



PROPOSED FY2023 Budget and Performance Plan

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Albuquerque Bernalillo County
Water Utility Authority



*Proposed
Operating Budget
FY23*



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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

For the Fiscal Year Beginning

July 01, 2021

Christopher P. Morill

Executive Director

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Albuquerque Bernalillo County Water Utility Authority

April 20, 2022

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, 2022 and Ending June 30, 2023

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 2023 (FY23). This submittal is the Water Authority's financial plan for FY23. 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 FY23 is estimated to be \$244.7 million, representing an increase of \$5.4 million from the FY22 budget amount. There is a 5% rate revenue adjustment proposed for FY23.

The proposed General Fund operating expenses for FY23 are \$243.8 million, representing an increase of \$4.4 million from the FY22 budget, including interfund transfers. This is comprised of an increase of \$3.9 million for salaries and benefits, an increase of \$0.3 million for operating expenses, and an increase of \$0.2 million for interfund transfers to the capital and debt service funds. Personnel expenses include a 2.0% step increase in wages, a 7.9% increase in health benefit costs and a 0.5% increase in PERA pension costs. The most significant expense continues to be debt service payments, which comprise 32.0% of the total General Fund operating expense in FY23.

For FY23, General Fund revenues, including an addition of \$1.0 million from fund balance, are expected to be \$0.9 million more than proposed expenses. This amount will bring the Working Capital or Fund Balance to \$41.0 million at June 30, 2023. 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 FY23, the Rate Reserve fund remains at \$9.0 million; the Risk Reserve is \$0.5 million; and the Soil Amendment Facility Reserve increases to \$2.1 million.

Submitted in a separate resolution is the Capital Implementation Program (CIP) proposed budget for FY23. 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 an asset management study commissioned by the Water Authority. The proposed CIP appropriation for FY23 is \$79.2 million. \$66.5 million is appropriated for the basic rehab capital programs, \$6.0 million for growth-related projects, \$6.4 million for special projects, and \$0.3 million for *Water 2120* projects. The 6.4 million for special projects is comprised of \$1.0 million for Automated Meter Infrastructure (AMI), \$2.0 million for steel water line replacement, \$0.4 million for various renewable energy projects and \$3.0 million for an Intergovernmental Agreement to use economic development funds from Bernalillo County for the Thunderbird Kirtland Development, LLC (aka MaxQ) water and sewer extensions and other necessary infrastructure improvements. The project consists of a mixed-use business park comprised of two phases totaling approximately 35 acres located in the Ridgecrest Trunk.

In FY22, the Water Authority finalized a subrecipient agreement for the purpose of carrying out a portion of Bernalillo County's American Rescue Plan Act (ARPA) Recovery Funds. The listed projects below will continue in FY23 not to exceed \$58,816,573 in Federal assistance and will assist the County in utilizing such funds. Below is a listing of the projects, funding amount, and a brief description.

1. Carnuel Sewage Collection System (\$3,845,000) – Funding will be used for construction of a force main system that will provide sewer service to Carnuel residents and has a direct positive community impact and reduction in groundwater pollution (eliminates septic systems). The Water Authority has received \$155,000 in Capital Outlay funding through the State of NM. ARPA funding will be used for the construction phase.
2. MDC Water & Sewer Improvements (\$4,200,000) – Funding will be used to install a lift station and force main at the MDC facility for improved sewer service. This will eliminate potential compliance violations and costly operations and maintenance for the existing on-site lagoon treatment system.
3. Mesa del Sol Non-Potable Reuse Booster Pump & Reservoir (4,896,536) – Funding will be used to design and construct a re-use reservoir, booster pump and transmission lines to provide adequate pressures for re-use system throughout Mesa del Sol.
4. South Valley Drinking Water Project Phase 8 & 9 (\$8,000,000) – Funding will be used to design and construct waterlines for residents and businesses in the South Valley that currently rely on private wells.
5. Kirtland Air Force Base (KAFB) Tijeras Interceptor Rehabilitation (\$15,000,000) – Funding will be used to design and rehabilitate the existing interceptor line through KAFB as well as support the Max Q development project.
6. Volcano Cliffs & Corrales Trunk Reservoir & Transmission Line (\$15,000,000) – Funding will be used to design and construct a reservoir and transmission line for increased water capacity and transfer within Volcano Cliffs trunk and Corrales trunk.
7. Bosque Non-Potable Water Reclamation Plant and Reuse System (\$2,875,037) – Consistent with Water 2120, this project extends the Water Authority's water resources through conservation and direct and indirect potable reuse. This project would provide non-potable water for industrial purposes and irrigation needs to parks, schools, and golf courses. ARPA funding will complete the 1st phase, which is underway, that includes finalizing the layouts for the facility (conceptual design) and submission of a NPDES permit to discharge to the Rio Grande south of Montano Road. This funding will also begin the 2nd phase that consists of preliminary and final design.

This budget proposal represents the Water Authority's coordinative effort to bring to the Board a financial plan that provides 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 FY23 to improve services and gain operating efficiencies.

FY22 ACCOMPLISHMENTS

As we look forward to FY23, we also reflect on the Water Authority successes in the preceding year. These included:

- ✓ An AQUARIUS award from the U.S. Environmental Protection Agency (EPA) for the utility's efforts to bring water service to the Village of Carnuel
- ✓ Achievement of 20% reliance on renewable energy sources
- ✓ Holding water and sewer rates steady for the fourth consecutive year
- ✓ A President's Award for Treatment Plant Optimization from the Partnership for Safe Water
- ✓ FY21 Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award
- ✓ FY20 GFOA Certificate of Achievement for Excellence in Financial Reporting (both Comprehensive and Popular)

Other achievements in the preceding fiscal year include entering into an agreement with Intel for the chipmaker to finance construction of a non-potable water pipeline to serve planned capacity expansion; and finalizing an agreement with the Navajo Nation to assist in conveying water owned by the Navajo trip to the community of To'Hajiilee.

Operations

In calendar year 2021, the Surface Water Treatment Plant (SWTP) section produced 26% of all water for the Water Authority, which reflects drought conditions in the Rio Grande River during the year. After a five-month shut-down due to the drought conditions, SWTP staff, along with Groundwater crews and Water Quality staff, coordinated a successful restart of the plant with no observations of discolored water by staff or complaints by the public. The SWTP received the AWWA Partnership for Safe Water-Treatment President's Award.

Groundwater section provided all the potable water to the service area between mid-June 2021 and mid-November 2021 due to the shutdown of the SWTP. Staff navigated through COVID-19 related staffing shortages without compromising service to Water Authority customers.

Groundwater major projects during the year

included: using high arsenic wells for the first time to supply Northside non-potable water customers in response to the Alameda collector well-being off and performing in-house asset renewal, upgrades and maintenance to pump control valves and booster and well pumps.

The Southside Water Reclamation Plant (SWRP) section accomplishments included: performing the start-up of the new rotary drum thickener facility, consistently meeting the effluent quality standards, and partnered with Collections section to reduce odor control chemical costs. The plant received their CY2021 Annual Compliance Certification for the current Title V air quality permit and had no deviations to report. A new air quality permit was received for the SWRP site that will eventually allow termination of the Title V permit.

Field Distribution section crews installed 15,000 additional Automated Meter Infrastructure (AMI) meter devices. The division received and responded to 28,000 line-locate requests from New Mexico 811 for excavations during the fiscal year leading to a reduction in underground utility damage frequency. Staff inspected and exercised 4,000 isolation valves (80% operability rating), tested approximately 300 small water meters for accuracy (median 98.3%), updated over 835 assets into the asset registry and provided over 540 record drawings to accurately locate buried infrastructure. Crews performed 180 confined space entries at every San Juan-Chama transmission line vault to inspect conditions, document findings and develop a preventative maintenance program for annual vault rehabilitation projects.

Increased pressure reducing valve maintenance coupled with remote pressure monitoring continued to yield an overall decline in water leaks/breaks, allowing for a shift from traditional reactive maintenance to a more balance preventative and corrective maintenance structure. Water service line leaks and water main breaks are trending towards 385 and 215 per year, respectively. In-house crews completed replacement of a 10" pressure reducing valve, resulting in cost savings from not using an outside contractor.

Wastewater Collections section continued to implement the Capacity Management Operations and Maintenance (CMOM) program. As part of the commitment to the program staff and contractors

FY22 ACCOMPLISHMENTS

televised 5% of the small diameter system, and staff continue to investigate methods and tools to reduce the number of sanitary sewer overflows.

Collections staff were able to optimize chemical usage and chemical savings by using various sewer model software and to further provide odor control by the use of portable odor control units at project sites.

Collections staff built a dirt dam in the North Diversion Channel to test a pump off which could aid in the prevention of wastewater infiltrating the river if it ever seeped into the diversion channels.

Planning & Utility Development section, 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. A complete draft of the Guide To Development has been written which consists of 14 sections. Staff drafted 29 Standard Operating Procedures to better define internal processes. In December 2021, staff met with contractors, engineers, and developers to present the Water Authority Work Order process and in January, a survey was conducted to that group to gain feedback for the existing Mini Work Order process.

In FY22, the In-House Design section performed the following projects: preparation of construction documents for replacement of failing steel water lines, pre-design, in conjunction with the Collections Section, of sanitary sewer re-routing at Elizabeth and Menaul to address on-going odor issues, preparation of draft Water Authority Master/Guide Specifications to be used in lieu of City of Albuquerque Standard Specifications; re-start meetings of the Technical Standards Committee, collection of coordinates of buried infrastructure using a GPS receiver, preliminary work on the Lift Station Design Guide, preparation of a conformed set of record drawings for the Don Reservoir Site, and provided guidance to consultants on the preparation of "facility drawings" for the Groundwater Section.

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 FY22 are projected to be approximately \$50 million. During the fiscal year, this section had to face many challenges including: extended material delivery timelines, contractor crew availability and consultant availability which extended times for scope/fee preparation and deliverables.

Critical and priority rehab projects managed included: Sunport Effluent Reuse construction was completed; coordinated \$3 million of Franchise projects with the City of Albuquerque, Bernalillo County, New Mexico Department of Transportation, and the Albuquerque Metropolitan Arroyo Flood Control Authority; the extension of the South Valley/Los Padillas Waterline Project; the Fortuna/Avalon Interceptor Rehab, construction of storage sheds at SWTP, and multiple groundwater well site rehabs.

Critical and priority special projects managed during the fiscal year included: Winrock Wastewater Recovery Plant design, Intel project designs, and designs for the To'Hajiilee Waterline project.

The Asset Management staff continued to progress, with a consultant, with the Comprehensive Asset Management Plan by performing condition and risk assessments, and updating asset attributes and replacement cost data, expanded the dashboards and key performance indicators that are distributed throughout the Authority on a monthly basis; continued efforts to update the accuracy of the Maximo asset registry; and developed a business process for project management for tracking each work authorization for each CIP project. Staff managed and monitored a variety of New Mexico Finance Authority loan/subsidy agreements, New Mexico State Capital Outlay programs, and American Rescue Plan Act (ARPA) sub-recipient agreements.

Water Resources reported 900 million gallons of water was conserved in CY2021 from CY2020. Water savings was achieved in many ways: City of Albuquerque Parks and Recreation savings, Water Waste compliance, outreach to the top 5% water users, leak inspections, Drought Class participants, Water Authority rebates, customer consultations, and Drought Campaign response.

Water Resources Water Conservation section reported that 1,430 customers participated in the

FY22 ACCOMPLISHMENTS

505Outside.com “3 Steps to Landscape Success” program and 247 landscape professionals were trained on the best management practices of landscape efficiency through the WaterSmart Academy.

Water Resources Water Rights & Environmental Planning staff finalized the Groundwater Management Plan, the Reuse Plan, and the Environmental Plan and drilling began on the Data Gap Monitoring well.

The Water Authority continued its commitment of \$200,000 in support of the Rio Grande Water Fund’s watershed restoration and its joint funding agreement with the U.S. Department of the Interior for hydrologic monitoring and water resource assessments of the Middle Rio Grande Basin. Staff continued meeting with Explora to develop water exhibits for their new STEM science center which is set to open in CY2022.

Compliance

The Water Quality Lab put into place its Instrument Replacement/Procurement Timeline plan to prepare for future replacement of laboratory equipment. Staff are working with Central Engineering in the rehab/upgrade project of the Water Quality Lab & SWRP Administration buildings. As part of this project, staff has developed a document management and archive project.

The National Pollutant Discharge Elimination system (NPDES) program completed the Fish Tissue study requirement of the new permit and submitted the results to the Environmental Planning Agency (EPA). Staff selected a consultant to provide engineering assistance to complete the Mercury Reduction Plan. The Cross Connection software migration to the cloud environment began and staff will implement the tester self-reporting module of the software program.

Per-and Polyfluoroalkyl Substances (PFAS) screening was required in both the new North Non-potable and South Reuse New Mexico Environment Department permits. Staff obtained samples at both systems and the results showed PFAS were “Not Detected”.

Administration, Employee Relations and Development

In November 2021, Public Relations Customer Services staff held virtual Customer Conversations meetings on the topic of “Returning to Normal Billing Operations”. Staff solicited ideas from the ratepayers on the best ways to proceed with normal billing and collection operations. In Spring 2022, the 2021 Water Quality Report will be published and distributed to the service area and in Spring/Summer 2022, advertising will increase to focus on conservation and drought communications.

The Risk/Safety program implemented a Continuity of Operations Plan and other support functions amid COVID-19 and staff continued to support and deliver safety trainings and compliance inspections during the pandemic.

Risk, Plant Operations and Information Technology (ITD) staff implemented key Security Consultant’s Deliverables in accordance with AWWA G430 standards and the Vulnerability Assessment. Staff managed the coordination of the joint public sector Interagency FEMA Hazard Mitigation plan which was adopted/approved by the Water Authority Board.

Risk and Human Resources coordinated the COVID-19 pandemic and continuity of operations function as it related to COVID compliance and adhering to Centers for Disease Control and New Mexico Department of Health guidelines. As part of this function, staff implemented a software system for track tracing and monitoring of employee vaccination status.

Human Resources wellness staff continued to offer wellness challenges remotely and offered challenges to employees and send well communication emails on a variety of topics such as chronic disease prevention, mental health & wellbeing, nutrition, healthy eating tips and recipes and exercise, safety and stretching.

The certification training programs continued to develop employees’ knowledge and skills in various positions, including water and wastewater operations and maintenance, dispatch, and customer service. There were twenty-nine non-certification and fifty-two certification promotions of employees throughout the Water Authority during the fiscal year; ninety employees completed the 2nd

FY22 ACCOMPLISHMENTS

year of the Management Series Training Program; and employees received a total of \$65,925 (to date) in tuition assistance.

Budget, Finance and Business Management

The Water Authority received the following recognition from the Government Finance Officers Association (GFOA): FY20 Certificate of Achievement for Excellence in Financial Reporting for the Annual Comprehensive Financial Report (ACFR) and the Popular Annual Financial Report (PAFR), the FY22 Distinguished Budget Presentation Award, and the Triple Crown medallion for CY2021.

The Finance Accounting section submitted the FY21 ACFR to the GFOA for the Certificate of Achievement for Excellence in Financial Report program and the PAFR program.

Purchasing staff partnered with Central Engineering and Bernalillo County to prepare documents for solicitation of projects funded under the ARPA federal program.

Warehouse and Fleet Maintenance staff fully implemented regular cycle counts in the warehouse locations and made significant headway towards streamlining proper configuration of stored inventory versus just-in-time acquisition. Staff successfully navigated the challenges of vendor supply and labor shortages to continue to provide materials and services to Water Authority departments.

Treasury section managed the zero-interest rate environment by liquidating the U.S. Treasury securities investment ladder and moving balances to the New Mexico Local Government Investment Pool fund.

Treasury and Customer Services implemented a self-service payment kiosk at the Mission Avenue location. This kiosk allows customers to make payments in a convenient and safe location during non-operating hours.

Customer Services staff prepared customers for return to normal operations by developing a program for payment arrangements and participating with the State of New Mexico Emergency Rental Assistance Program.

Information Technology staff focused on security in all areas during FY22.

Maps/Records staff conducted a best practice review to assess GIS processes and improve data editing processes and accuracy. Staff implemented a quality assurance/quality control process to verify the GIS data and to validate the data sets and classes.

Infrastructure projects included adding two-factor authentication, upgraded video surveillance servers, upgraded backup servers and software and added virus protection via artificial intelligence to the SCADA servers and laptops.

Other significant ITD projects included: the continued update of the SCADA system, added connections for redundancy at various work locations, added security features to network and software applications, installation of firewalls and threat monitoring programs, and reorganization of the quality assurance/service desk functions.

FY23 HIGHLIGHTS

The FY22 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 twelve years of operation, the DWP – along with conservation and other resource management efforts – has resulted in rising aquifer levels throughout the service area as documented by the U.S. Geological Survey.

The Water Authority will continue to operate two potable water supply systems, surface water and groundwater. The Water Authority's goal is to have the DWP supply 70-75% of all customer demand. Flow conditions in the Rio Grande, due to the continuing drought conditions, have limited the ability to fully realize this goal on a consistent basis.

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 FY23, RRAMP improvements will continue with the existing digesters, odor control rehabilitation at the primary clarifiers, and landscaping will be improved to include new access gates and increase security at the facility.

In FY23, SWRP staff will actively recruit new customers for the Soil Amendment Facility compost and wood chips.

Areas of focus for SWRP staff will be to optimize the operation of digester gas cleaning and cogeneration emission control systems; managing the cogeneration and solar power systems to increase the supply of power from renewable resources; and to optimize effluent re-use water disinfection practices and establish key performance indicators to monitor the progress.

The SWTP staff plan to work towards the AWWA Partnership for Safe Water-Treatment Phase IV Excellence in Treatment Award. Other areas of focus for the plant will be to coordinate a faster re-start of the plant in November 2022 without sacrificing the quality of the restart and partnering with Collections and SWRP staff to optimize the iron sludge discharges for odor control purposes.

Groundwater Operations management will fine tune the groundwater system operations to trim the summer power costs while maintaining system resilience & reliability. Staff plan to deploy high arsenic wells to meet supply needs in the Northside non-potable system once the Collector Well is offline (pending permit approvals). Staff will be working with PNM to assess the impact of wide-spread power outages on water deliveries and will engage the services of a consultant to perform the requisite hydraulic modeling to counteract the impacts.

Groundwater staff will continue optimizing operations for arsenic absorption and evaluate

FY23 HIGHLIGHTS

alternatives for arsenic treatment and begin a pilot project focused on the sodium hypochlorite generator salt and the frequency of electrolytic cell cleanings using hydrochloric acid.

Wastewater Collections section will utilize closed-circuit television (CCTV) to monitor unlined concrete lines that are 15" and greater. Staff will partner with SWTP and SWRP staff to optimize the iron sludge discharges for odor control purposes. Staff will implement a pilot study that uses "smart" manhole covers to aid in the prediction of blockages.

Water Field-Distribution section will continue to task a dedicated crew to replace 30,000 aging water meters with smart meters. Field crews will continue to perform block to block rehab repairs which will generate significant cost savings by performing these tasks in-house.

Field crews will continue the flushing program to systematically flush water lines and filter the water using the new No Des system before returning it to the distribution system and minimize water loss. In FY22, 8.2 million gallons of water were saved using this system. Crews will continue to exercise 4,000 isolation valves; the long-term goal is to exercise all isolation valves over a ten-year period. To support the water audit and strategic water loss plan, staff will test a minimum of 300 small meters and test all new meters when they are received.

Field crews will begin year 2 of the 5-year plan to replace the SJC transmission line actuators. The current actuators are undersized and weak so crews are replacing them before they break; generating cost savings by not having to hire outside contractors.

Water Resources-Conservation has updated the Xeriscape rebate program and will launch a new campaign for this effort. Staff will focus their efforts on the following areas: the Homeowners' Association Landscape Irrigation Transformation program (evaluations of irrigation systems), the Low Income Conservation Support program (conservation audits and conservation kits), and the Multi-Family Outreach program (apartment performance efficiency audits and retrofit kits).

Staff will continue its collaboration with Explora to coordinate staff for mentorship opportunities and

facilitation of the interactive water exhibits for the new STEM center.

Water Resources-Environmental 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 permitting process for the next Aquifer Storage Recovery well site, begin monitoring and analysis of the groundwater at the data gap well site, begin the permitting process for the Bosque Water Resource Recovery Plant and complete the design of the Silvery Minnow habitat created by the SWRP Outfall project.

Centralized Engineering will continue managing CIP projects. Major projects include: \$12.5 million for Sanitary Sewer Pipeline Renewal projects, \$19.5 million for SWRP Renewal projects, \$7.8 million for Drinking Water Plant Groundwater System Renewal projects and \$4.4 million for Information Technology projects.

In-House Design projects for FY23 include preparing two additional steel water line packages, preparing two sanitary sewer renewal packages, continuing development and refinement of the master/guide specifications and standard detail drawings, and continuing work on the Lift Station Design Guide and the Booster Pumping Station Design Guide.

The Asset Management Program Team will continue the Comprehensive Asset Management Plan with a consultant by performing condition and risk assessments and updating asset attributes and replacement cost data.

Asset Management staff will continue to monitor progress on the Strategic Asset Management Program and transition the dashboards and key performance indicators to Microsoft Power BI.

The Grant Administrator position will evaluate, plan and manage the submission of grant proposals to obtain funding for projects.

The Utility Development group will continue to review and edit the draft Guide to Development. Staff will develop key performance indicators for various deliverables to help manage workload and assist with decision-making. Staff will update the Work Order process to allow users to make submittals online and

FY23 HIGHLIGHTS

revamp the Mini Work Order process to increase efficiency.

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.

The Water Quality Lab will be participating in the rehab and upgrade project for the Water Quality Lab building. As part of this project, staff will be managing on-site documentation and preparing documents for archival storage.

NPDES program staff will work with a consultant to complete the mercury minimization plan which has a compliance deadline of December 2022. Staff will spearhead a feasibility study for permanent pH monitoring stations outside of the SWRP plan to be able to investigate low pH alerts at the plant intake areas.

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.

Public Relations staff conduct Customer Conversations meetings to engage customers and obtain input from customers and complete and disseminate results of the Customer Opinion Survey. Staff will also deploy video message boards at various locations to enhance internal communications.

Risk/Safety will continue implementing the Security Consultant's deliverables in accordance with AWWA G430 standards and to carry out important liability protection of the utility's assets. Risk staff will continue supporting the multi-jurisdictional Hazard Mitigation Plan. Staff will expand its risk software system to enhance data management by analyzing claims and loss data to

identify trends for risk mitigation and cost reduction.

The Safety Team will provide safety inspections and trainings to include compliance-related items and will expand contractor services to include conducting key strategic ergonomic assessments for both field and plant operation areas.

Human Resources wellness staff is looking forward to planning the FY23 Safety Picnic for staff. Staff will continue offering wellness challenges for individuals and departments focusing on nutrition, physical activity and weight loss tips, disease and injury prevention topics to employees. A major focus for FY23 will be to increase mental health awareness in partnership with the Employee Assistance Program.

Human Resources Training staff will focus on developing a strategic plan for the Innovation Program. This program will help identify new ways to seek efficiencies throughout the organization.

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

Budget, Finance and Business Management

Finance will submit to GFOA the FY23 Approved Budget for the Distinguished Budget Presentation Award, the FY22 Annual Comprehensive Financial Report for the Certificate of Achievement for Excellence in Financial Reporting and the FY22 Popular Annual Financial Report 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.

Treasury will manage the rising interest rate environment by maintaining a diversified portfolio of bank balances and investments to offset banking fees. Staff will partner with Accounts Payable and ITD to implement the Wells Fargo Payment Manager

FY23 HIGHLIGHTS

program to increase the security of payments to vendors and to outsource check printing. In conjunction with Customer Services, staff will develop and document policies and SOPs for customer payment-related transactions and continue providing process improvement strategies.

During FY23, the Purchasing section will work with Centralized Engineering to re-solicit On-Call Engineering Services and Well Rehabilitation contracts, begin to digitize and/or archive procurement records, and standardize record-keeping and ordering documentation for the warehouse, fleet, and facility maintenance, and Fleet staff will finalize the 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. Staff will monitor, update and lead discussions of the FY23 Water Authority Goals & Objectives and EUM metrics.

Customer Services will continue the process of returning to normal operations by offering payment arrangements and referring customers to assistance programs. A Training Advisory Committee will be updating the Customer Care Training Program and staff will be assisting with the Water & Wastewater Cost of Service study.

ITD will be reorganizing the Quality Assurance and Service Desk operations into the Service Management operation and a new Project Management operation will be established. The Project Management operation will support all teams in managing projects, provide a centralized documentation location, and provide reports and dashboards for IT projects.

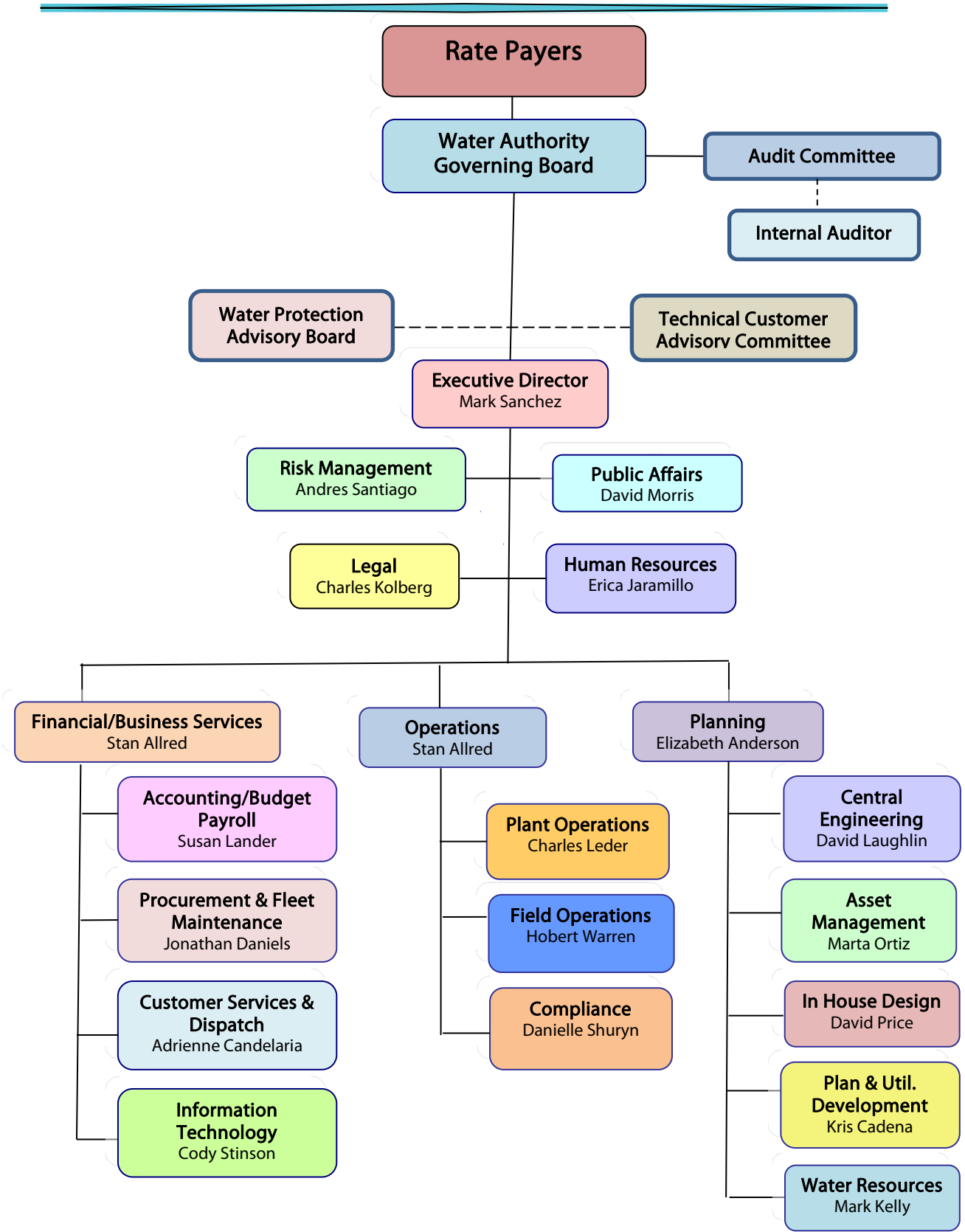
ITD Service Management will be implementing enhanced password security functions and to identify, maintain and audit all IT-related assets in Maximo.

IT Security staff will continue to work on reducing risk scores, perform external penetration testing and application testing to identify security risks, and continue moving towards a Zero Trust Framework.

IT SCADA objectives for FY23 include: HMI standardization and implementation, continuation of the Reclamation DCS HMI upgrade, Collections and Stormwater PLC replacement, and to refresh the network for the Reclamation SCADA system and CyberVision.

The Rate Reserve fund will remain at \$9.0 million; the Risk Reserve at \$0.5 million; and the Soil Amendment Facility Reserve increases to \$2.1 million. The Water Authority will continue partnerships with other governmental entities to support non-profit community development projects.

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 FY23 Goals and Objectives have been submitted for approval to the Water Authority Board.

The Proposed Budget has 7 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.

The [Performance Plan](#) section contains the FY23 Performance Plan. This plan contains performance measures that help guide the operating and capital budgets in allocating the Water Authority's financial resources.



*BUDGET PROPOSAL
&
FINANCIAL CONSOLIDATIONS*

*Proposed
Operating Budget
FY23*

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

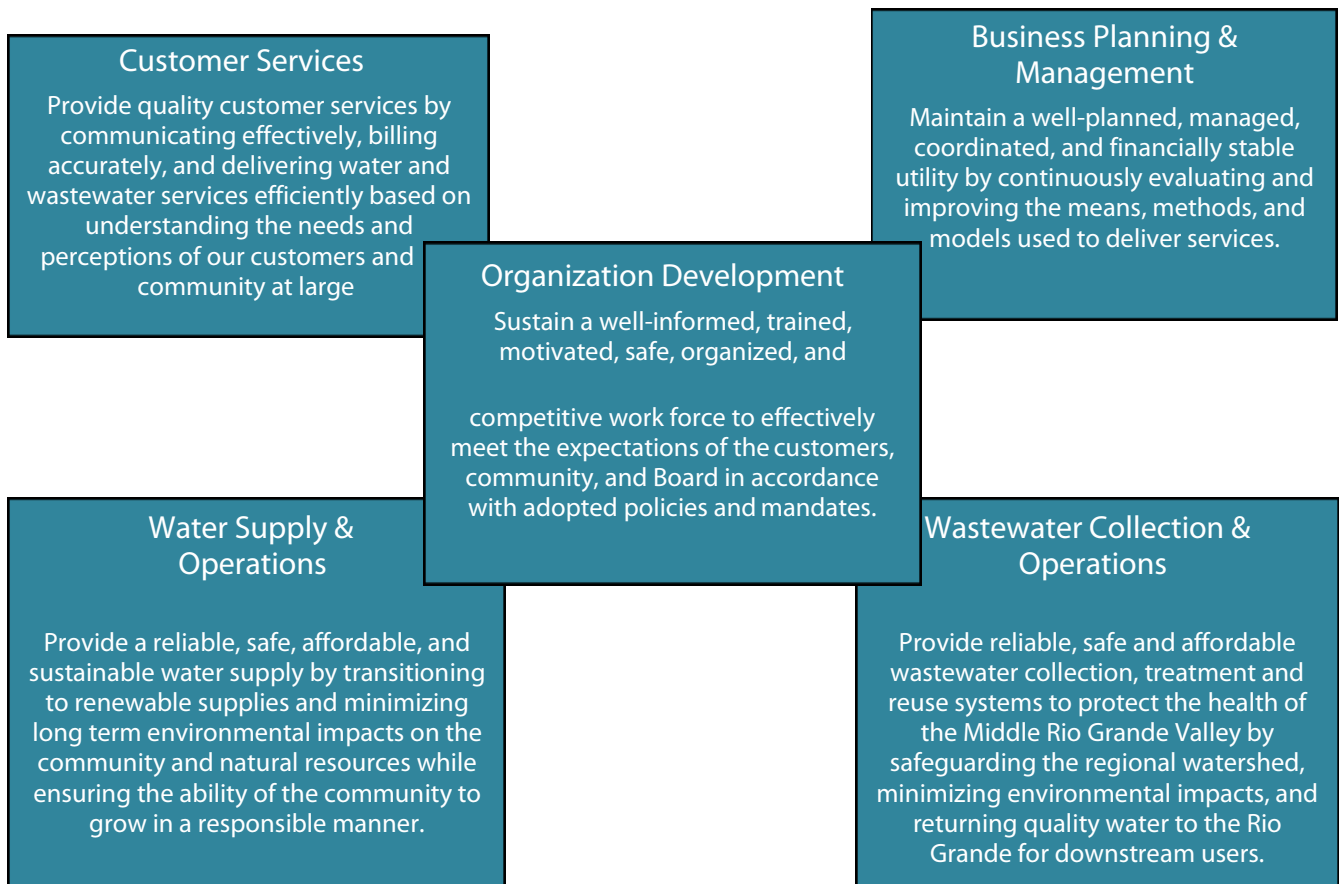
The Water Authority established Five-Year Goals and One-Year Objectives in 2005 to help guide its budget process and address priority issues. In addition, the Water Authority's Budget Ordinance specifies that the Water Authority shall annually review and adopt one-year objectives related to the five-year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

FY23 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

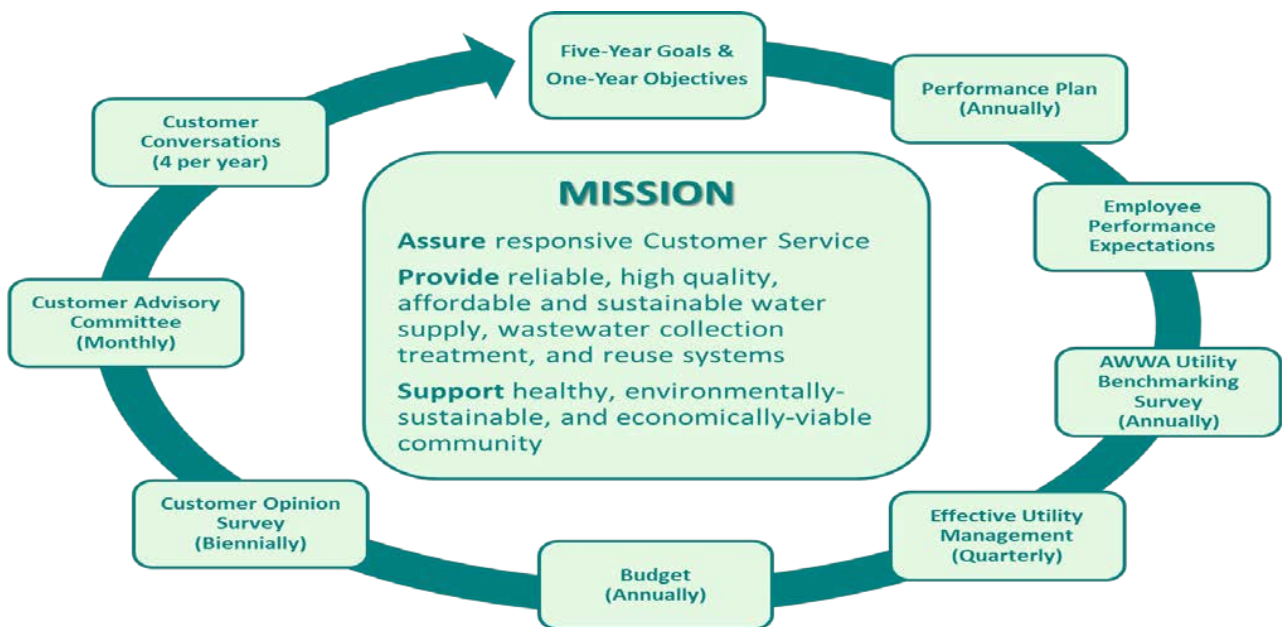


FY23 GOALS AND OBJECTIVES

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 FY22 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.



FY23 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 FY23, as introduced to the Water Authority Board in March 2022.

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.

1. Complete Ground Water Plant Preventive Maintenance to Corrective Maintenance ratio to at least 65% of all completed maintenance labor hours by the end of the 4th Quarter of FY23.
2. Complete Surface Water Plant Preventive Maintenance to Corrective Maintenance ratio to at least 65% of all completed maintenance labor hours by the end of the 4th Quarter of FY23.
3. Develop a long-term strategy for utilizing existing wells that are currently out of service within the water system by the end of the 4th Quarter of FY23.
4. Complete an assessment of the impact of widescale power outages upon water system production and pumping facilities by the end of the 4th Quarter of FY23. Work directly with the Public Service Company of New Mexico (PNM) and the Water Authority's Geographical Information System (GIS) group to determine potential impact areas. Subsequently, engage the services of a hydraulic modeling consultant to perform strategic hydraulic modeling to assess resulting water supply capacity limitations and water outage timelines.
5. Assess arsenic treatment media adsorption capacity at groundwater treatment plants to determine if the nominal 40,000 bed-volume metric marketed by the media manufacturer can be increased and optimized to reduce the frequency of media replacement by the end of the 4th Quarter of FY23. Collect and analyze data captured from the existing four treatment plants to support this objective.
6. Report on the feasibility of using electro-chemical coagulation as an alternate approach for treating water from high arsenic wells by the end of the 4th Quarter of FY23.
7. Submit annual treatment data to the Partnership for Safe Water - Treatment program for inclusion in the program's annual report of aggregated system water quality data by the end of the 4th Quarter of FY23.
 - ❖ Maintain turbidities for each individual filter cell and for combined filter effluent at less than 0.1 nephelometric turbidity unit (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 American Water Works Association (AWWA).
 - ❖ Continue working towards the application for the Phase IV Excellence in Water Treatment Award in the Partnership for Safe Water -Treatment.

FY23 GOALS AND OBJECTIVES

8. Submit annual distribution data to the Partnership for Safe Water - Distribution program for inclusion in the program's annual report of aggregated system water quality data by the end of the 4th Quarter of FY23.
 - ❖ Continue work on items identified from the Phase 3 Self-Assessment that are not yet considered optimized and submit a progress report to AWWA.
9. To improve energy efficiency and reduce operation and maintenance costs, continue deployment of automated meter infrastructure (AMI) pressure monitoring infrastructure at strategic locations and utilize data to optimize operations by the end of the 4th Quarter of FY23. Work with the vendor on software development to improve functionality.
10. To improve reliability and reduce interrupted water service, inspect at least 4,000 isolation valves by the end of the 4th Quarter of FY23.
11. To improve the validated water audit inputs for apparent water loss, test a minimum of 300 small meters and half of all large meters to include the top 25 consumers to support the water audit and strategic water loss plan by the end of the 4th Quarter of FY23. Test meters in accordance with the recommendations of the water audit conducted by the Southwest Environmental Finance Center in calendar year 2021.
12. As part of the water distribution system preventative maintenance program, continue the flushing program that uses a systematic approach to flush water lines, filtering the water using the NO-DES system before returning it to distribution by the end of the 4th Quarter of FY23. Monitor monthly and report the occurrence of complaints before and after flushing to evaluate whether the flushing program improved water quality in the pilot area. Identify metrics to be used for measuring the effectiveness of this process moving forward.
13. Develop a GIS layer to graphically inform operations staff of water and wastewater infrastructure under construction by the end of the 4th Quarter of FY23. This information will improve knowledge transfer between initial utility construction and utility maintenance. The information will be utilized to prevent underground utility damages, facilitate scheduled water shutoffs and improve response times during an emergency.
14. Provide timely response to utility locate requests and achieve a damage ratio of less than two Water Authority-caused damages per 1,000 utility locate requests by the end of the 4th Quarter of FY23. Explore utility locating equipment and mapping technologies to improve locate accuracy, provide documentation, and reduce costly damages to buried water and wastewater infrastructure.
15. Evaluate the current Drought Management Plan in the framework of drought triggers, drought management measures, and reduction targets to manage consumer demand in times of drought by the end of the 2nd Quarter of FY23.
16. Locate water leaks by surveying 650 miles of small diameter water lines through conventional leak detection methods and 2,200 miles of small diameter water lines through acoustic leak detection by the end of the 4th Quarter of FY23; Track, evaluate, and report on existing ZoneScan and Echologics acoustic leak detection systems on a quarterly basis in FY23. Report on acoustic equipment "fleet" replacement on a quarterly basis in FY23.
17. To prepare for increased climate variability, encourage installation of water conservative landscaping, while working towards the *Water 2120* conservation goal of 110 gallons per capita per day (gpcd) by 2037 by implementing the following activities by the end of the 4th Quarter of FY23:
 - i. Perform a smart controller field performance study on the top 5% of residential customers.
 - ii. Increase smart controller rebate adjustments and Xeriscape square feet conversions by comparing current fiscal year to prior fiscal years.
 - iii. Increase the amount of commercial class customers rebate adjustments by comparing from baseline (prior fiscal year) to current fiscal year.

FY23 GOALS AND OBJECTIVES

- iv. Increase Xeriscape square feet conversions by comparing the current fiscal year to prior fiscal years. Begin outreach to target golf courses for turf removal and conversion to non-potable sources.
 - v. Work on outreach and education to target multi-family accounts for water savings by establishing a pilot program for homeowner's associations.
18. Work with the New Mexico Environment Department and Office of the State Engineer to begin aquifer storage and recovery (ASR) permitting by the end of the 4th Quarter of FY23. Develop a project plan and cost estimate by the end of 2nd Quarter FY23.
19. Track and report conservation education outreach to service area customers and meet the following targets: 1) 100 Residential Irrigation Audits; 2) 100 Landscape Professionals Trained; 3) 10 Meetings with Apartment Managers; and 4) two Water Conservation Open House Meetings by the end of the 4th Quarter of FY23.
20. To better educate children on the importance of water and resource planning, continue to collaborate with ¡Explora! to coordinate Water Authority staff for mentorships and facilitation of interactive water exhibits for the new Science Technology Engineering Mathematics (STEM) center through the 4th Quarter of FY23.
21. Implement the Rivers and Aquifers Protection Plan (RAPP), the Water Authority's source water protection plan, through the following actions:
- i. Complete source water assessments for surface water and groundwater by the 2nd Quarter of FY23. The source water assessments will utilize the source water protection areas developed from the capture analysis and the updated potential sources of contamination inventory from FY21. Review the results of the source water assessments to determine if changes are required to the RAPP and protection measures;
 - ii. Track and review site data and documents for priority groundwater contamination sites through the end of the 4th Quarter of FY23;
 - iii. Collaborate and coordinate with other agencies, including support of the Water Protection Advisory Board (WPAB) and the Office of Natural Resources Trustee (ONRT) through the end of the 4th Quarter of FY23; and
 - iv. Contract 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 FY23.
22. Provide leadership and support of the Middle Rio Grande Endangered Species Collaborative Program (ESA Collaborative Program) through: 1) Participation in the Collaborative Program Executive Committee and 2) Participating in the development of adaptive management practices for the program through the 4th Quarter of FY23.
23. To support native water storage for water users in the Middle Rio Grande as approved by Congress, complete acquisition of easements for additional storage in Abiquiu Reservoir by the end of the 4th Quarter of FY23. Continue towards permitting and environmental approvals for storage of native water in Abiquiu Reservoir through the 4th Quarter of FY23.
24. Conduct regular water quality monitoring and reporting of the Water Authority data gap well at the Kirtland Air Force Base (KAFB) Bulk Fuels Facility jet fuel leak site through the end of FY23. Evaluate whether additional monitoring wells are needed by the end of the 1st Quarter of FY23 and seek funding, if applicable.
25. Develop a drinking water modeling program that maintains a centralized version of the model to include updates from all users, routine user training to keep everyone on the same page with developments and a process for Chief Engineers to submit modeling

FY23 GOALS AND OBJECTIVES

requests for investigations and receive a documented response by the end of the 4th Quarter of FY23. Update the drinking water

model SharePoint page to be a central resource for all drinking water modeling users.

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.

1. Limit overall permit excursions to no more than 5 operating discharge permit violations through the end of the 4th Quarter of FY23.
2. Beneficially reuse biosolids by diverting 30% to compost thru the end of the 4th Quarter of FY23.
3. Complete Wastewater 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 FY23.
4. Continue work on the Partnership for Clean Water program for the Southside Water Reclamation Plant (SWRP) to optimize system operations and performance by the end of the 4th Quarter of FY23.
 - ❖ Continue work on outstanding items identified from the Phase 3 Self-Assessment that are not yet considered optimized and submit a progress report to AWWA.
5. Optimize operation of the new digester gas cleaning system and cogeneration facility emission reduction systems to meet air quality limits set by the new permit by the end of the 4th Quarter of FY23.
6. Generate at least 25% of total SWRP power needs from the on-site solar array and from digester gas-fueled cogeneration by the end of the 4th Quarter of FY23 and report progress quarterly.
7. To gain information for future re-use projects, establish appropriate key performance indicators (KPIs) for the chloramination process at SWRP used to disinfect effluent re-use water by the end of the 4th Quarter of FY23. Use these indicators to optimize chemical feed rates at SWRP and at the Puerto del Sol and Mesa del Sol closed loop pumping systems to maintain desired water quality for effluent re-use water.
8. In accordance with the Capacity, Management, Operations and Management (CMOM) Plan, televise and assess the condition of the unlined concrete lines 15-inch diameter and larger by the end of the 4th Quarter of FY23.
9. Manage chemical usage to maintain collection system corrosion and odor control, with a goal of zero odors, while considering impacts on wastewater treatment operations and effluent quality. Identify metrics for monitoring and reporting by the end of the 1st Quarter of FY23. Monitor and report metrics through the end of the 4th Quarter of FY23. Identify additional odor control stations as needed.
10. To continuously reduce sanitary sewer overflows (SSOs) in accordance with the CMOM Plan, initiate a manhole monitoring pilot study to diagnose flow patterns and provide advance alerts of downstream blockages. Complete a two-year pilot program with preliminary observations by the end of the 4th Quarter of FY23.
11. As part of the CMOM Program, evaluate pilot modifications to the Sub-Basin cleaning program. Look at possible changes such as sub-basin cleaning frequency to optimize effectiveness of preventative maintenance cleaning to the lines most likely to spill by the end of the 4th Quarter of FY23.
12. Install AMI devices in three additional vacuum station service areas to gather system performance data and respond quickly to low-vacuum conditions by the end of the 4th Quarter of FY23.

