetary Policy Federal Reserve rate rises to 3.25-3.50%, 0.75% higher than baseline
- Credit Conditions are rapidly easing
- Productivity Growth averages 2.3% during 2019-22, 0.8% above the baseline
- Consumer Confidence outperforms baseline over the entire forecast interval
- Oil Prices have Brent crude oil averages at \$64/barrel in 2019 and \$63 in 2020
- Stock Markets have the S&P 500 climbs 27.6% in 2019 and rises 7.0% in 2020
- Inflation Consumer Price Index (CPI) inflation rises 1.6% in 2019, grows at 1.9% in 2020 and 2021
- Foreign Growth improves thanks to a rebound in productivity growth
- US Dollar appreciates strongly initially before falling below the baseline in the outer years due to a wider current account deficit

ECONOMIC OUTLOOK

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



ECONOMIC OUTLOOK



ALBUQUERQUE ECONOMIC OUTLOOK

The outlook for the Albuquerque economy is developed by the Bureau of Business and Economic Research (BBER) at the University of New Mexico. They use national forecasts from IHS and local insights to develop forecasts of the state and local economy. The BBER FOR-UNM forecasting model for January 2020 provides the forecast of the Albuquerque economy that is presented in the following section.

Albuquerque MSA Employment

According to the most recent data from the Current Employment Statistics (CES), the Albuquerque MSA economy forecast points to growth of 1.2% for the remainder of 2019.

Moving forward in 2020, the total employment in the Albuquerque MSA is forecasted to advance 1.6%. The private sector is forecasted to add 1.6% for the year; the government sector will also add 1.6%. Leading the gains will be the healthcare & social assistance sector (2.3%).

The construction sector is forecasted to add 3.4% in 2020 for that sector's eighth consecutive year of expansion.

Professional & technical services will gain 3.8%. Likely job expansion at Sandia National Laboratories and Kirtland Air Force Base will help to keep growth robust.

Accommodation and food services has been one of the consistent sectors since the start of the current recovery. This sector should expand for the tenth consecutive year by 1.2%.

Administrative and waste services is projected to strengthen by 1.2% in 2020. Working against this will be call center losses at Sitel and Verizon Wireless.

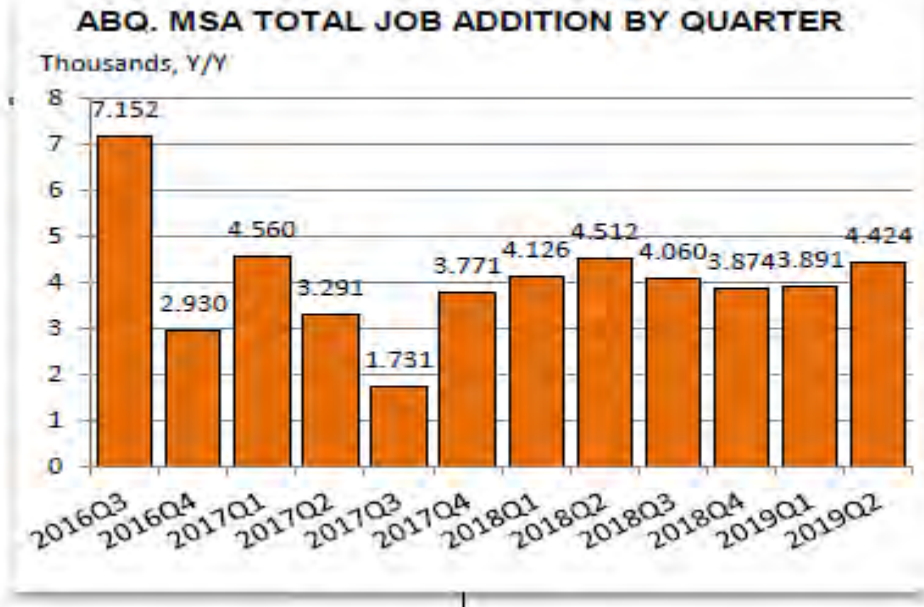
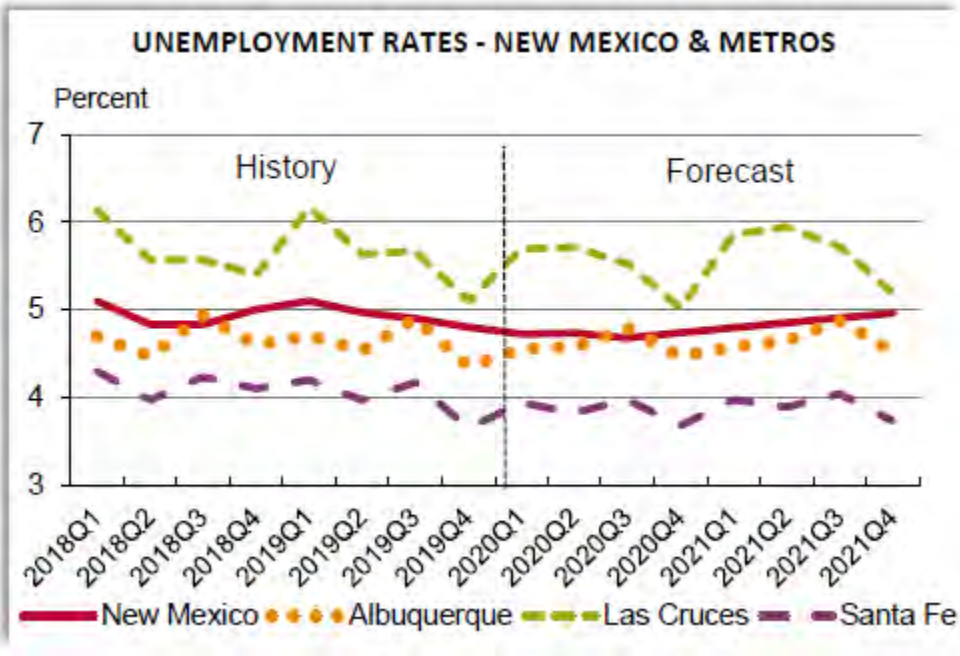
Other sectors expected to add jobs in 2020 include: finance & insurance 1.4%; transportation, warehousing 1.8%; real estate, rental & leasing 1.9%; and manufacturing 0.6%.

Three sectors are projected to drop jobs in 2020. Following a long term national pattern, retail trade will drop 0.6%, utilities will drop 1.8%, and mining will drop 0.6%.

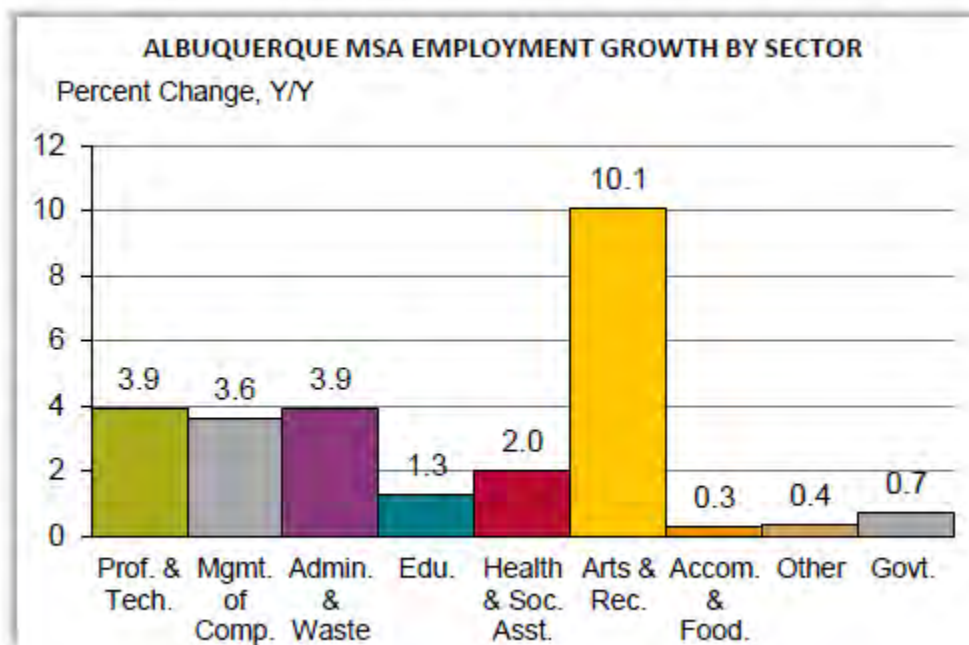
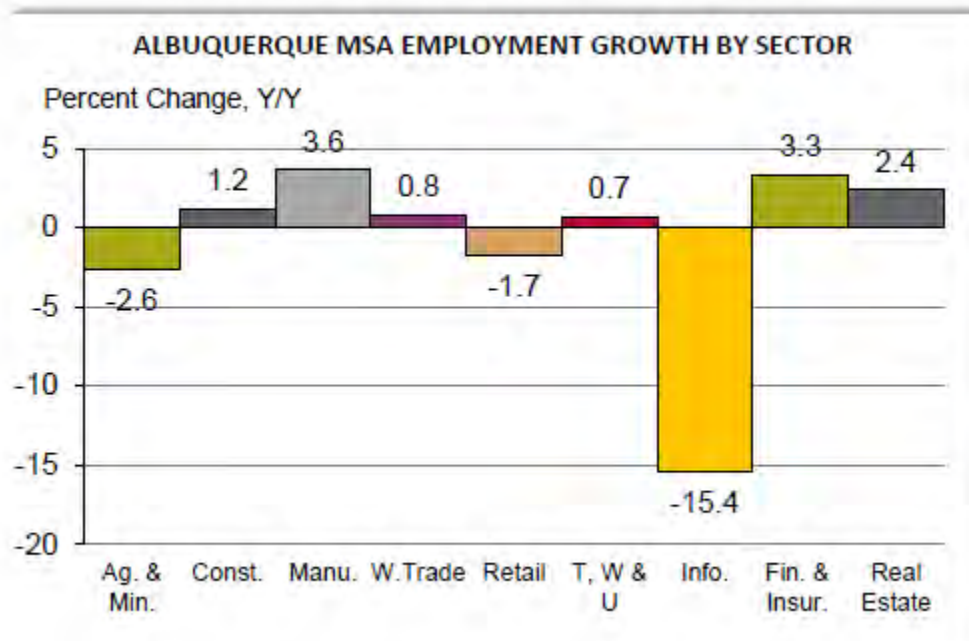
In the public sector, all three levels of government are expected to add jobs. While the federal government will increase 3.4% (mainly due to the Decennial Census), local government will increase 1.1% and state government will increase 1.4%.

In the longer term, through 2025, the Albuquerque MSA economy is forecasted to add 23,876 jobs for 1.2% average annual growth (AAG). Most of the growth over the period will be concentrated in the private sector (1.4%), however, the government sector will also contribute (0.4%).

ALBUQUERQUE ECONOMIC OUTLOOK



ALBUQUERQUE ECONOMIC OUTLOOK





CAPITAL BUDGET

*Proposed
Operating Budget
FY21*

CAPITAL BUDGET

What are Capital Improvements?

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

How are Capital Improvements Funded?

The Water Authority's Capital program is comprised of distinct categories of projects, each with its own funding rules. The Basic Program is funded by recurring revenues generated from the water/wastewater rate structure. Special Projects are done outside of the Basic Program but are

funded from the same revenue stream that funds the Basic Program.

The current Rate Ordinance states that, on average, 50 percent of the cost of capital projects which constitute the normal (Basic) capital program of the water and sewer system shall be paid with cash rather than from borrowed funds. The balance of capital funding is obtained through revenue bond or loan financing.