FY23 GOALS AND OBJECTIVES

13. While striving to emit zero odors from the wastewater collections system and SWRP, work to reduce the cost of odor control chemicals by optimizing the amount of residual iron sludge discharged from the surface water treatment by the end of the 4th Quarter of FY23.
14. Monitor compliance with the Water Authority's Cross Connection Prevention and Control Ordinance. Obtain a compliance rate goal of 75% through the end of the 4th Quarter of FY23.
15. National Pollutant Discharge Elimination System (NPDES) Pretreatment Program monitors compliance with the Water Authority's Sewer Use and Wastewater Control Ordinance:
 - ❖ Monitor continuous discharge permitted industries 16 days per year or 4 days per quarter;
 - ❖ Complete 16 industrial permit inspections each quarter;
 - ❖ Complete 175 Food Service Establishment inspections each quarter; and
 - ❖ Complete 52 dental office inspections each quarter.
Report on performance and percent of Sewer Users in compliance for each category each quarter during FY23.
16. Implement the Fats, Oils, and Grease (FOG) Policy to reduce impacts on the sewer system by working with the Collections section with SSO 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 FY23.
17. Initiate a feasibility study to determine the appropriate technology and locations for new, permanent pH monitoring stations to be constructed on each of the four interceptors entering the SWRP and send real-time information to the Supervisory Controls and Data Acquisition (SCADA) systems by the end of the 4th Quarter of FY23. These stations will provide important real-time data on pH excursions that may adversely impact the SWRP treatment process, will be able to immediately identify on which interceptor the issue is occurring, and provide a continuous and high-quality historical data record for any necessary enforcement.
18. The NPDES Program will collaborate with Plant Operations to complete the monitoring, strategy determination and planning processes required to develop and submit a Mercury Minimization Plan by the end of the 2nd Quarter of FY23, as required in the permit.
19. Complete full-scale design of the Silvery Minnow habitat created by the SWRP Outfall Project by the end of the 1st Quarter of FY23. Submit required documents to receive ONRT funding to begin construction of the project by the end of the 2nd Quarter of FY23. Apply for additional funding sources (e.g., Water Trust Board, River Stewardship Program) for the construction of the project.
20. In support of the Bosque Water Reclamation Plant, identify relevant and required easements, permits, and environmental documents required for project design, construction, and operation by the end of the 2nd Quarter of FY23. Work collaboratively to develop actions, workflow, and timeline for completion of the required easements, permits, and environmental documents by the end of the 4th Quarter of FY23.

FY23 GOALS AND OBJECTIVES

Goal 3: Customer Services

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

1. Improve customer satisfaction and operational efficiency in achieving the call-center targets through the 4th Quarter of FY23:
 - ❖ Average Wait Time of less than 1:00 minute;
 - ❖ Average Contact Time of less than 4:00 minutes;
 - ❖ Abandoned Call Ratio of less than 3;
 - ❖ First Call Resolution of greater than 95%;
 - ❖ Average Call Quality of greater than 85%; and
 - ❖ Develop a metric for Dispatch Call Quality by the end of the 1st Quarter of FY23. Track and report data through the end of the 4th Quarter of FY23.
2. Improve customer satisfaction by achieving a billing accuracy ratio of less than 8 errors per 10,000 bills through the 4th Quarter of FY23.
3. Convene a Training Advisory Committee to review and approve changes to the Customer Care Training Program by the end of the 2nd Quarter of FY23.
4. Conduct a water and wastewater rate cost of service study. Evaluate water and wastewater rate structures to ensure equity within the structures. Complete an affordability study based on the 2021 EPA Financial Capability Assessment guidelines by the end of the 4th Quarter of FY23.
5. Work with customers to reduce the 60/90 delinquency rate by one-third by the end of the 4th Quarter of FY23.
6. Continue implementation of the 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 FY23.
7. Conduct 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 FY23.
8. Complete and disseminate results of the customer opinion survey by the end of the 1st Quarter of FY23.

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.

1. Expend \$64 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 FY23. \$1 million shall be dedicated and used for identifying and replacing high-risk water pipes in critical or poor condition by the end of the 4th Quarter of FY23.
2. Prepare a report on the status of the implementation of the Reclamation Rehabilitation Asset Management Plan (RRAMP) including activities completed and remaining work by the end of the 1st Quarter of FY23. Continue implementation of the RRAMP by planning, designing and constructing reclamation facility improvements through the end of the 4th Quarter of FY23.
3. Implement at least one planned Interceptor Rehabilitation project in FY23, and complete at least one interceptor design package by the 4th Quarter of FY23; Implement at least one planned Small Diameter Sanitary Sewer Rehabilitation project in FY23.

FY23 GOALS AND OBJECTIVES

4. Coordinate with Bernalillo County to design and initiate construction of a force main to convey wastewater from the Municipal Detention Center to the Water Authority collections system through the end of the 4th Quarter of FY23.
5. Work with the Navajo Nation to design and construct water conveyance infrastructure to deliver water provided by the Navajo Nation to To'Hajiilee through the end of the 4th Quarter of FY23.
6. Work with Intel to design and construct water conveyance infrastructure to deliver raw water to the Intel facility through the end of the 4th Quarter of FY23.
7. Create a Grant/Loan Funding Plan and annual Grant/Loan Funding Cycle Schedules to prioritize projects for State and Federal funding opportunities by the end of the 4th Quarter of FY23.
8. Finalize the Utility Development Guide and solicit feedback from stakeholders by the end of the 4th Quarter of FY23.
9. Review and update the Mini Work Order process to improve turn-around time by the end of the 4th Quarter of FY23.
10. Finalize Operating Plans for Centralized Engineering, Utility Development, Field, Water Resources, and Asset Management, to be used to inform/train new staff and for existing staff to use as a resource by the end of the 4th Quarter of FY23.
11. Complete a comprehensive asset management plan to understand and document the asset condition, risk assessment, remaining useful life, and replacement cost for every asset by the end of the 4th Quarter of FY23. Input this information into the enterprise asset management system and begin life cycle cost accounting.
12. Continue monitoring progress on the strategic asset management program (SAMP), with quarterly monitoring of the following metrics and associated target(s) by the end of the 4th Quarter of FY23.
 - i. Assets Inventoried, Target greater than 50%
 - ii. Asset Activity (Created, Decommissioned and Updated), Target greater than 6,500
 - iii. Assets with Purchase & Replacement Cost populated, Target greater than 5,000
 - iv. Work Orders without Assets, Target less than 25%
 - v. Assets missing Classifications & Attributes, Target less than 25%
 - vi. Assets missing required data fields, Target less than 50%
 - vii. Maximo Employee Training, Target greater than 500 hours
 - viii. Preventative Maintenance Optimization, Target greater than 30%
13. Transition existing SAMP dashboards to Microsoft Power BI by the end of the 4th Quarter of FY23. Utilizing Power BI, with the integration with Maximo and Finance Enterprise, will ease the time required to calculate KPIs.
14. Continue promoting a Culture of Security in accordance with the AWWA G430 standard within the Water Authority, by developing 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 Water Sector-Specific Plan and America's Infrastructure Act. Conduct at least 2 table-top exercises for security and cybersecurity 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 3 of the countermeasures by the end of the 4th Quarter of FY23.
15. 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 FY23. Track and measure metrics that are directly related to NIST standards. Incorporate specific standards and policies

FY23 GOALS AND OBJECTIVES

- that directly relate to the Water Authority's SCADA systems. Complete Annual Penetration (PEN) test and remediate any critical items that pose an imminent threat.
16. Continue implementation of the SCADA Master Program by migrating to a single SCADA platform utilized by multiple Operations areas. By the end of the 4th Quarter of FY23 complete the SWRP distributed control system human machine interface upgrade, Collection/Stormwater programmable logic controller replacement, new SWRP radio tower, and network refresh.
 17. Complete Information Technology (IT) projects scheduled for FY23 to include the refresh of the SCADA network and infrastructure for the SWRP by the end of the 2nd Quarter of FY23.
 - ❖ Begin installation and setup of such Infrastructure to upgrade the SWRP SCADA systems to mirror the IT infrastructure model currently installed at the Surface Water Treatment Plant by the end of the 4th Quarter of FY23.
 - ❖ Complete assessment for Data Center Location, overall Network and Security design by the end of the 1st Quarter of FY23.
 - ❖ Build in redundant network connections, Internet Service Provider (ISP) services and Telephony to accommodate a reliable and consistent set of services for both the Enterprise and Operational Technology networks by the end of the 3rd Quarter of FY23.
 - ❖ Evaluate and implement offline data storage to protect the Water Authority from cybersecurity attacks and ransomware by the end of the 1st Quarter of FY23.
 18. Establish a Service Management Office to provide governance, business relationship management, knowledge management and service level agreements; and the implementation of a Program Management Office (PMO) to provide a single point of management, control and accountability for the establishment, development, implementation and maintenance of project management standards, practices and procedures by the end of the 2nd Quarter of FY23. High level objectives for the PMO office include: implementation of a tool to properly manage projects and creating a repository for documentation.
 19. Utilizing a gap analysis and best practices review, identify current and future Geographic Information System (GIS) and Asset Management needs by the end of the 4th Quarter of FY23. Create a new GIS layer for 'Construction in Progress' by the end of the 3rd Quarter of FY23.
 20. Continue to identify opportunities to apply machine learning to assess current operations through the end of the 4th Quarter of FY23. Expand usage of Splunk data analytics tool to implement functions for cybersecurity, water quality, and/or asset management by the end of the 4th Quarter of FY23. Complete Effective Utility Management (EUM) metric automation buildout leveraging Splunk by the end of the 1st Quarter of FY23. Develop a strategy for the utilization of machine learning and analytics to predict failure of linear and vertical assets by the end of the 4th Quarter of FY23.
 21. Evaluate and assess reducing privately leased space as it applies to staffing space, asset management, relocation of the 'Map Room' and integrated network pathways that would need to be moved by the end of the 4th Quarter of FY23.
 22. 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 and Clean Water Act regulations, New Mexico Water Quality Control Commission and Environmental Improvement Board regulations, 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 FY23.
 23. Collect, monitor, and report weekly, monthly and quarterly key laboratory performance metrics to include:
 - i. Water Quality Laboratory results

FY23 GOALS AND OBJECTIVES

- approved and reported for each laboratory section (chemistry, microbiology, metals, and external labs). Maintain greater than 0.5 results reported per productive hour per quarter in each analytical section through end of the 4th Quarter of FY23.
 - ii. Laboratory Productivity (results reported per productive hour, results sent to subcontract laboratories in lieu of in-house testing). Maintain greater than 2,000 results per quarter in each analytical section through end of the 4th Quarter of FY23.
 - iii. Percentage of results reported late (turnaround time). Maintain less than 10 percent results reported late per quarter and provide quarterly results through end of the 4th Quarter of FY23.
24. Continue to develop LabVantage (“laboratory information management system”) throughout FY23 to increase the automation of data entry to reduce data entry errors and reduce the amount paper used at the laboratory. Begin developing reports in LabVantage by the end of the 4th Quarter of FY23.
25. Utilize the Environmental Monitoring Program to monitor the reliability and consistency of results from Compliance field instrumentation and sample collection techniques. Conduct at least one internal audit per year. 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 measurement. Monitor and report on corrective action response report (CARR) closure duration quarterly through the end of the 4th Quarter of FY23.
26. Maintain accreditation with the American Association for Laboratory Accreditation 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 CARR and an average completion of less than 30 days for all CARRs per fiscal year through the end of the 4th Quarter of FY23.
27. Prepare for the Revised Lead and Copper Rule to establish a system for a lead service line inventory. Identify all schools and child-care centers in the service area that will require lead monitoring and develop sample plan templates for the facilities to use to track multiple faucets by the end of the 4th Quarter of FY23. Initiate research to understand the monitoring, data requirements and expectations for corrosion control studies under the new rule.
28. Consistent with the EUM continuous improvement process, complete the biennial attribute self-assessment using the EUM Benchmarking Assessment Tool by the end of the 2nd Quarter of FY23 and incorporate findings into the FY24 goals and objectives.

FY23 GOALS AND OBJECTIVES

Goal 5: Organizational Development

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

1. Recognize at least 15% of the work force through initiatives such as employee incentive awards, on-the-spot awards, and years of service awards through the 4th Quarter of FY23.
Innovation Program by the end of the 4th Quarter of FY23. The Innovation Program will help identify new ways to seek efficiencies throughout the organization.
2. 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% or greater overall completion rate by the end of the 4th Quarter of FY23. In collaboration with our Employee Assistance Program, increase mental health awareness through quarterly trainings and presentations. Incorporate more remote wellness options for employees to participate in, including video classes and instructional videos by the end of the 4th Quarter of FY23.
7. Develop a formalized plan for remote working options within the Water Authority by the end of the 2nd Quarter of FY23.
3. Maintain an average utility-wide vacancy rate of no greater than 7% through the end of FY23. 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 FY23.
8. Augment Internal Communications via deployment of video message boards and content by the end of the 4th Quarter of FY23.
4. Continue promoting a Culture of Safety by providing a variety of job-related safety trainings, opportunities for recognition and safety communications to create awareness and promote good work practices. Track the hours of training offered and percent attendance by working group through the end of the 4th Quarter of FY23 and study the data to identify trends that could be mitigated by implementing tailored work practices, SOPs, and customized safety trainings. Reduce injury hours to 2,500 hours or less to improve productivity and reliability of services provided by employees by the end of the 4th Quarter of FY23.
9. Conduct a cost/benefit analysis of the Water Authority benefit plans by the end of the 2nd Quarter of FY23.
5. 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 FY23.
6. Consistent with the Water Research Foundation Utility Innovation Project, develop a Strategic Plan for the Water Authority's

APPROPRIATIONS BY PROGRAM

The Albuquerque Bernalillo County Water Utility Authority can be examined by program. Comparing the revised budget for FY22 with the proposed FY23 budget shows changes in the Water Authority programs, excluding the interfund transfers.

(\$000's)	AUDITED FY21	ORIGINAL BUDGET FY22	REVISED BUDGET FY22	ESTIMATED ACTUAL FY22	PROPOSED BUDGET FY23	PROP 23/ REV 22 CHG
Administration	1,823	1,797	1,797	1,581	1,839	42
Risk	5,048	5,643	5,643	5,649	5,668	25
Legal	945	799	799	868	816	17
Human Resources	1,740	1,778	1,778	1,739	1,856	78
Finance	7,525	7,984	8,045	8,641	9,569	1,524
Customer Services	4,827	5,226	5,226	4,826	5,265	39
Information Technology	9,089	8,728	8,728	8,912	9,775	1,047
Wastewater Plant	11,908	11,869	11,869	11,821	11,747	(122)
San Juan-Chama Water Treat Plant	4,162	4,570	4,570	4,439	4,790	220
Groundwater Operations	6,407	6,883	6,825	6,701	7,169	344
Wastewater Collection	7,124	7,571	7,571	7,415	7,835	264
Water Field Operations	17,980	20,729	20,726	19,704	21,100	374
Compliance	4,688	5,682	5,682	5,209	5,920	238
Central Engineering	2,953	3,178	3,178	3,171	3,432	254
Asset Management	557	601	601	589	763	162
Planning & Utility Development	551	666	700	636	824	124
Water Resources	3,177	4,643	4,609	4,422	4,652	43
Power & Chemicals	21,949	21,487	21,487	22,935	21,051	(436)
Taxes	857	656	656	948	656	-
Overhead	1,367	1,660	1,660	1,392	1,670	10
San Juan-Chama	2,522	2,747	2,747	2,682	2,747	-
Total Enterprise Appropriations	117,200	124,897	124,897	124,280	129,144	4,247

The proposed FY23 operating expenses budget, excluding the interfund transfers, contains an increase of \$4.2 million from the FY22 revised budget. Total personnel costs increase \$3.9 million. General operating costs increase \$0.3 million.

Personnel expenses for FY23 include a 2.0% step increase in wages, a 7.9% increase in health benefits costs, and a 0.5% increase in PERA pension costs. There are 6.0 additional full-time equivalent positions proposed for FY23.

Interfund transfers in FY23 increase \$0.2 million from the FY22 revised budget for the transfer to the Debt Service Fund. The increase in the debt service fund transfer reflects the schedule of principal and interest payments for FY23.

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, 2023 is projected to be \$41.0 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 increases to \$2.1 million.

The Executive Director is authorized to continue the Water Authority's partnerships with other governmental entities to support non-profit community development projects.

FY23 PROPOSED ISSUE PAPERS

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

Water Authority Proposed Issue Papers - FY23	
Fund 21 - General Fund	983,972
Financial Services	
Facilities Maintenance-Reallocate costs to department	-
Facilities Maintenance-Facility Maintenance Worker Position	81,777
ITD-Cyber Security Engineer Position-Contract Svcs Savings	-
ITD-New Annual Maintenance/Support Agreements	205,000
ITD-Reallocate SCADA to ITD	-
Plant	
SJCWTP - Asst. O/M Superintendent Position-FY22 Mid-Year	111,514
SJCWTP - Operations Training One-Time	30,000
GW Operations - Control System Operator Positions-FY22 Mid-Year	197,292
GW Operations - Operations Training One-Time	60,000
Compliance	
NPDES - Mercury Minimization Plan-On-Call Engineers One-Time	50,000
NPDES - pH Monitoring Stations - Feasibility Study One-Time	30,000
Planning & Engineering	
Asset Management - Grant Funding Administrator Position	103,389
Planning & Utility Development - Training	5,000
Water Resources	
Water Resources Planning/Various - Consolidate WR departments	-
General Government	
Increase SAF Post-Closure Reserve (reserved fund balance)	-
Tuition Reimbursement & Incentive Programs	110,000
San Juan Chama Professional Contractors Association	
Phase 2 Asset Management Plan - Revenue Offset	-
TOTAL	983,972

CHANGES IN EMPLOYMENT

The proposed budget for FY23 adds six full-time equivalent positions: Facility Maintenance Worker in Financial Services, Cyber Security Engineer in Information Technology, Assistant O/M Superintendent in San Juan-Chama Water Treatment Plant, two (2) Groundwater Control System Operators in Groundwater Operations, and Grant Funding Administrator in Asset Management. All other changes are due to staff re-assignments and program re-alignments.

	AUDITED FY21	ORIGINAL BUDGET FY22	REVISED BUDGET FY22	ESTIMATED ACTUAL FY22	PROPOSED BUDGET FY23	PROP 23/ REV 22 CHG
POSITIONS:						
Administration	7	7	7	7	7	-
Risk	5	5	5	5	5	-
Legal	1	1	1	1	1	-
Human Resources	15	15	15	15	15	-
Finance	40	42	43	43	44	1
Customer Services	51	49	49	49	49	-
Information Technology	37	38	38	38	43	5
Wastewater Plant	91	91	91	91	88	(3)
San Juan-Chama Water Treat Plant	34	34	34	35	35	1
Groundwater Operations	54	53	54	56	55	1
Wastewater Collection	64	64	64	64	64	-
Water Field Operations	150	151	149	149	149	-
Compliance	43.5	44.0	44.0	44.0	44.0	-
Central Engineering	24	24	24	24	24	-
Asset Management	5	5	5	5	6	1
Planning & Utility Development	3	3	4	4	4	-
Water Resources	13	14	13	13	13	-
TOTAL FULL-TIME POSITIONS	637.5	640.0	640.0	643.0	646.0	6.0

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), Fund 31 (Debt Service Fund), and Fund 41 (San Juan Chama Professional Contractors Association) can be found in the table below.

(\$000's)	AUDITED FY21	ORIGINAL BUDGET FY22	REVISED BUDGET FY22	ESTIMATED ACTUAL FY22	PROPOSED BUDGET FY23	PROP 23/ REV 22 CHG
<u>GENERAL FUND - 21</u>						
Administration	1,823	1,797	1,797	1,581	1,839	42
Risk	5,048	5,643	5,643	5,649	5,668	25
Legal	945	799	799	868	816	17
Human Resources	1,740	1,778	1,778	1,739	1,856	78
Finance	7,525	7,984	8,045	8,641	9,569	1,524
Customer Services	4,827	5,226	5,226	4,826	5,265	39
Information Technology	9,089	8,728	8,728	8,912	9,775	1,047
Wastewater Plant	11,908	11,869	11,869	11,821	11,747	(122)
San Juan-Chama Water Treat Plant	4,162	4,570	4,570	4,439	4,790	220
Groundwater Operations	6,407	6,883	6,825	6,701	7,169	344
Wastewater Collection	7,124	7,571	7,571	7,415	7,835	264
Water Field Operations	17,980	20,729	20,726	19,704	21,100	374
Compliance	4,688	5,682	5,682	5,209	5,920	238
Planning & Engineering	2,953	3,178	3,178	3,171	3,432	254
Asset Management	557	601	601	589	763	162
Planning & Utility Development	551	666	700	636	824	124
Water Resources	3,177	4,643	4,609	4,422	4,652	43
Power & Chemicals	21,949	21,487	21,487	22,935	21,051	(436)
Taxes	857	656	656	948	656	-
Overhead	1,367	1,660	1,660	1,392	1,670	10
San Juan-Chama	2,522	2,747	2,747	2,682	2,747	-
Trf from General Fund 21 to Rehab Fund 28	36,418	36,618	36,618	36,618	36,618	-
Trf from General Fund 21 to Debt Service Fund 31	81,815	77,815	77,815	77,815	78,000	185
Subtotal General Fund - 21	235,433	239,330	239,330	238,713	243,762	4,432
<u>CAPITAL FUNDS - 27, 28 & 29</u>						
Water 2120 Projects	137	300	3831.362	3,831	300	(3,531)
CIP Basic Rehab	101,273	75,083	210,087	210,087	72,917	(137,170)
CIP Growth	4,748	5,010	8,991	8,991	5,990	(3,001)
Subtotal Capital Funds - 27, 28 & 29	106,158	80,393	222,909	222,909	79,207	(143,702)
<u>DEBT SERVICE FUND - 31</u>						
Debt Service	83,792	81,754	81,754	81,754	88,663	6,909
Transfer to Growth Fund 29	4,000	4,000	4,000	4,000	4,000	-
Subtotal Debt Service Fund - 31	87,792	85,754	85,754	85,754	92,663	6,909
<u>SJCPCA FUND - 41</u>						
General Government	-	-	170	170	172	2
Subtotal SJCPCA Fund - 41	-	-	170	170	172	2
TOTAL	429,383	405,477	548,163	547,546	415,804	(132,359)
TOTAL WATER AUTHORITY APPROPRIATIONS	429,383	405,477	548,163	547,546	415,804	(132,359)
Interfund Adjustment	(122,233)	(118,433)	(118,433)	(118,433)	(118,618)	(185)
NET WATER AUTHORITY APPROPRIATIONS	307,150	287,044	429,730	429,113	297,186	(132,544)

APPROPRIATIONS BY FUND - DETAIL

(\$000's)	AUDITED FY21	ORIGINAL BUDGET FY22	REVISED BUDGET FY22	ESTIMATED ACTUAL FY22	PROPOSED BUDGET FY23	PROP 23/ REV 22 CHG
GENERAL FUND - 21						
100 WATER AUTHORITY:						
005 Executive Director	1,348	1,797	1,797	1,581	1,839	42
006 COO's Office	475	-	-	-	-	-
PROGRAM APPROPRIATION	1,823	1,797	1,797	1,581	1,839	42
105 RISK:						
010 Risk	5,048	5,643	5,643	5,649	5,668	25
PROGRAM APPROPRIATION	5,048	5,643	5,643	5,649	5,668	25
106 LEGAL:						
011 Legal	945	799	799	868	816	17
PROGRAM APPROPRIATION	945	799	799	868	816	17
110 HUMAN RESOURCES:						
015 Human Resources	1,740	1,778	1,778	1,739	1,856	78
PROGRAM APPROPRIATION	1,740	1,778	1,778	1,739	1,856	78
120 FINANCE:						
020 Finance	4,188	4,184	4,184	4,295	4,327	143
021 Fleet Maintenance	3,337	3,800	3,861	3,829	3,970	109
022 Facilities Maintenance	-	-	-	516	1,272	1,272
PROGRAM APPROPRIATION	7,525	7,984	8,045	8,641	9,569	1,524
130 CUSTOMER SERVICES:						
025 Customer Services & Billing	3,858	4,296	4,296	3,888	4,276	(20)
026 Dispatch Operations	970	930	930	938	989	59
PROGRAM APPROPRIATION	4,827	5,226	5,226	4,826	5,265	39
140 INFORMATION TECHNOLOGY:						
035 Information Technology	9,089	8,728	8,728	8,912	9,775	1,047
PROGRAM APPROPRIATION	9,089	8,728	8,728	8,912	9,775	1,047

APPROPRIATIONS BY FUND - DETAIL

(\$000's)	AUDITED FY21	ORIGINAL BUDGET FY22	REVISED BUDGET FY22	ESTIMATED ACTUAL FY22	PROPOSED BUDGET FY23	PROP 23/ REV 22 CHG
150 WASTEWATER PLANT:						
045 WW Cogen	1,152	1,149	1,149	1,146	1,169	20
050 WW Mechanical	4,213	4,192	4,142	4,065	4,062	(80)
055 WW Plant Operations	5,176	5,020	5,020	5,078	4,987	(33)
060 WW MDC	97	63	63	70	28	(35)
061 WW 2nd Chance Facility	0	15	15	8	15	-
065 WW SAF	1,242	1,354	1,404	1,388	1,410	6
115 South Reuse	28	76	76	66	76	-
PROGRAM APPROPRIATION	<u>11,908</u>	<u>11,869</u>	<u>11,869</u>	<u>11,821</u>	<u>11,747</u>	<u>(122)</u>
160 SJC WATER TREATMENT PLANT:						
075 San Juan-Chama Water Treatment Plant	4,101	4,500	4,500	4,352	4,720	220
100 College Arsenic Treatment	60	70	70	87	70	-
PROGRAM APPROPRIATION	<u>4,162</u>	<u>4,570</u>	<u>4,570</u>	<u>4,439</u>	<u>4,790</u>	<u>220</u>
170 GROUNDWATER SYSTEM:						
085 WA Wells, PS, Boosters, Reservoirs	4,293	4,968	4,910	4,391	4,825	(85)
090 GW Treatment	1,175	949	949	1,293	1,337	388
095 WA Control System Operators	731	748	748	752	986	238
096 SCADA	184	197	197	239	-	(197)
110 North Reuse	30	21	21	26	21	-
PROGRAM APPROPRIATION	<u>6,413</u>	<u>6,883</u>	<u>6,825</u>	<u>6,701</u>	<u>7,169</u>	<u>344</u>
180 WASTEWATER COLLECTIONS:						
120 WW Gravity	4,946	5,314	5,314	5,143	5,582	268
125 WW Lift Station Operations	2,178	2,257	2,257	2,272	2,253	(4)
PROGRAM APPROPRIATION	<u>7,124</u>	<u>7,571</u>	<u>7,571</u>	<u>7,415</u>	<u>7,835</u>	<u>264</u>
190 WATER FIELD OPERATIONS:						
130 Utility Locating	1,103	970	970	889	996	26
135 WA Distribution Lines	15,136	18,033	18,348	17,385	18,676	328
136 Meter Operations	1,741	1,726	1,408	1,430	1,428	20
PROGRAM APPROPRIATION	<u>17,980</u>	<u>20,729</u>	<u>20,726</u>	<u>19,704</u>	<u>21,100</u>	<u>374</u>

APPROPRIATIONS BY FUND - DETAIL

(\$000's)	AUDITED FY21	ORIGINAL BUDGET FY22	REVISED BUDGET FY22	ESTIMATED ACTUAL FY22	PROPOSED BUDGET FY23	PROP 23/ REV 22 CHG
200 COMPLIANCE:						
150 Laboratory	2,017	2,413	2,413	2,208	2,559	146
155 NPDES	1,343	1,780	1,780	1,560	1,901	121
160 Water Quality	1,329	1,489	1,489	1,441	1,460	(29)
PROGRAM APPROPRIATION	<u>4,688</u>	<u>5,682</u>	<u>5,682</u>	<u>5,209</u>	<u>5,920</u>	<u>238</u>
211 PLANNING & ENGINEERING:						
165 Central Engineering	2,953	3,178	3,178	3,171	3,432	254
166 Asset Management	557	601	601	589	763	162
170 Planning & Utility Development	551	666	700	636	824	124
PROGRAM APPROPRIATION	<u>4,061</u>	<u>4,445</u>	<u>4,479</u>	<u>4,396</u>	<u>5,019</u>	<u>540</u>
212 WATER RESOURCES:						
180 Water Resources Planning	1,136	1,846	1,812	1,786	2,435	623
185 Water Conservation	1,631	2,198	2,198	2,160	2,217	19
190 Groundwater Protection	410	567	567	465	-	(567)
195 Arsenic Removal	-	32	32	11	-	(32)
PROGRAM APPROPRIATION	<u>3,177</u>	<u>4,643</u>	<u>4,609</u>	<u>4,422</u>	<u>4,652</u>	<u>43</u>
220 GENERAL GOVERNMENT:						
201 Power	13,885	11,296	11,296	14,474	11,296	-
206 SJCWTP Chemicals	2,382	6,246	6,246	3,134	5,810	(436)
207 GW Chemicals	223	262	262	610	262	-
208 WW Treatment Chemicals	601	875	875	830	875	-
209 Collections Chemicals	4,858	2,808	2,808	3,887	2,808	-
PROGRAM APPROPRIATION	<u>21,949</u>	<u>21,487</u>	<u>21,487</u>	<u>22,935</u>	<u>21,051</u>	<u>(436)</u>
200 Taxes	857	656	656	948	656	-
PROGRAM APPROPRIATION	<u>857</u>	<u>656</u>	<u>656</u>	<u>948</u>	<u>656</u>	<u>-</u>
200 Overhead	900	1,260	1,260	1,044	1,270	10
205 Early Retirement	467	400	400	348	400	-
PROGRAM APPROPRIATION	<u>1,367</u>	<u>1,660</u>	<u>1,660</u>	<u>1,392</u>	<u>1,670</u>	<u>10</u>
230 SAN JUAN-CHAMA:						
215 San Juan-Chama	2,522	2,747	2,747	2,682	2,747	-
PROGRAM APPROPRIATION	<u>2,522</u>	<u>2,747</u>	<u>2,747</u>	<u>2,682</u>	<u>2,747</u>	<u>-</u>

APPROPRIATIONS BY FUND - DETAIL

(\$000's)	AUDITED FY21	ORIGINAL BUDGET FY22	REVISED BUDGET FY22	ESTIMATED ACTUAL FY22	PROPOSED BUDGET FY23	PROP 23/ REV 22 CHG
TRANSFER FROM FUND 21 TO 28						
200 General Government	36,418	36,618	36,618	36,618	36,618	-
PROGRAM APPROPRIATION	36,418	36,618	36,618	36,618	36,618	-
TRANSFER FROM FUND 21 TO 31						
200 General Government	81,815	77,815	77,815	77,815	78,000	185
PROGRAM APPROPRIATION	81,815	77,815	77,815	77,815	78,000	185
CIP FUNDS						
27 WATER 2120 PROJECTS FUND						
Water 2120 Projects	137	300	3,831	3,831	300	(3,531)
PROGRAM APPROPRIATION	137	300	3,831	3,831	300	(3,531)
28 REHAB FUND						
Basic Rehab	82,468	71,733	89,044	89,044	66,567	(22,477)
Special Projects	18,806	3,350	121,043	121,043	6,350	(114,693)
PROGRAM APPROPRIATION	101,273	75,083	210,087	210,087	72,917	(137,170)
29 GROWTH FUND						
Growth	4,748	5,010	8,991	8,991	5,990	(3,001)
PROGRAM APPROPRIATION	4,748	5,010	8,991	8,991	5,990	(3,001)
DEBT SERVICE FUND - 31						
250 DEBT SERVICE						
230 DS - NM Loans	5,407	1,132	1,132	1,132	967	(165)
240 DS - Revenue Bonds	78,386	80,622	80,622	80,622	87,696	7,074
PROGRAM APPROPRIATION	83,792	81,754	81,754	81,754	88,663	6,909
260 UEC TRANSFER						
245 DS - UEC Transfer	4,000	4,000	4,000	4,000	4,000	-
PROGRAM APPROPRIATION	4,000	4,000	4,000	4,000	4,000	-
SAN JUAN CHAMA PROFESSIONAL CONTRACTORS ASSOCIATION FUND - 41						
220 GENERAL GOVERNMENT:						
200 General Government	-	-	170	170	172	2
PROGRAM APPROPRIATION	-	-	170	170	172	2

FINANCIAL PLAN

The following table is the financial plan for Fund 21 (General Fund). The plan displays financial projections from FY22 thru FY31. 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 FY30 and FY31 is for the Bosque Non-Potable Water Reclamation Plant and Reuse System identified in the *Water 2120* Plan.

FINANCIAL PLAN

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Capital Funds										
Needs: Basic (Min 50% cash Tra	37000	37000	37000	37000	37000	37000	37000	37000	37000	37000
Increase for Rehab/Asset Mgt P	166564	32917	32350	32350	35350	38350	41350	44350	47350	50350
Growth Projects	8991	5990	4000	4000	4000	4000	4000	4000	4000	4000
Additional CIP										
Steel Line	1026	2000	1000	1000	1000	1000	1000	1000	1000	1000
AMI	5497	1000	2000	2000	2000	2000	2000	2000	2000	2000
Water 2120	3831	300	1700	1700	1700	1700	1700	1700	100000	26700
Resources:										
Beginning Bal.	71898	81215	46061	65064	29167	51270	25373	55476	29579	25382
Trf. from Operating	36618	36618	36618	36618	39618	42618	45618	48618	51618	54618
Trf. from Operating-Water 2120						10000	10000	10000	10000	10000
Trf. from Debt Service	4000	4000	4000	4000	4000	4000	4000	4000	4000	4000
Bond/Loan Proceeds	74055		56000		58000		56000		120000	52000
Water Resource Charge	435	435	435	435	435	435	435	435	435	435
Adjustments/Misc	117118	3000								
Subtotal	304124	125268	143114	106117	131220	108323	141426	118529	215632	146870
Interest on Above				1100	1100	1100	1100	1100	1100	1100
Total	304124	125268	143114	107217	132320	109423	142526	119629	216732	147970
Balance June 30	81215	46061	65064	29167	51270	25373	55476	29579	25382	26920
Debt Service Fund										
Resources:										
Interest Income		400	100	100	100	100	100	100	100	100
UECs	8000	8000	8000	8000	8000	8000	8000	8000	8000	8000
Transfer from 621	77815	78000	89722	87722	86578	75307	68688	60288	59935	52196
Adjustments/Misc										
Bg. Fund Balance	52432	52493	46230	46230	46230	46230	46230	46230	46230	46230
Total	138247	138893	144052	142052	140909	129638	123018	114618	114266	106526
Expenditures:										
Agent Fees	0	0	15	15	15	15	15	15	15	15
Trf to Capital	4000	4000	4000	4000	4000	4000	4000	4000	4000	4000
Debt Service	81754	88663	88307	86307	81163	67392	56773	48373	48020	40281
Advanced Rehab										
Adjustments/Misc							5000	5000	5000	5000
FY/26 Bond Proceeds					4000	6500	5500	5500	5500	5500
FY/24Bond Proceeds			5500	5500	5500	5500	5500	5500	5500	5500
Total	85754	92663	97822	95822	94678	83407	76788	68388	68035	60296
Fund Balance	52493	46230	46230	46230	46230	46230	46230	46230	46230	46230
Operating Fund										
Resources										
Rate Revenue	220326	232050	233210	244871	246095	252247	253509	253509	254776	254776
adj due to re-estimate										
Growth Revenue		2000	3000	3000	3000	3000	3000	3000	3000	3000
Nonrate Revenue	10543	10601	10000	10000	10000	10000	10000	10000	10000	10000
Addl Working Capital	8461									
Bg. Res over Comm	46032	40099	40988	30652	31551	29521	29576	32132	37341	38368
Total	285363	284750	287199	288523	290646	294768	296085	298640	305117	306144
Expenditures										
Labor	60849	65698	67012	68352	69719	71113	72536	73986	75466	76975
Operations Exp	61131	60162	61064	61980	62910	63854	64811	66108	67430	68778
Issue Paper		984	-170							
Incentive	300	300	300	300	300	300	300	300	300	300
Adjustments/Misc	6551									
Transf. to DS	77815	78000	89722	87722	86578	75307	68688	60288	59935	52196
Transf. to Cap. Water 2120						10000	10000	10000	10000	10000
Transf. to Cap.	36618	36618	36618	36618	39618	42618	45618	48618	51618	54618
Total	245264	243762	256546	256972	261125	265192	263953	261300	266749	264868
Operating Reserves	1986	2647	2647	2647	2647	2647	2647	2647	2647	2647
Rate Reserve	9000	9000	9000	9000	9000	9000	9000	9000	9000	9000
Resources over Comm.	29113	29341	19005	19904	17874	17929	20485	25694	26721	29629
Res over Comm w/out Res	40099	40988	30652	31551	29521	29576	32132	37341	38368	41276
Rate Increases	0.00%	5.00%	0.00%	5.00%	0.00%	2.50%	0.00%	0.00%	0.00%	0.00%
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031

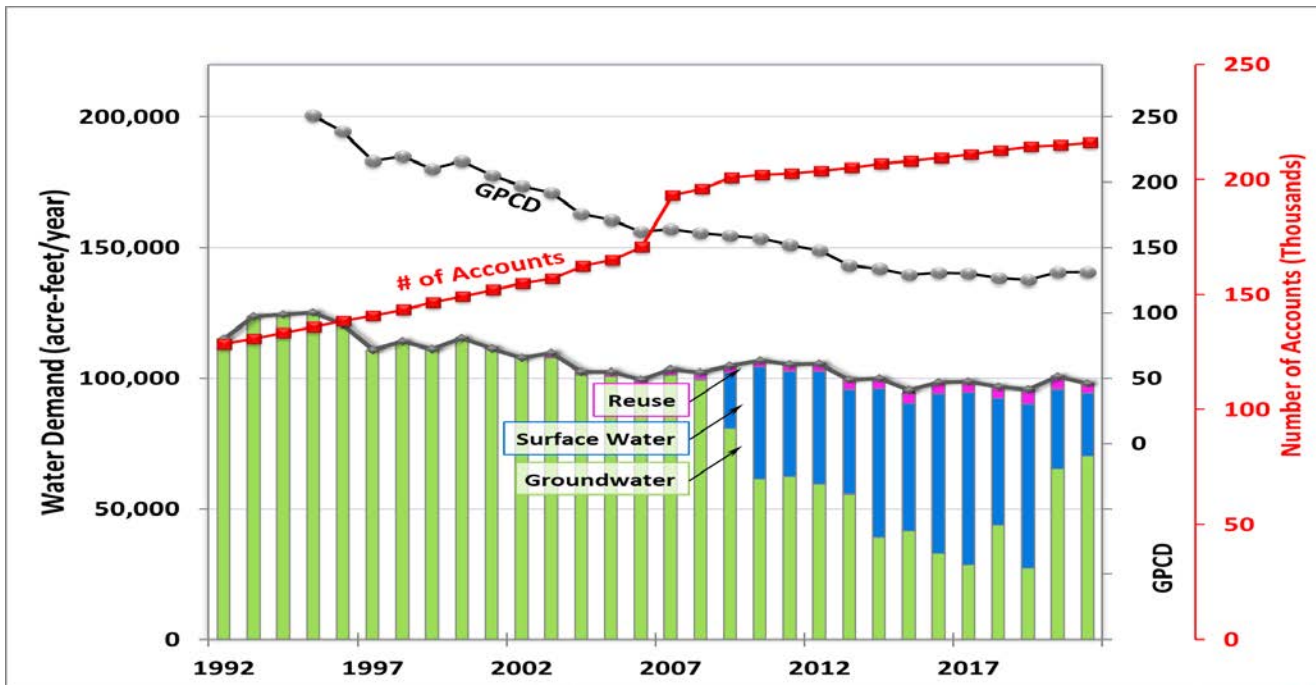
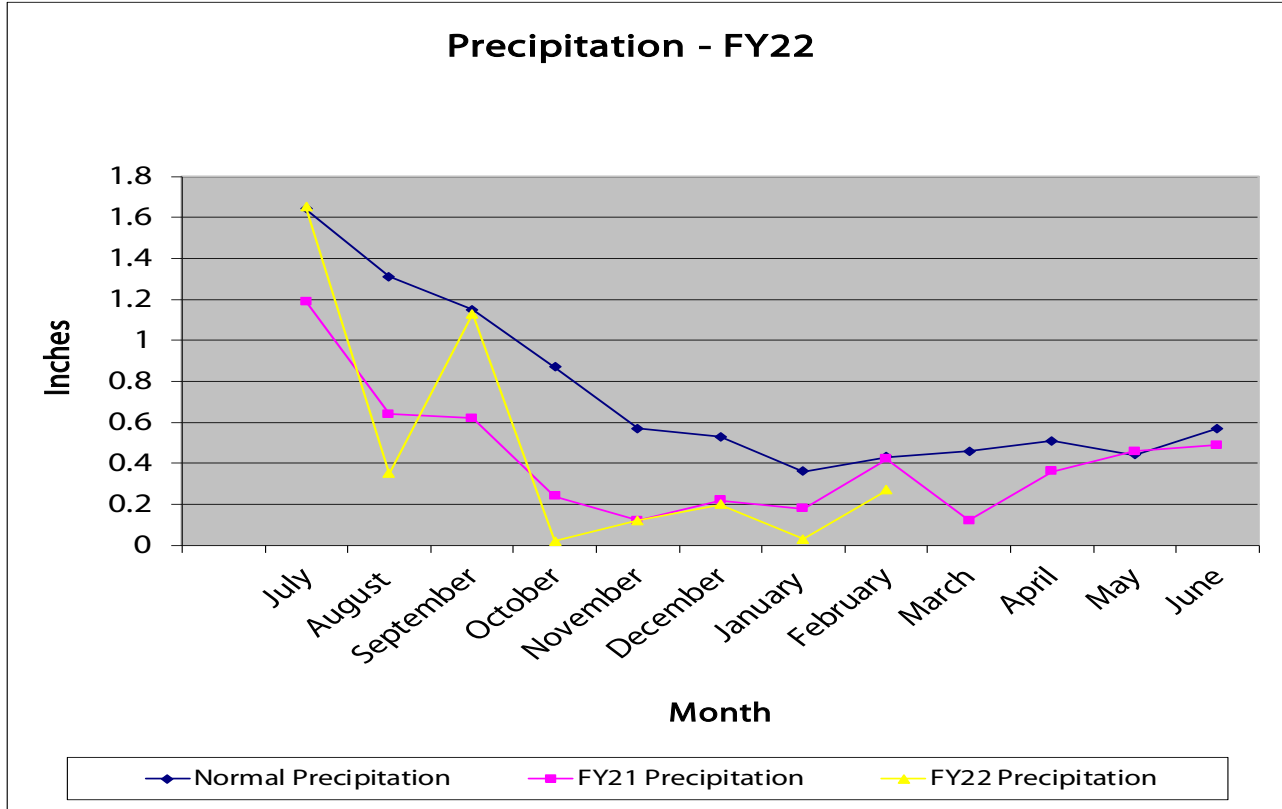


REVENUE OUTLOOK

*Proposed
Operating Budget
FY23*

PRECIPITATION HISTORY & WATER USE TRENDS

A history of the precipitation for FY21 and FY22 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 as well as a chart of the water use trends.



REVENUE OUTLOOK

The Water Authority's revenue projections are summarized in the three tables included in this section. Table 1, General Fund 21, presents the operating budgeted revenue for FY23 as compared to budget FY22. Table 2, Capital Funds 27, 28, 29, Table 3, Debt Service Fund 31, and Table 4, San Juan Chama Professional Contractors Association Fund 41 provide for the same comparison as Table 1. For FY21, the actual audited results are reported, and for FY22, budgeted revenues and estimated actuals are reported as well.

Total Water Authority General Fund revenues for FY22 are projected to be \$230.9 million. The system has seen minimal growth in the service area.

Budgeted General Fund revenues for FY23 are \$244.7 million, representing an increase of \$5.4 million from the FY22 Revised Budget amount, due to a rate revenue adjustment in FY23. FY23 revenues include an addition of \$1.0 million from the General Fund Working Capital balance.

TABLE 1 - GENERAL FUND 21

(\$000's)	AUDITED FY21	ORIGINAL BUDGET FY22	REVISED BUDGET FY22	ESTIMATED ACTUAL FY22	PROPOSED BUDGET FY23	PROP 23/ REV 22 CHG
RESOURCES:						
Rate Revenue						
Water Service	104,253	90,578	90,578	90,578	96,107	5,529
Water Facilities Rehab	37,760	32,402	32,402	32,402	34,022	1,620
Wastewater Service	42,006	64,869	64,869	64,869	69,112	4,243
Wastewater Facilities Rehab	34,321	27,602	27,602	27,602	28,982	1,380
Contr/Aid/Hookups	366	375	375	375	375	-
Water Resources Management	4,372	4,500	4,500	4,500	4,500	-
Total Rate Revenue	223,078	220,326	220,326	220,326	233,098	12,772
Other Revenue						
Solid Waste Admin Fee	1,673	1,761	1,761	1,761	1,705	(56)
DMD Admin Fee	350	373	373	373	487	114
Interest on Investments	214	500	500	500	500	-
PNM Pass Thru	-	-	-	-	-	-
Miscellaneous Revenue	2,486	7,909	7,909	7,909	7,909	-
Total Other Revenue	4,722	10,543	10,543	10,543	10,601	58
Total Current Resources	227,800	230,869	230,869	230,869	243,699	12,830
Add from Working Capital	-	8,461	8,461	8,461	1,000	(7,461)
Total Revenue	227,800	239,330	239,330	239,330	244,699	5,369
Beginning Working Capital Balance	54,913	46,032	46,032	46,032	40,099	(5,933)
TOTAL RESOURCES	510,513	524,692	524,692	524,692	529,498	4,805

REVENUE OUTLOOK

The revenue from the transfers from other funds for FY23 in the Capital Funds is projected to be the same as for FY22. The \$3.0 million in Miscellaneous revenue is from the Intergovernmental Agreement with Bernalillo County.