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

System growth projects are funded through Utility Expansion Charge (UEC) revenues, either by reimbursing capital investments made under the terms of a Developer Agreement, or by direct appropriation to Water Authority capital projects. UEC revenue is considered cash for purposes of meeting the number of days cash availability.

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



CAPITAL BUDGET

What is the Capital Improvement Plan (CIP)?

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

The CIP Process

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

- **Establishing Timetables, Goals, and Objectives:**
At the onset of the budgeting process, the CIP update begins with formal budget planning decisions between management and department heads. Timetables are set that extend through development and final adoption of the budget. Water Authority goals and objectives are reviewed to ensure that they are being met through the budget cycle.
- **Taking Inventory and Developing Proposals:**
Staff gathers information about the Water Authority's capital facilities and equipment to assess the condition of each. Staff carefully considers construction, repair, replacement, and additions. From there, a list of proposed projects and equipment is developed.

- **Conducting Financial Analysis:** Finance staff conducts financial analysis of historic and projected revenues and expenses to estimate the Water Authority's cash flow and long-term financial condition. Capital financing alternatives are identified and recommendations are prepared to match the type of funding most appropriate for specific capital improvements.

The CIP Ten-Year (Decade) Plan

The blueprint for the Water Authority's Basic Program is its Decade Plan, a ten-year capital plan required to be updated biennially in even numbered fiscal years with two, four, six, eight and ten-year planning elements. The Decade Plan includes detailed requirements for program development and project scope, schedule, budget, justification and alternatives. The Decade Plan requires approval by the Water Authority Board with at least one public hearing and due deliberation. In those fiscal years where the Decade Plan must be updated, the new Decade Plan must be approved by the Water Authority's Board before that year's Capital Program budget can be approved. This policy ensures there is always an approved two-year planning element in place for every approved annual Basic Program budget. FY21 is the second year of the two-year planning element included in the FY20 – FY29 Decade Plan that was approved by the board in April 2019.

FY21 Water Authority Capital Improvement Program Budget

The FY21 capital program appropriation totals \$71.6 million. \$61.0 million is appropriated for the level one priority basic capital programs, \$4.0 million for growth related projects, \$6.0 million for special projects, and \$0.6 million from the Water Resource Charge revenue for Water 2120 projects. There are no appropriations in the proposed FY21 CIP budget for projects that will be funded with revenues from FY22 or later.

CAPITAL BUDGET

Demonstrated in the table below is a detailed listing of all the Level 1 priority renewal projects, special projects, and growth-related projects.

Project Description	FY18 Actual (000's)	FY19 Actual (000's)	FY20 Budget (000's)	FY21 Budget (000's)
Basic Program Appropriations:				
Sanitary Sewer Pipeline Renewal	\$ 10,782	\$ 9,801	\$ 9,525	\$ 11,000
Drinking Water Pipeline Renewal	7,432	5,372	6,150	6,050
Southside Water Reclamation Plant Renewal	34,197	17,163	23,220	23,340
Soil Amendment Facility (SAF) Renewal	501	103	50	50
Lift Station and Vacuum Station Renewal	2,419	2,006	2,950	3,205
Odor Control Facilities Renewal	567	661	250	250
Drinking Water Plant Groundwater System Renewal	4,036	2,670	4,775	8,125
Drinking Water Plant Treatment Systems Renewal	1,079	3,294	1,750	3,900
Reuse Line and Plant Rehab	169	70	150	150
Compliance	514	297	390	390
Shared Renewal	1,003	28	390	40
Franchise Agreement Compliance	3,995	4,249	3,950	3,500
Vehicles and Heavy Equipment	3,340	5,143	4,450	1,000
Level 1 Priority Renewal Projects Total	\$ 70,034	\$ 50,857	\$ 58,000	\$ 61,000
Special Projects:				
Steel Waterline Rehab	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Automated Meter Infrastructure (AMI)	1,079	421	2,000	2,000
Renewable Energy Projects	114	323	350	350
Issuance Costs	-	629	-	-
Miscellaneous	4,829	4,552	2,904	2,683
Special Projects Total	\$ 7,022	\$ 6,925	\$ 6,254	\$ 6,033
Combined Level 1 Priority Renewal and Special Proj	77,056	57,782	64,254	67,033
Growth Projects:				
Drinking Water Plant Facilities Growth	\$ 3,521	\$ 5,184	\$ -	\$ -
Land & Easment Acquisition	30	14	500	500
Development Agreements	331	416	940	1,440
Management Information Systems/Geographical Information Systems (MIS/GIS)	3,378	4,040	2,000	2,000
Master Plans	205	235	500	-
Miscellaneous Growth	22	35	60	60
Level 1 Priority Growth Projects Total	\$ 7,487	\$ 9,924	\$ 4,000	\$ 4,000
Water 2120 Plan	-	51	300	637
Grand Total	\$ 84,543	\$ 67,757	\$ 68,554	\$ 71,670

CAPITAL BUDGET

FY21 Capital Program Highlights

The Water Authority will continue to spend \$250 million to upgrade its wastewater treatment plant and add an additional \$36 million per year to Capital Improvement Program (CIP) funding to cover the costs of routine replacement of aging pipes, pumps and other infrastructure as recommended in the most recent asset management study commissioned by the Water Authority. Infrastructure renewal backlog is being addressed over the coming years to maintain service levels and protect the health, safety, and economic viability of our community.

Various projects include:

The sanitary sewer interceptor system is the backbone of the Water Authority's current sewer collection system. It is designed to carry large flows from the collection line system for delivery to the plant for treatment. 46-percent (approximately 111 miles) of the current interceptors within the system are made of concrete and have suffered substantial hydrogen sulfide corrosion damage along the upper portions of the pipe. This ultimately results in complete pipe failure which could cause a sinkhole to form at any time within the public right-of-way. The FY21 budget reflects an increase of \$1.9 million from FY20 that will be used to continue to evaluate, plan, design, and construct for sanitary sewer interceptor rehabilitation or complete removal and replacement of severely deteriorated sewer interceptor lines that are beyond feasible rehabilitation.