TABLE 2 - CAPITAL FUNDS 27, 28, 29

(\$000's)	AUDITED FY21	ORIGINAL BUDGET FY22	REVISED BUDGET FY22	ESTIMATED ACTUAL FY22	PROPOSED BUDGET FY23	PROP 23/ REV 22 CHG
RESOURCES:						
Bond/Loan Proceeds	1,919	-	87,499	87,499	-	(87,499)
Grants/Loans	1,599	-	56,674	56,674	-	(56,674)
Water Rights/Water Resource Charges	2,423	435	935	935	-	(935)
Miscellaneous	24	-	46,500	46,500	3,000	(43,500)
Total Revenues	5,965	435	191,608	191,608	3,000	(188,608)
Transfer from Other Funds:						
General Fund - 21	36,418	36,618	36,618	36,618	36,618	-
Debt Service Fund - 31	4,000	4,000	4,000	4,000	4,000	-
Total Transfers	40,418	40,618	40,618	40,618	40,618	-
Total Current Resources	46,383	41,053	232,226	232,226	43,618	(188,608)
Beginning Fund Balance	144,180	71,898	71,898	71,898	81,215	9,317
TOTAL RESOURCES	190,563	112,951	304,123	304,124	124,833	(179,290)

REVENUE OUTLOOK

The FY23 Expansion Charges revenue will remain the same as FY22. The transfer from the General Fund will increase \$0.2 million in FY23.

TABLE 3 - DEBT SERVICE FUND 31

(\$000's)	AUDITED FY21	ORIGINAL BUDGET FY22	REVISED BUDGET FY22	ESTIMATED ACTUAL FY22	PROPOSED BUDGET FY23	PROP 23/ REV 22 CHG
RESOURCES:						
Bond Proceeds	47,800	-	-	-	-	-
Miscellaneous Revenues	464	-	-	372	-	-
Expansion Charges (UEC)	9,060	8,000	8,000	8,000	8,000	-
Total Revenues	57,324	8,000	8,000	8,372	8,000	-
Transfer from Other Funds:						
General Fund - 21	81,815	77,815	77,815	77,815	78,000	185
Total Transfers	81,815	77,815	77,815	77,815	78,000	185
Total Current Resources	139,139	85,815	85,815	86,187	86,000	185
Beginning Fund Balance	49,731	52,432	52,432	52,432	52,493	61
TOTAL RESOURCES	188,870	138,247	138,247	138,619	138,493	246

REVENUE OUTLOOK

The \$0.2 million revenue increase for FY23 in the San Juan Chama Professional Contractors Association Fund is for the Phase 2 Asset Management Plan special assessment.

TABLE 4 - SAN JUAN CHAMA PROFESSIONAL CONTRACTORS ASSOCIATION FUND 41

(\$000's)	AUDITED FY21	ORIGINAL BUDGET FY22	REVISED BUDGET FY22	ESTIMATED ACTUAL FY22	PROPOSED BUDGET FY23	PROP 23/ REV 22 CHG
RESOURCES:						
Administration Fees	-	-	46	46	40	(6)
Special Assessments	-	-	124	124	132	8
Total Revenues	-	-	170	170	172	2
Total Current Resources	-	-	170	170	172	2
Beginning Fund Balance	-	-	-	-	-	-
TOTAL RESOURCES	-	-	170	170	172	2

ECONOMIC OUTLOOK

The following is based on the January 2022 forecast 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 50%. The key assumptions include:

- ❖ Gross Domestic Product (GDP) growth rises 5.7% in 2021; growth slows to 4.1% in 2022 and 2.5% in 2023
- ❖ Consumer Spending jumps 8.0% in 2021; slows to 3.6% in 2022 and 2.2% in 2023
- ❖ Business Fixed Investment jumps 7.4% in 2021; remains strong at 5.8% in 2022 and 4.4% in 2023
- ❖ Housing starts rise to 1.59 million starts in 2021; slip to 1.48 million in 2022 and 1.33 million in 2023
- ❖ Exports recover 4.0% in 2021 and 5.6% in 2022 and rise 8.0% in 2023
- ❖ Fiscal Policy forecast includes \$1.9 trillion ARP; income support drops from \$2.7 trillion in 1st half of 2021 to \$0.7 trillion in 2nd half. Includes Infrastructure & Jobs Act
- ❖ Monetary Policy Federal Reserve keeps the federal funds rate at the zero bound until May 2022; taper of asset purchases concludes in March 2022
- ❖ Credit Conditions eased in 2021 and remain stabilized in 2022-2023
- ❖ Productivity Growth slips to 1.7% in 2021, slowing to 0.8% in 2022 and picks up to 1.9% in 2023
- ❖ Consumer Confidence falls in Q4 of 2021 before a steady rise takes it close to pre-pandemic levels by late 2022
- ❖ Oil Prices have Brent crude oil rises from \$42/barrel in 2020 to \$71 in 2021, \$75 in 2022, \$71 in 2023
- ❖ Stock Markets -the year-end value of the S&P 500 rose 16.3% in 2020; rises 27.4% in 2021 before falling 1.3% in 2022 and 1.0% in 2023
- ❖ Inflation Consumer Price Index (CPI) is 3.3% in 2021, 3.7% in 2022, and 2.2% in 2023
- ❖ Foreign Growth Eurozone growth rises 5.2% in 2021 and 3.7% in 2022, while China's growth rises to 8.1% in 2021 and slows to 5.5% in 2022
- ❖ US Dollar real dollar appreciates through early 2022 before gently falling through the end of the forecast horizon

Pessimistic Scenario

This scenario reflects a probability of 30%. The key assumptions include:

- ❖ Gross Domestic Product (GDP) rises 5.6% in 2021; slows to 2.7% in 2022 and 2.5% in 2023
- ❖ Consumer Spending rises 8.0% in 2021, before slipping to 2.3% in 2022 and 2.5% in 2023
- ❖ Business Fixed Investment grows 7.3% in 2021, 3.6% in 2022 and 4.4% in 2023
- ❖ Housing starts rise from 1.40 million in 2020 to 1.58 million in 2021 but fall to 1.36 million in 2022 and 1.24 million in 2023
- ❖ Exports grow 4.0% in 2021, 2.6% in 2022, and 6.6% in 2023
- ❖ Fiscal Policy has the same assumptions as in the baseline
- ❖ Monetary Policy Federal Reserve keeps the federal funds rate at the zero bound until late 2025
- ❖ Credit Conditions remain slightly tighter than in baseline
- ❖ Productivity Growth decreases to 1.7% in 2021 and 0.5% in 2022 and picks up to 1.5% in 2023

ECONOMIC OUTLOOK

- ❖ Consumer Confidence remains below the baseline over the entire forecast interval
- ❖ Oil Prices have Brent crude oil averages at \$71/barrel in 2021, \$72 in 2022, and \$69 in 2023
- ❖ Stock Markets - the S&P 500 rises 27.4% in 2021 then falls 5.7% in 2022 and 1.4% in 2023
- ❖ Inflation Consumer Price Index (CPI) is 3.3% in 2021, slows to 3.0% in 2022 and 1.0% in 2023
- ❖ Foreign Growth – the global economy continues to suffer COVID-19 related setbacks
- ❖ US Dollar real dollar rises slightly through the early months of 2022 before decreasing slowly

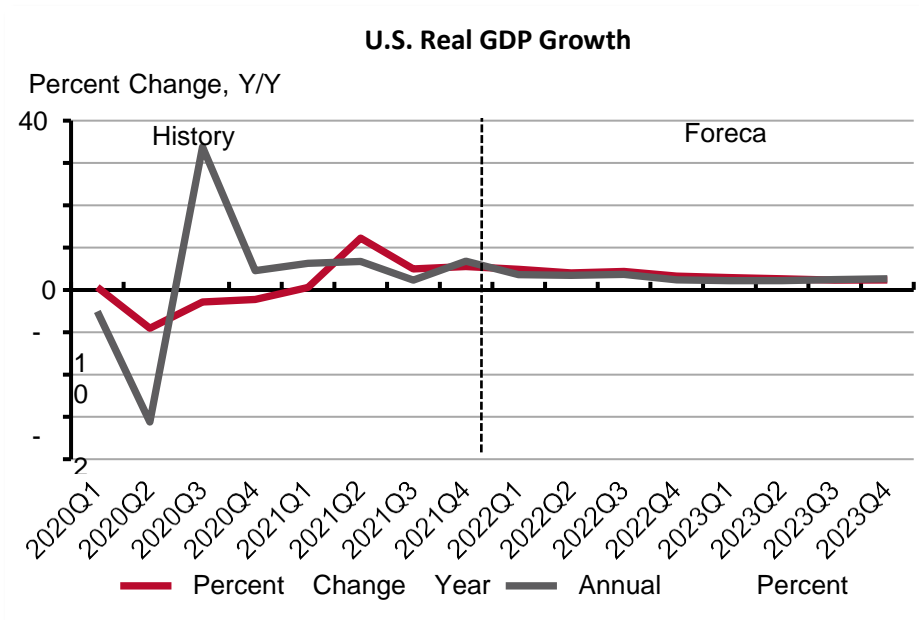
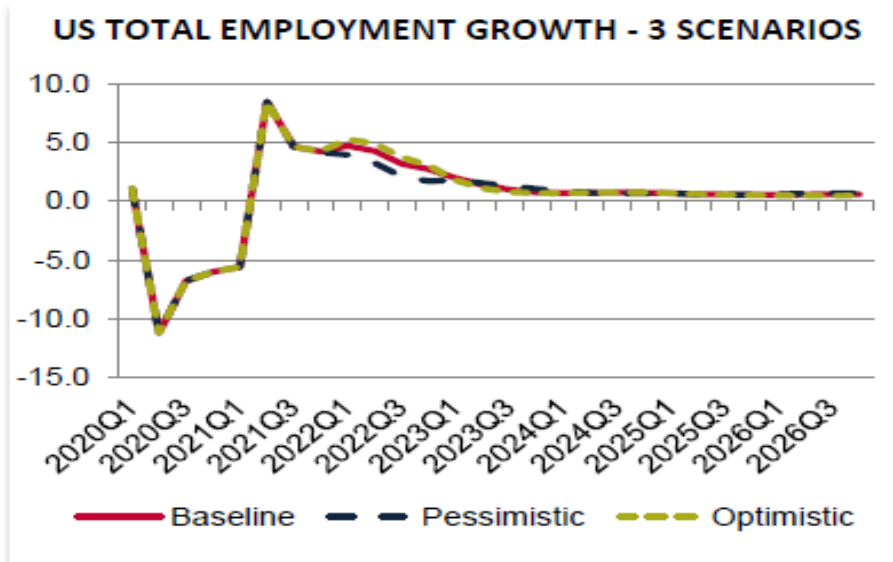
Optimistic Scenario

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

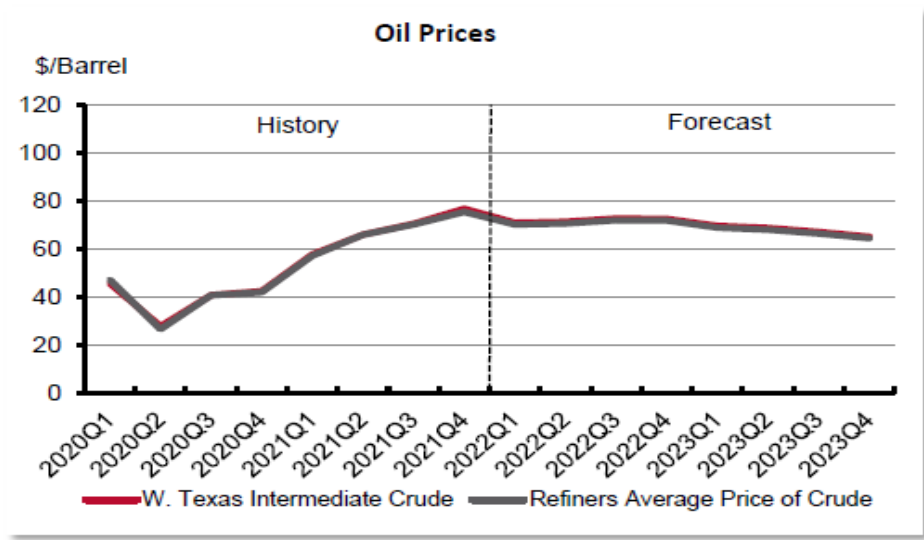
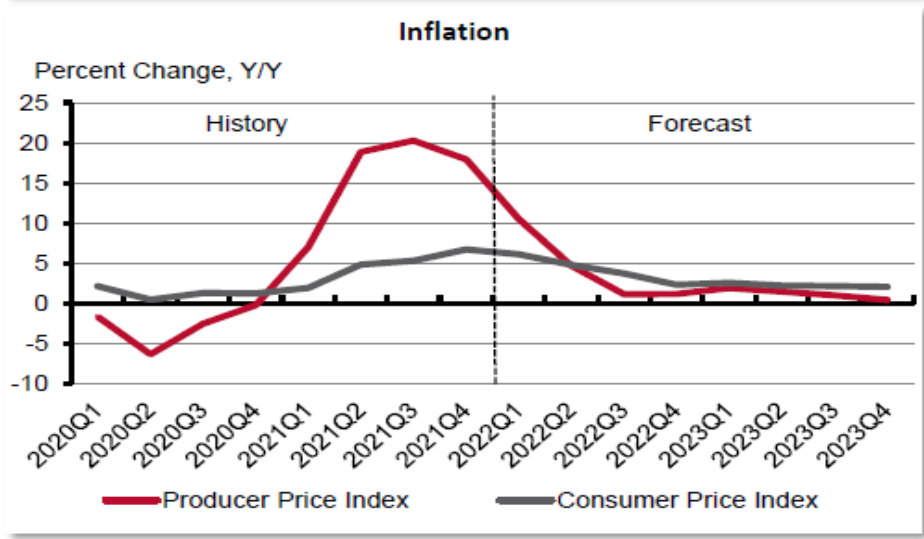
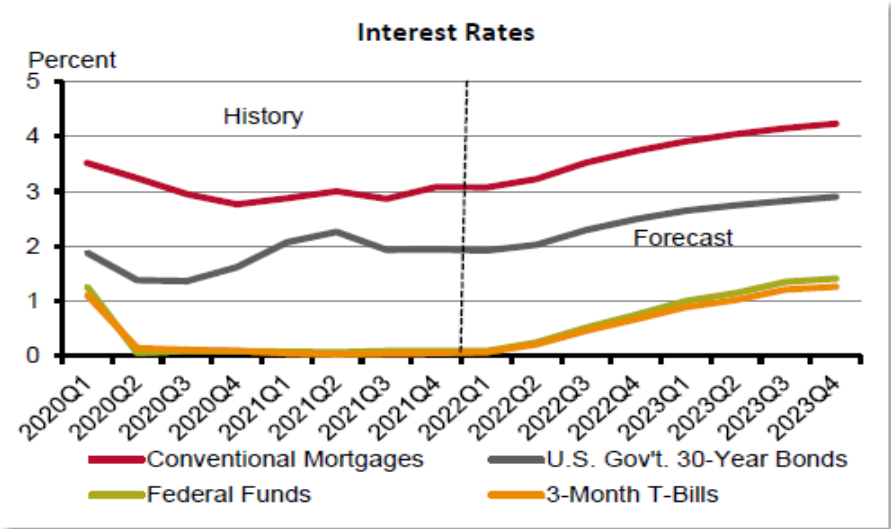
- ❖ Gross Domestic Product (GDP) rises 5.7% in 2021, 5.8% in 2022 and 3.3% in 2023
- ❖ Consumer Spending rises 8.1% in 2021 and 5.4% in 2022 before easing to 3.2% growth in 2023
- ❖ Business Fixed Investment rises 7.5% in 2021, 5.9% in 2022 and 6.4% in 2023
- ❖ Housing starts grow from 1.40 million in 2020 to 1.59 million in 2021 before settling back to 1.51 million in 2022 and 1.37 million in 2023
- Exports rise 4.1% in 2021, 6.8% in 2022 and 8.0% in 2023
- ❖ Fiscal Policy forecast shows consumers spend stimulus income to a greater degree than in the baseline
- ❖ Monetary Policy Federal Reserve raises the rate at the start of 2022 in response to sustained inflation well above 2%
- ❖ Credit Conditions are slightly looser than in the baseline
- ❖ Productivity Growth falls to 1.8% in 2021 before rising by 1.7% in 2022 and 3.0% in 2023
- ❖ Consumer Confidence outperforms baseline over the entire forecast interval
- ❖ Oil Prices have Brent crude oil averages at \$71 in 2021, and \$81 in 2022 and \$73 in 2023
- ❖ Stock Markets -the S&P 500 rises 27.4% in 2021 and 5.8% in 2022 before a decline of 2.1% in 2023
- ❖ Inflation Consumer Price Index (CPI) inflation was 3.3% in 2021 and 3.9% in 2022, slowing to 2.5% in 2023 in response to increased interest rates
- ❖ Foreign Growth global economy recovers more quickly than in the baseline
- ❖ US Dollar strengthens slightly more than in the baseline

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 2022 provides the forecast of the Albuquerque economy that is presented in the following section.

Albuquerque MSA Employment

In this forecast, employment data (QCEW) for the second calendar quarter of 2021 was released by the New Mexico Department of Workforce Solutions (NMDWS). After four consecutive quarters of year-over-year losses from 2020Q2 to 2021Q1, the Albuquerque MSA added 25,457 jobs year-over-year in 2021Q2 (7.4%). Though gains in the most recent quarter were large on a year-over-year basis, the MSA is still down about 16,000 jobs compared to the same quarter two years earlier (in 2019Q2). In other words, only about 61% of the jobs lost at the start of the pandemic in 2020Q2 have been recovered.

Moving on to calendar year 2022, FOR-UNM projects that the MSA will add 11,428 jobs (3.1%). In the year, the private sector is projected to add 9,915 jobs (3.4%) and the government sector should add 1,513 jobs (2.1%).

Private sector gains are projected for nearly every sector. As the economy moves ahead, the largest gains will be had not only in industries with the largest number of employees and in industries hit the hardest by the pandemic, but also in industries well-situated for growth.

As accommodation & food services continues to dig itself out of a deep hole, that industry should add 2,644 jobs (8.1%). Meanwhile, arts, entertainment & recreation, the other piece of the leisure & hospitality super-sector, should add around 496 jobs (13.1%). Despite solid growth in 2022 (combined for leisure & hospitality 8.6%), and after modest growth a year earlier (projected 5.4% in 2021), employment in leisure & hospitality is only projected to be about 89% of the level seen prior to the pandemic.

Healthcare & social assistance, the largest single industry in terms of employment, is projected to add 1,639 jobs (2.9%) in 2022. This industry, which

contracted by 2.4% in 2020 (for the industry's first annual contraction since at least 1990), more than made up for the losses in 2021 (2.8%). Growth in 2022 should keep pace.

Professional & technical services, on the other hand, did not contract in 2020 and is projected to have expanded by 2.2% in 2021. In 2022, growth should accelerate further as the industry adds about 1,283 jobs (3.8%). Construction only contracted by 1.1% in 2020, but strong growth in 2021 (projected 4.2%) will recover all of the lost jobs – and then some. The positive trajectory in the industry should continue in 2022 (854 jobs, 3.4%).

Administrative & waste services fell hard in 2020 (-10.6%) as temporary workers were some of the first to be let go at the start of the pandemic. Some of those jobs were recovered in 2021 (projected 2.5%) and about 816 jobs (3.4%) additional jobs should be added in 2022. Despite solid gains in 2021 and 2022, however, employment in this industry will still be some 1,350 jobs below the pre-pandemic peak.

Although the manufacturing industry has seen a few good years recently (3.0% in 2018 and 3.2% in 2019), the manufacturing industry has experienced a longer-term downward trend since the early 2000's. Contraction in 2020 (-4.4%) returned the series to its long-term trend. Some jobs were probably recovered in 2021 (projected 2.6%) and with expansion at places such as Intel and Bueno Foods, the industry should continue to expand in 2022.

Other industries that should add a substantial number of jobs in 2022 include transportation & warehousing (451 jobs, 5.2%); finance & insurance (317 jobs, 2.5%); other services (251 jobs, 2.8%); and wholesale trade (208 jobs, 1.9%).

Also adding jobs in 2022 will be educational services (171 jobs, 3.4%); real estate, rental & leasing (138 jobs, 2.7%); management of companies & enterprises (101 jobs, 2.7%); information (43 jobs, 0.9%); and mining (8 jobs, 3.6%).

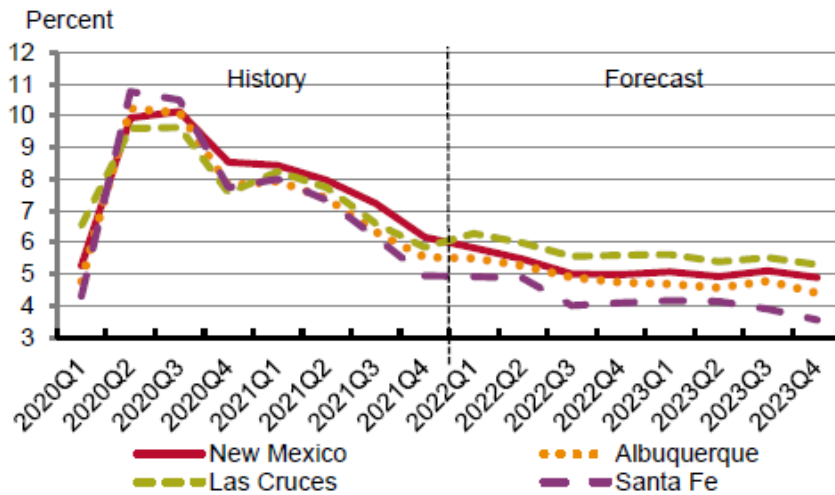
The only industries projected to shed jobs in the year include retail trade (-112 jobs, -0.3%); agriculture (-36 jobs, -6.1%); and utilities (-1 jobs, -0.1%).

ALBUQUERQUE ECONOMIC OUTLOOK

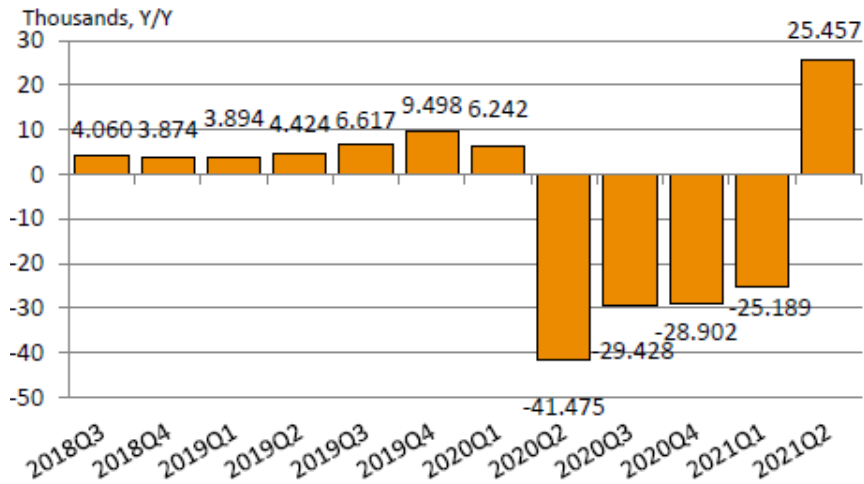
Government will begin to add jobs in aggregate in 2022 (1,513 jobs, 2.1%) after falling in 2020 (-2,478 jobs, -3.2%) and 2021 (-1,405 jobs, -1.9%). Local government will lead the way and add 1,474 jobs

(4.1%), especially as tribal businesses continue to backfill jobs lost to the pandemic and state government, with an excellent funding outlook, will add 214 jobs (0.9%). Federal government, on the other hand, will bring down the total (-174 jobs, -1.2%).

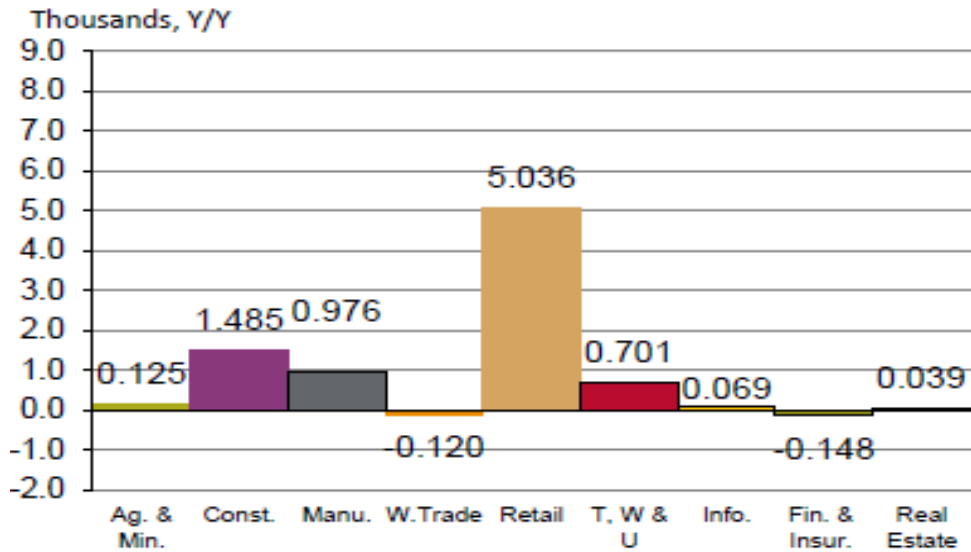
Unemployment Rates - NM & Metros



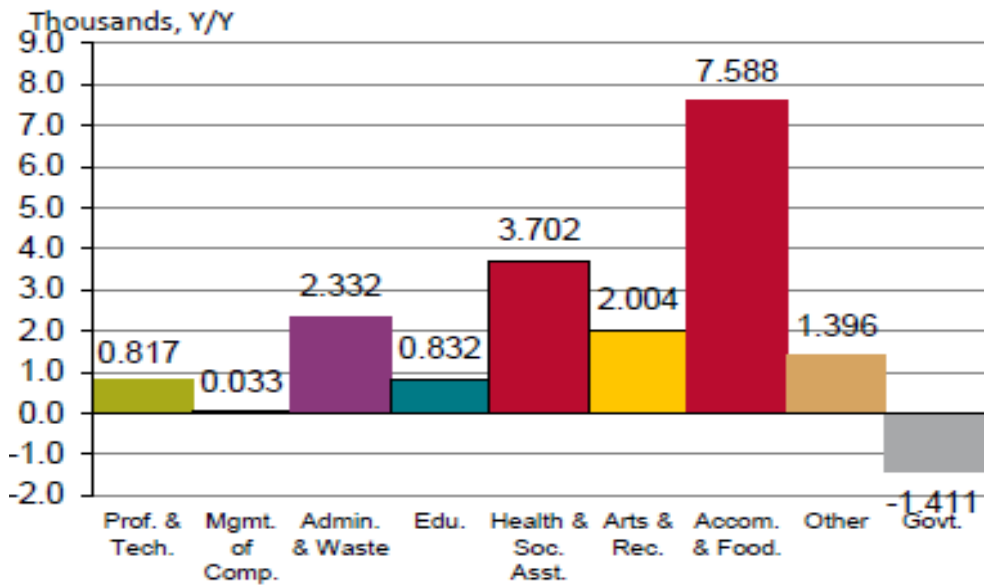
ABQ MSA TOTAL JOB ADDITION BY QUARTER



ABQ. MSA JOB ADDITION BY SECTOR: 2020Q2 - 2021Q2



ABQ. MSA JOB ADDITION BY SECTOR: 2020Q2 - 2021Q2





CAPITAL BUDGET

*Proposed
Operating Budget
FY23*

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 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. FY23 is the second year of the two-year planning element included in the FY22 – FY31 Decade Plan approved by the board in April 2021.

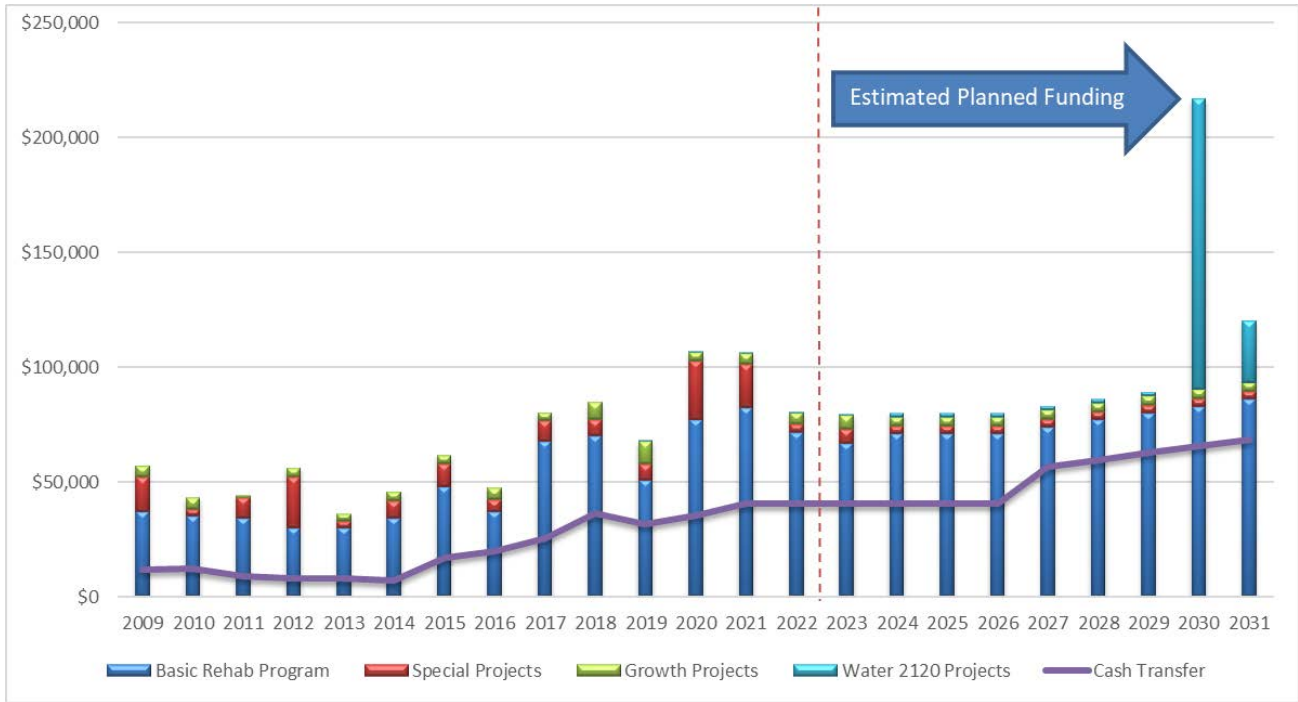
The full plan is available to view on the Water Authority's website at the following link:

<https://www.abcwua.org/your-water-authority-finances/>



CAPITAL BUDGET

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



CAPITAL BUDGET

Decade Plan FY 2022 - 2031: Summary of Projects												
Category		Projected Fiscal Year Revenue by Category (\$1000's)										
No.	Category Descriptions	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total
Priority Renewal Projects:												
100	Sanitary Sewer Pipelines	12,150	15,500	23,906	27,605	30,264	27,600	31,600	34,600	48,600	51,600	303,425
200	Drinking Water Pipelines	6,475	6,150	11,275	11,475	11,225	11,225	11,225	11,225	11,225	11,225	102,725
300	Southside Water Reclamation Plant	27,750	19,150	14,100	11,150	6,650	6,500	7,500	14,000	6,500	6,500	119,800
400	Soil Amendment Facility (SAF)	50	350	50	50	50	50	50	50	50	50	800
500	Lift Station and Vacuum Station	1,548	3,420	2,020	1,420	1,420	1,780	1,420	1,150	1,150	1,150	16,478
600	Odor Control Facilities	200	50	850	50	50	50	50	50	50	50	1,450
700	Drinking Water Plant: Groundwater	7,850	7,775	5,792	10,206	14,929	22,474	20,606	17,190	14,630	13,056	134,508
800	Drinking Water Plant: Treatment	1,875	5,000	5,450	3,350	3,350	1,350	1,250	1,150	1,150	1,150	25,075
900	Reuse Line and Plant	1,800	200	200	200	200	200	200	200	200	200	3,600
1000	Compliance	365	365	365	365	365	365	365	365	365	365	3,650
1100	Shared Renewal	4,482	4,686	3,051	3,294	3,468	3,628	2,475	390	140	390	26,004
1200	Franchise Agreement Compliance	4,200	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	40,200
1300	Vehicles and Heavy Equipment	2,988	2,921	2,941	3,835	4,029	3,778	5,259	4,630	3,940	5,264	39,584
Total Priority Renewal Projects		71,733	69,567	74,000	77,000	80,000	83,000	86,000	89,000	92,000	95,000	817,300
Water 2120 Projects:												
8000	All Water 2120 Projects	300	300	1,700	1,700	1,700	1,700	1,700	1,700	126,700	26,700	164,200
Total Water 2120 Projects		300	300	1,700	1,700	1,700	1,700	1,700	1,700	126,700	26,700	164,200
Special Projects:												
9400	All Special Projects	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350	33,500
Total Special Projects		3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350	33,500
Priority Growth Projects:												
2400	Land and Easement Acquisition	10	10	10	10	10	10	10	10	10	10	100
2700	Development Agreements	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	12,500
2800	MIS/GIS	3,425	4,430	2,490	2,410	2,450	2,490	2,450	2,410	2,490	2,490	27,535
3100	Master Plans	75	50	-	80	40	-	40	80	-	-	365
3200	Miscellaneous	250	250	250	250	250	250	250	250	250	250	2,500
Total Priority Growth Projects		5,010	5,990	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	43,000

CAPITAL BUDGET

Operating Cost/Saving Impacts

The potential operating cost/saving impacts of the projects are listed on the Project Summary Sheets in the FY22 – FY31 Decade Plan.

Policy for the Budget Development, Monitoring and Amendment of the Capital Improvement Program

The development and update of the Capital Improvement Program (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.

FY23 Water Authority Capital Improvement Program Budget

The FY23 capital program appropriation totals \$79.2 million. \$66.5 million is appropriated for the level one priority basic capital programs, \$6.0 million for growth related projects, \$6.4 million for special projects, and \$0.3 million from the Water Resource Charge revenue. There are no appropriations in the proposed FY23 CIP budget for projects that will be funded with revenues from FY24 or later.

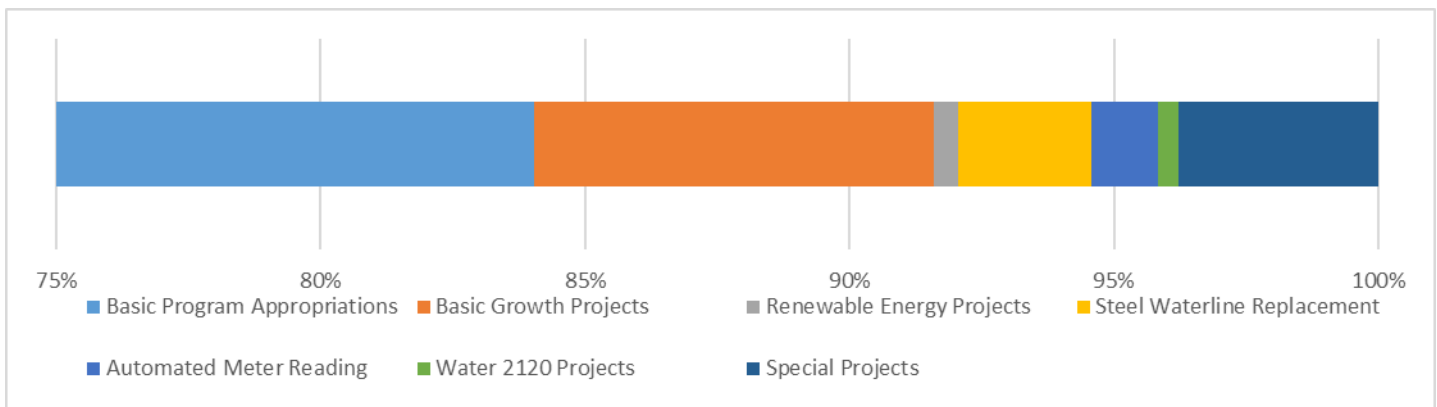
The current Rate Ordinance requires no less than \$30.0 million for Basic rehabilitation program.

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

Demonstrated in the table and charts on the following page, are planned improvements listing of all the priority renewal projects, special projects, and growth-related projects. (\$000's).

CAPITAL BUDGET

	FY20 Actual	FY21 Actual	FY22 Budget	FY23 Budget
Project Description	(000's)	(000's)	(000's)	(000's)
Basic Program Appropriations:				
Sanitary Sewer Pipeline Renewal	\$ 12,064	\$ 17,517	\$ 12,150	\$ 12,500
Drinking Water Pipeline Renewal	8,450	6,678	6,475	6,150
Southside Water Reclamation Plant Renewal	22,084	31,754	27,750	19,150
Soil Amendment Facility (SAF) Renewal	117	497	50	350
Lift Station and Vacuum Station Renewal	7,474	4,856	1,548	3,420
Odor Control Facilities Renewal	475	53	200	50
Drinking Water Plant Groundwater System Renewal	10,091	9,063	7,850	7,775
Drinking Water Plant Treatment Systems Renewal	6,430	5,294	1,875	5,000
Reuse Line and Plant Rehab	211	407	1,800	200
Compliance	430	130	365	365
Shared Renewal	108	1,430	4,482	4,686
Franchise Agreement Compliance	4,942	3,614	4,200	4,000
Vehicles and Heavy Equipment	4,104	1,174	2,988	2,921
Level 1 Priority Renewal Projects Total	\$ 76,980	\$ 82,467	\$ 71,733	\$ 66,567
Special Projects:				
Steel Waterline Rehab	\$ 1,294	\$ 680	\$ 1,000	\$ 2,000
Automated Meter Infrastructure (AMI)	1,584	1,988	2,000	1,000
Renewable Energy Projects	552	115	350	350
Issuance Costs	665	341	-	-
Miscellaneous	21,625	15,682	-	3,000
Special Projects Total	\$ 25,720	\$ 18,806	\$ 3,350	\$ 6,350
Combined Level 1 Priority Renewal and Special Projects Total	102,700	101,273	75,083	72,917
Growth Projects:				
Drinking Water Plant Facilities Growth	\$ 240	\$ -	\$ -	\$ -
Land & Easement Acquisition	2	39	10	10
Development Agreements	443	1,499	1,250	1,250
Management Information Systems/Geographical Information Systems (MIS/GIS)	2,974	3,014	3,425	4,430
Master Plans	225	165	75	50
Miscellaneous Growth	44	31	250	250
Level 1 Priority Growth Projects Total	\$ 3,928	\$ 4,748	\$ 5,010	\$ 5,990
Water 2120 Plan	45	137	300	300
Grand Total	\$ 106,673	\$ 106,158	\$ 80,393	\$ 79,207



CAPITAL BUDGET

FY23 Project Highlights

The Water Authority CIP includes projects to improve the overall efficiency of the Water Authority and to enhance the Water Authority's ability to provide services to its customers. The projects included in this CIP are intended to accomplish these objectives in the most efficient and cost-effective manner.

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.

The Water Authority intends to enhance the water and sewer infrastructure with several targeted projects included in the 2022-2031 Decade Plan. Some of the major projects are listed below:

- ✓ Inspection and Rehabilitation of Steel Waterlines
- ✓ Upgrade of Automatic Metering Infrastructure (AMI)
- ✓ Improvements to Information Technology to include Supervisory Control and Data Acquisition (SCADA) system replacement at Plant facilities
- ✓ Sanitary Sewer Pipeline Renewal
- ✓ Small and Large Diameter Water Pipeline Renewal
- ✓ Southside Water Reclamation Plant Facility Renewal
- ✓ Groundwater System Renewal
- ✓ San Juan-Chama Drinking Water Plant System Renewal

Some of the major project details 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 FY23 budget reflects an increase of \$3.3 million from FY22 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.

Replacing whole segments aged pipe will reduce ongoing operation and maintenance costs. If aging pipeline is not replaced, the impact of emergency response will increase for these repairs and multiple leaks will occur in the same segment of pipe. This program will provide funding for evaluation, planning, design, construction, and related activity necessary for the rehabilitation or replacement of water lines that have deteriorated and are past the useful life.

At the Southside Water Reclamation Plant (SWRP), funding will continue to be used to rehabilitate and make improvements to the existing Digesters. Construction consists of cover replacement coatings for Digester 10, as well as piping gallery adjustments between Digesters 4-6. At the Primary Clarifiers 1-4, odor control rehabilitation will require to cover 1-4 for future operational flexibility and to meet the ultimate SWRP design flowrate. Lastly, The SWRP landscaping will be significantly improved by installing new access gates, create privacy, create attractive visual landscaped berms, and increase security at the critical centralized SWRP facility.

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 Finance Enterprise (formerly known as 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.

CAPITAL BUDGET

In FY22, the Water Authority finalized a subrecipient agreement for the purpose of carrying out a portion of Bernalillo County's American Rescue Plan Act (ARPA) Recovery Funds. The listed projects below will continue in FY23 not to exceed \$58,816,573 in Federal assistance and will assist the County in utilizing such funds.

1. Carnuel Sewage Collection System (\$3,845,000) – Funding will be used for construction of a force main system that will provide sewer service to Carnuel residents and has a direct positive community impact and reduction in groundwater pollution (eliminates septic systems). The Water Authority has received \$155,000 in Capital Outlay funding through the State of NM. ARPA funding will be used for the construction phase.
2. MDC Water & Sewer Improvements (\$4,200,000) – Funding will be used to install a lift station and force main at the MDC facility for improved sewer service. This will eliminate potential compliance violations and costly operations and maintenance for the existing on-site lagoon treatment system.
3. Mesa del Sol Non-Potable Reuse Booster Pump & Reservoir (4,896,536) – Funding will be used to design and construct a re-use reservoir, booster pump and transmission lines to provide adequate pressures for re-use system throughout Mesa del Sol.
4. South Valley Drinking Water Project Phase 8 & 9 (\$8,000,000) – Funding will be used to design and construct waterlines for residents and businesses in the South Valley that currently rely on private wells.
5. Kirtland Air Force Base (KAFB) Tijeras Interceptor Rehabilitation (\$15,000,000) – Funding will be used to design and rehabilitate the existing interceptor line through KAFB as well as support the Max Q development project.
6. Volcano Cliffs & Corrales Trunk Reservoir & Transmission Line (\$15,000,000) – Funding will be used to design and construct a reservoir and transmission line for increased water capacity and transfer within Volcano Cliffs trunk and Corrales trunk.
7. Bosque Non-Potable Water Reclamation Plant and Reuse System (\$2,875,037) – Consistent with Water 2120, this project extends the Water Authority's water resources through conservation and direct and indirect potable reuse. This project would provide non-potable

water for industrial purposes and irrigation needs to parks, schools, and golf courses. ARPA funding will complete the 1st phase, which is underway, that includes finalizing the layouts for the facility (conceptual design) and submission of a NPDES permit to discharge to the Rio Grande south of Montano Road. This funding will also begin the 2nd phase that consists of preliminary and final design.

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



DEBT OBLIGATIONS

*Proposed
Operating Budget
FY23*

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 “AA” by Fitch, “Aa2” by Moody’s and “AA+” by S&P.

The total outstanding obligation indebtedness of the Water Authority as of April 1, 2022 is \$595.5 million, shown in the table on the next page.

DEBT OBLIGATIONS

SCHEDULE OF BONDS & OTHER DEBT OBLIGATIONS

April 1, 2022

RATINGS: AA Fitch; Aa2 Moody's; AA+ S&P

	<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	53,175,000	9,775,000	3.00-5.00%
Bonds Series 2013B	7/1/2024	55,265,000	43,725,000	11,540,000	3.00-5.00%
Bonds Series 2014A	7/1/2026	97,270,000	44,355,000	52,915,000	3.00-5.00%
Bonds Series 2015	7/1/2033	211,940,000	61,440,000	150,500,000	3.00-5.00%
Bonds Series 2017	7/1/2034	87,970,000	16,620,000	71,350,000	3.375-5.00%
Bonds Series 2018	7/1/2030	75,085,000	10,835,000	64,250,000	5.00%
Bonds Series 2020	7/1/2032	69,440,000	-	69,440,000	5.00%
Bonds Series 2020A	7/1/2038	47,800,000	-	46,630,000	5.00%
Bonds Series 2021	7/1/2046	73,255,000	-	73,255,000	3.00-5.00%
NMFA Loan No. 07 2316-ADW	7/1/2031	1,000,000	475,142	524,858	3.00-5.00%
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		\$ 786,214,282	\$ 230,625,142	\$ 554,419,140	
SUBORDINATE &					
SUPER SUBORDINATE DEBT OBLIGATIONS					
Bonds Series 2014B	7/1/2025	\$ 87,005,000	\$ 52,860,000	\$ 34,145,000	3.00-5.00%
NMFA Loan No. 04 1727-AD	5/1/2030	10,426,232	5,111,117	5,315,115	1.00-5.00%
NMFA Loan WPF-5103	6/1/2042	800,000	-	800,000	0.25%
NMFA Loan WPF-5401	6/1/2043	800,000	-	800,000	0.25%
SUBTOTAL - SUBORDINATE &					
SUPER SUBORDINATE DEBT OBLIGATIONS		\$ 99,031,232	\$ 57,971,117	\$ 41,060,115	
TOTAL DEBT OBLIGATIONS		<u>\$ 885,245,514</u>	<u>\$ 288,596,259</u>	<u>\$ 595,479,255</u>	



APPENDIX

*Proposed
Operating Budget
FY23*

FY23 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 FY23 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-25.45% for blue and white collar and management/professional, this amount does include the 0.5% for both employer and employee as required by the PERA Legislation. Other employee benefits (health, dental, vision, retiree health insurance, group life) – budgeted at FY22 actual amounts plus a 7.9% contracted rate increase for health insurance.
- ❖ A vacancy savings rate of 0.5% for the Water Authority is calculated into employee salaries.

Operating Expenses

FY23 operating expenses were budgeted equal to FY22 appropriated amounts. One-time appropriations for FY22 were deleted.

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

- ❖ For FY23, 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 FY23. These amounts are identified based on the historical experience and exposure factors relative to the Water Authority.