The construction of a new Dewatering Facility at the San Juan Chama Water Treatment Plant (SJCWTP) have begun and will improve the ability to separate the water from the waste solids generated by the Actiflo clarification process. The SJCWTP feeds ferric chloride to the influent water to the plant to assist in removing clay particles. The results in a dilute solids stream consisting of ferric hydroxide and clay. It is important to remove as much water from this stream to reduce the weight of the solids that must be hauled off-site for disposal. The water separated from the solids is returned to the head of the plant, where it is combined with the plant influent and treated.

The Supervisory Control and Data Acquisition (SCADA) system hardware replacement and software upgrade will start in FY21. The SCADA process computers provide continuous operations 24 hours a day 365 days a year. Due to the age of the process control computers, Dell will not warranty them any longer. If the SCADA equipment should fail, it would be extremely difficult to produce, treat or distribute water manually.

Construction of improvements to Lift Station No. 20 have begun and will conclude in FY21 that consist of the installation of a new electrical building, a new odor control system, renovation of the bar screen, bar screen building roof replacement, lift station roof replacement, and other associated infrastructure. All construction work is being completed while the Lift Station is fully operational. The total project is estimated to cost \$8.9 million.

At the Southside Water Reclamation Plant (SWRP), the existing Dissolved Air Flootation (DAF) Facility is used to concentrated activated sludge that is periodically wasted from the secondary treatment process. Sludge concentration using DAF also conserves volume needed in the anaerobic digesters to stabilize the sludge and allows for a more efficient sludge digestion process. The existing equipment within the DAF Facility is old and wearing out. Parts are becoming difficult to find. As the DAF equipment in the facility fails, it becomes more difficult to keep up with sludge wasting requirements for the activated sludge process. More efficient, better performing DAF technology is available such as rotary drum thickeners (RDTs). Funding will be used for replacement of DAF with RDTs. Once constructed, the RDT facility will require less operations and maintenance.

CAPITAL BUDGET

The two (2) cogeneration facilities, at the SWRP, use large internal combustion engines to burn biogas produced by the Anaerobic Digesters. The engines turn generator sets that produce electricity that is used to power the SWRP. The Cogen facilities also provide hot water for heating the digesters and other buildings at the plant. The FY21 budget includes \$3.5 million that will be used for the design and installation of emissions control equipment. Currently, the engine generators exhaust controlled substances such as carbon monoxide and nitrous oxides. The proposed emission control equipment will clean up the exhaust gas. These improvements will allow the Water Authority to dispense with the costs associated with a Title V Air Quality Operating Permit.

The Information Technology/GIS funding allocations will be utilized to purchase new/upgrade all hardware and software applications and the databases that support those applications. Applications include OneSolution, Kronos, LIMS and GIS, among others. Funding will be used to address the mobile, security and telecommunications environments and to provide continual efficiencies to reduce costs and maintain backups of mission critical systems.

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



DEBT OBLIGATIONS

*Proposed
Operating Budget
FY21*

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. 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 (Water 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 Water Authority. The legislation also provided that the debts of the City payable from net revenues of the Water/Sewer System shall be debts of the Water Authority and that the Water Authority shall not impair the rights of holders of outstanding debts of the Water/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 Water Authority. The Water Authority and the City entered into a Memorandum of Understanding (MOU) dated January 21, 2004, as amended April 7, 2004, under which the City continues to operate the Water/Sewer System until June 30, 2007. In 2005, the New Mexico Legislature amended Section 7-1-10, NMSA 1978, to provide the Water Authority the statutory powers provided to all public water and wastewater utilities in the state and to recognize the Water Authority as a political subdivision of the state. On March 21, 2007, the Water Authority and City entered into a new MOU, effective July 1, 2007. At that time, the Utility employees transitioned from the City and became employees of the Water Authority.

The outstanding Water Authority parity obligations are currently rated "Aa2" by Moody's and "AAA" by S&P.

The total outstanding obligation indebtedness of the Water Authority as of April 1, 2020 is \$635.6 million, shown in the table on the next page.

DEBT OBLIGATIONS

SCHEDULE OF BONDS & OTHER DEBT OBLIGATIONS

April 1, 2020

RATINGS: Aa2/AAA

	<u>FINAL</u> <u>MATURITY</u>	<u>ORIGINAL</u> <u>AMT ISSUED</u>	<u>AMOUNT</u> <u>RETIRED</u>	<u>AMOUNT</u> <u>OUTSTANDING</u>	<u>INTEREST</u> <u>RATES</u>
SENIOR DEBT OBLIGATIONS					
Bonds Series 2013A	7/1/2038	62,950,000	20,860,000	42,090,000	3.00-5.00%
Bonds Series 2013B	7/1/2024	55,265,000	32,110,000	23,155,000	3.00-5.00%
Bonds Series 2014A	7/1/2026	97,270,000	25,915,000	71,355,000	3.00-5.00%
Bonds Series 2015	7/1/2033	211,940,000	27,845,000	184,095,000	3.00-5.00%
Bonds Series 2017	7/1/2034	87,970,000	7,920,000	80,050,000	3.375-5.00%
Bonds Series 2018	7/1/2030	75,085,000	-	75,085,000	5.00%
Bonds Series 2020	7/1/2032	69,440,000	-	69,440,000	5.00%
NMFA Loan No. 07 2316-ADW	7/1/2031	1,000,000	376,294	623,706	3.00-5.00%
NMFA Loan No. 15	6/1/2036	53,400,000	25,200,000	28,200,000	3.00-5.00%
NMFA Loan DW4202	5/1/2040	250,000	-	250,000	0.25%
NMFA Loan DW4877	5/1/2040	2,724,282	-	2,724,282	0.25-2.00%
NMFA Loan DW5028	5/1/2052	1,515,000	-	1,515,000	1.00%
SUBTOTAL - SENIOR DEBT OBLIGATIONS		\$ 718,809,282	\$ 140,226,294	\$ 578,582,988	
SUBORDINATE & SUPER SUBORDINATE DEBT OBLIGATIONS					
Bonds Series 2014B	7/1/2025	\$ 87,005,000	\$ 36,345,000	\$ 50,660,000	3.00-5.00%
NMFA Loan No. 04 1727-AD	5/1/2030	10,426,232	4,053,489	6,372,743	1.00-5.00%
SUBTOTAL - SUBORDINATE & SUPER SUBORDINATE DEBT OBLIGATIONS		\$ 97,431,232	\$ 40,398,489	\$ 57,032,743	
TOTAL DEBT OBLIGATIONS		<u>\$ 816,240,514</u>	<u>\$ 180,624,783</u>	<u>\$ 635,615,731</u>	