- ❖ Vehicle maintenance charges are estimated for FY23 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 FY23 per the US Energy Information Administration forecast of oil prices. The forecast for gasoline prices is \$3.33/gallon and for diesel is \$3.80/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

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

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 wastewater service to approximately 17,000 accounts on Albuquerque's West Side. The 34-square-mile service area includes Paradise Hills and the Ventana Ranch subdivision

OPERATING 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

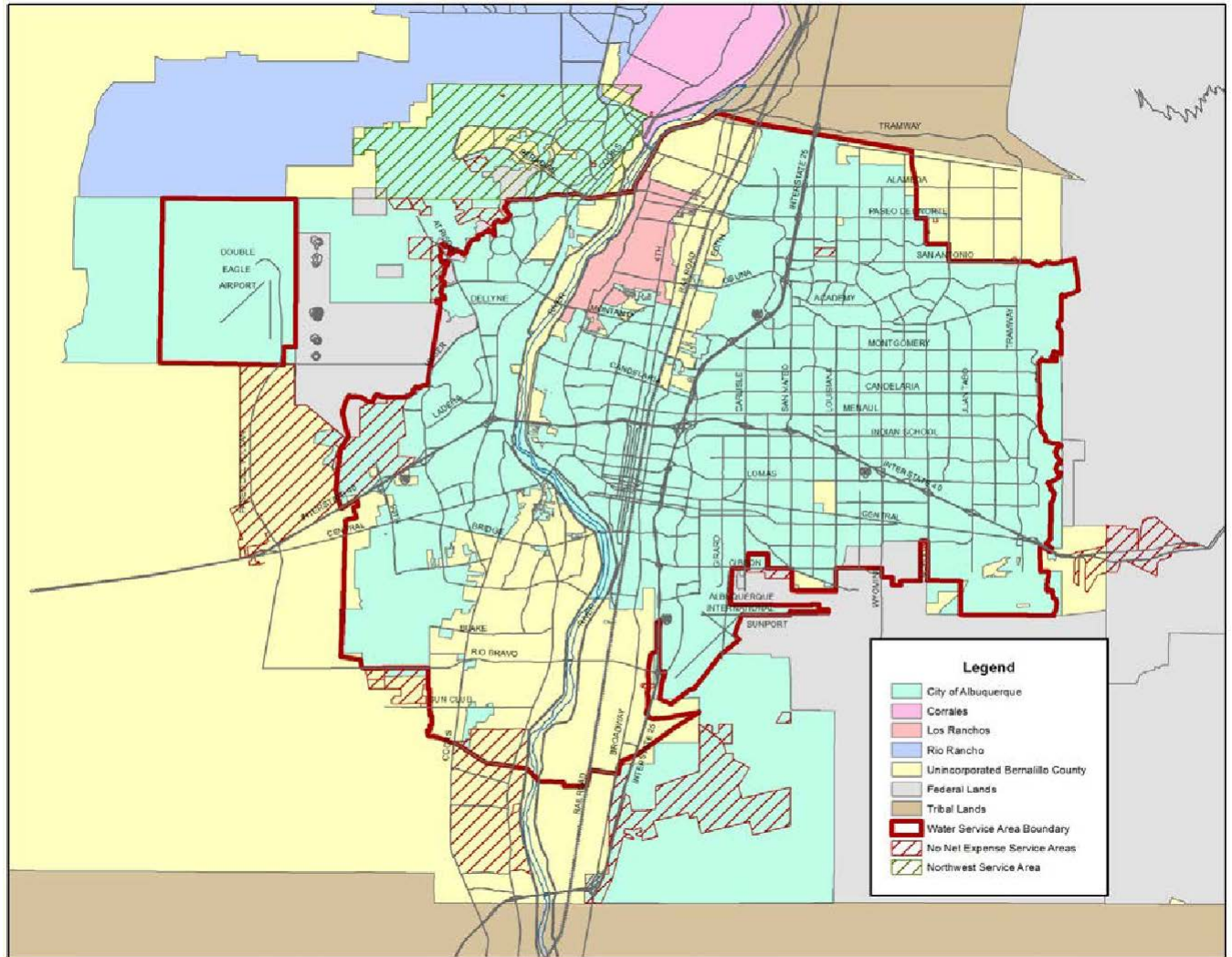
GLOSSARY

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

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

WATER SERVICE AREA MAP



Major Assets:

- ❖ 92 MGD San Juan-Chama Surface Water Treatment Plant
- ❖ Adjustable diversion dam, intake structure and draw water pump station on the Rio Grande
- ❖ 60 ground water supply wells (255 MGD)
- ❖ 61 water supply reservoirs providing both mixed surface and groundwater including non-potable reservoirs
- ❖ 45 pump stations including non-potable facilities
- ❖ 3,103 miles of water supply pipeline
- ❖ 5 arsenic removal treatment facilities (15 MGD)

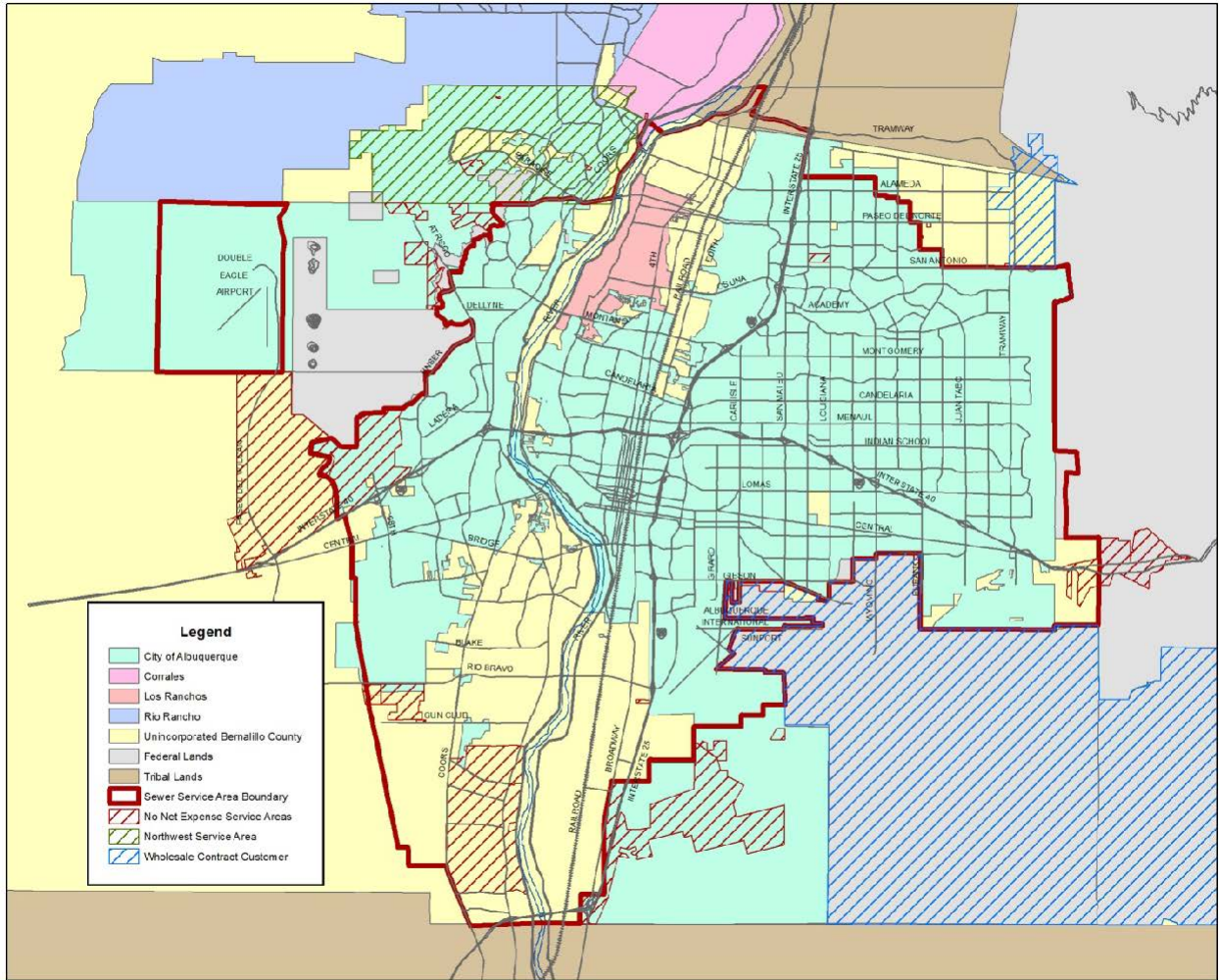
WATER SERVICE AREA MAP

The Water System provides water services to approximately 665,392 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 December 31, 2021, service is provided to approximately 216,022 customer accounts, including 186,255 residential and 29,767 multi-family, commercial, institutional and industrial accounts. Approximately 68.4% 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 2021, the Water Authority's potable water resources use consisted of 74% from groundwater and 26% from San Juan-Chama surface water. The non-potable water supply is derived from 4% of reuse of treated effluent and non-potable for irrigation. The groundwater supply is produced from sixty (60) wells grouped in seventeen (17) well fields located throughout the metropolitan area and the San Juan-Chama surface water is diverted from the Rio Grande. Total well production capacity is approximately 255 million gallons per day ("MGD"). Eliminating high arsenic wells (those greater than ten (10) parts per billion arsenic) results in available production capacity of 179 MGD. Peak day demand for 2021 was 141 MGD. The Water Authority also has five (5) arsenic treatment facilities that remove naturally occurring arsenic from groundwater. Each well field includes chlorination for disinfection as required by the Safe Drinking Water 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 fifty (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 two hundred forty-five (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 forty-five (45) pump stations housing one hundred thirty (130) booster pumps, with a total capacity of 748 MGD, available for water transfers between reservoirs. These reservoirs are interconnected by three thousand one hundred three (3,103) miles of pipelines, consisting of active distribution mains, transmission mains, well collector and hydrant legs, 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



Major Assets:

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

WASTEWATER SERVICE AREA MAP

The System's wastewater component 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 45.4 MGD over the past five (5) 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 Water Authority has an operational industrial pretreatment program approved by the 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 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, EPA issued a Proposed NPDES Permit and the Water Authority provided comments to EPA on June 25, 2018. On October 10, 2019, the Water Authority received the final NPDES Permit. The re-issued permits were effective December 1, 2019.

The Water Authority received an Administrative Order (an "AO") from the EPA for violations of the NPDES permit associated with Sanitary Sewer Overflows, laboratory reporting issues, and plant violations from 2001 to 2010. The Water Authority received two additional AOs for an overflow which occurred on February 27, 2015 as a result of a major power failure. The first 2015 AO required that the Water Authority implement electrical and other improvements to prevent another power failure and the potential for another spill. All of that work was completed in 2015 and a project completion report was filed with EPA. The second 2015 AO includes adoption of the Corrective Action Plan items that were scheduled to be completed by 2020. All projects in the second 2015 AO were completed and a project completion report was submitted to EPA in June 2018.

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. In accordance with the State's Energy Transition Act, the Water Authority permanently retired the Renewable Energy Certificates ("REC") associated with digester gas. Over the past 3 years, they had no marketable value.

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 Fiscal Year 2020, 27% 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 the Water Authority's internal water quality lab.



LEGISLATION

*Proposed
Operating Budget
FY23*

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, 2022 AND ENDING JUNE 30, 2023

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 and performance plan process for the Water Authority; and

WHEREAS, the Budget Ordinance requires the Executive Director to submit a performance plan for the fiscal year commencing on July 1 of the year in which the budget proposal is submitted, and the performance plan shall be connected to the five-year goals and contain performance measures that help guide the operating and capital budgets in allocating the Water Authority's financial resources; 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 2023:

<u>GENERAL FUND – 21</u>	243,762,000
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This appropriation is allocated to the following programs:

Administration	1,839,000
Risk	5,668,000
Legal	816,000
Human Resources	1,856,000
Finance	9,569,000
Customer Services	5,265,000
Information Technology	9,775,000

Wastewater Plant	11,747,000
San Juan-Chama Water Treatment Plant	4,790,000
Groundwater Operations	7,169,000
Wastewater Collections	7,835,000
Water Field Operations	21,100,000
Compliance	5,920,000
Central Engineering	3,432,000
Asset Management	763,000
Planning & Utility Development	824,000
Water Resources	4,652,000
Power & Chemicals	21,051,000
Taxes	656,000
Authority Overhead	1,670,000
San Juan-Chama	2,747,000
Transfers to Other Funds:	
Rehab Fund (28)	36,618,000
Debt Service Fund (31)	78,000,000
<u>DEBT SERVICE FUND – 31</u>	92,663,000
This appropriation is allocated to the following programs:	
Debt Service	88,663,000
Transfer to Other Funds:	
Growth Fund (29)	4,000,000
<u>SAN JUAN CHAMA PROFESSIONAL CONTRACTORS ASSOCIATION FUND – 41</u>	171,754
This appropriation is allocated to the following programs:	
General Government	171,754

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 Executive Director is authorized to continue the Water Authority's partnerships with other governmental entities to support non-profit community development projects. Qualified projects may be approved to defer payment of all or a portion of applicable Utility Expansion Charges until the property is sold. The Water Authority will secure its position with a second mortgage on the subject property.

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-21-

RESOLUTION

APPROPRIATING FUNDS FOR THE CAPITAL IMPLEMENTATION PROGRAM FOR THE ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY FOR THE FISCAL YEAR BEGINNING JULY 1, 2022 AND ENDING JUNE 30, 2023

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:

Section 1. That the appropriations for the projects as stated below are hereby made.

Basic Program Appropriations:

Sanitary Sewer Pipeline Renewal	12,500,000
Drinking Water Pipeline Renewal	6,150,000
Southside Water Reclamation Plant Renewal	19,150,000
Soil Amendment Facility (SAF) Renewal	350,000
Lift Station and Vacuum Station Renewal	3,420,000
Odor Control Facilities Renewal	50,000

Drinking Water Plant Groundwater System Renewal	7,775,000
Drinking Water Plant Treatment Systems Renewal	5,000,000
Reuse Line and Plant Rehab	200,000
Compliance	365,000
Shared Renewal	4,686,000
Franchise Agreement Compliance	4,000,000
Vehicles and Heavy Equipment	2,921,000

Special Projects:

Steel Waterline Rehab	2,000,000
Automated Meter Infrastructure (AMI)	1,000,000
Renewable Energy Projects	350,000
Miscellaneous	3,000,000

Growth:

Development Agreements	1,250,000
Land & Easement Acquisition	10,000
MIS/GIS	4,430,000
Miscellaneous	300,000

Other:

Water 2120 Project Fund	300,000
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Revenue:

Miscellaneous (Intergovernmental Agreement)	3,000,000
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Section 2. That the Executive Director is authorized to negotiate and enter into subsequent intergovernmental agreements and amendments with Bernalillo County regarding the receipt of economic development funding and to take any other action necessary to carry out the directives of this resolution.



PERFORMANCE PLAN

*Proposed
Operating Budget
FY23*

Fiscal Year 2023 Performance Plan

**Water Supply &
Operations**

**Wastewater
Collection &
Operations**

**Customer
Relations**

**Business Planning
& Management**

**Organization
Development**



Albuquerque Bernalillo County
Water Utility Authority

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Executive Summary

The Albuquerque Bernalillo County Water Utility Water Authority's (Water Authority) Budget Ordinance requires that a Performance Plan be connected to the Five-Year Goals and contain performance measures that help guide the operating and capital budgets in allocating the Water Authority's financial resources. The FY23 Performance Plan assesses the performance of the Water Authority using a set of identified and tested, high-level performance measures. These measures are designed to help the Water Authority improve its operational efficiency and effectiveness by identifying areas of improvement. The measures also provide a mechanism to conduct comparative analyses in order to implement quality improvement processes and enhance decision-making.

The Performance Plan contains three years of actual prior year data which establishes a baseline as well as projected performance targets that drive financial and budgetary policies. In addition to assessing its performance year to year, the Water Authority assesses its performance in relation to the other utilities.

The Performance Plan contains 27 key performance measures organized by the Water Authority's Five-Year Goal areas. The following table summarizes the Water Authority's performance compared to its targets and tracks the Water Authority's progress of baseline, current, and target performance.

Goal	Performance Measure	Baseline	Current	Target
Water Supply & Operations	Drinking Water Compliance Rate	▲	▲	▲
	Distribution System Water Loss	▲	▲	▲
	Water Distribution System Integrity	■	■	■
	Operations and Maintenance Cost Ratios	▲	▲	▲
	Planned Maintenance Ratio	■	■	■
	Water Use per Capita Consumption	■	■	▲
Wastewater Collection & Operations	Sewer Overflow Rate	■	■	■
	Collection System Integrity	■	■	■
	Wastewater Treatment Effectiveness Rate	■	■	■
	Operations and Maintenance Cost Ratios	▲	▲	▲
	Planned Maintenance Ratio	■	■	■
Customer Services	Customer Service and Technical Quality Complaints	▲	▲	▲
	Customer Service Cost per Account	■	■	■
	Billing Accuracy	■	■	■
	Call Center Indicators	■	▲	▲
	Residential Cost of Water/Sewer Service	■	■	■
	Stakeholder Outreach Index	▲	▲	▲
Business Planning & Management	Debt Ratio	■	■	■
	Return on Assets	■	■	■
	System Renewal/Replacement Rate	■	■	■
	Triple Bottom Line Index	■	■	■
Organization Development	Employee Health and Safety Severity Rate	■	■	■
	Training Hours per Employee	■	▲	▲
	Customer Accounts per Employee	▲	▲	▲
	Employee Turnover	▲	■	▲
	Retirement Eligibility	▲	▲	▲
	Organizational Best Practices Index	▲	▲	▲

Performance Key

▲
Excellent

■
Good

■
Fair

▼
Poor

Introduction

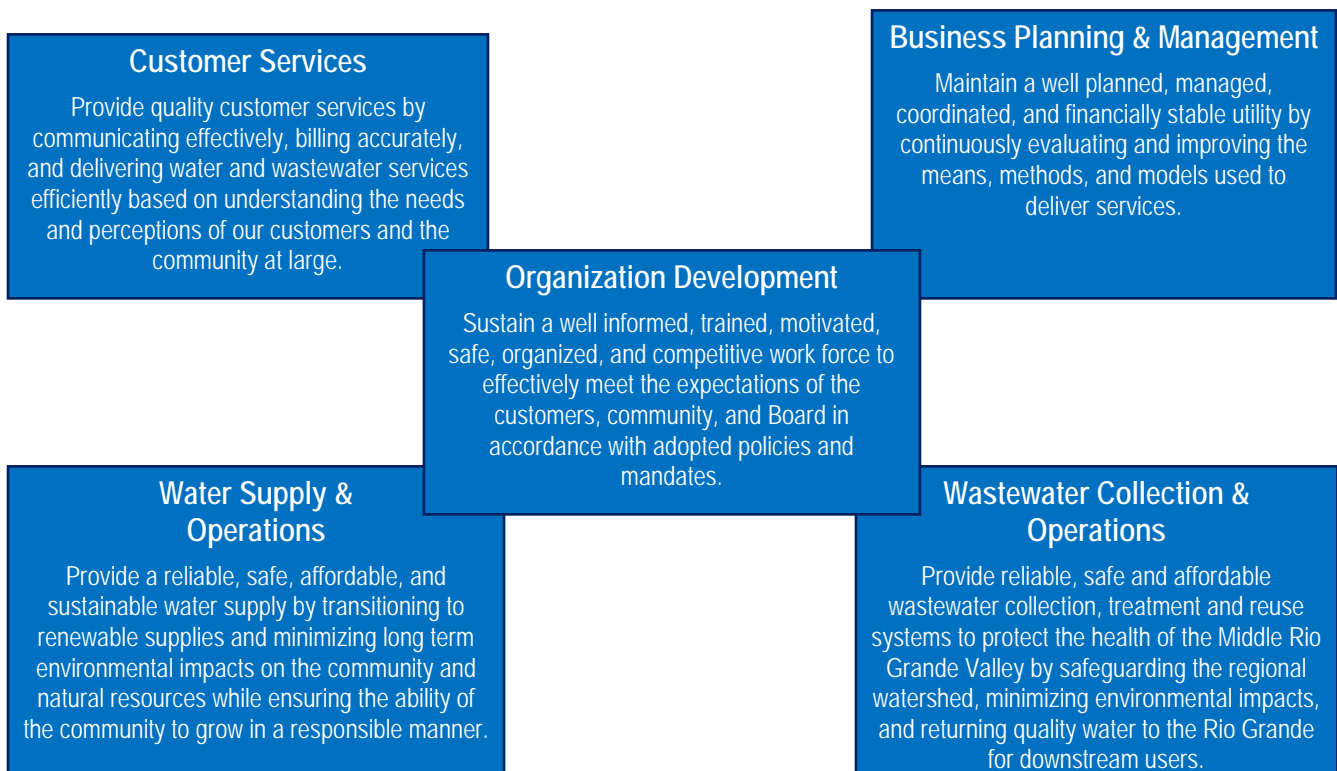
The Albuquerque Bernalillo County Water Utility Water Authority's (Water Authority) Budget Ordinance requires that a Performance Plan be connected to the Five-Year Goals and contain performance measures that help guide the operating and capital budgets in prioritizing and allocating the Water Authority's financial resources. The Water Authority uses these measures to help improve its operational efficiency and effectiveness by identifying areas of improvement. The measures also provide a mechanism to conduct comparative analyses in order to implement quality improvement processes and enhance decision-making.

The Water Authority utilizes the *American Water Works Association's (AWWA) Benchmarking Performance Indicators Survey (Survey)* in developing its Performance Plan. The Survey provides utilities an opportunity to collect and track data from already identified and tested performance measures, based on the same collection process and definitions. The most recent survey data was compiled in 2021 (FY20 data) by AWWA from 158 different utilities. The Performance Plan uses the survey data as a basis for its performance measures to track the Water Authority's performance with that of other utilities.

Five-Year Goals

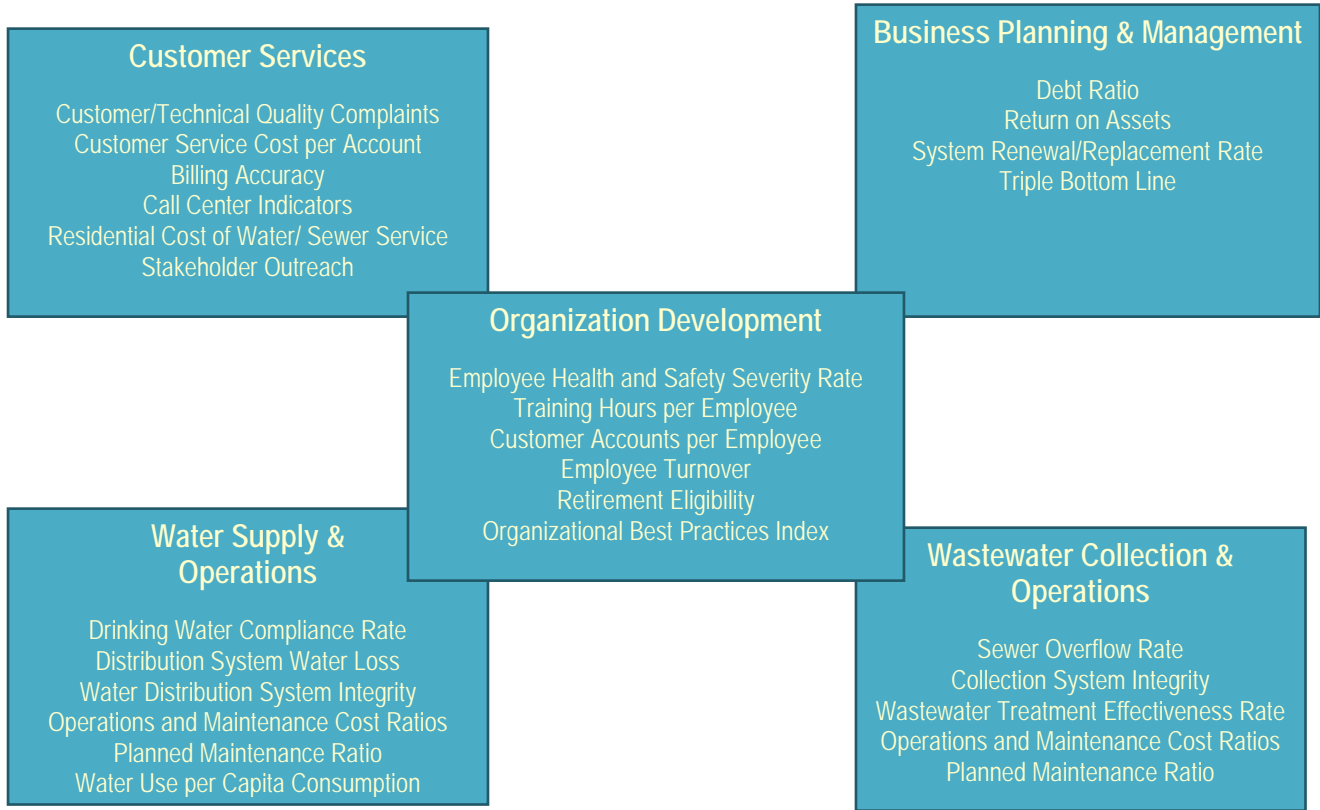
The Water Authority's Performance Plan is organized by the Water Authority's Five-Year Goal areas which are modeled after AWWA's business model. This model is based on fifteen successful quality achievement programs, including the Malcolm Baldrige National Quality Award Program, the Deming Award, and the International Standards Organization series of quality standards. The model characterizes the work of the typical water and wastewater utility around five business systems. Figure 1 shows the Water Authority's Five-Year Goals which parallels the AWWA model. The Water Authority also developed guiding goal statements for each goal area which explains the long-term desired result for each goal.

Figure 1: Water Authority's Five-Year Goals & Guiding Goal Statements



The Performance Plan contains 27 key performance measures. The performance measures are organized by the Water Authority's Five-Year Goal areas shown in Figure 2. The performance measures are linked to the Goal areas in that the tracking of the metric is used to achieve the long-term desired result for that goal.

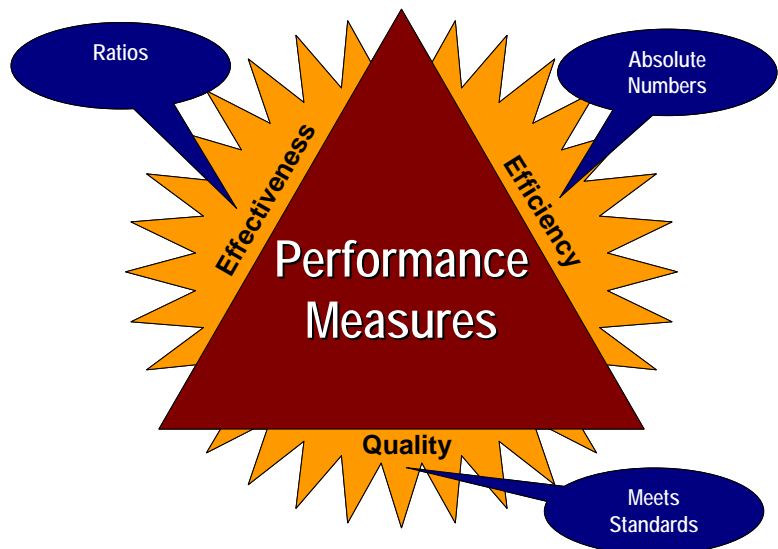
Figure 2: Performance Measures by Goal Area



Performance Measure Types

The Plan's performance measures fall into three main categories: Quality, Effectiveness and Efficiency. Quality measures are presented as standards. Effectiveness measures are presented as ratios. Efficiency measures are presented as absolute numbers.

- (1) *Standards*, such as meeting drinking water quality standards
- (2) *Ratios*, such as operation and maintenance costs per million gallons of water or wastewater processed
- (3) *Absolute numbers*, such as the monthly bill for a residential water or wastewater customer



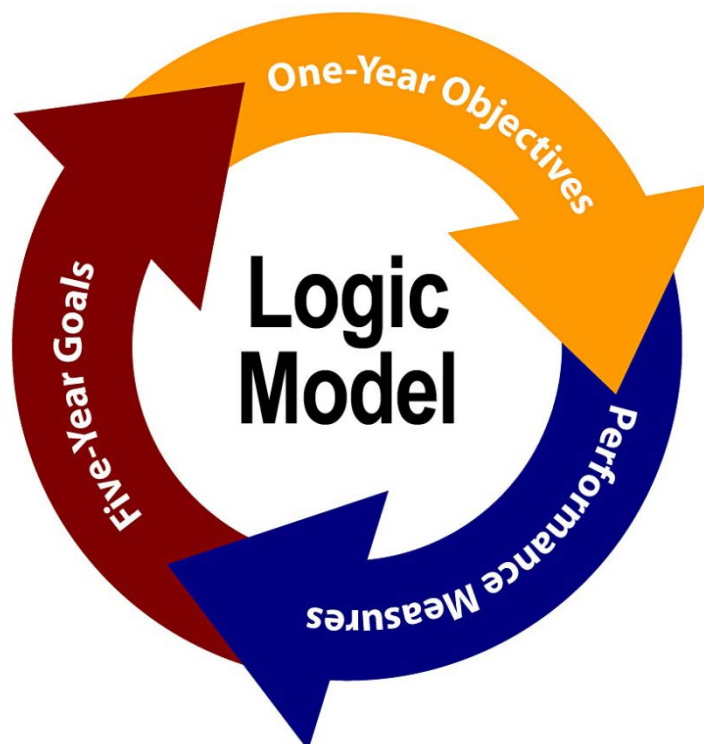
Performance Plan Logic Model

The Performance Plan presents each performance measure through an *evaluation logic model*. The logic model is a systematic and visual method that shows how performance measures quantify what is being done (inputs), how well it is being done (outputs), and why it is being done (outcomes). *Inputs* are the specific data needed to construct and calculate each performance measure. These resources may include dollars, hours, people or material resources used to produce an output. *Outputs* are the product of the calculation of the inputs and describe the level of effectiveness of each performance measure. The outputs are the metrics that are benchmarked with other utilities. *Outcomes* are the desired result of the performance measure that the Water Authority would like to achieve in connection with its long-range goals and with its shorter-term objectives. The logic model is used to show where the organization wants to be and how it can get there.

Simply stated, the performance measures identify gaps in service delivery or performance. They are used to help monitor the Water Authority's performance and to develop performance targets. The Water Authority sets performance targets that are aligned with the desired outcomes to determine how effective or efficient the utility is in achieving the desired outcome. The Water Authority uses the desired outcomes to create an ongoing discussion with its stakeholders and show why decisions are made in prioritizing and allocating financial resources.

The Five-Year Goals and One-Year Objectives are incorporated into the logic model. Figure 3 shows the alignment between the goals, objectives and performance measures in the logic model. With the performance measures being used to identify gaps, the One-Year Objectives which are policy directives from the Water Authority Board are used to close performance or service delivery gaps and improve performance levels. It should be noted that not all One-Year Objectives are tied to performance measures or have a measurable component. Some Objectives are related to completing projects or improving or implementing programs.

Figure 3: Logic Model Alignment of Goals, Objectives and Performance Measures



Benchmarking and Industry Peer Group

The Performance Plan contains three years of actual prior year data (FY19 through FY21) which establishes a baseline. The Plan also includes estimated current fiscal year performance measures (FY22) as well as projected performance in the proposed budget year (FY23). The Plan allows the Water Authority to benchmark its performance from year to year and to determine how its current and projected performance compare to baseline past performance. Overall, the Performance Plan's logic model incorporates five years of data in determining its performance, evaluating trends, and determining projected performance.

In addition to assessing its performance year to year, the Water Authority also compares its performance with that of other utilities in its *industry peer group*. As stated in the Introduction section, the Water Authority obtains its comparative data from the AWWA Benchmarking Performance Indicators Survey. By benchmarking with other utilities, the Water Authority is able to assess its performance relative to other high-performing utilities. For each performance measure, the industry peer group is presented throughout the Plan.

Industry Peer Group	
1)	Combined Water/Sewer Represents those utilities designated as providing both water and wastewater services
2)	Populations greater than 500,000 Utilities that serve populations greater 500,000
3)	Region 4 Utilities in the following States: AR, AZ, CO, ID, KS, LA, MO, NE, NM, OK, TX, UT, WY

Strategic Planning, Budgeting and Improvement Process

The Performance Plan is a component of the *Strategic Planning, Budgeting and Improvement Process* that is discussed in the Financial Plan. This Process drives the development of the annual operating and capital budgets by providing data used to set performance goals, as well as allocate and prioritize resources. Performance measures provide an approach for strategically allocating and prioritizing resources to balance the level and cost of services with customer expectations. For example, higher treatment costs may be the desired outcome to improve customer satisfaction.

As a part of the Strategic Planning, Budgeting and Improvement Process, the Five-Year Goals, One-Year Objectives, and performance measures are integrated through the use of the logic model in order to achieve service delivery and performance improvement. A good example of the integration between performance measures and objectives is the Employee Health and Safety Severity Rate (see pages 101-103) which measures the rate of employee days lost from work due to illness or injury. Since starting the benchmarking process, the Water Authority noticed that its lost workdays were on average fifteen times higher than other utilities. As a result, the Water Authority has used the Objectives to implement several programs including safety incentive bonuses to reduce the number of employee lost days. Overall, 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.

Performance Accountability & Budgeting

Each Water Authority division manager is responsible for their respective goal areas and objectives and for tracking their performance. The Executive Director, who is the champion and supportive leader of the performance management process, meets with the division managers and their staff to review progress reports on the performance measures and objectives.

A biennial customer opinion survey is conducted to assess the utility's performance from the customer's viewpoint. Results of a customer opinion survey are presented to the Board. The

survey allows the Water Authority to track customer satisfaction on the programs, policies, and operational performance of the organization. Several survey questions are tied to the performance measures and levels of service. In this way, the survey provides qualitative data that relates to quantitative data from the benchmarking to ensure that the Water Authority is balancing performance improvement with customer expectations.

The Water Authority also uses performance measures and performance targets in conjunction with the review of the annual budget. The Executive Director and Division Managers integrate performance reporting into the budget process in order to focus the budget discussion on the allocation of resources and to address performance gaps. Budget requests are tied either to performance measure targets or objectives in terms of providing a justification for their purpose. By integrating the objectives and performance measures into the budget process, the Water Authority has moved from just measuring performance to managing performance and how and what it what it wants to achieve. As a result, the Water Authority has become more transparent and accountable to its customers and the governing board.

Performance Measurement Linkage to Asset Management Planning





The Water Authority has established a Strategic Asset Management Program (SAMP) based on a business model that helps the Water Authority make better acquisition, operations and maintenance, renewal, and replacement decisions. The principles of asset management were developed to address the critical problem of aging public infrastructure and changing utility business environment. The Water Authority uses performance measures, performance targets, and the customer opinion survey to develop its levels of service to deliver the defined services at the lowest life-cycle cost. In quantifying its performance, the Water Authority has begun to balance its performance with the levels of service, cost of service, customer expectations, and business risk. As a part of its SAMP, the Water Authority has developed its levels of service to coincide with its performance measures at the Goal level. Moreover, a quarterly key performance indicator report is presented to the governing board which provides a snapshot of utility performance by service level categories.

Performance Measurement Linkage to Effective Utility Management

The Effective Utility Management (EUM) was developed by the Environmental Protection Agency and several water and wastewater associations and research foundations. EUM is designed to help water and wastewater utilities comprehensively assess current operations and identify a path to improving in key areas that are the highest priorities. The Water Authority uses EUM to make informed decisions and practical, systematic changes to achieve excellence in utility performance in the face of everyday challenges and long-term needs for the utility and the community it serves.

The Water Authority uses the EUM guidebook to help identify and address its most pressing needs through an incremental, continual improvement management approach. This guidebook, called the Primer, contains *Ten Attributes of Effectively Managed Utilities* which helps the utility maintain a balanced focus on the ten operational areas. Figure 4 provides a performance relationship matrix between the Five-Year Goals and the EUM Attributes. The Water Authority uses performance benchmarking data from both the AWWA and EUM frameworks to select priorities for improvement, based on the utility's strategic objectives and the needs of the community it serves.






Figure 4: Performance Relationship Diagram of Goals and EUM Attributes

EUM Attribute	Water Supply & Operations	Wastewater Collection & Operations	Customer Services	Business Planning & Management	Organization Development	Attribute Score
 CUSTOMER SATISFACTION			■			■
 EMPLOYEE AND LEADERSHIP DEVELOPMENT					▲	▲
 ENTERPRISE RESILIENCY	■	■			■	■
 FINANCIAL VIABILITY			■	■		■
 INFRASTRUCTURE STRATEGY AND PERFORMANCE	■	■		■		■

Performance Key

▲ Excellent ■ Good ■ Fair ▼ Poor

Figure 4: Performance Relationship Diagram of Goals and EUM Attributes (continued)

EUM Attribute	Water Supply & Operations	Wastewater Collection & Operations	Customer Services	Business Planning & Management	Organization Development	Attribute Score
 OPERATIONAL OPTIMIZATION	■	■			■	■
 PRODUCT QUALITY	▲	■				■
 STAKEHOLDER UNDERSTANDING AND SUPPORT			▲			▲
 COMMUNITY SUSTAINABILITY				■	■	■
 WATER RESOURCE SUSTAINABILITY	▲			▲		▲
Goal Score	■	■	■	■	■	■

Performance Key

▲ Excellent ■ Good ■ Fair ▼ Poor

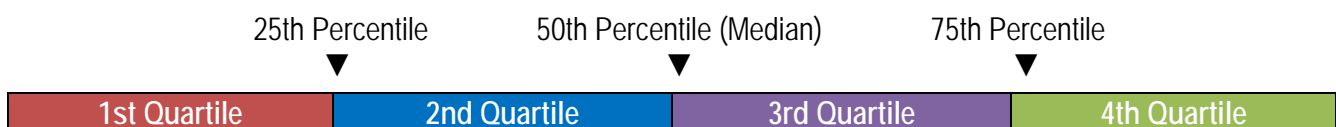
Communicating Performance Measurement

Performance measurement results and progress in meeting performance targets are communicated to elected officials and customers through this report, and to employees throughout the organization. Increasing employee understanding of the performance measures and the organization's long-term goals is a critical step in achieving the Water Authority's long-term goals. The Employee Health and Safety Severity Rate is a good example how the Water Authority educated the importance of meeting its goals and making safety a high priority in the organization. Employee annual performance reviews are aligned with the policy strategic objectives which have helped to educate employees about the utility's core values, goals and annual objectives. It has engaged employees by creating awareness or by specifically allowing employees to be more accountable in improving the utility's performance as measured through its key performance indicators.

Presentation of Data

The Performance Plan's comparative data is presented in quartile rankings. The top quartile reflects the 75th percentile, and the bottom quartile reflects the 25th percentile. The median is the 50th percentile value. Figure 5 illustrates the four quartiles. Data in the 2nd and 3rd quartiles is described as the "Interquartile Range" which includes 50% of all the values submitted for each performance measure. This range is considered nominal or representative of the majority of the data.

Figure 5: Percentile/Quartile Illustration



Layout of Performance Plan

The performance measures are categorized by the Water Authority's Five-Year Goal areas.

- Each Goal area section provides an overview of the Goal with a Guiding Goal Statement and Goal Performance Scorecard for each performance measure.
- Each Goal area section shows how the Objectives are linked to the performance measures and their scorecard status.
- Each performance measure is presented through a logic model of inputs, outputs and outcomes as well as comparative statistics and charts to illustrate how the Water Authority is performing year to year and how it is performing compared to the industry peer group.

A results narrative includes a discussion and analysis of how the performance measure meets anticipated performance targets and long-range goals. If the targets are not being met, an explanation is provided for the reason and what is expected in the future. The Performance Plan also indicates if there are One-Year Objectives related to a performance measure to show how policy directives are used to improve service delivery and/or minimize performance gaps. In addition, the Performance Plan provides customer opinion survey statistics to show how customer expectations relate to the performance measure.

Goal 1

Water Supply and Operations

Guiding Goal Statement

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.

Goal Performance Scorecard

Ref #	Performance Measure	Status	Trend
1-1	Drinking Water Compliance Rate	▲	▲
1-2	Distribution System Water Loss	▲	▲
1-3	Water Distribution System Integrity	■	■
1-4	O&M Cost Ratios: O&M Cost per account	▲	▲
1-4	O&M Cost Ratios: O&M Cost per MG processed	■	■
1-4	O&M Cost Ratios: Direct cost of treatment per MG	■	■
1-5	Planned Maintenance Ratio	■	■
1-6	Water Use per Capita Consumption	■	■
	Overall Goal Status	■	■

Performance Key

▲	■	■	▼
Excellent	Good	Fair	Poor

Linkage of Objectives to Performance Measures

FY23 Objectives	Measure Reference
<p>Implement the Rivers and Aquifers Protection Plan (RAPP), the Water Authority's source water protection plan, through the following actions:</p> <ul style="list-style-type: none"> i. Complete source water assessments for surface water and groundwater by the 2nd Quarter of FY23. The source water assessments will utilize the source water protection areas developed from the capture analysis and the updated potential sources of contamination inventory from FY21. Review the results of the source water assessments to determine if changes are required to the RAPP and protection measures; ii. Track and review site data and documents for priority groundwater contamination sites through the end of the 4th Quarter of FY23; iii. Collaborate and coordinate with other agencies, including support of the Water Protection Advisory Board (WPAB) and the Office of Natural Resources Trustee (ONRT) through the end of the 4th Quarter of FY23; and iv. Contract 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 FY23. 	1-1
Develop a long-term strategy for utilizing existing wells that are currently out of service within the water system by the end of the 4 th Quarter of FY23.	1-1
Complete an assessment of the impact of widescale power outages upon water system production and pumping facilities by the end of the 4 th Quarter of FY23. Work directly with the Public Service Company of New Mexico (PNM) and the Water Authority's Geographical Information System (GIS) group to determine potential impact areas. Subsequently, engage the services of a hydraulic modeling consultant to perform strategic hydraulic modeling to assess resulting water supply capacity limitations and water outage timelines.	1-1
Assess arsenic treatment media adsorption capacity at groundwater treatment plants to determine if the nominal 40,000 bed-volume metric marketed by the media manufacturer can be increased and optimized to reduce the frequency of media replacement by the end of the 4 th Quarter of FY23. Collect and analyze data captured from the existing four treatment plants to support this objective.	1-1
Report on the feasibility of using electro-chemical coagulation as an alternate approach for treating water from high arsenic wells by the end of the 4 th Quarter of FY23.	1-1
As part of the water distribution system preventative maintenance program, continue the flushing program that uses a systematic approach to flush water lines, filtering the water using the NO-DES system before returning it to distribution by the end of the 4 th Quarter of FY23. Monitor monthly and report the occurrence of complaints before and after flushing to evaluate whether the flushing program improved water quality in the pilot area. Identify metrics to be used for measuring the effectiveness of this process moving forward.	1-1
To improve the validated water audit inputs for apparent water loss, test a minimum of 300 small meters and half of all large meters to include the top 25 consumers to support the water audit and strategic water loss plan by the end of the 4 th Quarter of FY23. Test meters in accordance with the recommendations of the water audit conducted by the Southwest Environmental Finance Center in calendar year 2021.	1-2
Locate water leaks by surveying 650 miles of small diameter water lines through conventional leak detection methods and 2,200 miles of small diameter water lines through acoustic leak detection by the end of the 4 th Quarter of FY23; Track, evaluate, and report on existing ZoneScan and Echologics acoustic leak detection systems on a quarterly basis in FY23. Report on acoustic equipment "fleet" replacement on a quarterly basis in FY23.	1-2 1-3
Develop a GIS layer to graphically inform operations staff of water and wastewater infrastructure under construction by the end of the 4 th Quarter of FY23. This information will improve knowledge transfer between initial utility construction and utility maintenance. The	1-3

FY23 Objectives	Measure Reference
information will be utilized to prevent underground utility damages, facilitate scheduled water shutoffs and improve response times during an emergency.	
Provide timely response to utility locate requests and achieve a damage ratio of less than two Water Authority-caused damages per 1,000 utility locate requests by the end of the 4 th Quarter of FY23. Explore utility locating equipment and mapping technologies to improve locate accuracy, provide documentation, and reduce costly damages to buried water and wastewater infrastructure.	1-3
To improve reliability and reduce interrupted water service, inspect at least 4,000 isolation valves by the end of the 4 th Quarter of FY23.	1-3
To improve energy efficiency and reduce operation and maintenance costs, continue deployment of automated meter infrastructure (AMI) pressure monitoring infrastructure at strategic locations and utilize data to optimize operations by the end of the 4 th Quarter of FY23. Work with the vendor on software development to improve functionality.	1-3
Work with the New Mexico Environment Department and Office of the State Engineer to begin aquifer storage and recovery (ASR) permitting by the end of the 4 th Quarter of FY23. Develop a project plan and cost estimate by the end of 2 nd Quarter FY23.	1-3
Conduct regular water quality monitoring and reporting of the Water Authority data gap well at the Kirtland Air Force Base (KAFB) Bulk Fuels Facility jet fuel leak site through the end of FY23. Evaluate whether additional monitoring wells are needed by the end of the 1 st Quarter of FY23 and seek funding, if applicable.	1-3
Develop a drinking water modeling program that maintains a centralized version of the model to include updates from all users, routine user training to keep everyone on the same page with developments and a process for Chief Engineers to submit modeling requests for investigations and receive a documented response by the end of the 4 th Quarter of FY23. Update the drinking water model SharePoint page to be a central resource for all drinking water modeling users.	1-3
<p>Submit annual treatment data to the Partnership for Safe Water - Treatment program for inclusion in the program's annual report of aggregated system water quality data by the end of the 4th Quarter of FY23.</p> <ul style="list-style-type: none"> ❖ Maintain turbidities for each individual filter cell and for combined filter effluent at less than 0.1 nephelometric turbidity unit (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 American Water Works Association (AWWA). ❖ Continue working towards the application for the Phase IV Excellence in Water Treatment Award in the Partnership for Safe Water -Treatment. 	1-4
<p>Submit annual distribution data to the Partnership for Safe Water - Distribution program for inclusion in the program's annual report of aggregated system water quality data by the end of the 4th Quarter of FY23.</p> <ul style="list-style-type: none"> ❖ Continue work on items identified from the Phase 3 Self-Assessment that are not yet considered optimized and submit a progress report to AWWA. 	1-4
Complete Ground Water Plant Preventive Maintenance to Corrective Maintenance ratio to at least 65% of all completed maintenance labor hours by the end of the 4 th Quarter of FY23.	1-5
Complete Surface Water Plant Preventive Maintenance to Corrective Maintenance ratio to at least 65% of all completed maintenance labor hours by the end of the 4 th Quarter of FY23.	1-5
<p>To prepare for increased climate variability, encourage installation of water conservative landscaping, while working towards the <i>Water 2120</i> conservation goal of 110 gallons per capita per day (gpcd) by 2037 by implementing the following activities by the end of the 4th Quarter of FY23:</p> <ol style="list-style-type: none"> i. Perform a smart controller field performance study on the top 5% of residential customers. ii. Increase smart controller rebate adjustments and Xeriscape square feet conversions by comparing current fiscal year to prior fiscal years. iii. Increase the amount of commercial class customers rebate adjustments by comparing from baseline (prior fiscal year) to current fiscal year. 	1-6

FY23 Objectives	Measure Reference
<ul style="list-style-type: none"> iv. Increase Xeriscape square feet conversions by comparing the current fiscal year to prior fiscal years. Begin outreach to target golf courses for turf removal and conversion to non-potable sources. v. Work on outreach and education to target multi-family accounts for water savings by establishing a pilot program for homeowner's associations. 	
Track and report conservation education outreach to service area customers and meet the following targets: 1) 100 Residential Irrigation Audits; 2) 100 Landscape Professionals Trained; 3) 10 Meetings with Apartment Managers; and 4) two Water Conservation Open House Meetings by the end of the 4th Quarter of FY23.	1-6
Evaluate the current Drought Management Plan in the framework of drought triggers, drought management measures, and reduction targets to manage consumer demand in times of drought by the end of the 2 nd Quarter of FY23.	1-6
To better educate children on the importance of water and resource planning, continue to collaborate with ¡Explora! to coordinate Water Authority staff for mentorships and facilitation of interactive water exhibits for the new Science Technology Engineering Mathematics (STEM) center through the 4 th Quarter of FY23.	1-6
Provide leadership and support of the Middle Rio Grande Endangered Species Collaborative Program (ESA Collaborative Program) through: 1) Participation in the Collaborative Program Executive Committee and 2) Participating in the development of adaptive management practices for the program through the 4 th Quarter of FY23.	1-6
To support native water storage for water users in the Middle Rio Grande as approved by Congress, complete acquisition of easements for additional storage in Abiquiu Reservoir by the end of the 4th Quarter of FY23. Continue towards permitting and environmental approvals for storage of native water in Abiquiu Reservoir through the 4th Quarter of FY23.	1-6

Performance Measure Division Responsibility

Ref #	Performance Measure	Operations Plant	Operations Field	Operations Compliance	Operations Water Resources, Engineering & Planning
1-1	Drinking Water Compliance Rate	✓		✓	
1-2	Distribution System Water Loss		✓		✓
1-3	Water Distribution System Integrity		✓		✓
1-4	O&M Cost Ratios: O&M Cost per account	✓	✓		
1-4	O&M Cost Ratios: O&M Cost per MG processed	✓			
1-4	O&M Cost Ratios: Direct cost of treatment / MG	✓			
1-5	Planned Maintenance Ratio	✓	✓		✓
1-6	Water Use per Capita Consumption				✓

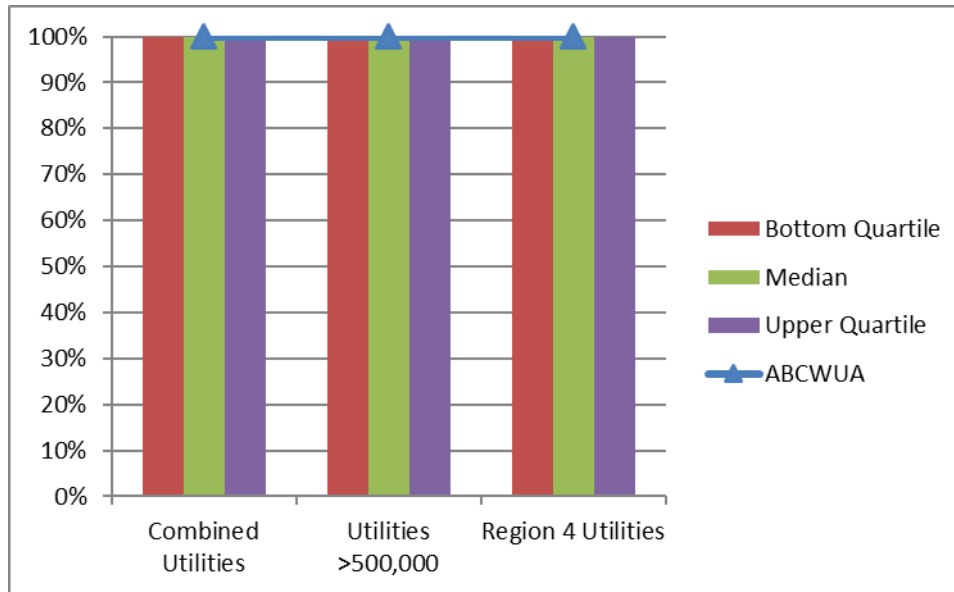
FY23 Performance Plan
Goal 1: Water Supply and Operations

1-1 Drinking Water Compliance Rate

Performance Results

Measure Type	Purpose	Inputs	Outputs					Outcome	
			Baseline	Prior Year Actuals			Current/Est		Projected
				FY19	FY20	FY21	FY22	FY23	
Quality	Quantify the percentage of time each year that the Water Authority meets all of the health-related drinking water standards in the US National Primary Drinking Water Regulations	Number of days in full compliance	100%	100%	100%	100%	100%	100%	Provide safe and reliable drinking water to our customers 100% of the time

Industry Benchmark



FY23 Performance Plan
Goal 1: Water Supply and Operations

Results Narrative

The drinking water compliance rate indicates the percent of time that a drinking water utility is in full compliance with all of the water quality contaminants and treatment techniques mandated for public water systems in the United States. A utility measures its compliance relative only to those primary maximum contaminant levels and treatment techniques that apply to its operations. The drinking water compliance rate uses simple tests of “in compliance” and “not in compliance.” As a performance measure for comparative analysis, the drinking water compliance rate allows a utility to gauge its compliance with health-related drinking water parameters relative to other water utilities reporting data into the comparative analysis system.