APPENDIX

*Proposed
Operating Budget
FY21*

FY21 BUDGET METHODOLOGY AND ASSUMPTIONS

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 FY21 to incorporate current contractual increases.
- Employee benefits are calculated on wage and salary costs at the following rates: FICA - 7.65% regular, RHCA-2.0%, PERA remains at 20.16% for blue and white collar and management/professional, this amount does include the additional 1.5% required by the PERA Legislation, and 7.00% for temporary employees and some seasonal employees. Other employee benefits (health, dental, vision, retiree health insurance, group life) – budgeted at FY20 amounts plus a 10% contracted rate increase.
- A vacancy savings rate of 0.5% for the Water Authority is calculated into employee salaries.

Operating Expenses

FY21 operating expenses were budgeted equal to FY20 appropriated amounts. One-time appropriations for FY20 were deleted.

- Inflationary adjustments were not granted as automatic across-the-board adjustments.

- For FY21, utilities (gas, electricity, and water/wastewater) were budgeted based on historical expenses and anticipated needs.

- Power, chemicals and fuel will not exceed the CPI index and the cost of operating two water distribution systems will not exceed the consultant estimate.

- Beyond those stated above, line item increases needing special justifications include extraordinary price increases, increases in workload, or a special need not previously funded.

- Workers' Compensation and other insurance, tort and risk expenses are treated as expenses in the Risk department for FY21. These amounts are identified based on the historical experience and exposure factors relative to the Water Authority.

- Vehicle maintenance charges are estimated for FY21 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.

- Fuel costs have been appropriated for FY21 per the US Energy Information Administration forecast of oil prices. The forecast for gasoline prices is \$2.14/gallon and for diesel is \$2.54/gallon.

Capital Expenses

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

ACRONYMS

A2LA – American Association for Laboratory Accreditation

ABCWUA – Albuquerque Bernalillo County Water Utility Authority

AMI – Automated Meter Infrastructure

AMP – Asset Management Plan

AMR – Automated Meter Reader

ASR – Aquifer Storage and Recovery

AWWA – American Water Works Association

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

CAFR – Comprehensive Annual Financial Report

CC&B – Customer Care and Billing

CCTV – Closed Circuit Television

CIP - Capital Implementation or Improvements Program

CIS – Customer Information System

CMMS – Computerized Maintenance Management System

CMOM – Capacity Management Operations & Maintenance Program

COLA - Cost-of-Living Adjustment

CPI-U - Consumer Price Index for all Urban Consumers

CSD – Customer Services program

CWA – Clean Water Act

DS - Debt Service

DWL – Drinking Water Loan

DWP – San Juan–Chama Drinking Water Project

EID – Environmental Improvement Division

EPA – Environmental Protection Agency

ERP – Enterprise Resource Planning

EUM – Effective Utility Management

FOG – Fats, Oils, & Grease

FTE - Full-time Equivalent Position

FY - Fiscal Year

GASB - General Accounting Standards Board

GDP - Gross Domestic Product

GFOA - Government Finance Officers Association

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

GIS – Geographic Information System

GPCD – Gallons per capita per day

GPS – Global Positioning System

GRT – Gross Receipts Tax

HR – Human Resources

IDOH - Indirect Overhead

ITD – Information Technology Program

KAFB – Kirtland Air Force Base

LIMS – Laboratory Information Management System

LT2 – Long Term Enhanced Surface Water Treatment Rule 2

MDC – Metropolitan Detention Center

MGD – Million Gallons per Day

ACRONYMS

MIS – Management Information System	SDF – Solids Dewatering Facility
MOU – Memorandum of Understanding	SDWA – State Drinking Water Act
MRGCOG – Middle Rio Grande Council of Governments	SJC – San Juan-Chama
MSA – Metropolitan Statistical Area	SJCWTP - San Juan–Chama Water Treatment Plant
NBER – National Bureau of Economic Research	SNL – Sandia National Laboratory
NM – New Mexico	SOP – Standard Operating Procedures
NMDOT – New Mexico Department of Transportation	SRF – State Revolving Loan Fund
NMED – New Mexico Environment Department	SSO's – Sanitary Sewer Overflows
NMFA – New Mexico Finance Authority	SWR - Sewer
NMUI – New Mexico Utilities Group Inc.	SWRP - Southside Water Reclamation Plant
NPDES – National Pollution Discharge Elimination System	SWTP – Surface Water Treatment Plant
NWSA – Northwest Service Area	UCMR3 –Unregulated Contaminant Monitoring Rule 3 UEC – Utility Expansion Charge
O/M – Operations and Maintenance	UEC – Utility Expansion Charges
OERP – Overflow Emergency Response Plan	UNM – University of New Mexico
OSHA – Occupational Safety and Health Administration	UV – Ultra-Violet
P&I – Principal and Interest	WPAB – Water Protection Advisory Board
PAFR – Popular Annual Financial Report	WPPAP – Water Quality Protection Policy & Action Plan
PERA - Public Employees Retirement Association	WQL – Water Quality Laboratory
PNM – Public Service Company of New Mexico	WRAC – Water Resources Advisory Committee
PTF – Preliminary Treatment Facility	WTP – Water Treatment Plant
REC – Renewable Energy Credit	
RRAMP – Reclamation Rehabilitation and Asset Management Plan	
SAD - Special Assessment District	
SAF – Soil Amendment Facility	
SCADA – Supervisory Control and Data Acquisition	

GLOSSARY

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

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

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

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

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

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

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

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

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

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

CAPITAL EXPENSES: Expenses to acquire or construct capital assets

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

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

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

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

FINANCIAL PLAN: See Operating Budget

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

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

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

FUND BALANCE: Fund equity of governmental funds

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

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

GLOSSARY

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

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

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

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

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

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

NON-RECURRING REVENUES: Revenues generated only once

NORTHWEST SERVICE AREA: Water and 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

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

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

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

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

QUALSERVE: A voluntary, continuous improvement program offered jointly by the

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

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

RECURRING REVENUES: Revenues generated each and every year

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

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

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

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

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

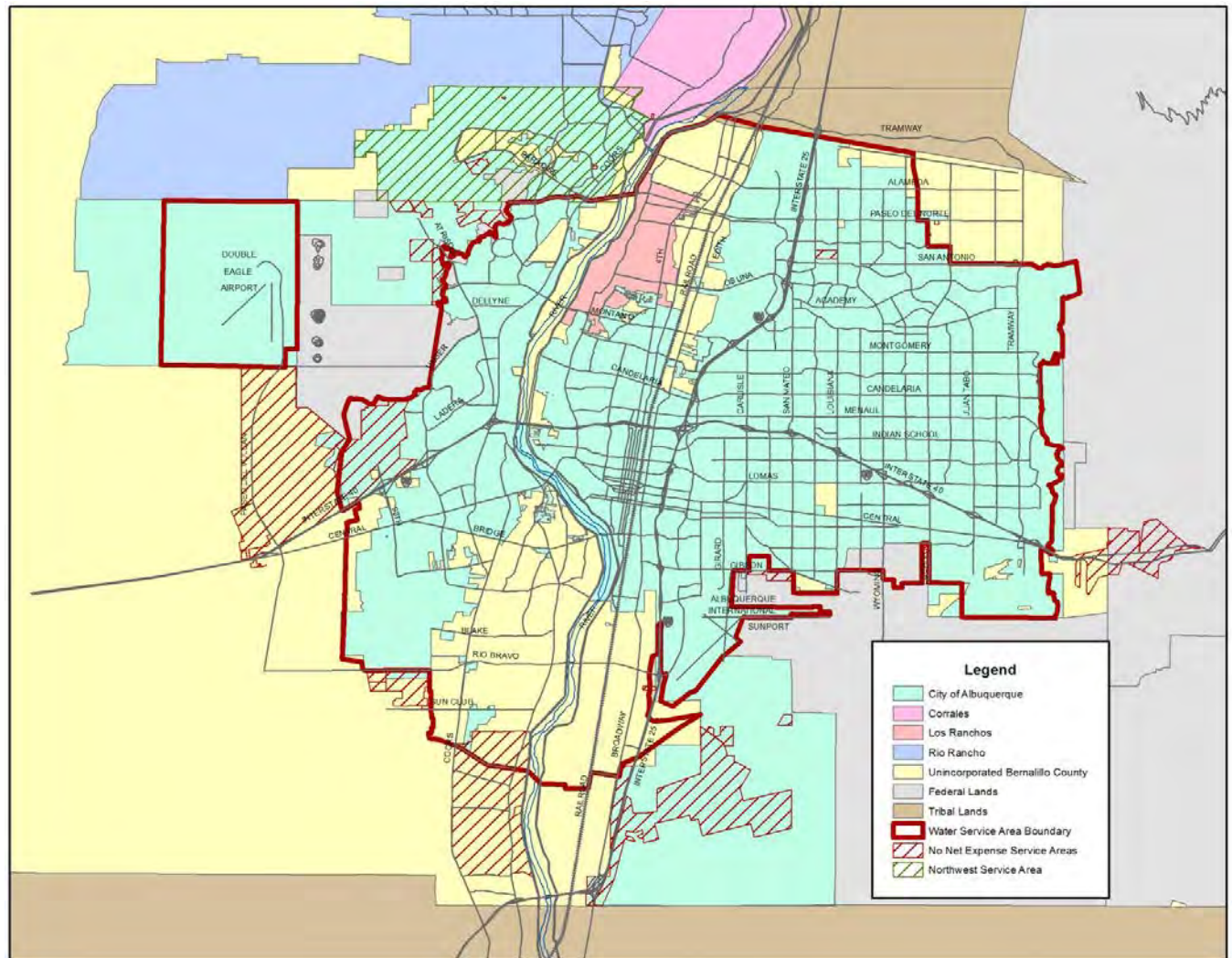
GLOSSARY

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

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

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

WATER SERVICE AREA MAP-NEED TO UPDATE



Major Assets:

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

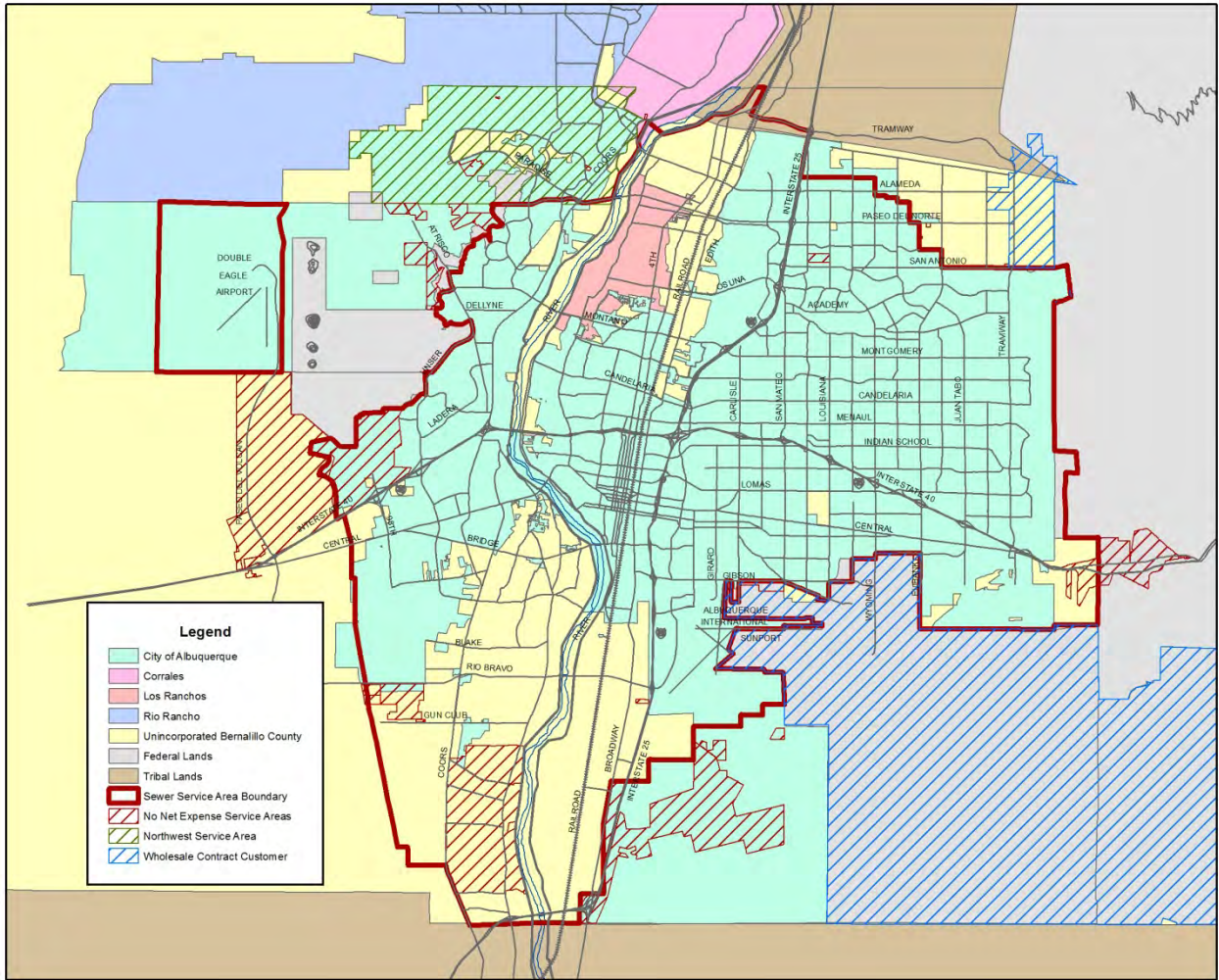
WATER SERVICE AREA MAP-NEED TO UPDATE

The Water System provides water services to approximately 683,207 residents comprising approximately 95% of the residents of the County. About one-third of unincorporated County residents are customers of the Water System. As of October 1, 2019, service is provided to approximately 213,091 customer accounts, including 183,942 residential and 29,149 multi-family, commercial, institutional and industrial accounts. Approximately 68% of the water sales are for residential uses.

Surface water from the San Juan-Chama project that is utilized through the San Juan-Chama Drinking Water Project is the primary source of potable water supply for the Water Authority. Groundwater is used to supplement surface water supplies to meet peak demands and to provide supply during drought periods or other times when surface water is not available. The Water Authority also owns and operates two non-potable water systems to provide irrigation and industrial water in the service area. In calendar year 2019, the Water Authority's water resources use consisted of 29% from groundwater, 67% from San Juan-Chama surface water, and 4% from reuse of treated effluent for irrigation. The groundwater supply is produced from 60 wells grouped in 17 well fields located throughout the metropolitan area and the San Juan-Chama surface water is diverted from the Rio Grande River. Total well production capacity is approximately 255 million gallons per day (MGD). Eliminating high arsenic wells (those greater than 10 parts per billion arsenic) results in available production capacity of 176 MGD. The Water Authority also has four arsenic treatment facilities that remove naturally occurring arsenic from groundwater. Each well field includes chlorination for disinfection as required by the Safe Water Drinking Act.

Water storage reservoirs provide for fire, peak hour and uphill transfer storage. Water is distributed from higher to lower elevations through a 115-foot vertical height pressure zone to provide minimum static pressures of 50 pounds per square inch (psi) for consumers. Sixty-one (61) reservoirs are located throughout the service area, with a total reservoir storage capacity of 245 million gallons. If demand requires, reservoir water can also be transferred to a higher zone or across zones through an east-west series of reservoirs by means of pump stations sited at the reservoirs. There are a total of 128 boosters, with a total capacity of 748 MGD, available for water transfers between reservoirs. These reservoirs are interconnected by 3,130 miles of pipelines and are situated at various locations east and west of the service area to provide multiple sources of supply to customers and for operating economies. The Water System takes advantage of the unique topography of the 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 Water System for control from a central control facility.