Measurement Status

The Water Authority has been in 100% compliance for the past three fiscal years and is on-target to meet 100% compliance for the next two fiscal years.

For FY12, the Water Authority developed several policy objectives to improve the processes and procedures for water quality compliance reporting. The Water Authority created a new Compliance Division in FY10 to better improve and consolidate all its compliance functions. In FY13, the Compliance Division developed and implemented a reporting system and environmental monitoring program.

In FY19, the Water Authority revised its Water Quality Report with an updated design. The updated report has an easier-to-read design that was developed with input from ratepayers via the utility’s Customer Conversations program. The report, a requirement of the EPA, provides information about where our drinking water originates, how it is made safe to drink, and water quality regulations. It also includes the results of EPA-required sampling and testing.

In FY20, the Water Authority received recognition from the Partnership for Safe Water for treatment and distribution system operations. The Partnership for Safe Water provides self-assessment and optimization programs so that utilities have the tools to optimize water utility operation and help ensure public health protection. As a part of this program, a target was established to maintain filter effluent turbidity less than 0.1 NTU more than 95% of time in operation.

In FY23, the Water Authority will work towards the application for the Phase IV Excellence in Water Treatment Award in the Partnership for Safe Water-Treatment program.

2020 Customer Opinion Survey

- 97% of customers are either very or somewhat satisfied with the reliability/availability of water
- 77% of customers are either very or somewhat satisfied with the safety and purity of drinking water
- 79% of customers are either very or somewhat satisfied with the quality (taste, smell, appearance) of drinking water

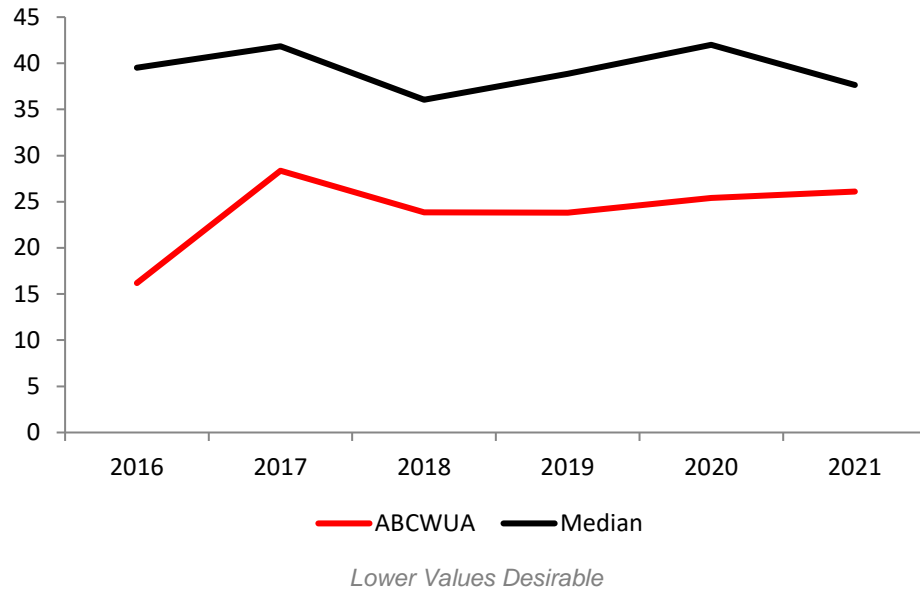
**FY23 Performance Plan
Goal 1: Water Supply and Operations**

1-2 Distribution System Water Loss

Performance Results (Real Losses – gallons per service connection per day)

Measure Type	Purpose	Inputs	Outputs					Outcome	
			Baseline	Prior Year Actuals			Current/Est		Projected
				2019	2020	2021	2022	2023	
Efficiency	Quantify the amount of produced water that fails to reach customers and cannot otherwise be accounted for through authorized usage	Total water loss from leakages, total water distributed	25.1	23.8	25.4	26.1	29.2	28.0	Improve water use efficiency and recover lost revenue

Industry Benchmarks



FY23 Performance Plan
Goal 1: Water Supply and Operations

Results Narrative

Distribution system water loss is the difference between the volume of water distributed for use by all customer classes and the volume of water actually consumed by authorized users. There are many factors contributing to distribution system water loss. The major ones are leakage, metering inaccuracies, and unauthorized consumption. Among these, only leakage is a true loss of water. Metering inaccuracies affect the utility's capability for measuring true loss, but such inaccuracies can lead to both overstatements and understatements of the true loss. Because water losses impact revenues, it is important that a utility have practices in place to understand the specific causes of losses in its system. Tracking water losses will help the Water Authority understand the condition of distribution system infrastructure and the effects of its operation, maintenance, and replacement practices. This measure provides opportunity for the Water Authority to compare the distribution system water loss against that in the distribution systems of other utilities.

Measurement Status

Compared to its industry peers, the Water Authority has been successful in maintaining very low real water losses. In FY09, the Water Authority began its leak detection program that focused on finding water line leaks before they surface, fixing leaking hydrants, and improving meter inaccuracy.

The Water Authority has utilized the AWWA Water Audit methodology in determining its apparent and real water losses. In FY19, the utility's water audit was validated. In FY20, the Water Authority improved the validated water audit inputs for apparent water loss, conducted a statistically significant number of small meter tests to support the water audit and strategic water loss plan. The utility also conducted an apparent loss forensic analysis and identify areas of improvement for reducing water loss. In FY22, the utility validated the FY21 water audit and evaluated strategies to reduce both apparent and real water losses.

In FY23, the Water Authority will begin a 3-year program of replacing the current leak detection units with updated technology.

2020 Customer Opinion Survey

- 70% of customers are either very or somewhat satisfied with the condition of the water lines in the number of leaks that they may observe surfacing

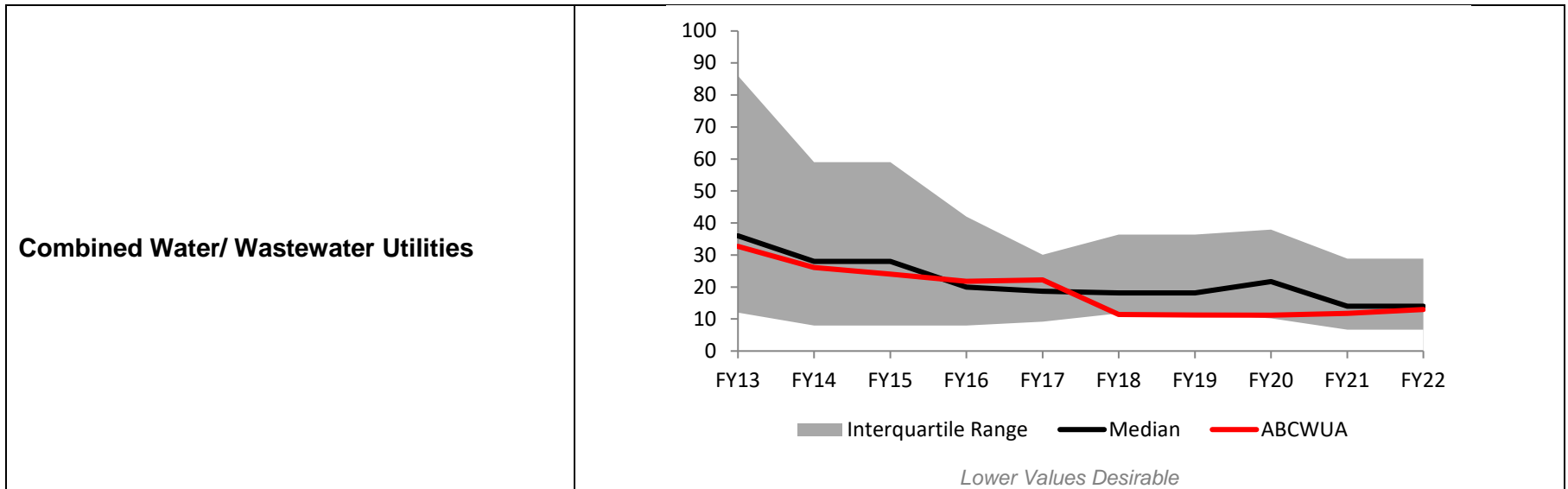
**FY23 Performance Plan
Goal 1: Water Supply and Operations**

1-3 Water Distribution System Integrity

Performance Results

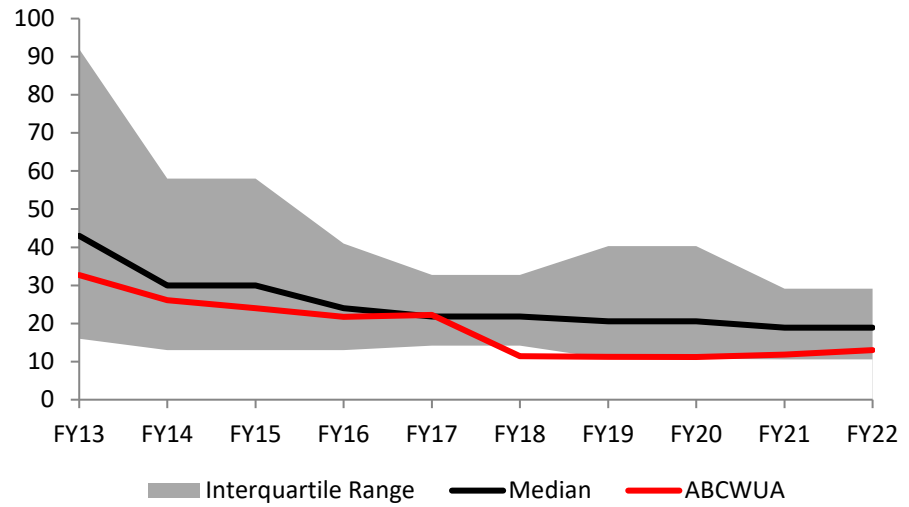
Measure Type	Purpose	Inputs	Outputs					Outcome	
			Baseline	Prior Year Actuals			Current/Est		Projected
				FY19	FY20	FY21	FY22	FY23	
Effectiveness	Quantify the condition of the water distribution system	Number of leaks per 100 miles of distribution piping	11.2	11.3	11.2	11.2	13.0	11.3	Improve the condition and reliability of the water distribution system and reduce emergency repairs and water supply interruptions

Industry Benchmarks



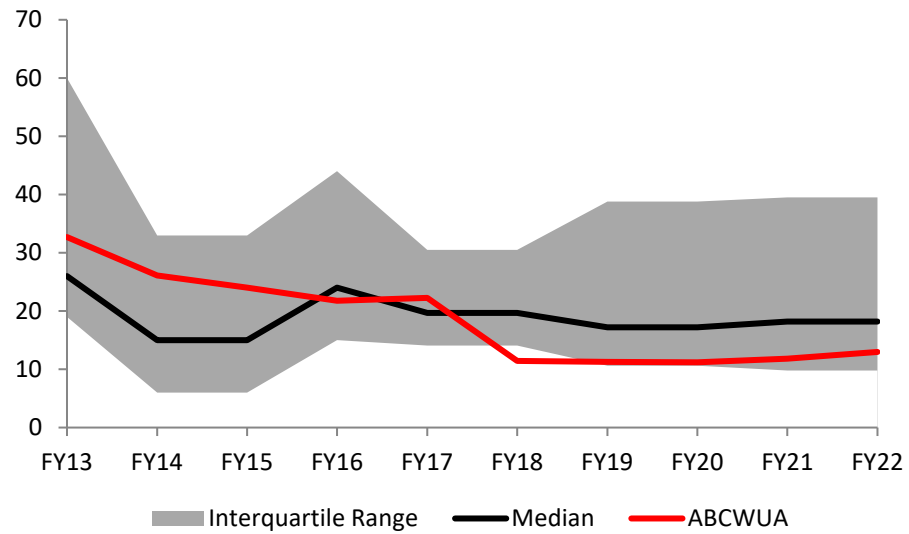
**FY23 Performance Plan
Goal 1: Water Supply and Operations**

Utilities with populations greater than 500,000



Lower Values Desirable

Utilities located in Region 4



Desirable

Lower Values

FY23 Performance Plan
Goal 1: Water Supply and Operations

Results Narrative

For a water utility, distribution system integrity has importance for health, customer service, operations, and asset management reasons. Excessive leaks and breaks result in increased costs due to an increased number of emergency repairs. Utilities use operational and maintenance (O&M) procedures designed to reduce the value of this measure. The cost of these (O&M) programs must be balanced against the cost of emergency repairs and the consequences of water supply interruptions. Comparing the value of this measure with other utilities can provide information on the rate that many utilities may find acceptable.

Measurement Status

The Water Authority's performance in this measure has been below the median for the past three fiscal years. The Water Authority has adopted policy objectives to increase spending on water line rehabilitation which will help reduce emergency repairs and water supply interruptions. Since FY08, the Water Authority has invested \$1 million in steel water line rehabilitation in addition to planned water line rehabilitation spending. The purpose for this objective is to target steel lines because they have a higher frequency of leaks than other material types in the system. The Water Authority included as an objective for FY22 to continue spending an additional \$1 million in steel water line rehabilitation. In FY23, \$2 million has been appropriated for steel water line rehabilitation.

In FY11, the Water Authority completed a ten-year asset management plan for its small diameter water lines. This plan has been utilized in its capital planning in order to replace water lines that are past their useful life and have had multiple leaks on the same line segment.

In February 2020, the Water Authority updated the asset management plan for small diameter waterlines and sewerlines. This update included: completing an inventory of all the lines, identifying the installation year, material type and size; assessing the Probability of Failure of the lines; determining the Consequence of Failure of the lines; calculating the risk of line failure; and creating a 10-year capital improvement replacement plan budget.

2020 Customer Opinion Survey

- 75% of customers are either very or somewhat satisfied with the effectiveness of the Water Authority to repair leaks and the response time for restoring service

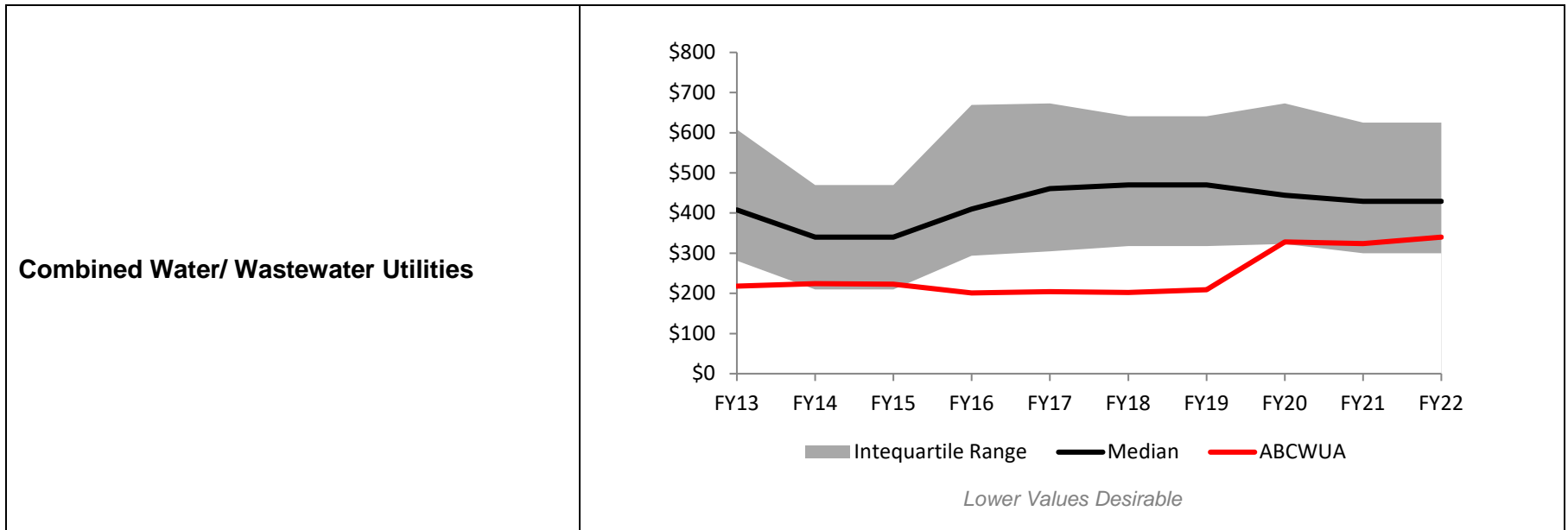
FY23 Performance Plan
Goal 1: Water Supply and Operations

1-4 Operations and Maintenance Cost Ratio

Performance Results for O&M Cost per Account

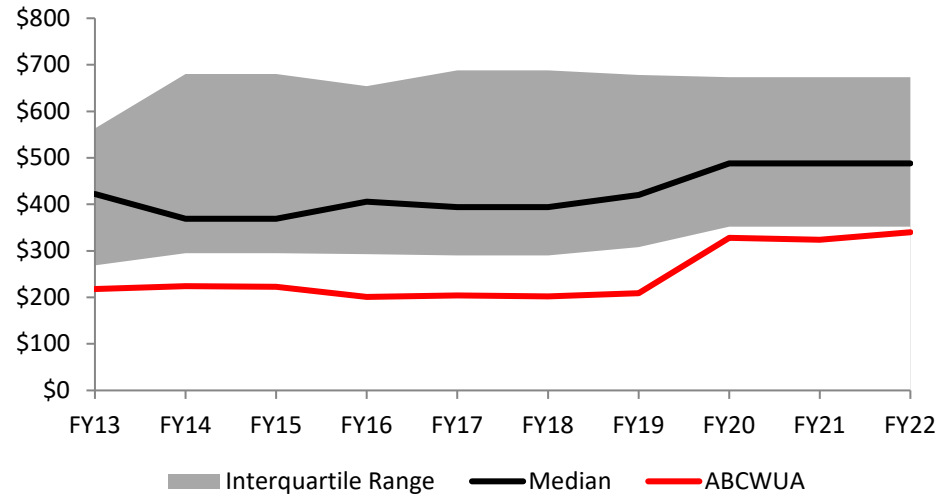
Measure Type	Purpose	Inputs	Outputs					Outcome	
			Baseline	Prior Year Actuals			Current/Est		Projected
				FY19	FY20	FY21	FY22	FY23	
Effectiveness	Quantify all utility costs related to operations and maintenance (O&M), with breakouts of those costs related to water treatment, as related to volumes processed and the number of active customers	Total O&M costs and total number of active customer accounts	\$287	\$209	\$328	\$324	\$340	\$340	Maintain lower O&M costs without reducing customer level of service

Industry Benchmark for O&M Cost per Account



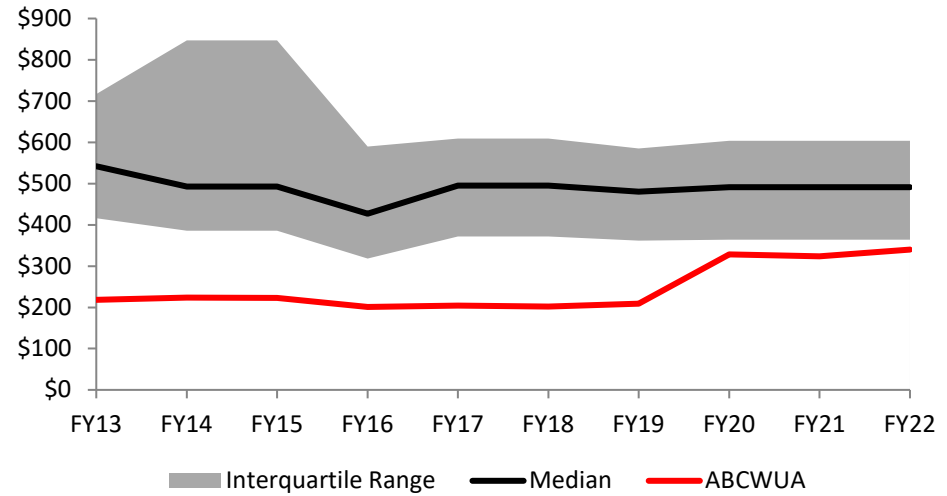
**FY23 Performance Plan
Goal 1: Water Supply and Operations**

Utilities with populations greater than 500,000



Lower Values Desirable

Utilities located in Region 4



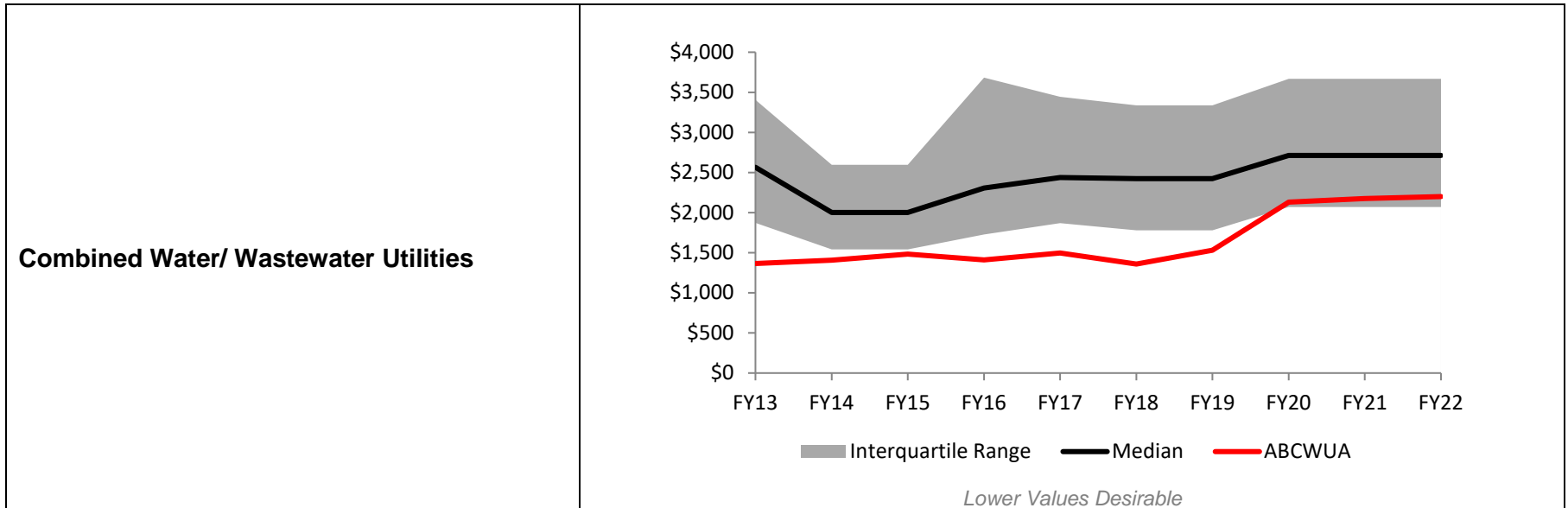
Lower Values Desirable

FY23 Performance Plan
Goal 1: Water Supply and Operations

Performance Results for O&M Cost per MG Distributed

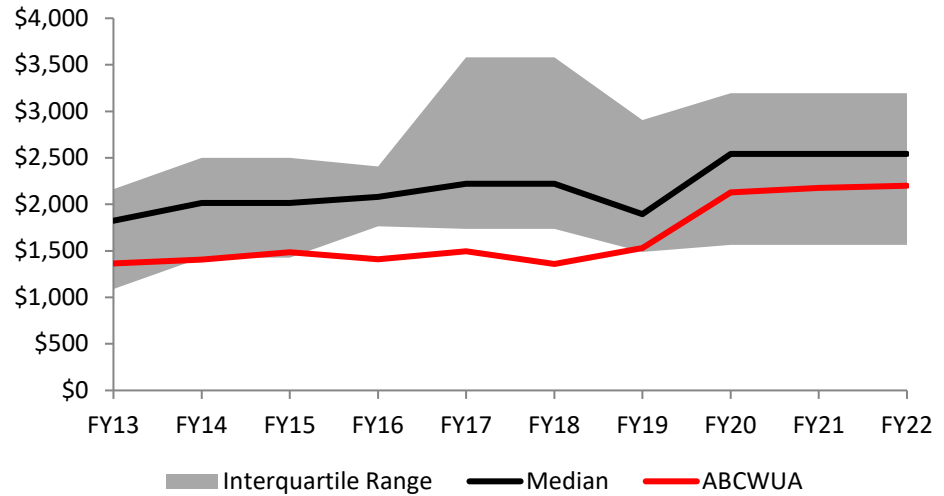
Measure Type	Purpose	Inputs	Outputs					Outcome	
			Baseline	Prior Year Actuals			Current/Est		Projected
				FY19	FY20	FY21	FY22	FY23	
Effectiveness	Quantify all utility costs related to operations and maintenance (O&M), with breakouts of those costs related to water treatment, as related to volumes processed and the number of active customers	Total O&M costs and total volume of water distributed	\$1,946	\$1,531	\$2,130	\$2,177	\$2,200	\$2,200	Maintain lower O&M costs without reducing customer level of service

Industry Benchmark for O&M Cost per MG Distributed



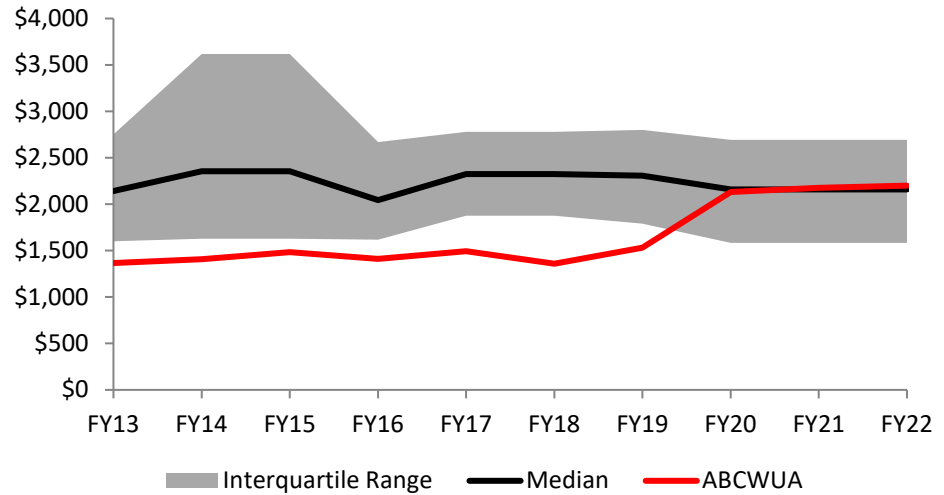
**FY23 Performance Plan
Goal 1: Water Supply and Operations**

Utilities with populations greater than 500,000



Lower Values Desirable

Utilities located in Region 4



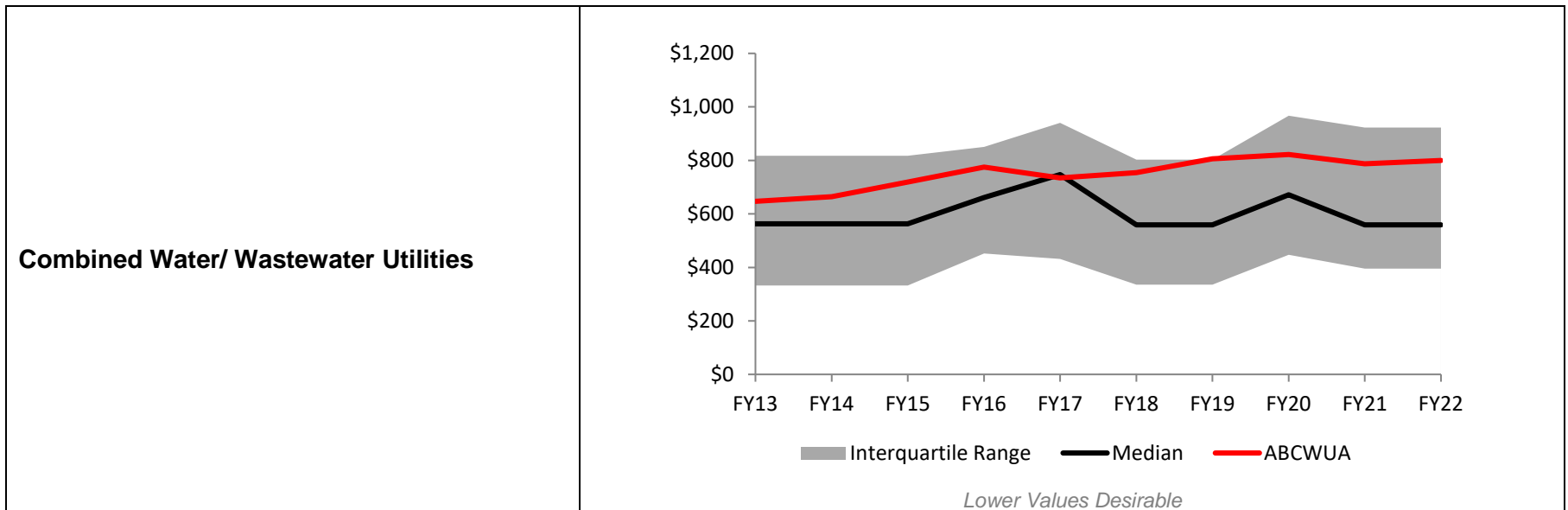
Lower Values Desirable

**FY23 Performance Plan
Goal 1: Water Supply and Operations**

Performance Results for O&M Cost of Treatment per MG

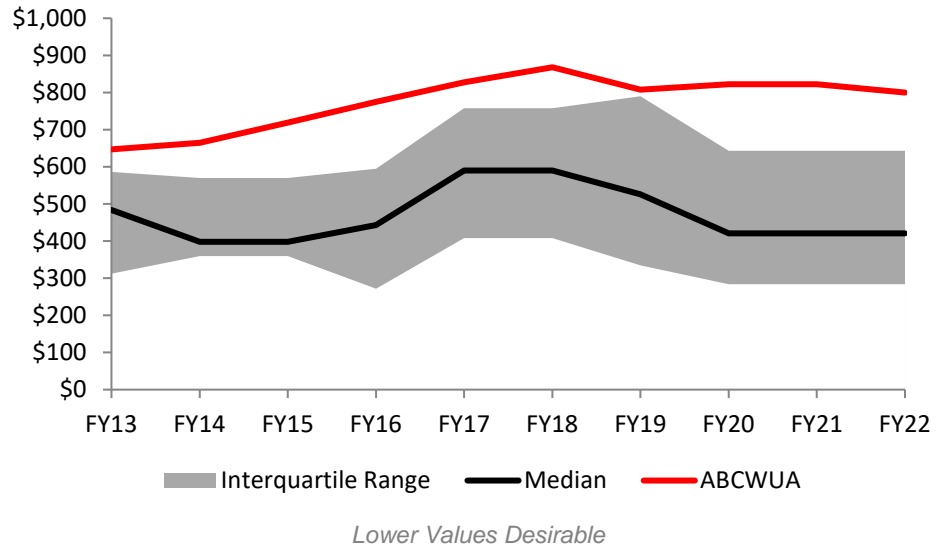
Measure Type	Purpose	Inputs	Outputs					Outcome	
			Baseline	Prior Year Actuals			Current/Est		Projected
				FY19	FY20	FY21	FY22	FY23	
Effectiveness	Quantify all utility costs related to operations and maintenance (O&M), with breakouts of those costs related to water treatment, as related to volumes processed and the number of active customers	Total Direct O&M costs and total volume of water treated	\$805	\$806	\$822	\$787	\$800	\$800	Maintain lower O&M costs without reducing customer level of service

Industry Benchmarks

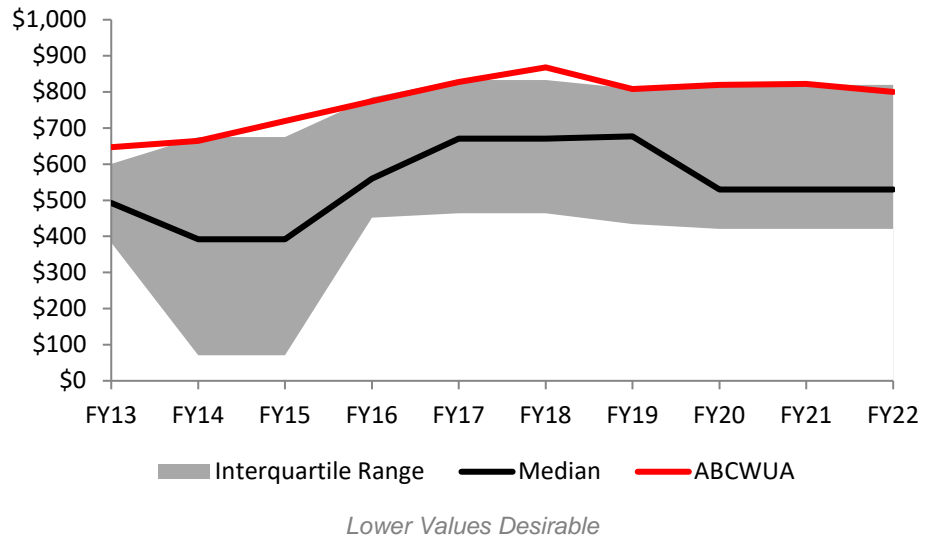


**FY23 Performance Plan
Goal 1: Water Supply and Operations**

Utilities with populations greater than 500,000



Utilities located in Region 4



FY23 Performance Plan
Goal 1: Water Supply and Operations

Results Narrative

These related measures tally the cost of O&M per account and per million gallons of water processed. Comparing the value of this measure with other utilities can provide information regarding the status of current accepted practices.

Measurement Status

The Water Authority's performance in this measure has been above the median range for the past three fiscal years except for Treatment O&M. Treatment O&M costs have increased with operating both surface and ground water supply systems which provides more sustainability and reliability to customers. The Water Authority has also installed solar arrays to generate 7.5 MW in electricity for its two treatment plants (drinking water and wastewater). The renewable energy produced by these facilities, plus participation in the local energy utility's peak electrical demand response program, saves about \$2 million annually. For FY23, the Water Authority will continue to work on the Partnership for Safe Water program to optimize its system operations and performance.

Another FY23 Objective is to continue deployment of automated meter infrastructure pressure monitoring infrastructure to improve energy efficiency and reduce operation and maintenance costs in reduced pressure zones. Through hydraulic modeling, opportunities will be assessed for operational efficiency by eliminating redundant pressure reducing stations.

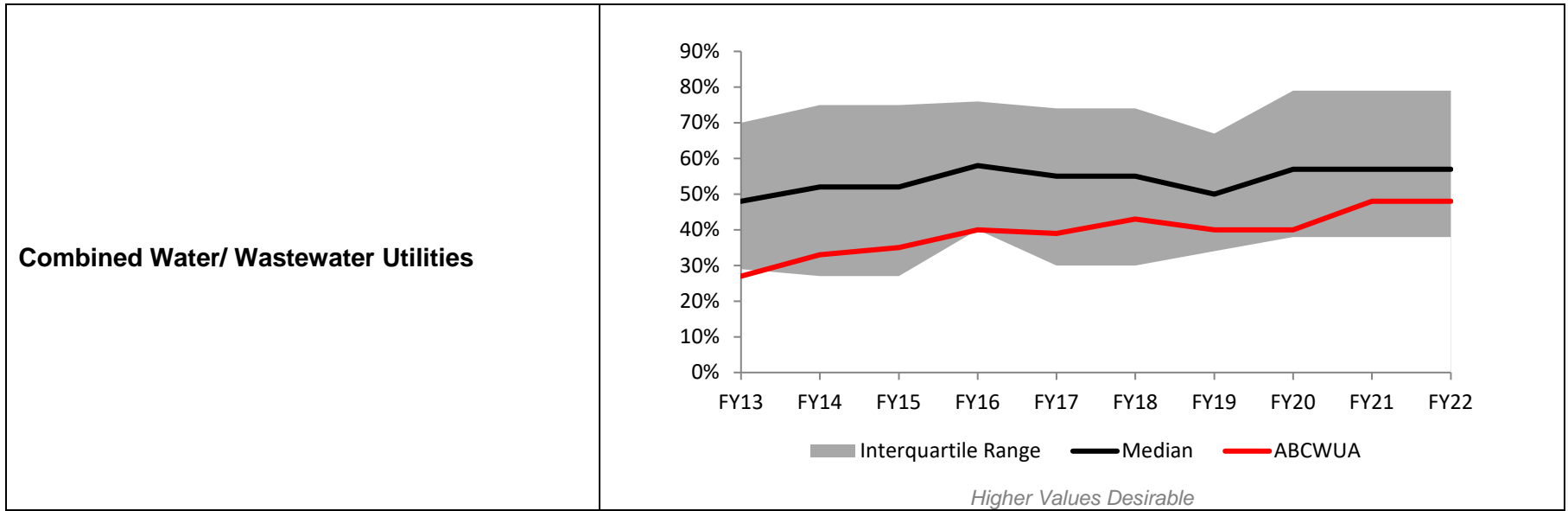
FY23 Performance Plan
Goal 1: Water Supply and Operations

1-5 Planned Maintenance Ratio

Performance Results

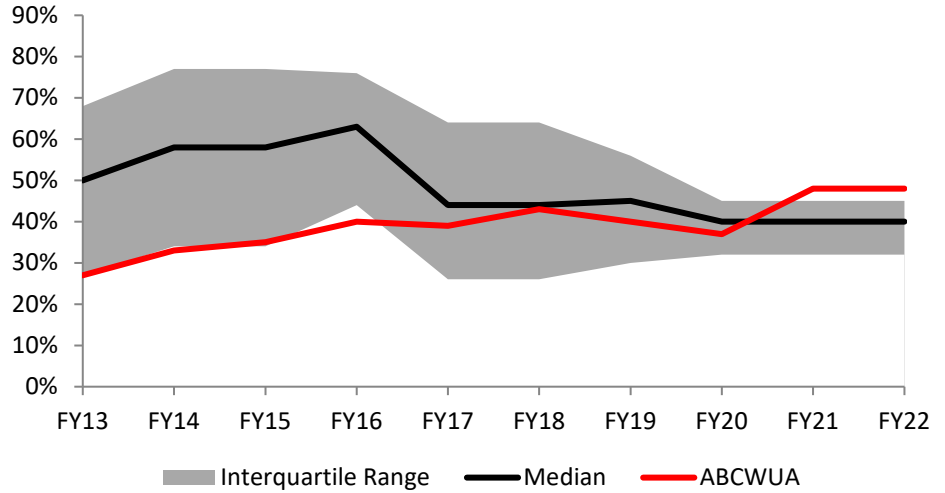
Measure Type	Purpose	Inputs	Outputs					Outcome	
			Baseline	Prior Year Actuals			Current/Est		Projected
				FY19	FY20	FY21	FY22	FY23	
Effectiveness	Comparison of how effectively the Water Authority is in investing in planned maintenance	Hours of planned maintenance compared to hours of corrective maintenance	40%	40%	40%	48%	48%	50%	Reduce emergency maintenance from system malfunctions

Industry Benchmarks



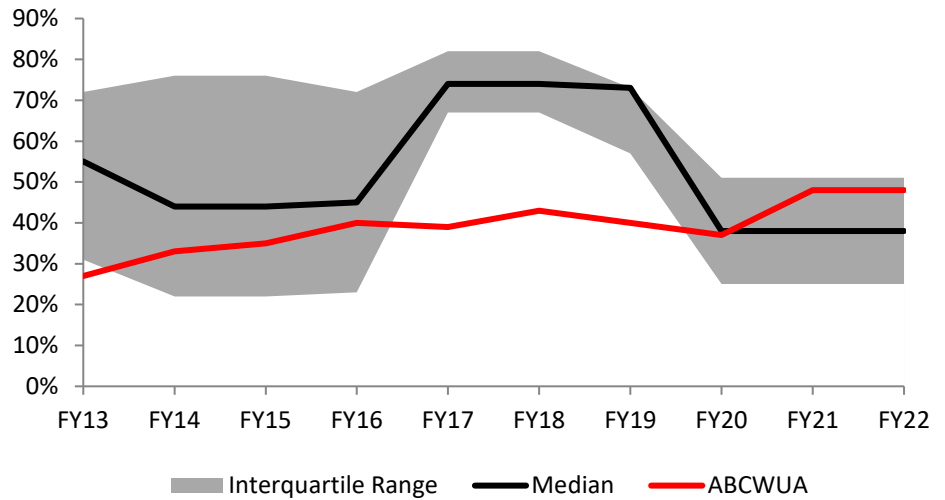
**FY23 Performance Plan
Goal 1: Water Supply and Operations**

Utilities with populations greater than 500,000



Higher Values Desirable

Utilities located in Region 4



Higher Values Desirable

FY23 Performance Plan
Goal 1: Water Supply and Operations

Results Narrative

Planned maintenance includes preventive and predictive maintenance. Preventive maintenance is performed according to a predetermined schedule rather than in response to failure. Predictive maintenance is initiated when secondary monitoring signals from activities indicate that maintenance is due. All other maintenance is categorized as corrective (i.e., maintenance resulting from an asset that is no longer providing reliable service such as a breakdown, blockage, or leakage). Planned maintenance is preferable for assets for which the cost of repairs is high relative to the cost of corrective maintenance. The avoided cost includes both the cost of repair and the cost consequences of the service disruption, with the latter including an allowance for customer costs. Many utilities want to increase their percentage of planned maintenance activities and reduce their percentage of corrective maintenance activities. A higher ratio may indicate a reduction in emergency maintenance resulting from system malfunctions (e.g., pipeline breaks or pump failures).