WASTEWATER SERVICE AREA MAP-UPDATE



Major Assets:

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

WASTEWATER SERVICE AREA MAP

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

Treatment plant capacity is based upon 76 MGD hydraulic capacity. Existing flows at the plant have averaged 51.3 MGD over the past five years, but these figures do not reflect the amount of non-potable water being reused for irrigation and industrial use at the Southside Water Reclamation Plant. The Authority has an operational industrial pretreatment program approved by the United States Environmental Protection Agency (EPA). The EPA recognized that the Water Authority's pollution prevention efforts have been largely responsible for the Water Authority maintaining compliance with strict standards contained in National Pollution Discharge Elimination System (NPDES) Permit #NM0022250. The Water Authority's wastewater effluent discharge consistently meets all NPDES permit requirements. In February 2017, the Water Authority submitted a NPDES permit renewal application. In February 2018, the EPA issued a Proposed NPDES Permit and the Water Authority provided comments to the EPA on June 25, 2018. On October 10, 2019, the Water Authority received the final NPDES Permit. The re-issued permit is effective December 1, 2019.

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

The Water Authority currently manages wastewater sludge using two methods: surface disposal and production of compost. The Water Authority sells the compost, primarily to the State Department of Transportation. A 660-acre dedicated surface disposal site is used when seasonal market conditions are not favorable for sale of compost product. During FY19, 37% of all sludge produced at the treatment plant was beneficially recycled into compost and sold. The Water Authority's Compliance Division operates a water quality laboratory, providing analytical support for process control and regulatory compliance for wastewater, drinking water, groundwater, storm water, surface water, the zoological park, residuals management and environmental health programs. The laboratory is internationally accredited under International Standards Organization Standard 17025 for inorganic chemistry and microbiology testing. The entire laboratory is also accredited by the American Association for Laboratory Accreditation. The Water Authority reduces expenses by analyzing a majority of the bacteriological samples at its internal water quality lab.



LEGISLATION

*Proposed
Operating Budget
FY21*

**ALBUQUERQUE BERNALILLO COUNTY
WATER UTILITY AUTHORITY**

BILL NO. R-xx-xx

RESOLUTION

**APPROPRIATING FUNDS FOR OPERATING THE ALBUQUERQUE BERNALILLO COUNTY WATER
UTILITY AUTHORITY FOR THE FISCAL YEAR BEGINNING JULY 1, 2020 AND ENDING JUNE 30, 2021**

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

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

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

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

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

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

BE IT RESOLVED BY THE WATER AUTHORITY:

Section 1. That the following amounts are hereby appropriated to the following funds for operating The Albuquerque Bernalillo County Water Utility Authority during Fiscal Year 2021:

GENERAL FUND – 21 **237,788,000**

This appropriation is allocated to the following programs:

Administration	1,864,000
Risk	4,803,000
Legal	796,000
Human Resources	1,847,000
Finance	7,654,000
Customer Services	5,276,000
Information Technology	8,323,000
Wastewater Plant	11,669,000
San Juan-Chama Water Treatment Plant	4,528,000
Groundwater Operations	6,793,000
Wastewater Collections	7,228,000

Water Field Operations	20,519,000
Compliance	5,604,000
Planning & Engineering	4,307,000
Water Resources	4,599,000
Power & Chemicals	21,487,000
Taxes	656,000
Authority Overhead	1,655,000
San Juan-Chama	2,747,000
Transfers to Other Funds:	
Rehab Fund (28)	33,618,000
Debt Service Fund (31)	81,815,000
<u>DEBT SERVICE FUND – 31</u>	89,900,000

This appropriation is allocated to the following programs:

Debt Service	85,900,000
Transfer to Other Funds:	
Growth Fund (29)	4,000,000

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

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

Section 4. If working capital balance exceeds 1/12 of operating expenses, and debt service payments and debt service coverage are met, the remaining working capital balance shall be reserved for capital projects.

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

**ALBUQUERQUE BERNALILLO COUNTY
WATER UTILITY AUTHORITY**

BILL NO. R-XX-XX

RESOLUTION

**APPROPRIATING FUNDS FOR THE CAPITAL IMPLEMENTATION PROGRAM FOR THE ALBUQUERQUE
BERNALILLO COUNTY WATER UTILITY AUTHORITY FOR THE FISCAL YEAR BEGINNING JULY 1, 2020
AND ENDING JUNE 30, 2021**

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

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

WHEREAS, the Budget Ordinance, requires the Executive Director to formulate an annual Capital Implementation Program budget for the Water Authority; and

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

WHEREAS, the Board has received the Capital Implementation Program Budget formulated by the Executive Director and has deliberated on it and provided public notice and input; and

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

WHEREAS, the appropriation of these Capital Implementation Program funds to projects with their respective purposes are timely and necessary for Water Authority to serve its customers.

BE IT RESOLVED BY THE WATER AUTHORITY:

That the appropriations for the projects as stated below are hereby made.

Basic Program Appropriations:

Sanitary Sewer Pipeline Renewal	11,000,000
Drinking Water Pipeline Renewal	6,050,000
Southside Water Reclamation Plant Renewal	23,340,000
Soil Amendment Facility (SAF) Renewal	50,000
Lift Station and Vacuum Station Renewal	3,205,000
Odor Control Facilities Renewal	250,000
Drinking Water Plant Groundwater System Renewal	8,125,000
Drinking Water Plant Treatment Systems Renewal	3,900,000
Reuse Line and Plant Rehab	150,000
Compliance	390,000
Shared Renewal	40,000

Franchise Agreement Compliance	3,500,000
Vehicles and Heavy Equipment	1,000,000
<u>Special Projects:</u>	
Steel Waterline Rehab	1,000,000
Automated Meter Infrastructure (AMI)	2,000,000
Renewable Energy Projects	350,000
Miscellaneous (State of NM Capital Outlay Projects)	2,682,900
<u>Growth:</u>	
Development Agreements	1,440,000
Land & Easement Acquisition	500,000
MIS/GIS	2,000,000
Miscellaneous	60,000
<u>Other:</u>	
Water 2120 Project Fund	636,772