Measurement Status

The Water Authority's performance in this measure has been within the median range for the past three fiscal years and has increased beginning in FY21. Since FY08, the Water Authority has used this performance measure to identify gaps in planned/preventative maintenance activities. Over the past six fiscal years, the Water Authority has focused on increasing water operations planned maintenance for its groundwater facilities and the surface water plant. For the distribution system, the Water Authority will be increasing planned maintenance through its leak detection program mentioned in Performance Measure 1-2, Distribution System Water Loss.

For FY23, there are two policy objectives with planned maintenance targets for both the ground and surface water facilities and the water distribution system.

Planned maintenance is a key component to the Water Authority's asset management program. In FY18, the Water Authority upgraded its work order system to integrate with the Water Authority's asset management program to collect and track its asset information. The purpose for this upgrade was to obtain better information to make better decisions on the Water Authority's assets.

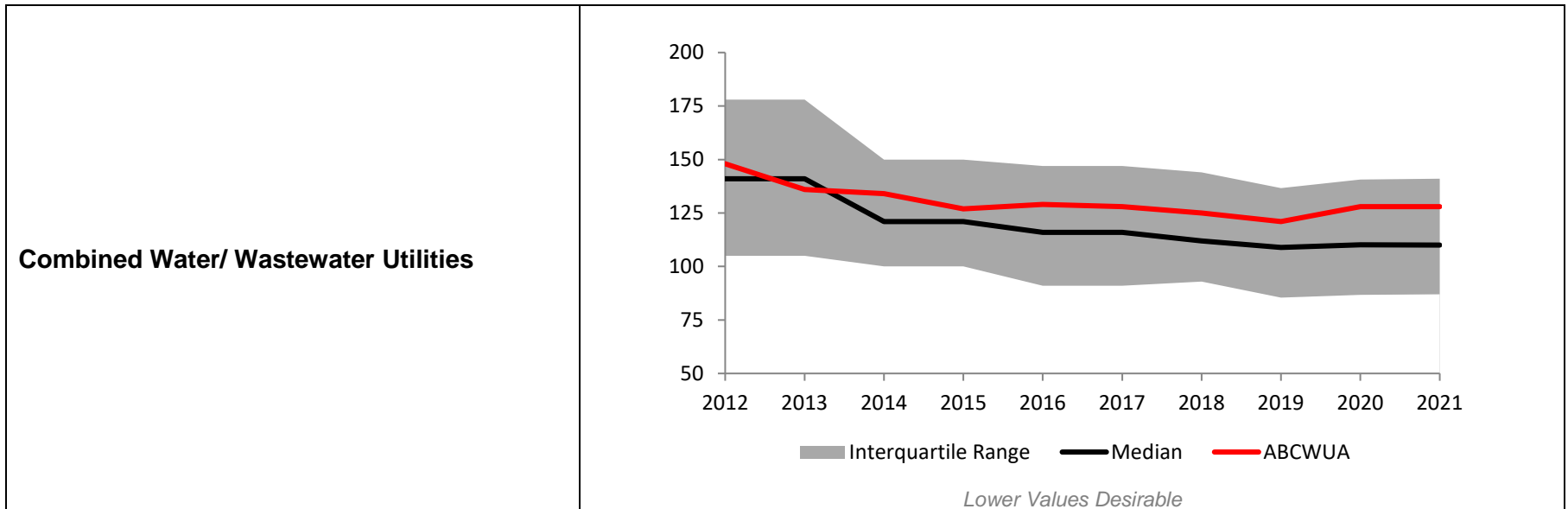
**FY23 Performance Plan
Goal 1: Water Supply and Operations**

1-6 Water Use per Capita Consumption

Performance Results

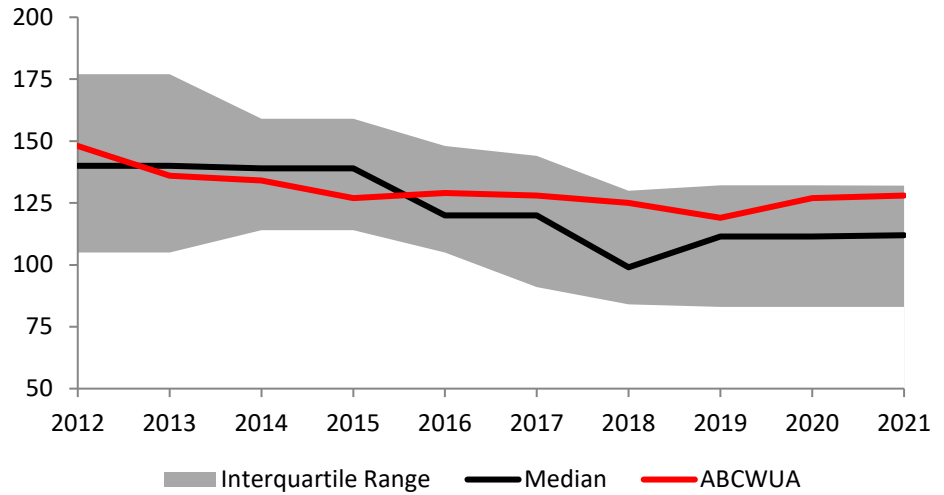
Measure Type	Purpose	Inputs	Outputs					Outcome	
			Baseline	Prior Year Actuals			Current/Est		Projected
				2018	2019	2020	2021	2022	
Effectiveness	Measure water savings by comparing the annual consumption and account growth by customer class and system-wide per capita usage	Gallons per person per day (GPCD)	124	125	121	128	128	127	Reduce water consumption to extend water resources and minimize environment impacts

Industry Benchmarks



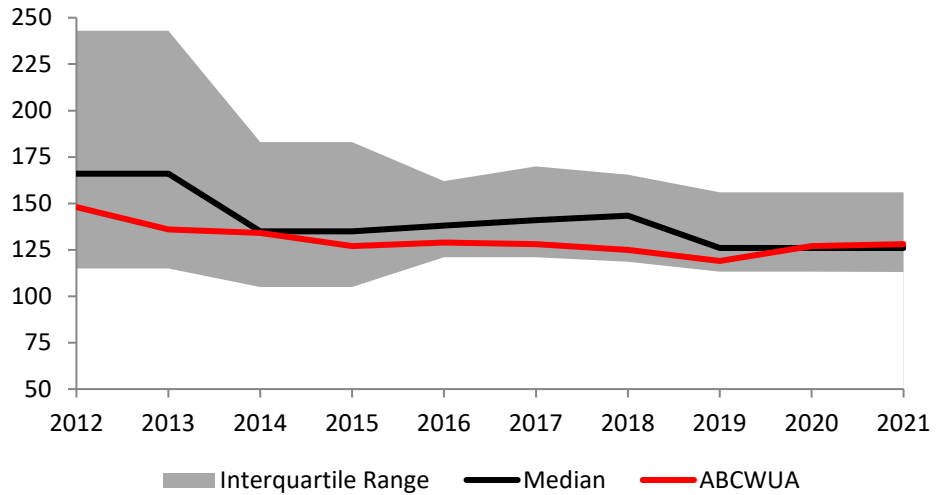
**FY23 Performance Plan
Goal 1: Water Supply and Operations**

Utilities with populations greater than 500,000



Lower Values Desirable

Utilities located in Region 4



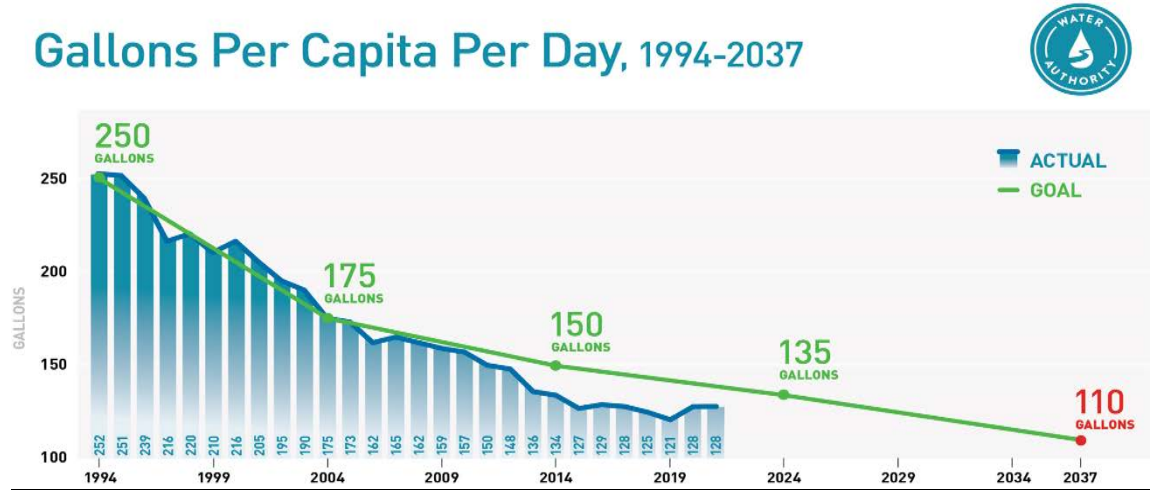
Lower Values Desirable

FY23 Performance Plan
Goal 1: Water Supply and Operations

Results Narrative

In 2021, despite high temperatures and the ongoing drought, customer demand was almost 1 billion gallons less than in 2020. In 2021, the US Census Bureau released the Biennial Census data. The average size per household decreased and this changed the estimates in the population served causing the GPCD in 2021 to remain the same as in 2020.

Gallons Per Capita Per Day, 1994-2037



One reason for the success in water reduction is from the 1-2-3-2-1 “Water by the Numbers” program, which asks Water Authority customers to voluntarily limit their outdoor water usage to one day per week in March, two days a week in April and May and three days a week in the summer before ramping down in the fall. To the right is the diagram used to educate customers on the program.



2020 Customer Opinion Survey

- 72% of customers are either very or somewhat satisfied with the utility’s conservation programs
- 62% of customers either strongly or somewhat agree that they follow the Water by the Numbers program when setting their irrigation schedule

Goal 2

Wastewater Collection & Operations

Guiding Goal Statement

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.

Goal Performance Scorecard

Ref #	Performance Measure	Status	Trend
2-1	Sewer Overflow Rate	■	■
2-2	Collection System Integrity	■	■
2-3	Wastewater Treatment Effectiveness Rate	■	■
2-4	O&M Cost Ratios: O&M Cost per account	▲	▲
2-4	O&M Cost Ratios: O&M Cost per MG processed	■	■
2-4	O&M Cost Ratios: Direct cost of treatment per MG	■	■
2-5	Planned Maintenance Ratio	■	■
Overall Goal Status		■	■

Performance Key

 Excellent
  Good
  Fair
  Poor

Linkage of Objectives to Performance Measures

FY23 Objectives	Measure Reference
To continuously reduce sanitary sewer overflows (SSOs) in accordance with the CMOM Plan, initiate a manhole monitoring pilot study to diagnose flow patterns and provide advance alerts of downstream blockages. Complete a two-year pilot program with preliminary observations by the end of the 4th Quarter of FY23.	2-1
In accordance with the Capacity, Management, Operations and Management (CMOM) Plan, televise and assess the condition of the unlined concrete lines 15-inch diameter and larger by the end of the 4th Quarter of FY23.	2-1 2-2
Manage chemical usage to maintain collection system corrosion and odor control, with a goal of zero odors, while considering impacts on wastewater treatment operations and effluent quality. Identify metrics for monitoring and reporting by the end of the 1st Quarter of FY23. Monitor and report metrics through the end of the 4th Quarter of FY23. Identify additional odor control stations as needed.	2-2
As part of the CMOM Program, evaluate pilot modifications to the Sub-Basin cleaning program. Look at possible changes such as sub-basin cleaning frequency to optimize effectiveness of preventative maintenance cleaning to the lines most likely to spill by the end of the 4th Quarter of FY23.	2-2
Install AMI devices in three additional vacuum station service areas to gather system performance data and respond quickly to low-vacuum conditions by the end of the 4th Quarter of FY23.	2-2
Initiate a feasibility study to determine the appropriate technology and locations for new, permanent pH monitoring stations to be constructed on each of the four interceptors entering the SWRP and send real-time information to the Supervisory Controls and Data Acquisition (SCADA) systems by the end of the 4th Quarter of FY23. These stations will provide important real-time data on pH excursions that may adversely impact the SWRP treatment process, will be able to immediately identify on which interceptor the issue is occurring, and provide a continuous and high-quality historical data record for any necessary enforcement. The NPDES Program will collaborate with Plant Operations to complete the monitoring, strategy determination and planning processes required to develop and submit a Mercury Minimization Plan by the end of the 2nd Quarter of FY23, as required in the permit.	2-2
National Pollutant Discharge Elimination System (NPDES) Pretreatment Program monitors compliance with the Water Authority's Sewer Use and Wastewater Control Ordinance: <ul style="list-style-type: none"> o Monitor continuous discharge permitted industries 16 days per year or 4 days per quarter; o Complete 16 industrial permit inspections each quarter; o Complete 175 Food Service Establishment inspections each quarter; and o Complete 52 dental office inspections each quarter. Report on performance and percent of Sewer Users in compliance for each category each quarter during FY23.	2-2 2-3
Monitor compliance with the Water Authority's Cross Connection Prevention and Control Ordinance. Obtain a compliance rate goal of 75% through the end of the 4th Quarter of FY23.	2-2 2-3

Implement the Fats, Oils, and Grease (FOG) Policy to reduce impacts on the sewer system by working with the Collections section with SSO 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 FY23.	2-2 2-3
Limit overall permit excursions to no more than 5 operating discharge permit violations to comply with effluent quality standards through the end of the 4th Quarter of FY23.	2-3
Beneficially reuse biosolids by diverting 30% of the biosolids to compost through the end of the 4th Quarter of FY23.	2-3
Optimize operation of the new digester gas cleaning system and cogeneration facility emission reduction systems to meet air quality limits set by the new permit by the end of the 4th Quarter of FY23.	2-3
The NPDES Program will collaborate with Plant Operations to complete the monitoring, strategy determination and planning processes required to develop and submit a Mercury Minimization Plan by the end of the 2 nd Quarter of FY23, as required in the permit.	2-3
Continue work on the Partnership for Clean Water program for the Southside Water Reclamation Plant (SWRP) to optimize system operations and performance; Continue work on outstanding 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 FY23.	2-4
While striving to emit zero odors from the wastewater collections system and SWRP, work to reduce the cost of odor control chemicals by optimizing the amount of residual iron sludge discharged from the surface water treatment by the end of the 4 th Quarter of FY23.	2-4
Generate at least 25% of total SWRP power needs from the on-site solar array and from digester gas-fueled cogeneration by the end of the 4th Quarter of FY23 and report progress quarterly.	2-4
To gain information for future re-use projects, establish appropriate key performance indicators (KPIs) for the chloramination process at SWRP used to disinfect effluent re-use water by the end of the 4th Quarter of FY23. Use these indicators to optimize chemical feed rates at SWRP and at the Puerto del Sol and Mesa del Sol closed loop pumping systems to maintain desired water quality for effluent re-use water.	2-4
Complete Wastewater 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 FY23.	2-5
Complete full-scale design of the Silvery Minnow habitat created by the SWRP Outfall Project by the end of the 1st Quarter of FY23. Submit required documents to receive ONRT funding to begin construction of the project by the end of the 2nd Quarter of FY23. Apply for additional funding sources (e.g., Water Trust Board, River Stewardship Program) for the construction of the project.	N/A
In support of the Bosque Water Reclamation Plant, identify relevant and required easements, permits, and environmental documents required for project design, construction, and operation by the end of the 2nd Quarter of FY23. Work collaboratively to develop actions, workflow, and timeline for completion of the required easements, permits, and environmental documents by the end of the 4th Quarter of FY23.	N/A

Performance Measure Division Responsibility

Ref #	Performance Measure	Operations Plant	Operations Field	Operations Compliance
2-1	Sewer Overflow Rate		✓	
2-2	Collection System Integrity		✓	
2-3	Wastewater Treatment Effectiveness Rate	✓		✓
2-4	O&M Cost Ratios: O&M Cost per account	✓	✓	
2-4	O&M Cost Ratios: O&M Cost per MG processed	✓		
2-4	O&M Cost Ratios: Direct cost of treatment / MG	✓		
2-5	Planned Maintenance Ratio	✓	✓	

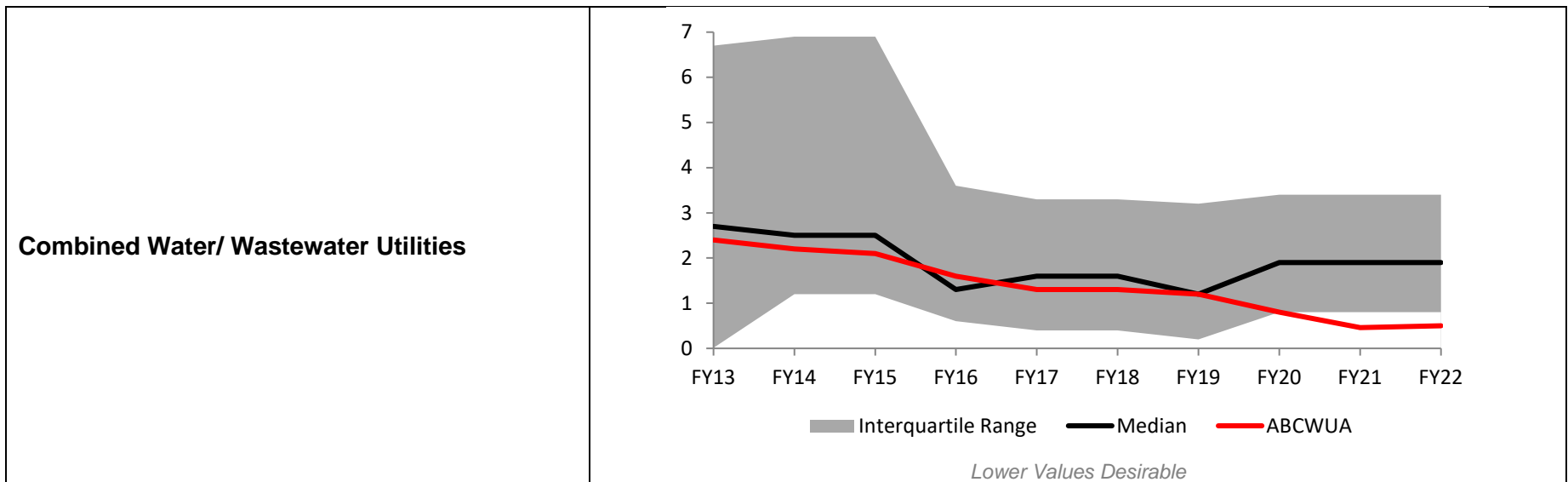
**FY23 Performance Plan
Goal 2: Wastewater Collection and Operations**

2-1 Sewer Overflow Rate

Performance Results

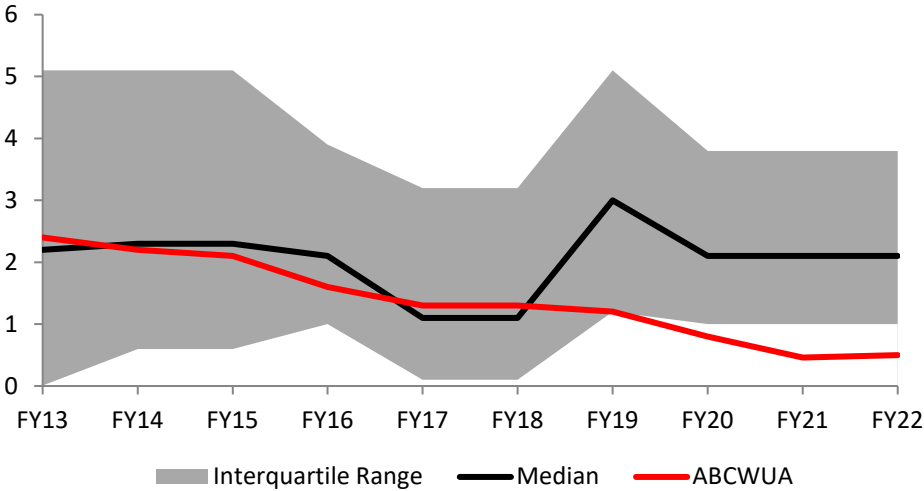
Measure Type	Purpose	Inputs	Outputs					Outcome	
			Baseline	Prior Year Actuals			Current/Est		Projected
				FY19	FY20	FY21	FY22	FY23	
Effectiveness	Quantify the condition of the collection system and the effectiveness of routine maintenance	Number of sewer overflows per 100 miles of collection piping	0.8	1.2	0.8	0.5	0.5	0.5	Improve the condition and reliability of the collection system and reduce customer complaints

Industry Benchmarks



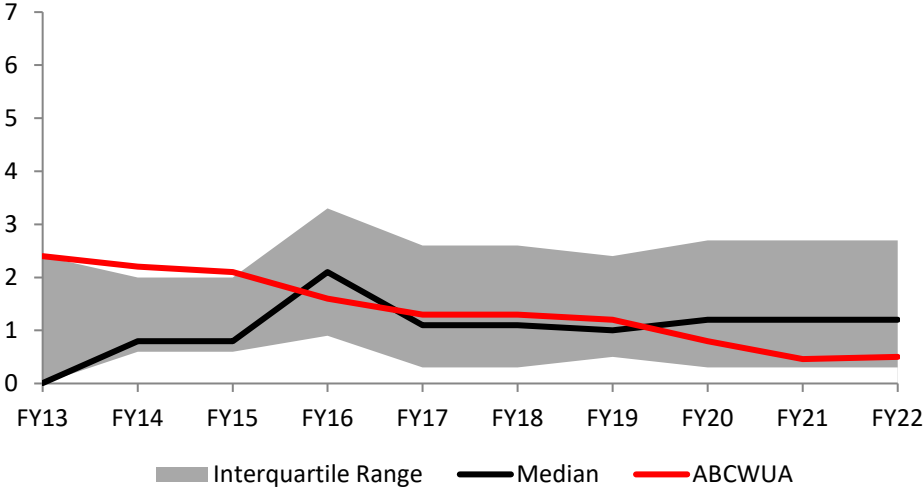
FY23 Performance Plan
Goal 2: Wastewater Collection and Operations

Utilities with populations greater than 500,000



Lower Values Desirable

Utilities located in Region 4



Lower Values Desirable

FY23 Performance Plan
Goal 2: Wastewater Collection and Operations

Results Narrative

Overflows are good measures of collection system condition and the effectiveness of maintenance activities. This measure is intended to measure overflows created by conditions within collection system components under control of the utility. This measure does not include conditions which are deemed outside control of the utility such as general flooding from wet weather conditions.

Measurement Status

The Water Authority's performance in this measure has been within or above the median range for the past three fiscal years and is on-target to maintain a very low overflow rate for the next two fiscal years. The Water Authority has been using its GIS in connection with its upgraded work order system based on asset management principles to analyze sanitary sewer overflows. For FY14, the Collection Section implemented the CMOM activities from the CMOM report completed in FY13. The FY23 Objectives will help to improve the monitoring, cleaning, and response procedures related to sewer overflows.



Every year, the Water Authority provides bill inserts reminding customers not to pour cooking grease down the drain as this causes backups and overflows in the collection system; this usually occurs during the holidays.

2020 Customer Opinion Survey

- 72% of customers are either very or somewhat satisfied with the condition of the sewer lines in the number of overflows that they may observe
- 70% of customers are either very or somewhat satisfied with the effectiveness of the Water Authority to respond to overflows or backups and the response time for restoring service

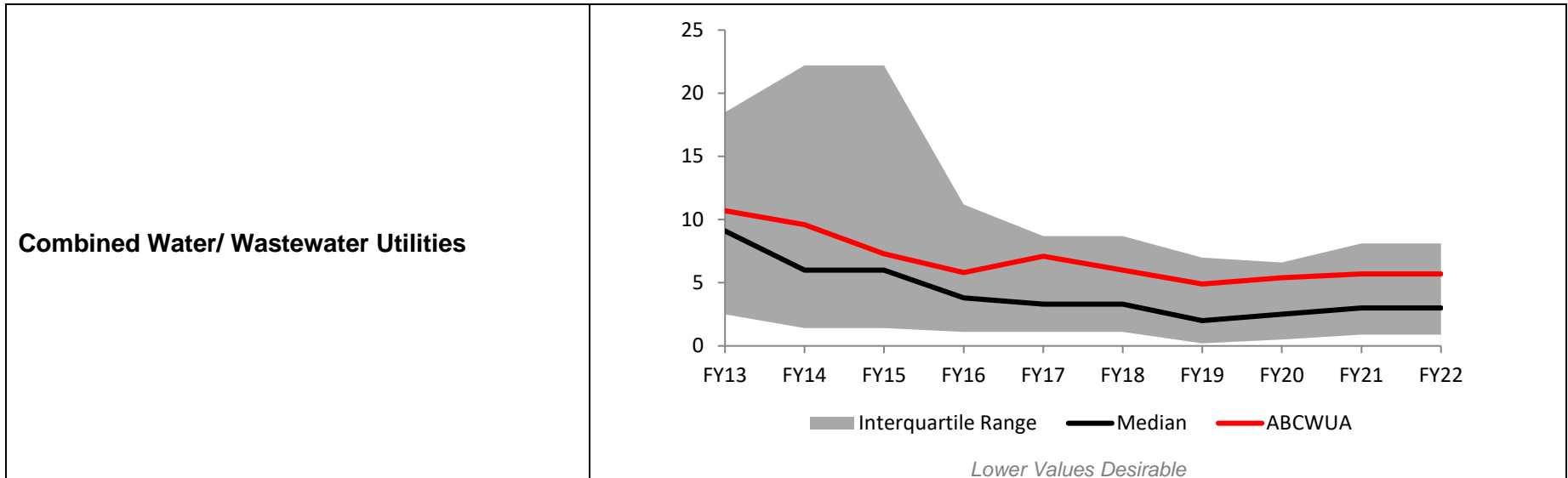
**FY23 Performance Plan
Goal 2: Wastewater Collection and Operations**

2-2 Collection System Integrity

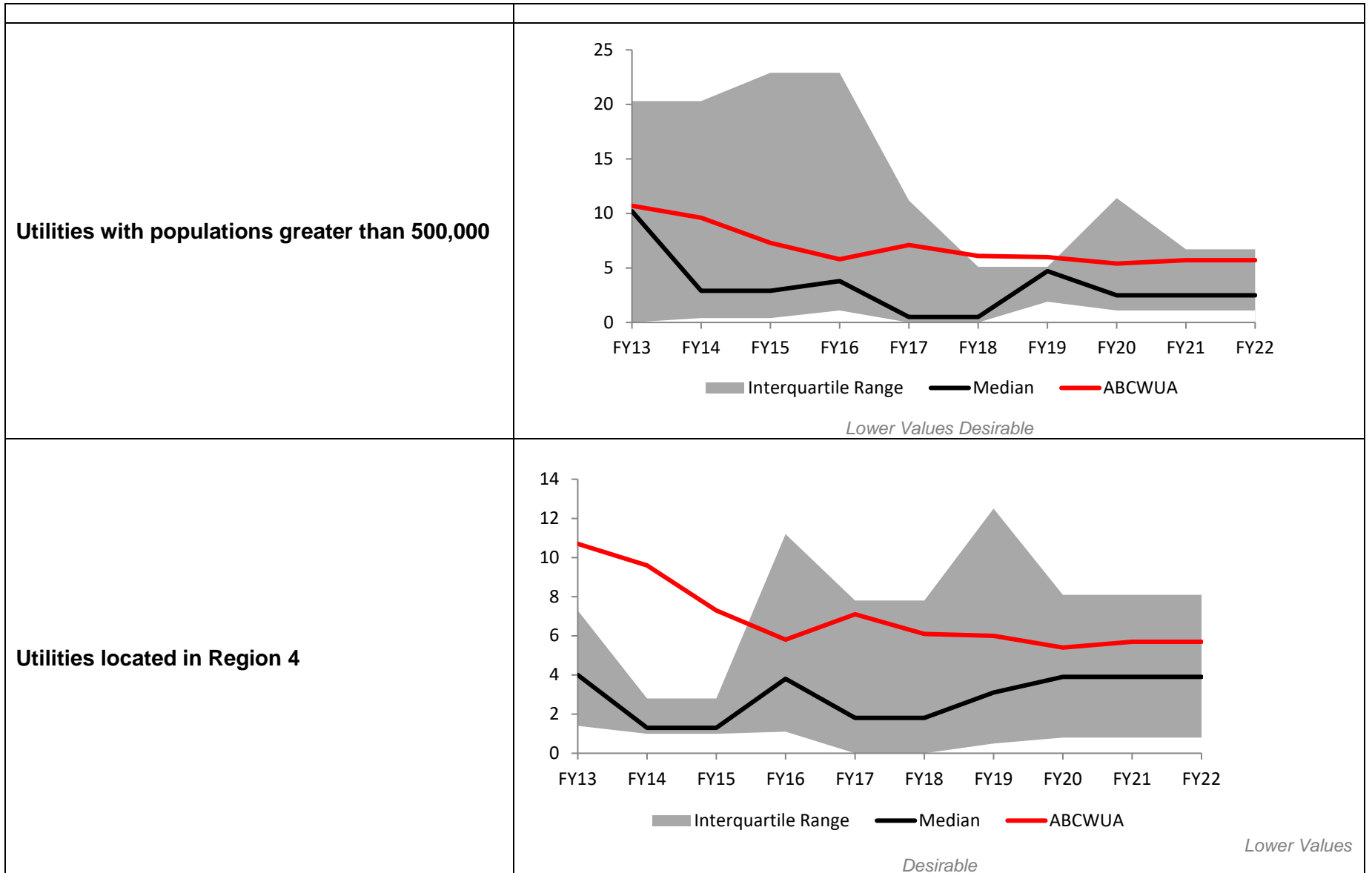
Performance Results

Measure Type	Purpose	Inputs	Outputs					Outcome	
			Baseline	Prior Year Actuals			Current/Est		Projected
				FY19	FY20	FY21	FY22	FY23	
Effectiveness	Measure of the condition of a sewage collection system	Number of collection system failures each year per 100 miles of collection system piping	5.3	4.9	5.4	5.7	5.7	5.3	Improve the condition and capacity of the collection system and minimize catastrophic failures

Industry Benchmarks



FY23 Performance Plan
Goal 2: Wastewater Collection and Operations



FY23 Performance Plan
Goal 2: Wastewater Collection and Operations

Results Narrative

When tracked over time, a utility can compare its failure rate to those at other utilities and it can evaluate whether its own rate is decreasing, stable, or increasing. When data is maintained by the utility to characterize failures according to pipe type and age, type of failure, and cost of repairs, better decisions regarding routine maintenance and replacement/renewals can be made.

Measurement Status

The Water Authority's performance in this measure has been within the median range for the past three fiscal years. For FY11, the Water Authority completed ten-year asset management plans for both its small and large diameter sewer lines. These plans were utilized for the utility's capital planning to help minimize expensive catastrophic failures.

In February 2020, the Water Authority updated the asset management plan for small diameter water lines and sewer lines. This update included: completing an inventory of all the lines, identifying the installation year, material type and size; assessing the Probability of Failure of the lines; determining the Consequence of Failure of the lines; calculating the risk of line failure; and creating a 10-year capital improvement replacement plan budget.

For FY23, there is a policy objective to assess the condition of small diameter sanitary sewer lines as a part of the CMOM program.

2020 Customer Opinion Survey

- 95% of customers are either very or somewhat satisfied with the reliability of wastewater collection
- 79% of customers are either very or somewhat satisfied with the effectiveness of the Water Authority to control odors from sewer lines or treatment facilities

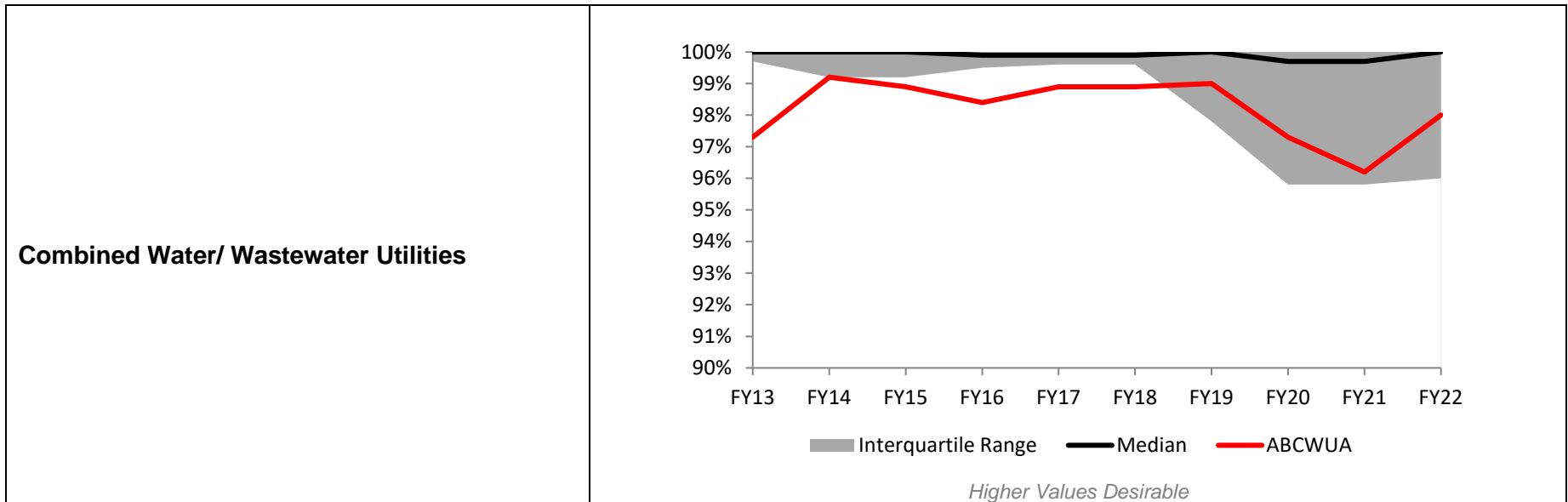
FY23 Performance Plan
Goal 2: Wastewater Collection and Operations

2-3 Wastewater Treatment Effectiveness Rate

Performance Results

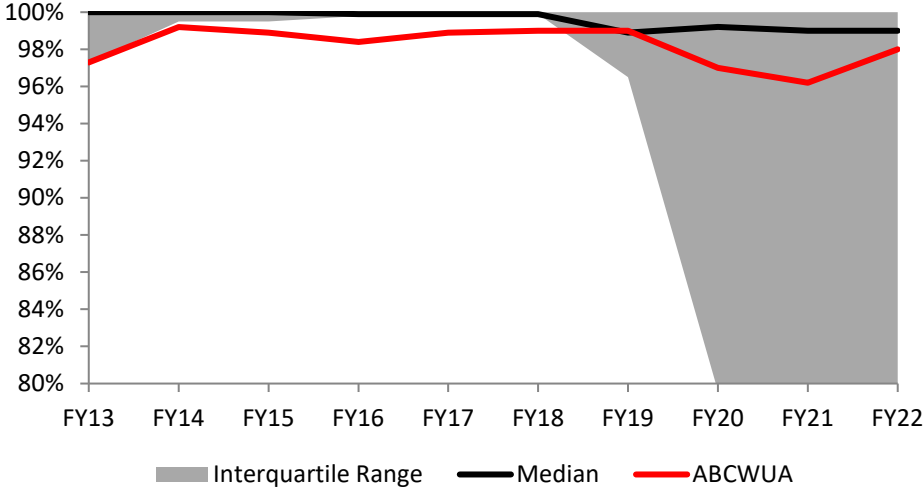
Measure Type	Purpose	Inputs	Outputs					Outcome	
			Baseline	Prior Year Actuals			Current/Est		Projected
				FY19	FY20	FY21	FY22	FY23	
Quality	Quantify the Water Authority's compliance with the effluent quality standards in effect at its wastewater treatment facilities	Percent of time each year that an individual wastewater treatment facility is in full compliance with applicable effluent quality requirements	97.6%	99.2%	97.3	96.2	98.0	99.0	Minimize environmental impacts to the river by returning high quality water to the river

Industry Benchmarks



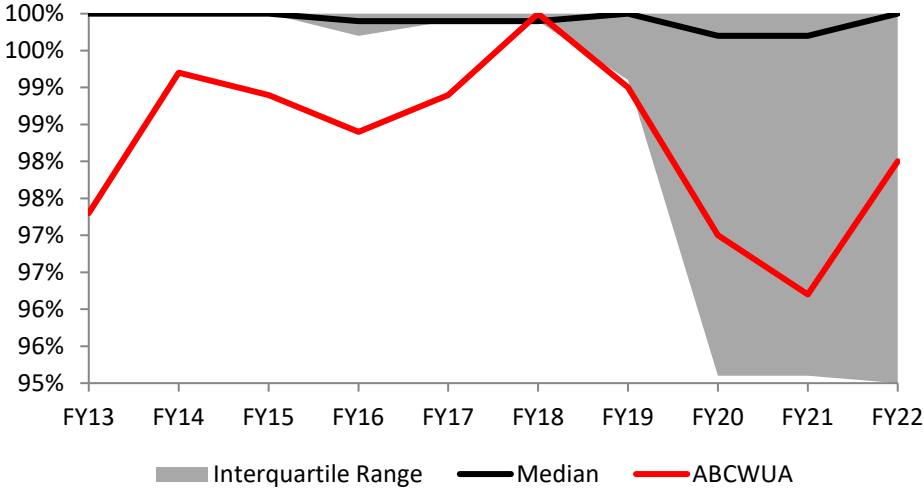
FY23 Performance Plan
Goal 2: Wastewater Collection and Operations

Utilities with populations greater than 500,000



Higher Values Desirable

Utilities located in Region 4



Higher Values Desirable

FY23 Performance Plan
Goal 2: Wastewater Collection and Operations

Results Narrative

The wastewater treatment effectiveness rate allows a utility to compare its treatment effectiveness rate for its facility with those at other utilities. It also can track its individual facility performances over time. Ideally, the percentage of days in a year that the treatment facility satisfies all discharge permit requirements should be 100%. A number lower than this indicates that a violation occurred during the year.

Measurement Status

The Water Authority's performance in this measure has been above the median range for last three fiscal years. The Water Authority's goal in for FY23 is to have no more than five non-compliance days.

In FY11, the Water Authority completed conversion to ultraviolet disinfection to eliminate use of chlorine for safety, security and to protect river environment. The Water Authority will continue to meet its performance targets during major rehabilitation activities at the wastewater treatment plant. The utility is close to completing a \$250 million overhaul of the treatment plant.



The Water Authority received the NACWA **Silver** Peak Performance Award in 2013-2014, 2016-2019 which recognizes public wastewater treatment facilities for their outstanding compliance records.

2020 Customer Opinion Survey

- 84% of customers feel that it is very or somewhat important that the Water Authority should return high quality treated water back to the river

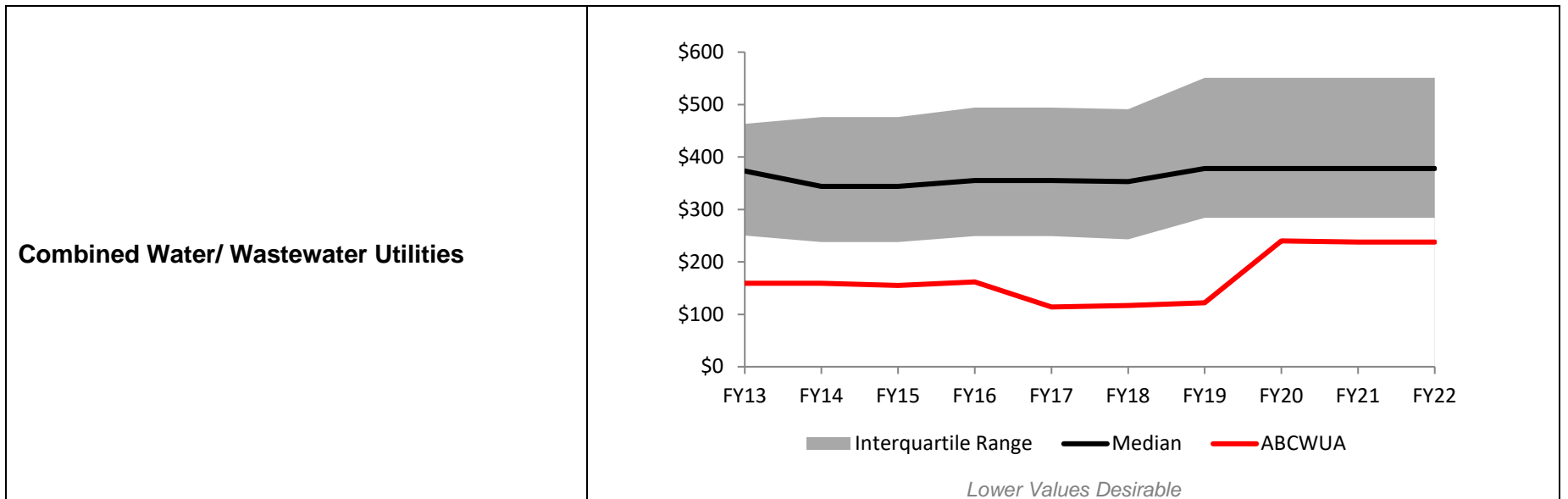
FY23 Performance Plan
Goal 2: Wastewater Collection and Operations

2-4 Operations and Maintenance Cost Ratio

Performance Results for O&M Cost per Account

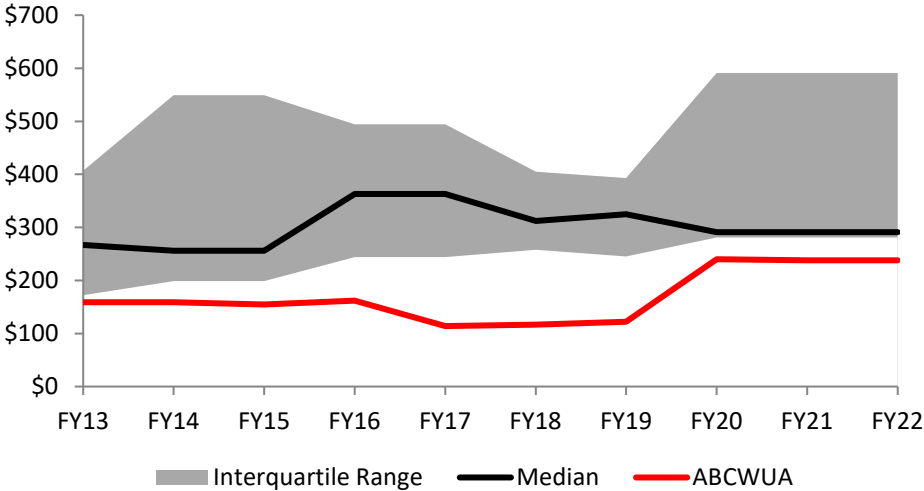
Measure Type	Purpose	Inputs	Outputs					Outcome	
			Baseline	Prior Year Actuals			Current/Est		Projected
Effectiveness	Quantify all utility costs related to operations and maintenance (O&M), with breakouts of those costs related to water treatment, as related to volumes processed and the number of active customers	Total O&M costs and total number of active customer accounts	\$200	FY19	FY20	FY21	FY22	FY23	Maintain lower O&M costs without reducing customer level of service
				\$122	\$240	\$238	\$238	\$240	

Industry Benchmark for O&M Cost per Account



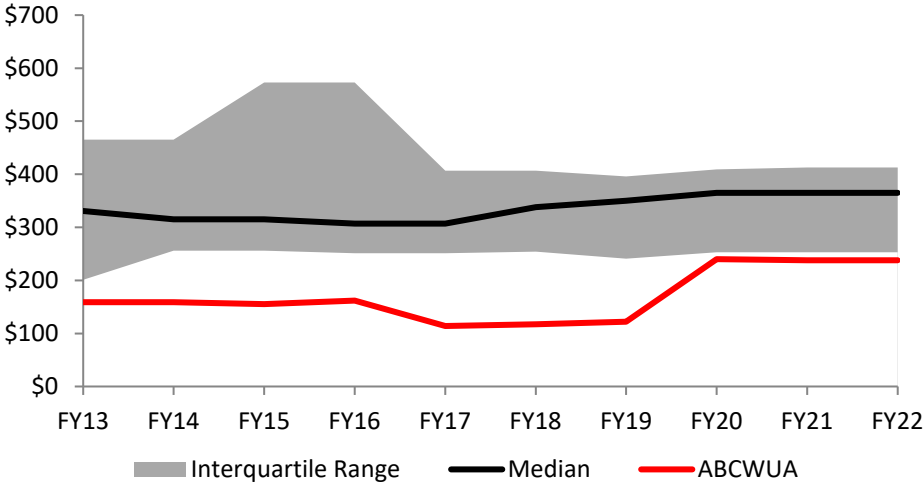
FY23 Performance Plan
Goal 2: Wastewater Collection and Operations

Utilities with populations greater than 500,000



Lower Values Desirable

Utilities located in Region 4



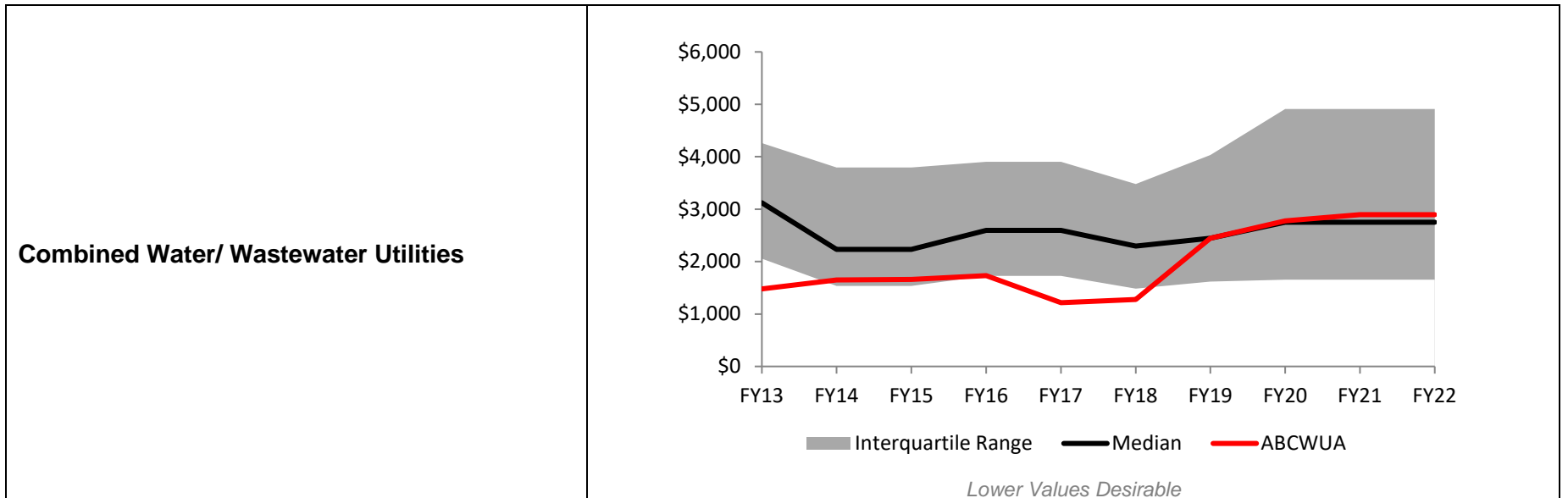
Lower Values Desirable

FY23 Performance Plan
Goal 2: Wastewater Collection and Operations

Performance Results for O&M Cost per MG Collected

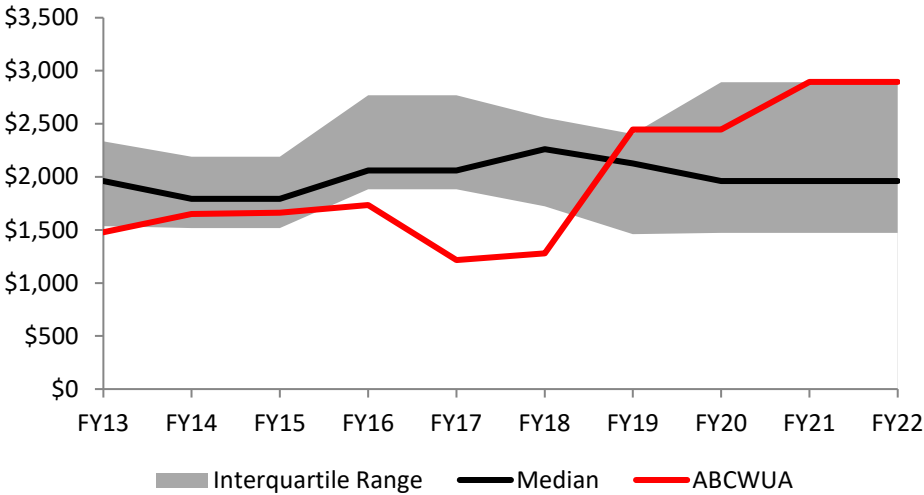
Measure Type	Purpose	Inputs	Outputs					Outcome	
			Baseline	Prior Year Actuals			Current/Est		Projected
				FY19	FY20	FY21	FY22	FY23	
Effectiveness	Quantify all utility costs related to operations and maintenance (O&M), with breakouts of those costs related to water treatment, as related to volumes processed and the number of active customers	Total O&M costs and total wastewater collected	\$2,706	\$2,447	\$2,777	\$2,895	\$2,895	\$2,750	Maintain lower O&M costs without reducing customer level of service

Industry Benchmark for O&M Cost per MG Collected



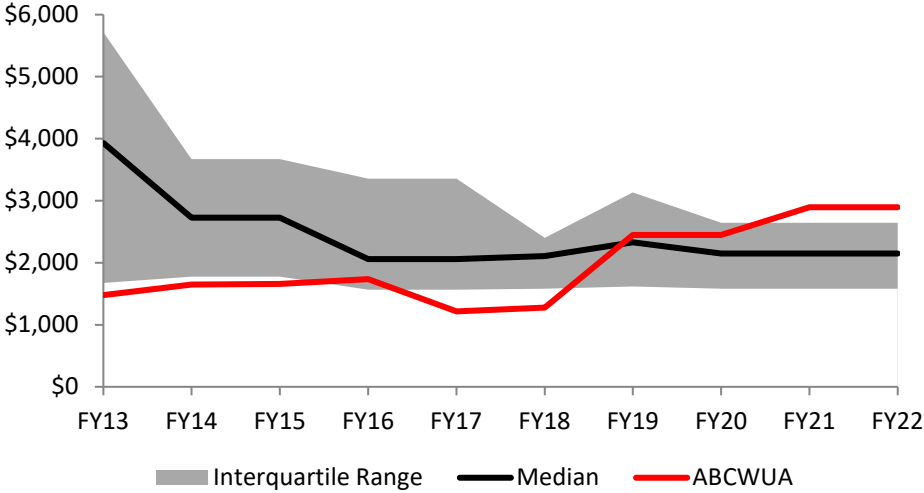
FY23 Performance Plan
Goal 2: Wastewater Collection and Operations

Utilities with populations greater than 500,000



Lower Values Desirable

Utilities located in Region 4



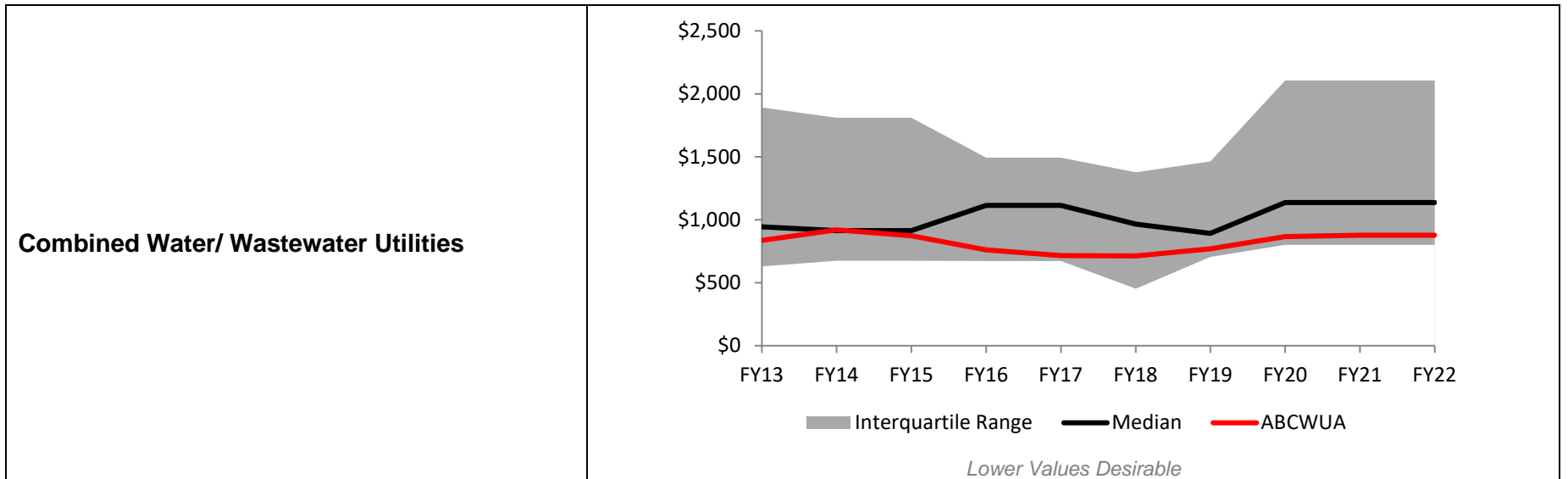
Lower Values Desirable

FY23 Performance Plan
Goal 2: Wastewater Collection and Operations

Performance Results for O&M Cost of Treatment per MG

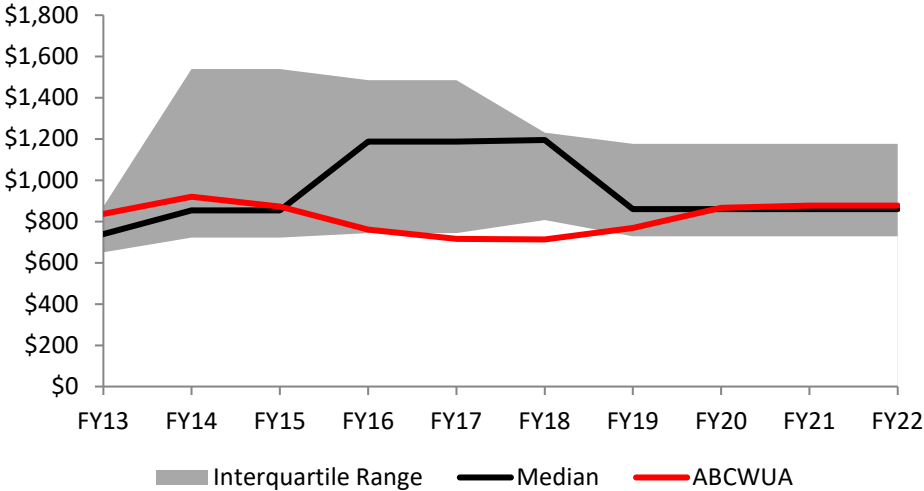
Measure Type	Purpose	Inputs	Outputs					Outcome	
			Baseline	Prior Year Actuals			Current/Est		Projected
				FY19	FY20	FY21	FY22	FY23	
Effectiveness	Quantify all utility costs related to operations and maintenance (O&M), with breakouts of those costs related to water treatment, as related to volumes processed and the number of active customers	Total Direct O&M costs and total wastewater treated	\$838	\$769	\$867	\$877	\$877	\$877	Maintain lower O&M costs without reducing customer level of service

Industry Benchmark for O&M Cost of Treatment per MG



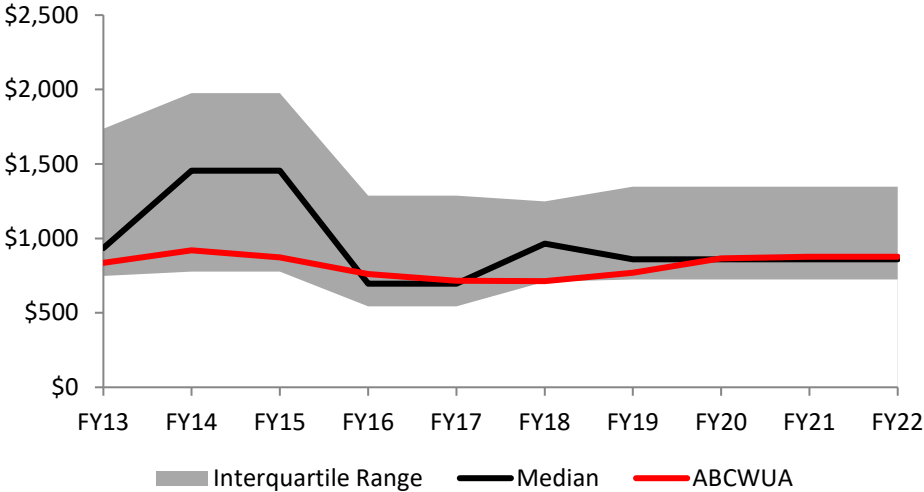
FY23 Performance Plan
Goal 2: Wastewater Collection and Operations

Utilities with populations greater than 500,000



Lower Values Desirable

Utilities located in Region 4



Lower Values Desirable

FY23 Performance Plan
Goal 2: Wastewater Collection and Operations

Results Narrative

These related measures tally the cost of O&M per account and per million gallons of wastewater processed. Comparing the value of this measure with other utilities can provide information regarding the status of current accepted practices.

Measurement Status

The Water Authority's performance in this measure has been above or within the median range for the past three fiscal years and is on-target to maintain this performance for the next two fiscal years.

A FY10 policy objective involved constructing ultraviolet disinfection facilities and replacing the current chlorine gas for disinfection and sulfur dioxide gas for dechlorination at the wastewater treatment plant. This project was completed in FY11, and it has helped to reduce operation costs, provide cleaner water that is returned to the river, and meet effluent quality requirements.

In FY20, the Water Authority received recognition from the Partnership for Clean Water for treatment operations. The Partnership for Clean Water provides self-assessment and optimization programs so that utilities have the tools to optimize wastewater utility operation and help ensure public health protection.

For FY23, the Water Authority will continue to work on the Partnership for Clean Water program to optimize its system operations and performance.

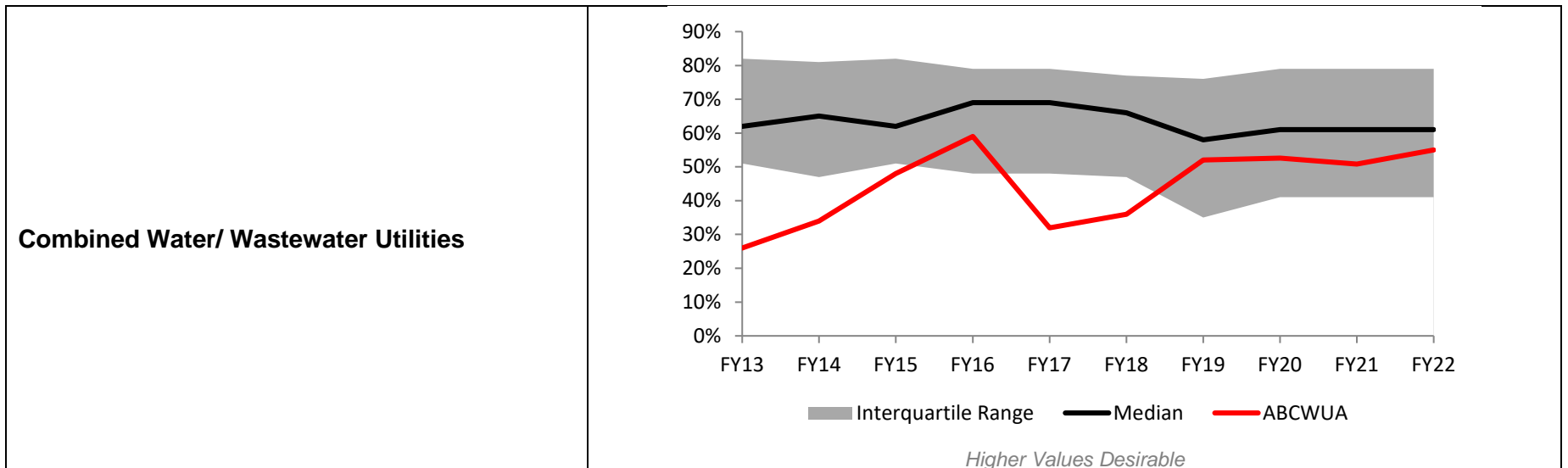
FY23 Performance Plan
Goal 2: Wastewater Collection and Operations

2-5 Planned Maintenance Ratio

Performance Results

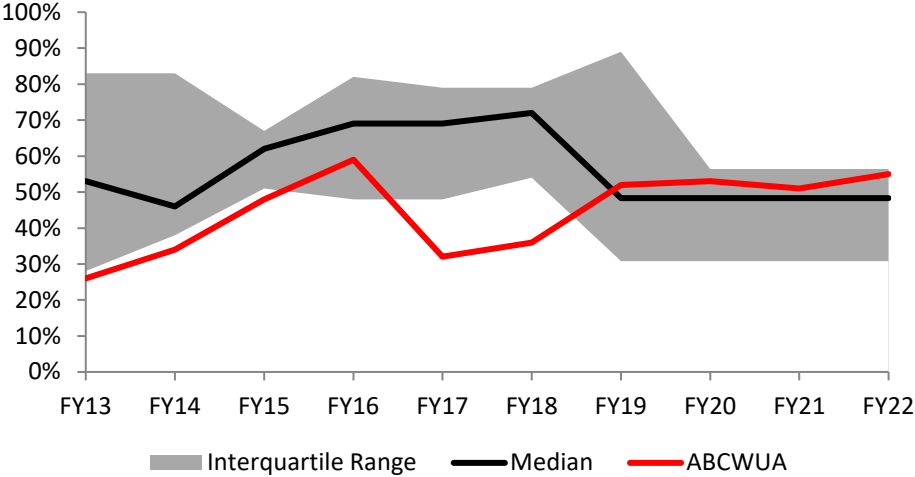
Measure Type	Purpose	Inputs	Outputs					Outcome	
			Baseline	Prior Year Actuals			Current/Est		Projected
Effectiveness	Comparison of how effectively the Water Authority is in investing in planned maintenance	Hours of planned maintenance compared to hours of corrective maintenance	52%	FY19	FY20	FY21	FY22	FY23	Reduce emergency maintenance from system malfunctions
				52%	53%	51%	55%	55%	

Industry Benchmarks



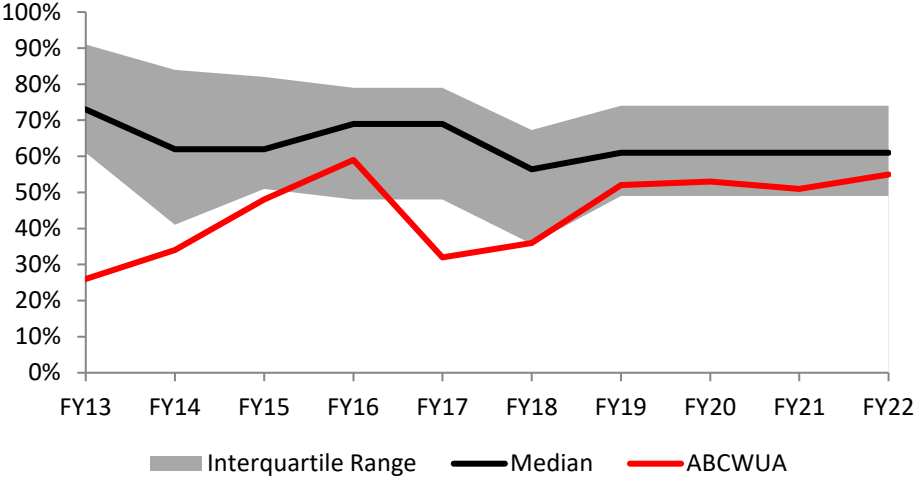
FY23 Performance Plan
Goal 2: Wastewater Collection and Operations

Utilities with populations greater than 500,000



Higher Values Desirable

Utilities located in Region 4



Higher Values Desirable

FY23 Performance Plan
Goal 2: Wastewater Collection and Operations

Results Narrative

Planned maintenance includes preventive and predictive maintenance. Preventive maintenance is performed according to a predetermined schedule rather than in response to failure. Predictive maintenance is initiated when secondary monitoring signals from activities indicate that maintenance is due. All other maintenance is categorized as corrective (i.e., maintenance resulting from an asset that is no longer providing reliable service such as a breakdown, blockage, or leakage). Planned maintenance is preferable for assets for which the cost of repairs is high relative to the cost of corrective maintenance. The avoided cost includes both the cost of repair and the cost consequences of the service disruption, with the latter including an allowance for customer costs. Many utilities want to increase their percentage of planned maintenance activities and reduce their percentage of corrective maintenance activities. A higher ratio may indicate a reduction in emergency maintenance resulting from system malfunctions.

Measurement Status

The Water Authority's performance in this measure has been below the median range for the past three fiscal years, but there has been gradual improvement with the Plant Division increasing its planned maintenance work. For the past six fiscal years, there have been objectives to increase planned maintenance work orders at the wastewater treatment plant. These objectives will also help the Water Authority meet its performance targets mentioned in Performance Measure 2-3, Wastewater Treatment Effectiveness Rate. For FY23, there is a policy objective with planned maintenance targets for the wastewater treatment plant.

Planned maintenance is a key component to the Water Authority's asset management program. In FY18, the Water Authority upgraded its work order system to integrate with the Water Authority's asset management program in order to collect and track its asset information. The purpose for this upgrade was to obtain better information to make better decisions on the Water Authority's assets.

Goal 3

Customer Services

Guiding Goal Statement

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.

Goal Performance Scorecard

Ref #	Performance Measure	Status	Trend
3-1	Customer Quality Complaints	▲	▲
3-1	Technical Quality Complaints	▲	▲
3-2	Customer Service Cost per Account	■	■
3-3	Billing Accuracy	■	■
3-4	Call Center Indicators	▲	▲
3-5	Residential Cost of Water & Wastewater Service	■	■
3-6	Stakeholder Outreach Index	▲	▲
Overall Goal Status		■	■

Performance Key

 Excellent
  Good
  Fair
  Poor

Linkage of Objectives to Performance Measures

FY23 Objectives	Measure Reference
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 FY23.	3-1 3-4
Improve customer satisfaction by achieving a billing accuracy ratio of less than 8 errors per 10,000 bills through the 4th Quarter of FY23.	3-3
Improve customer satisfaction and operational efficiency in achieving the call-center targets through the 4th Quarter of FY23: <ul style="list-style-type: none"> • Average Wait Time of less than 1:00 minute; • Average Contact Time of less than 4:00 minutes; • Abandoned Call Ratio of less than 3; • First Call Resolution of greater than 95%; • Average Call Quality of greater than 85%; and • Develop a metric for Dispatch Call Quality by the end of the 1st Quarter of FY23. Track and report data through the end of the 4th Quarter of FY23. 	3-4
Convene a Training Advisory Committee to review and approve changes to the Customer Care Training Program by the end of the 2nd Quarter of FY23.	3-6
Conduct 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 FY23.	3-6
Conduct a water and wastewater rate cost of service study. Evaluate water and wastewater rate structures to ensure equity within the structures. Complete an affordability study based on the 2021 EPA Financial Capability Assessment guidelines by the end of the 4th Quarter of FY23.	3-6
Work with customers to reduce the 60/90 delinquency rate by one-third by the end of the 4th Quarter of FY23.	3-6
Complete and disseminate results of the customer opinion survey by the end of the 1 st Quarter of FY23.	3-6

Performance Measure Division Responsibility

Ref #	Performance Measure	Operations Field	Operations Compliance	Customer Services	Information Technology	Finance
3-1	Customer Service & Technical Quality Complaints		✓	✓		
3-2	Customer Service Cost per Account			✓		✓
3-3	Billing Accuracy			✓	✓	
3-4	Call Center Indicators			✓		
3-5	Residential Cost of Water & Wastewater Service					✓
3-6	Stakeholder Outreach Index			✓		

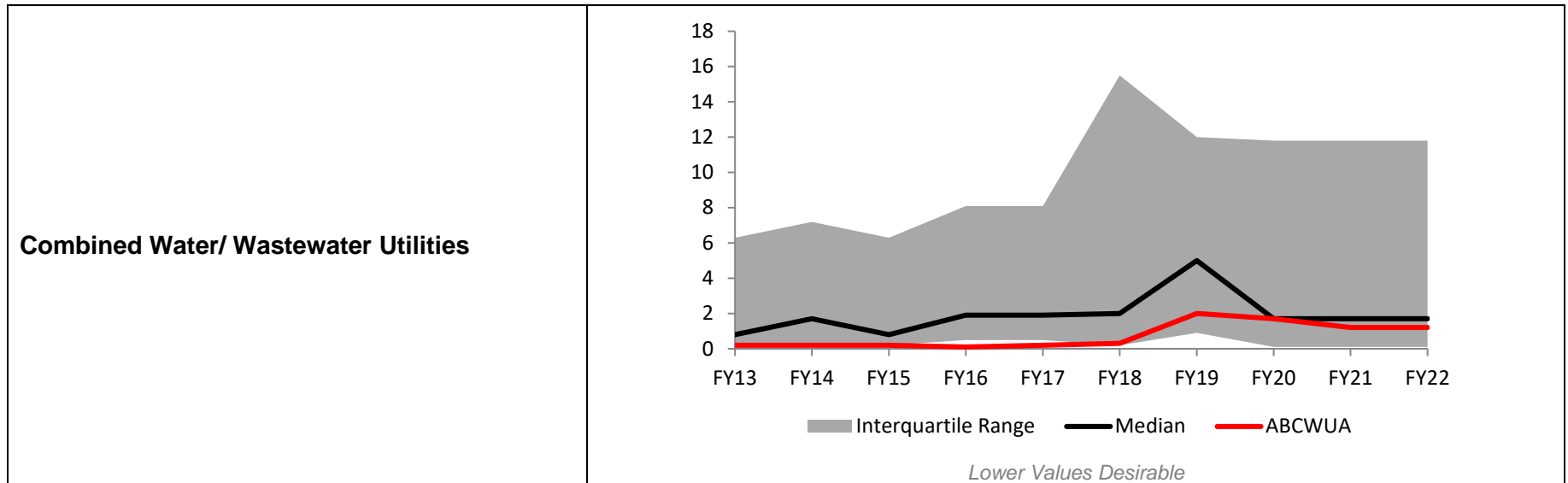
**FY23 Performance Plan
Goal 3: Customer Services**

3-1 Customer Service Complaints and Technical Quality Complaints

Performance Results (Service Associated Complaints)

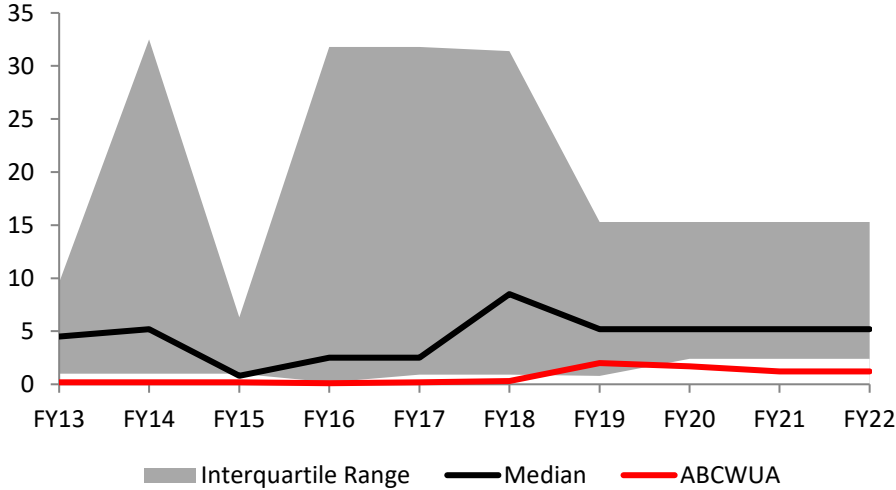
Measure Type	Purpose	Inputs	Outputs					Outcome	
			Baseline	Prior Year Actuals			Current/Est		Projected
				FY19	FY20	FY21	FY22	FY23	
Effectiveness	Measure the complaint rates experienced by the Water Authority, with individual quantification of those related to customer service and those related to core utility services	Number of customer service complaints per 1,000 customer accounts	1.6	2.0	1.7	1.2	1.2	1.2	Improve customer satisfaction with service and product

Industry Benchmark (Service Associated Complaints)



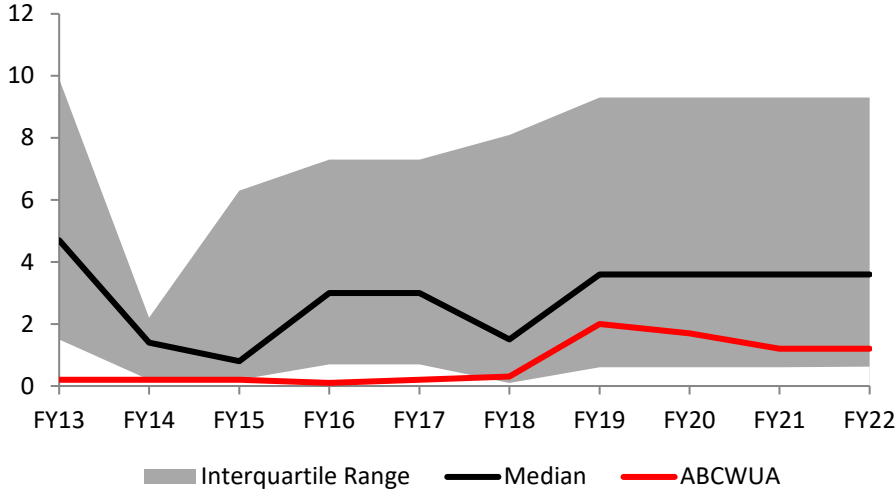
**FY23 Performance Plan
Goal 3: Customer Services**

Utilities with populations greater than 500,000



Lower Values Desirable

Utilities located in Region 4



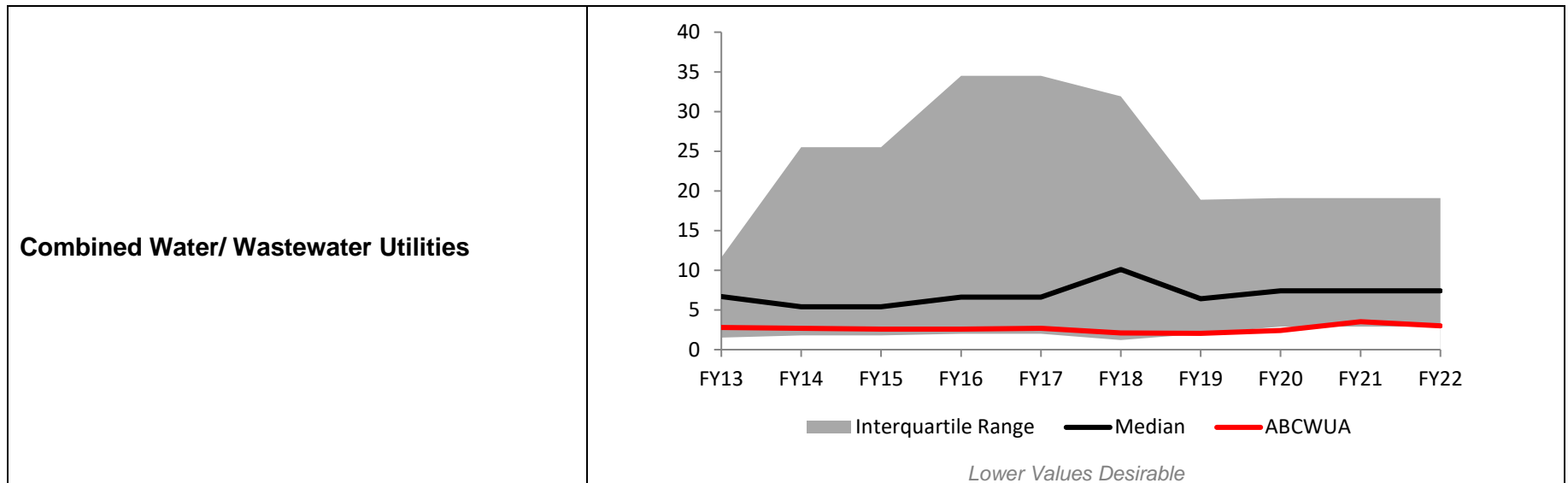
Lower Values Desirable

**FY23 Performance Plan
Goal 3: Customer Services**

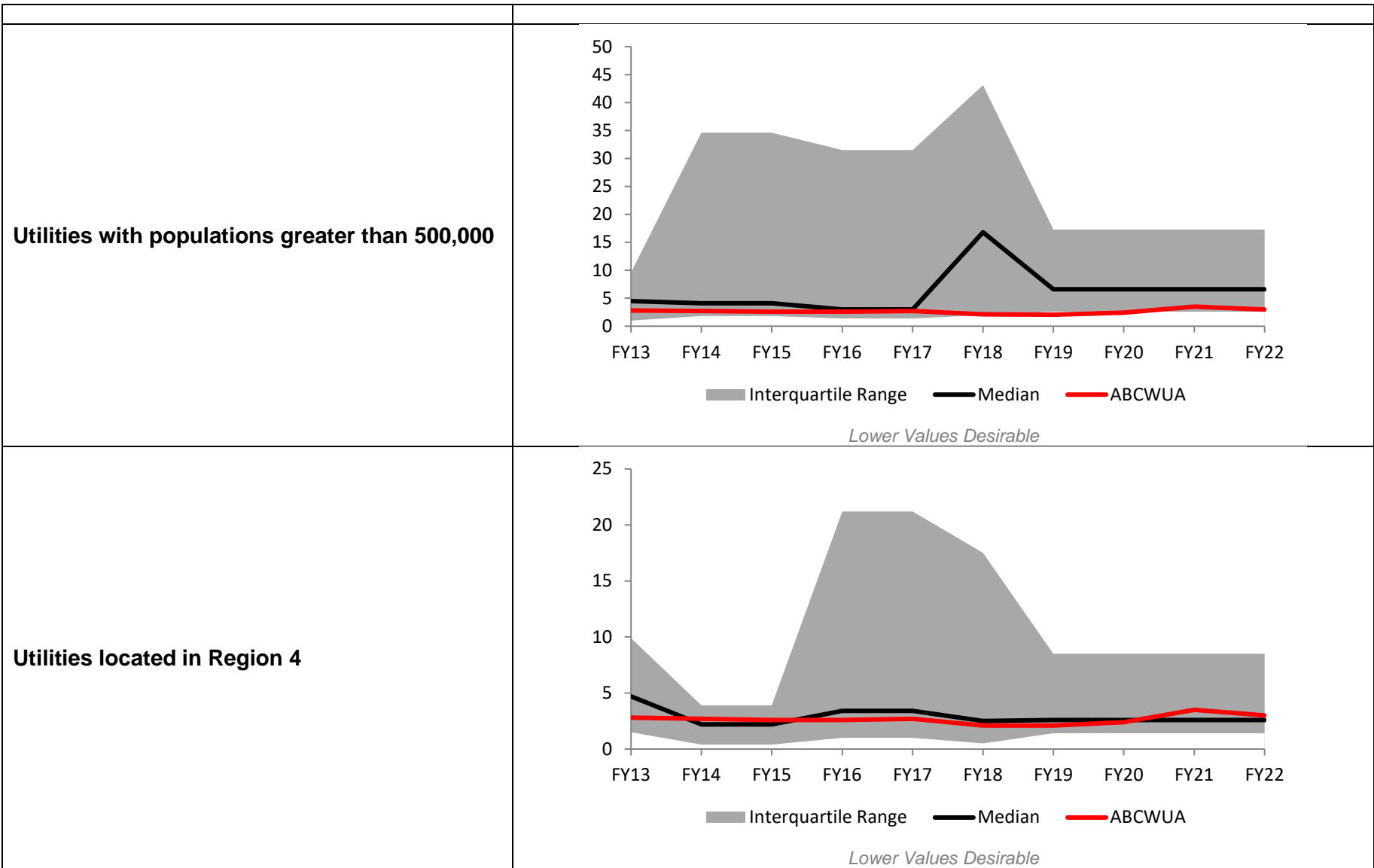
Performance Results (Technical Quality Complaints)

Measure Type	Purpose	Inputs	Outputs					Outcome	
			Baseline	Prior Year Actuals			Current/Est		Projected
				FY19	FY20	FY21	FY22		FY23
Effectiveness	Measure the complaint rates experienced by the Water Authority, with individual quantification of those related to customer service and those related to core utility services	Number of technical quality complaints per 1,000 customer accounts	2.7	2.1	2.4	3.5	3.0	2.5	Improve customer satisfaction with service and product

Industry Benchmarks (Technical Quality Complaints)



**FY23 Performance Plan
Goal 3: Customer Services**



FY23 Performance Plan
Goal 3: Customer Services

Results Narrative

These pair of measures capture all complaints received by the utility, which are reported either as “service associated” or as “technical quality” complaints. The number of complaints is a good measure of customer service. The two categories allow a utility to track those that are people related and those that are product related.

Measurement Status

The Water Authority’s performance in this measure has been above the median range for the past three fiscal years for customer service complaints and above the median range for technical quality complaints. The Water Authority upgraded its call center phone systems to effectively track customer service performance; the new phone system also allows customers to pay their bills by phone and provide 24/7 service to billing, emergencies, and reporting water waste. Moreover, the Water Authority has developed and executed a customer-focused marketing and communications strategy with an emphasis on conservation, pollution prevention, and web self-service.

Water Authority Customer Service operations were greatly affected by the COVID-19 pandemic. The payment lobby was closed for in-person payments, many staff members transitioned to remote working, and delinquency charges and water turn-offs were suspended. In 2022, the payment lobby was re-opened, staff began to come back into the office and in Spring 2022 collection efforts resumed. Customer Services set up a system of payment plans and referrals to a wide variety of sources for bill assistance.

For FY23, the Water Authority will 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. Another objective is to begin a valve-exercising program to improve reliability and reduce interrupted water service, by exercising 4,000 isolation valves.

2020 Customer Opinion Survey

- 77% of customers are either very or somewhat satisfied with the safety and purity of drinking water
- 79% of customers are either very or somewhat satisfied with the quality (taste, smell, appearance) of drinking water
- 84% of customers are either very or somewhat important to returning high quality water back to the river

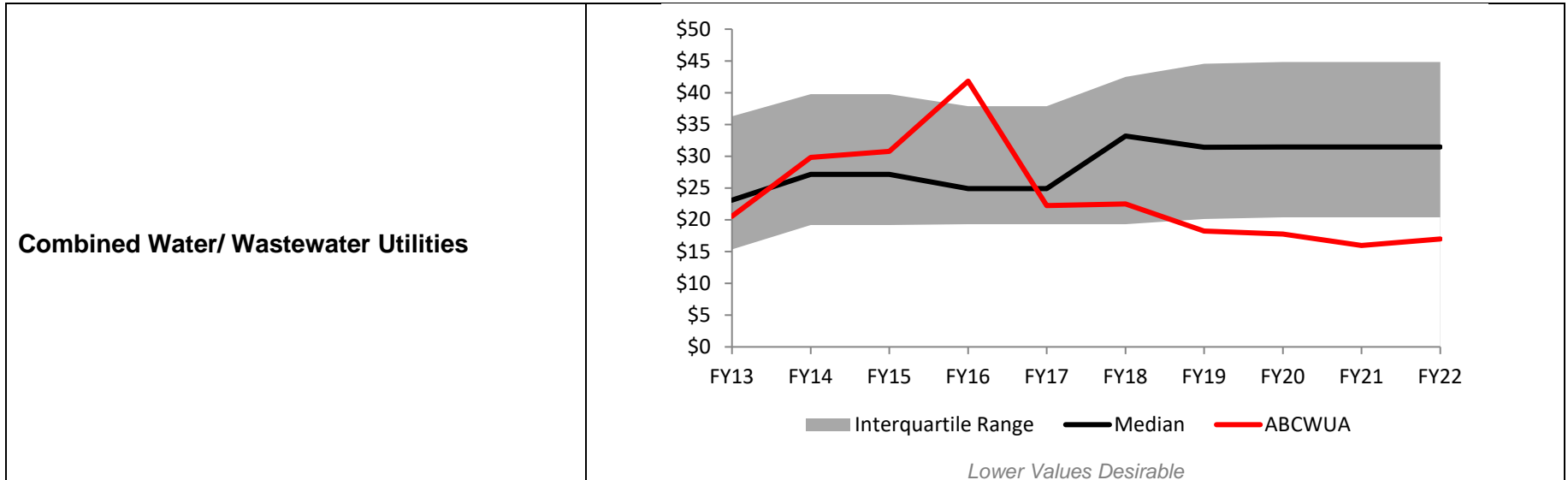
**FY23 Performance Plan
Goal 3: Customer Services**

3-2 Customer Service Cost per Account

Performance Results

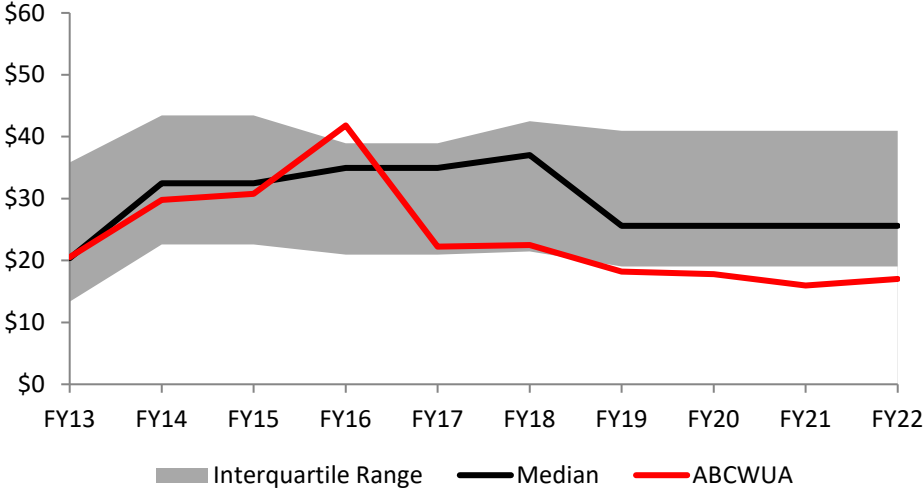
Measure Type	Purpose	Inputs	Outputs					Outcome	
			Baseline	Prior Year Actuals			Current/Est		Projected
				FY19	FY20	FY21	FY22	FY23	
Efficiency	Measure the amount of resources the Water Authority applies to its customer service program	Total customer service cost and the number of active accounts	\$17.32	\$18.23	\$17.77	\$15.96	\$17.00	\$17.50	Improve efficiency by reducing customer service cost per account while meeting customer expectations

Industry Benchmarks



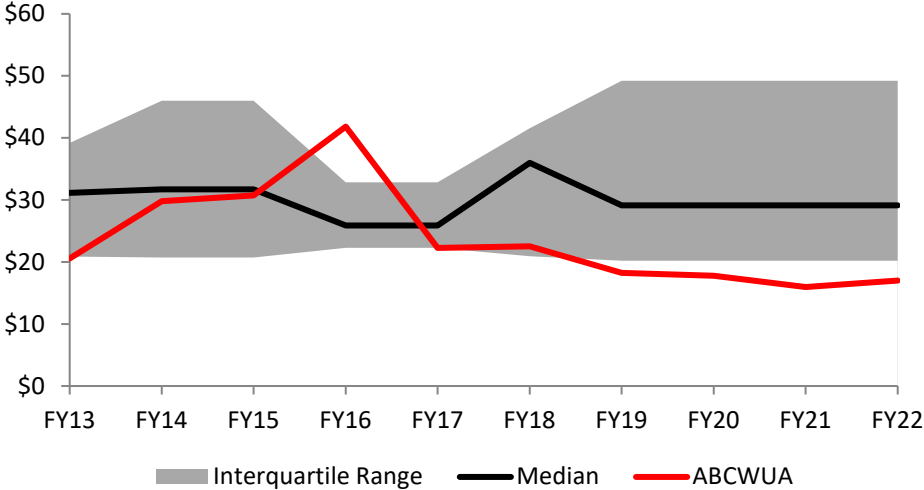
**FY23 Performance Plan
Goal 3: Customer Services**

Utilities with populations greater than 500,000



Lower Values Desirable

Utilities located in Region 4



Lower Values Desirable

FY23 Performance Plan
Goal 3: Customer Services

Results Narrative

The measure is expressed as the cost of managing a single customer account for one year. When viewed alone, it quantifies resource efficiency. Viewing in conjunction with other measures such as customer complaints gives the utility more information about operational performance.

Measurement Status

The Water Authority's performance in this measure has been above the median range for the past three fiscal years. Customer service costs have increased from the result of implementing its Automated Meter Infrastructure program which is about 62% complete. Costs will decrease over time as more meters are replaced with smart meters which will increase revenue, support conservation efforts, and provide better customer service.

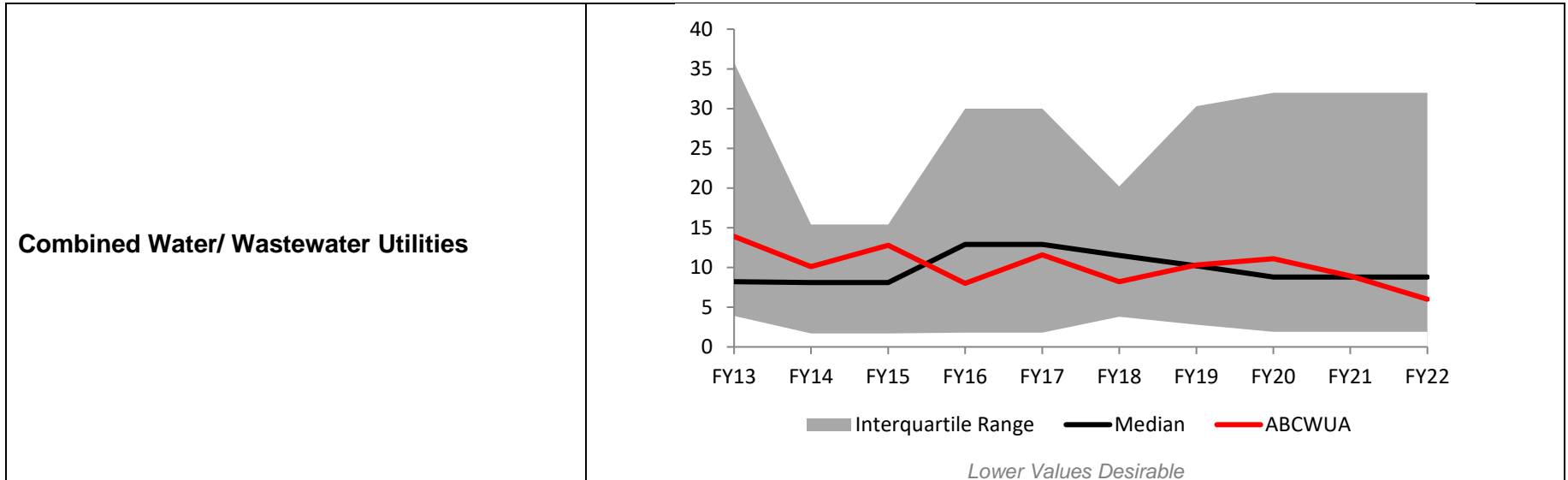
**FY23 Performance Plan
Goal 3: Customer Services**

3-3 Billing Accuracy

Performance Results

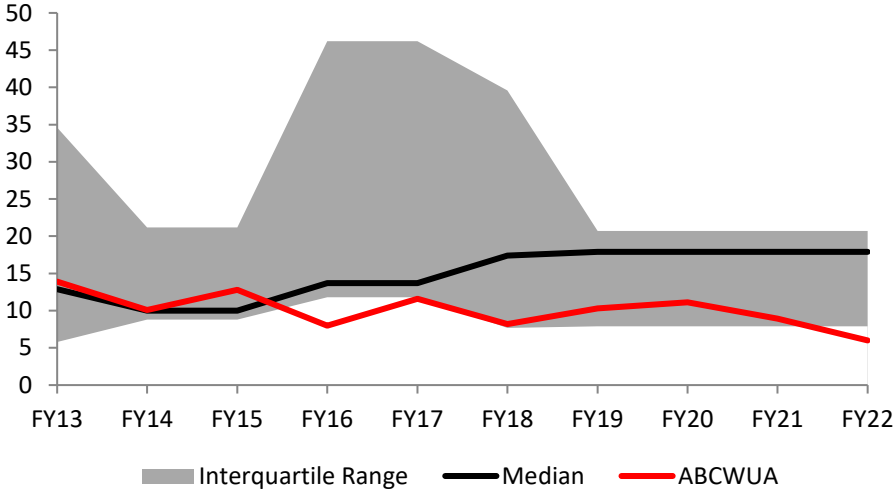
Measure Type	Purpose	Inputs	Outputs					Outcome	
			Baseline	Prior Year Actuals			Current/Est		Projected
				FY19	FY20	FY21	FY22	FY23	
Effectiveness	Measure the effectiveness of the Water Authority's billing practices	Number of error-driven billing adjustments per 10,000 bills generated during the year	9.6	10.3	11.1	8.9	6.0	6.0	Improve billing accuracy to minimize customer complaints

Industry Benchmarks



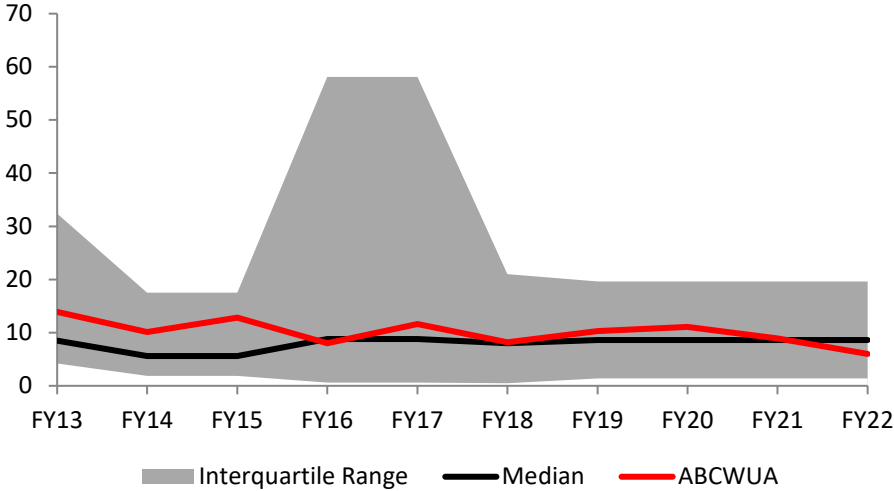
**FY23 Performance Plan
Goal 3: Customer Services**

Utilities with populations greater than 500,000



Lower Values Desirable

Utilities located in Region 4



Lower Values Desirable

FY23 Performance Plan
Goal 3: Customer Services

Results Narrative

Customers rarely think about their utility, unless they have a problem with service or billing. This measure helps a utility measure how effective its billing practices are relative to others.

Measurement Status

The Water Authority's performance in this measure has been within the median range for the past three fiscal years. As the utility implements its Automated Metering Infrastructure (AMI) system, performance in this measure will improve. The purpose of the AMI Project is to replace the Water Authority's aging meters with modern smart meters to save money, deliver more accurate bills and encourage users to conserve water.

AMI customers can view in real-time exactly how much water they consume and use this information to actively manage and reduce their daily usage. They also can change their basic account data, create personal goals and budgets with reminders and updates, and download targeted educational material to learn about and enroll in resource-conservation programs. The technology also allows the Water Authority to remotely review consumption levels across the service area, assisting with conservation and billing and identifying and repairing leaks before they become significant problems.

2020 Customer Opinion Survey

- 88% of customers are either very or somewhat satisfied with the accuracy of their bill
- 82% of customers are either very or somewhat satisfied with the bill format and water usage graph
- 88% of customers are either very or somewhat satisfied with the billing payment options

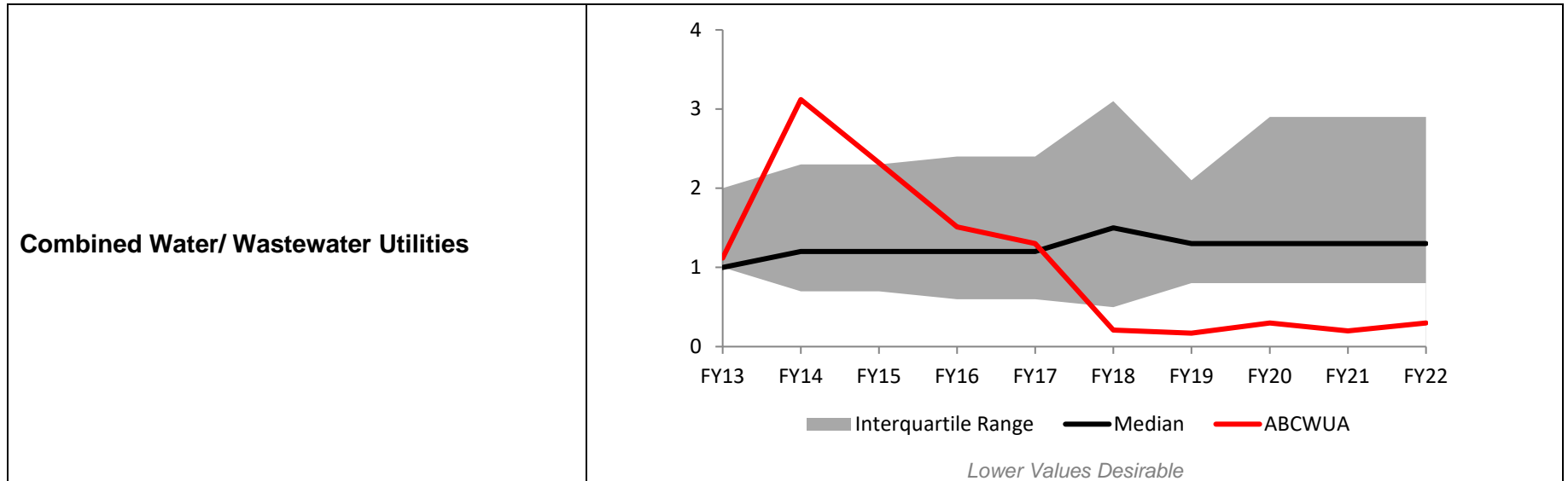
**FY23 Performance Plan
Goal 3: Customer Services**

3-4 Call Center Indicators

Performance Results Average Wait Time (minutes)

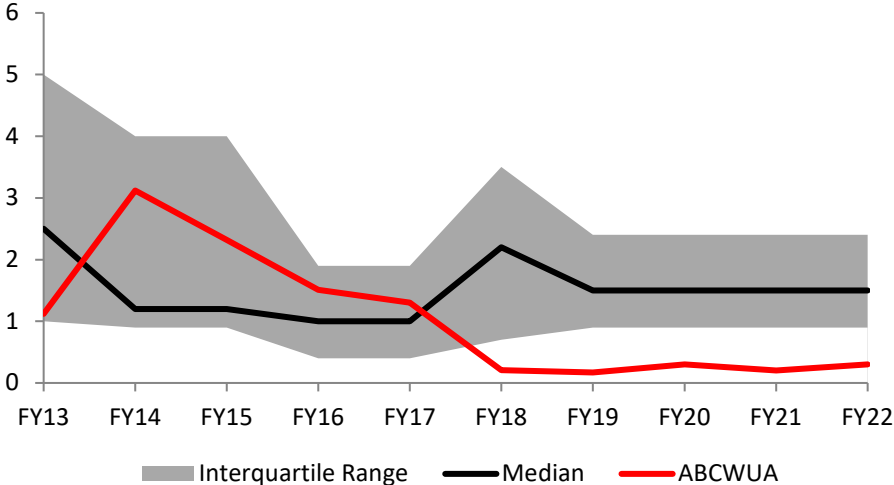
Measure Type	Purpose	Inputs	Outputs					Outcome	
			Baseline	Prior Year Actuals			Current/Est		Projected
				FY19	FY20	FY21	FY22	FY23	
Effectiveness	Quantify the call wait time experienced by Water Authority customers	Average time a caller must wait on hold before they can speak to an agent or customer service representative, not including time spent navigating through computerized menu options	0:25	0:20	0:30	0:20	0:30	0:20	Reduce call wait time and avoid customers hanging up

Industry Benchmarks



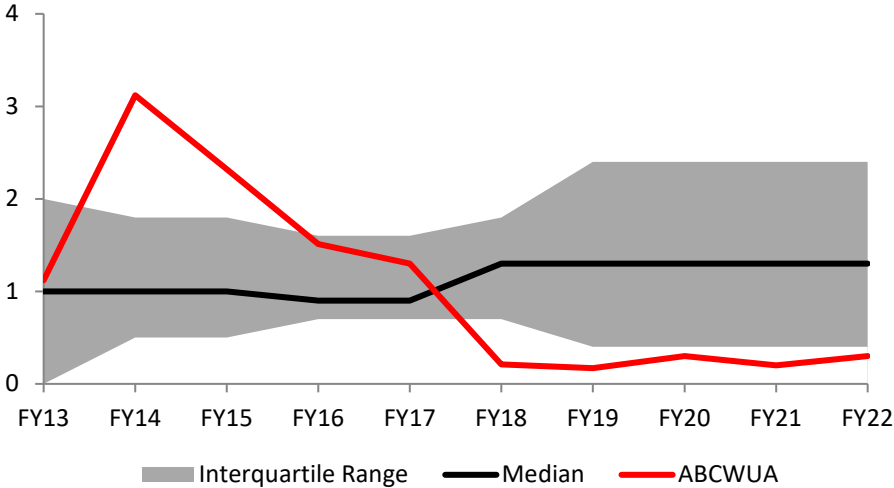
**FY23 Performance Plan
Goal 3: Customer Services**

Utilities with populations greater than 500,000



Lower Values Desirable

Utilities located in Region 4



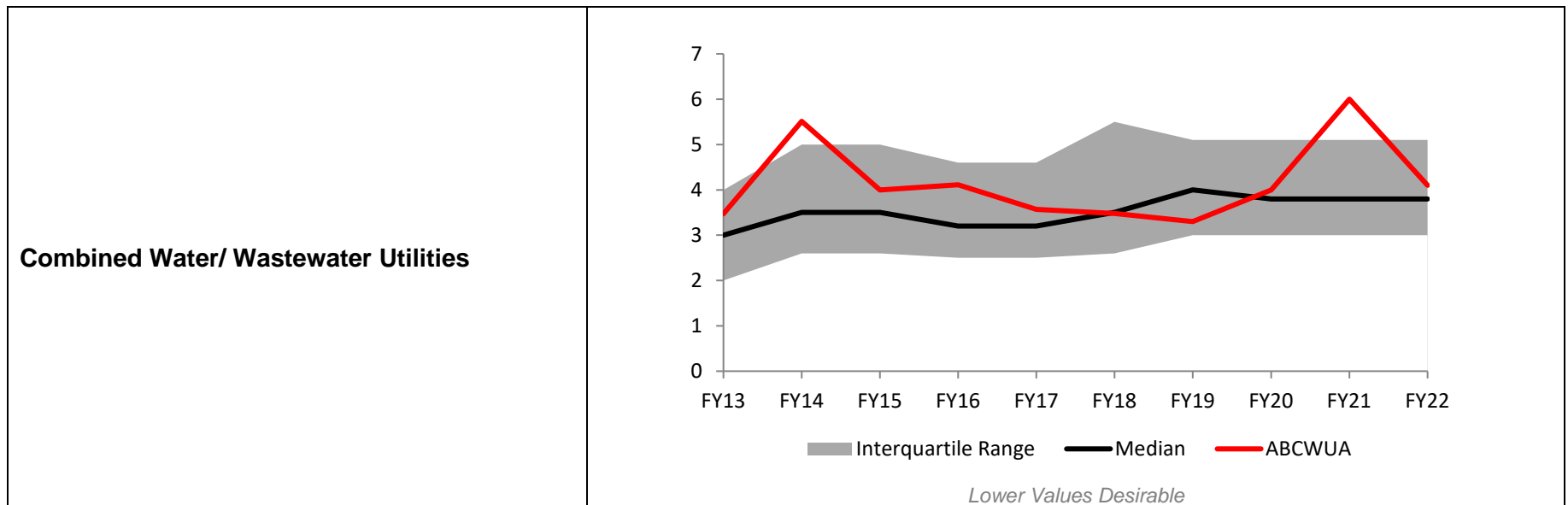
Lower Values Desirable

**FY23 Performance Plan
Goal 3: Customer Services**

Performance Results Average Total Call Time (minutes)

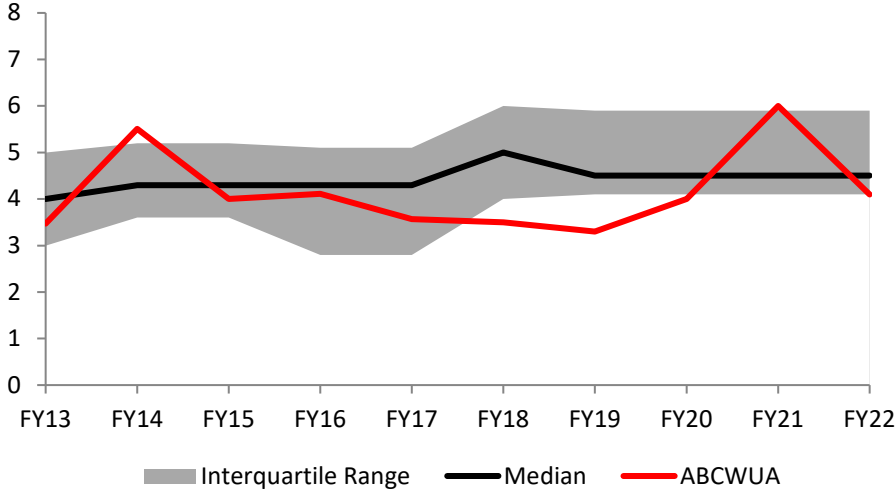
Measure Type	Purpose	Inputs	Outputs					Outcome
			Baseline	Prior Year Actuals			Current /Est	
Effectiveness	Quantify the time spent to resolve the purpose of the phone call by Water Authority customers	Average time spent by a customer service representative on the phone with a customer	4:40	FY19	FY20	FY21	FY22	FY23
				3:30	4:00	6:00	4:10	3:30

Industry Benchmarks



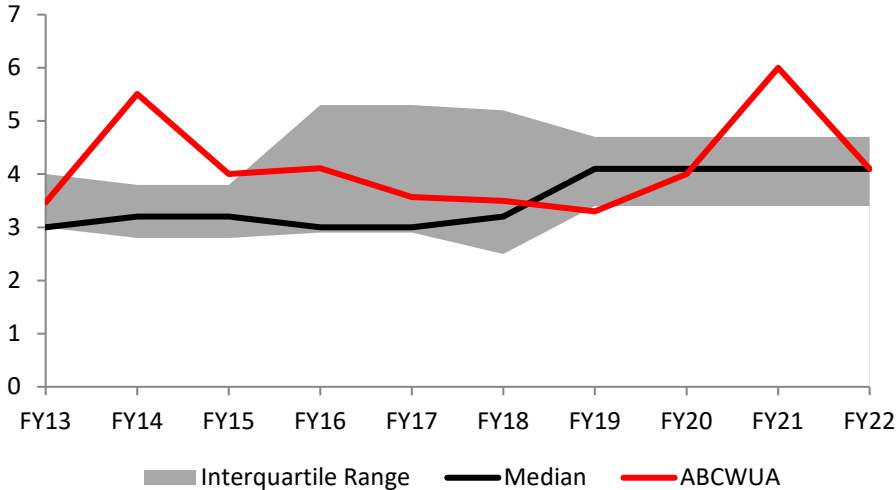
**FY23 Performance Plan
Goal 3: Customer Services**

Utilities with populations greater than 500,000



Lower Values Desirable

Utilities located in Region 4



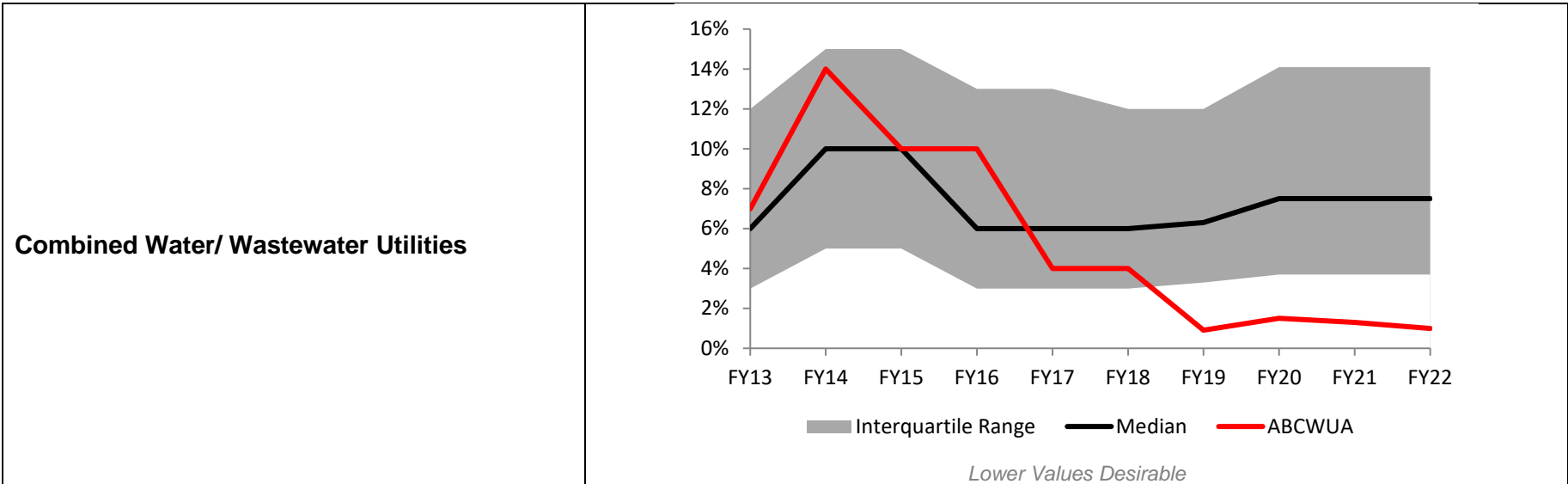
Lower Values Desirable

**FY23 Performance Plan
Goal 3: Customer Services**

Performance Results Abandoned Call Ratio

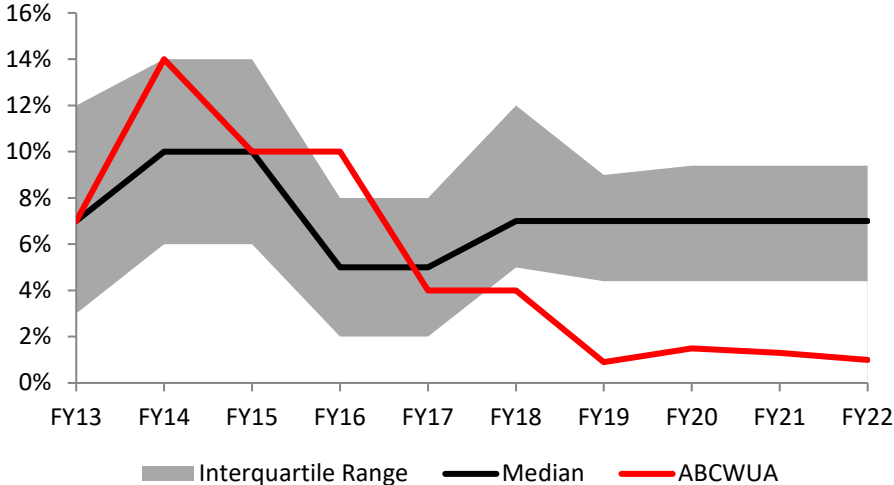
Measure Type	Purpose	Inputs	Outputs					Outcome	
			Baseline	Prior Year Actuals			Current/Est		Projected
				FY19	FY20	FY21	FY22	FY23	
Effectiveness	Quantify the number calls abandoned from Water Authority customers	Total number of calls abandoned divided by the total number of calls received	1.1%	0.9%	1.5%	1.0%	1.0%	1.0%	Allow CSRs to effectively assist customers with their needs before they become impatient and hang up

Industry Benchmarks



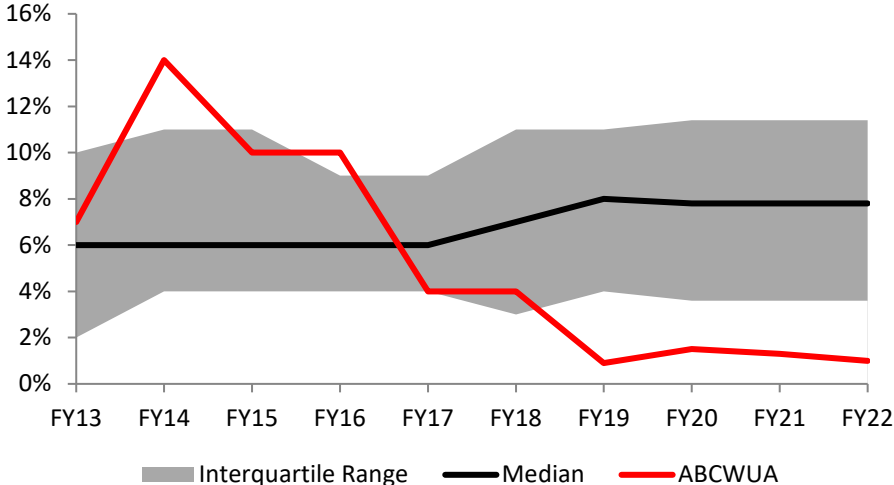
**FY23 Performance Plan
Goal 3: Customer Services**

Utilities with populations greater than 500,000



Lower Values Desirable

Utilities located in Region 4



Lower Values Desirable

FY23 Performance Plan
Goal 3: Customer Services

Results Narrative

The efficiency (cost) and effectiveness (outcomes) of call centers can be evaluated in many different ways. Utilities can track and compare their call center's average wait time, average talk time, and abandoned call ratio to better understand if expenses can be reduced while customer satisfaction is improved. Abandoned calls are those terminated by the calling party before being answered by an agent or customer service representative (CSR). The total number of calls received during the reporting period refers to the number of calls attempting to reach the contact center that are not blocked, incomplete, or denied.

Measurement Status

The Water Authority's performance in this measure has been within or above the median range for the set of Call Center Indicators. The Water Authority upgraded its call center phone systems to effectively track customer service performance allowing the utility to benchmarking with industry peers. The new phone system also allows customers to pay their bills by phone and provide 24/7 service to billing, emergencies, and reporting water waste.

The Water Authority has begun tracking and setting targets for four customer service metrics. To improve customer satisfaction and operational efficiency, the following targets were established for FY23 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; 4) First Call Resolution of greater than 95%; and 5) Average Call Quality of greater than 85%.

For FY23, a new Objective has been added to develop a metric for Dispatch Call Quality and to track and report that data.

2020 Customer Opinion Survey

- 64% of customers gave either excellent or good rating on the overall quality of service provided by a customer service representative
- 84% of customers are either very or somewhat satisfied with the courtesy of the customer service representative
- 73% of customers are either very or somewhat satisfied with the knowledge and ability to answer your questions or resolve your issues
- 67% of customers are either very or somewhat satisfied with the length of wait to speak with a customer service representative

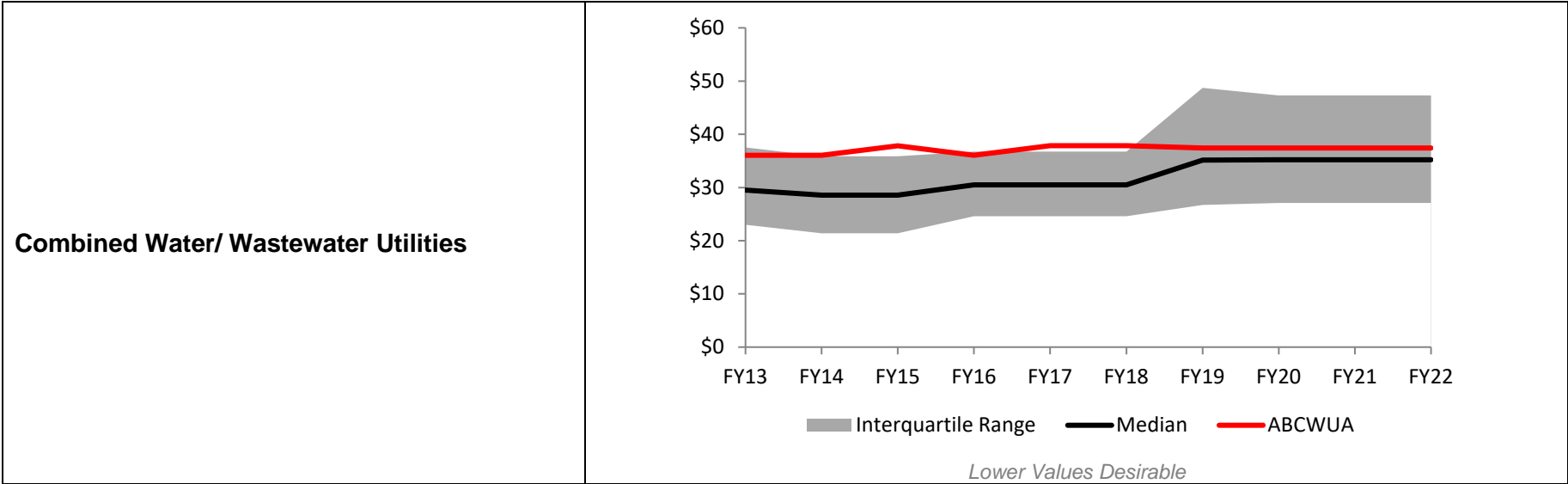
**FY23 Performance Plan
Goal 3: Customer Services**

3-5 Residential Cost of Water and/or Sewer Service

Performance Results (Average Residential Water Service)

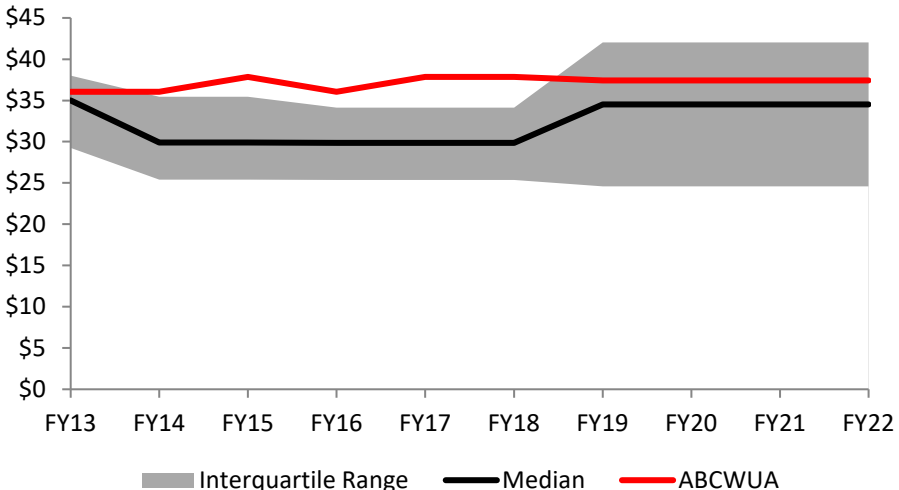
Measure Type	Purpose	Inputs	Outputs					Outcome	
			Baseline	Prior Year Actuals			Current/Est		Projected
				FY19	FY20	FY21	FY22	FY23	
Efficiency	Compare the residential cost of water and sewer service based on both a defined quantity of water use and the average residential bill amounts for those services	Bill amount for monthly residential water/sewer service and average residential water/sewer bill for one month of service	\$37.57	\$37.43	\$37.43	\$37.43	\$37.43	\$39.30	Provide affordable water and legally justifiable rates to our customers

Industry Benchmarks



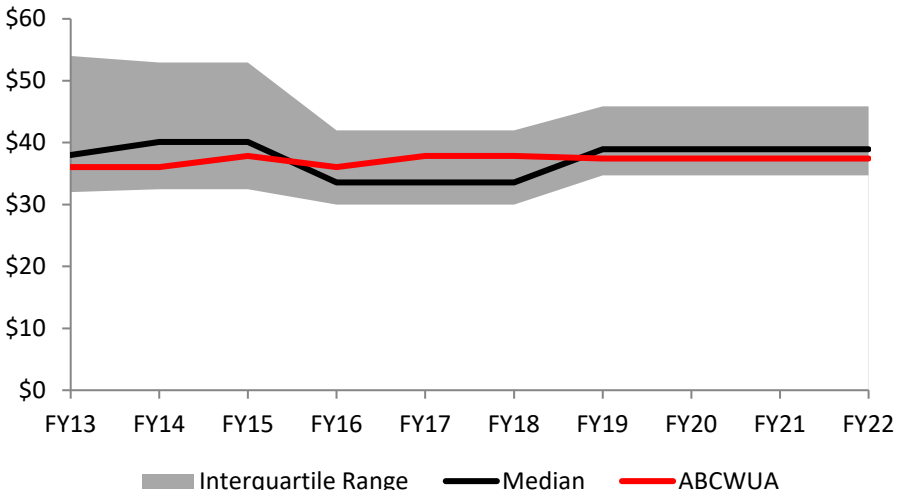
**FY23 Performance Plan
Goal 3: Customer Services**

Utilities with populations greater than 500,000



Lower Values Desirable

Utilities located in Region 4



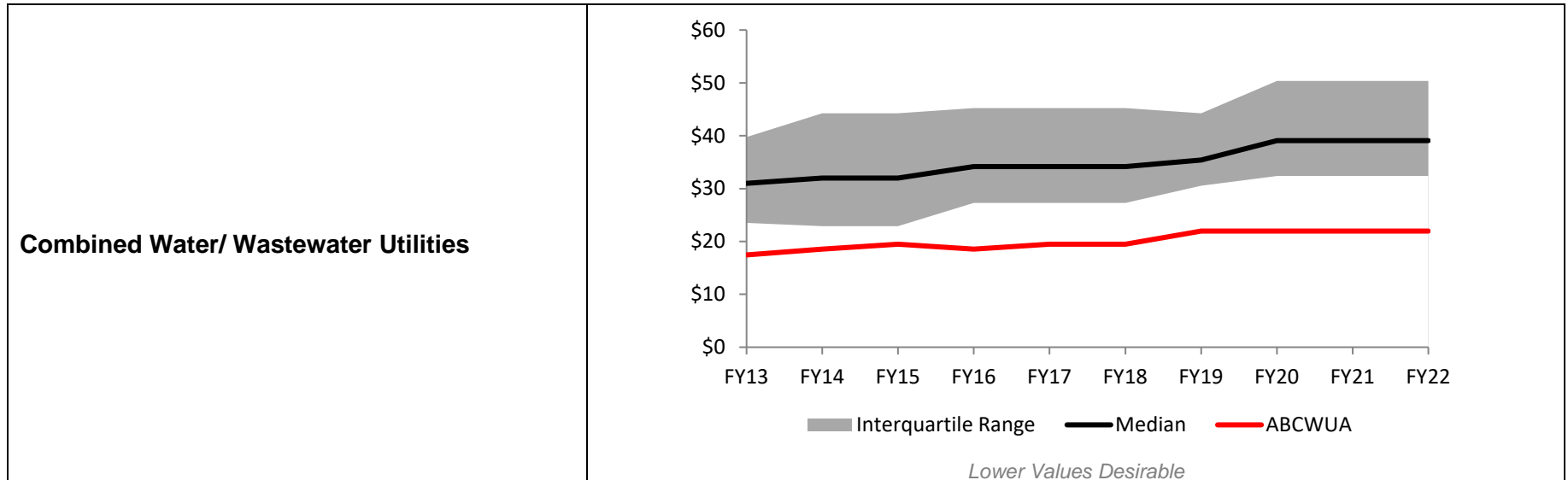
Lower Values Desirable

**FY23 Performance Plan
Goal 3: Customer Services**

Performance Results (Average Residential Sewer Service)

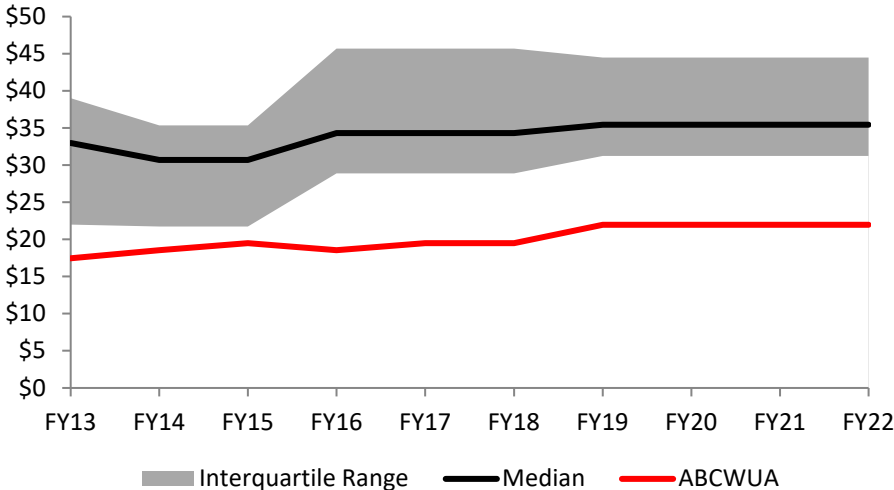
Measure Type	Purpose	Inputs	Outputs					Outcome	
			Baseline	Prior Year Actuals			Current/Est		Projected
				FY19	FY20	FY21	FY22	FY23	
Efficiency	Compare the residential cost of water and sewer service based on both a defined quantity of water use and the average residential bill amounts for those services	Bill amount for monthly residential water/sewer service and average residential water/sewer bill for one month of service	\$21.14	\$21.97	\$21.97	\$21.97	\$21.97	\$23.07	Provide affordable water and legally justifiable rates to our customers

Industry Benchmarks



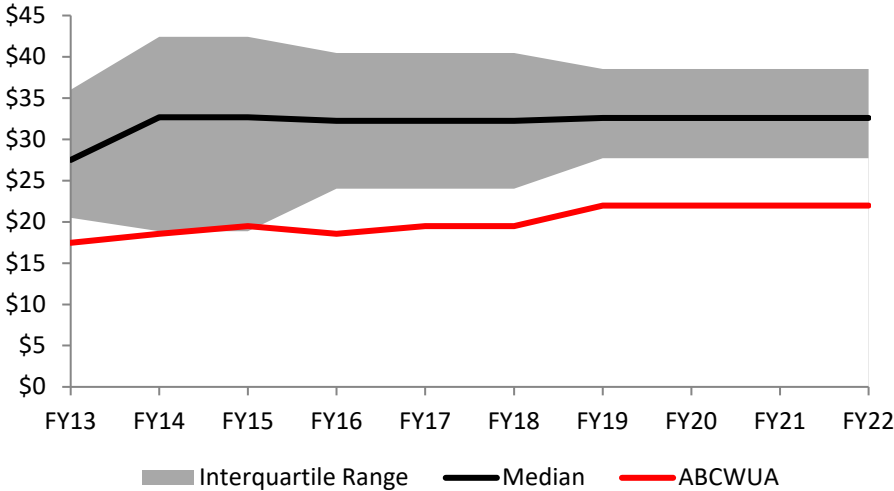
**FY23 Performance Plan
Goal 3: Customer Services**

Utilities with populations greater than 500,000



Lower Values Desirable

Utilities located in Region 4



Lower Values Desirable

FY23 Performance Plan
Goal 3: Customer Services

Results Narrative

This measure shows average residential water bill amount for one month of service for water and wastewater. The data provided is based on a bill amount for a typical residential customer served water through a 3/4 x 5/8-inch meter. Because each utility is unique, this measure is quite complex. In some places, rates may be artificially low or high to achieve non-utility objectives. In others, utilities may have rates controlled by public utility commissions.

Measurement Status

The Water Authority's performance in this measure has been below the median range for the past three fiscal years for average residential water service, and above the median range for the past three fiscal years for average residential sewer service. The Water Authority completed a comprehensive water and wastewater rate study in FY05 which had not been conducted since the early 1990s. The Water Authority adopted a policy objective for FY08 to update that rate study to include wholesale water rates. Another reason to update the rate study is to include a cost of services model for master planned communities so that these new, large developments pay 100% of the cost for building master planned facilities.

The FY12 rate ordinance added a 200% tier to the extra use surcharge to promote conservation and increased the Low Use Water Discount from 20% to 30%. A 5% rate revenue increase was implemented in FY12, FY14, FY15, FY16, and FY18. The FY15 rate adjustment was on exclusively on the fixed rate to meet infrastructure renewal needs. The rate increases are a component of implementing the Finance Plan by incrementally increasing more capital funds to take care of increasing infrastructure needs.

The Water Authority completed a rate evaluation in FY21 and proposed no rate adjustment for FY22. The rate structure continues to balance conservation with rate stability and revenue sufficiency by moving more revenue recovery from the base charge than in previous years. Even with the adopted and planned rate increases, the Water Authority anticipates that it will continue to be within the median range over the next five years compared to industry peers.

A rate revenue increase is planned for FY23. An objective was added for FY23 to conduct a water/wastewater rate cost of service study that will include an affordability study based on the 2021 EPA Financial Capability Assessment guidelines.

2020 Customer Opinion Survey

- 83% of customers either strongly or somewhat agree that water and sewer services are a good value for the amount of money paid
- 78% of customers either strongly or somewhat agree that because water is a scarce resource, water rates should be designed to reflect the value of water in our daily lives
- 60% of customers either strongly or somewhat agree that water rates should be increased to cover the cost of providing a reliable water supply for future generations

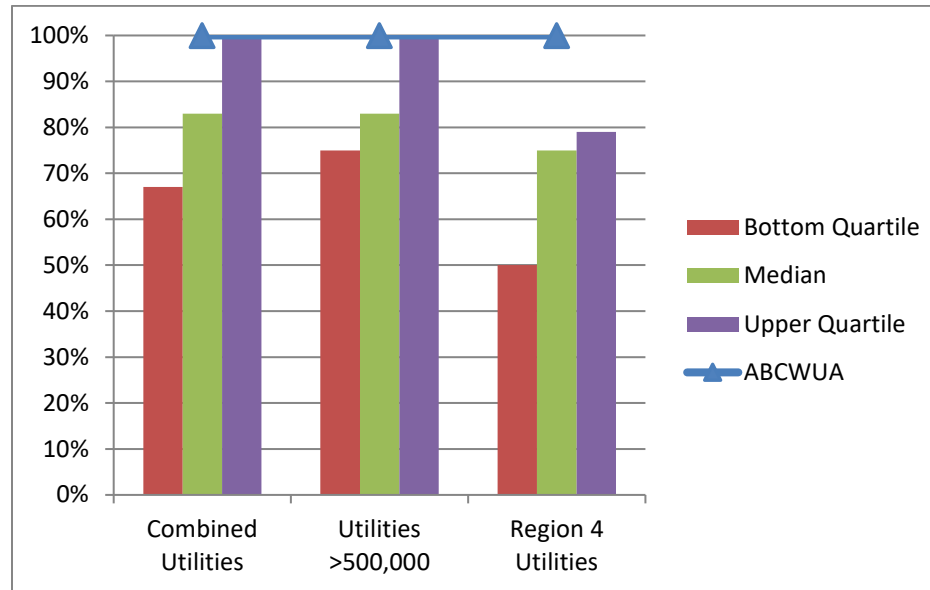
**FY23 Performance Plan
Goal 3: Customer Services**

3-6 Stakeholder Outreach Index

Performance Results

Measure Type	Purpose	Inputs	Outputs					Outcome	
			Baseline	Prior Year Actuals			Current /Est		Projected
Effectiveness	Quantify the utility's stakeholder outreach activities	Self-assessment based on Stakeholder Outreach Checklist		FY19	FY20	FY21	FY22	FY23	Assess the utility's outreach efforts with its stakeholders
			100%	100%	100%	100%	100%		

Industry Benchmarks



Generally, higher values are desirable

FY23 Performance Plan
Goal 3: Customer Services

Results Narrative

This indicator provides a measure of a utility's stakeholder outreach activities. It is calculated based on self-assigned points the various categories in the Stakeholder Outreach Checklist. The value assigned to each statement is based on evidence that existed during the reporting period to support the statement, as reviewed and rated by senior utility management. Total scores can range from 0 to 12 and are presented as a percentage of the maximum possible score of 12.

Measurement Status

In FY20, the Water Authority conducted a customer opinion survey in order to assess the Water Authority's performance from the customer's viewpoint from previous surveys. This was the eighth customer opinion survey conducted since the first survey in 2006 which allowed the Water Authority view trends of customer's opinions. The results of the 2020 survey have been incorporated into the Performance Plan as many questions or statements are connected to the benchmarks in the Performance Plan. A customer opinion survey will next be conducted in FY22.

In last eight fiscal years, the Water Authority has conducted quarterly customer meetings called Customer Conversations to engage its customers through topic forums. The Technical Customer Advisory Committee (TCAC) host each meeting and TCAC members attend these meetings to observe the process and listen to customers' discussions and comments. The purpose of these forums is to engage customers through interactive activities to allow customers to discuss issues with fellow customers and provide meaningful feedback to the utility. The feedback is very helpful in creating or amending programs, policies, or projects.

In 2016, the Water Authority received the Water Environment Federation's **Public Communication and Outreach Award**. In 2017, the utility received the National Association of Clean Water Agencies' **Public Information and Education Award**. These awards recognize the scope and achievements of the Water Authority's education program. The primary goal of the education program is to inform and inspire students (and the parents they in turn help educate) to conserve water and protect our limited water resources. The program has contributed to the tremendous progress Albuquerque has made in decreasing its per capita water use. By helping the community save 300 billion gallons of water, the Water Authority's education program – with its puppet shows, classroom activities, field trips, and wastewater plant tours – has played a critical role in supporting the overall mission of the Water Authority.

Goal 4

Business Planning & Management

Guiding Goal Statement

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

Goal Performance Scorecard

Ref #	Performance Measure	Status	Trend
4-1	Debt Ratio	■	■
4-2	Return on Assets	■	■
4-3	System Renewal / Replacement Rate (Water)	■	■
4-3	System Renewal / Replacement Rate (Wastewater)	■	■
4-4	Triple Bottom Line Index	■	■
Overall Goal Status		■	■

Performance Key

			
Excellent	Good	Fair	Poor

Linkage of Objectives to Performance Measures

FY23 Objectives	Measure Reference
Expend \$64 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 FY23. \$1 million shall be dedicated and used for identifying and replacing high-risk water pipes in critical or poor condition by the end of the 4th Quarter of FY23.	4-3
Prepare a report on the status of the implementation of the Reclamation Rehabilitation Asset Management Plan (RRAMP) including activities completed and remaining work by the end of the 1st Quarter of FY23. Continue implementation of the RRAMP by planning, designing and constructing reclamation facility improvements through the end of the 4th Quarter of FY23.	4-3
Finalize Operating Plans for Centralized Engineering, Utility Development, Field, Water Resources, and Asset Management, to be used to inform/train new staff and for existing staff to use as a resource by the end of the 4th Quarter of FY23.	4-3
Complete a comprehensive asset management plan to understand and document the asset condition, risk assessment, remaining useful life, and replacement cost for every asset by the end of the 4th Quarter of FY23. Input this information into the enterprise asset management system and begin life cycle cost accounting.	4-3
Coordinate with Bernalillo County to design and initiate construction of a force main to convey wastewater from the Municipal Detention Center to the Water Authority collections system through the end of the 4th Quarter of FY23.	4-3
Work with the Navajo Nation to design and construct water conveyance infrastructure to deliver water provided by the Navajo Nation to To'Hajiilee through the end of the 4th Quarter of FY23.	4-3
Implement at least one planned Interceptor Rehabilitation project in FY23, and complete at least one interceptor design package by the 4th Quarter of FY23; Implement at least one planned Small Diameter Sanitary Sewer Rehabilitation project in FY23.	4-3
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 and Clean Water Act regulations, New Mexico Water Quality Control Commission and Environmental Improvement Board regulations, 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 FY23.	4-4
Collect, monitor, and report weekly, monthly and quarterly key laboratory performance metrics to include: <ul style="list-style-type: none"> i. Water Quality Laboratory results approved and reported for each laboratory section (chemistry, microbiology, metals, and external labs). Maintain greater than 0.5 results reported per productive hour per quarter in each analytical section through end of the 4th Quarter of FY23. ii. Laboratory Productivity (results reported per productive hour, results sent to subcontract laboratories in lieu of in-house testing). Maintain greater than 2,000 results per quarter in each analytical section through end of the 4th Quarter of FY23. iii. Percentage of results reported late (turnaround time). Maintain less than 10 percent results reported late per quarter and provide quarterly results through end of the 4th Quarter of FY23. 	4-4
Continue to develop LabVantage ("laboratory information management system") throughout FY23 to increase the automation of data entry to reduce data entry errors and reduce the amount paper used at the laboratory. Begin developing reports in LabVantage by the end of the 4th Quarter of FY23.	4-4

Utilize the Environmental Monitoring Program to monitor the reliability and consistency of results from Compliance field instrumentation and sample collection techniques. Conduct at least one internal audit per year. 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 measurement. Monitor and report on corrective action response report (CARR) closure duration quarterly through the end of the 4th Quarter of FY23.	4-4
Maintain accreditation with the American Association for Laboratory Accreditation 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 CARR and an average completion of less than 30 days for all CARRs per fiscal year through the end of the 4th Quarter of FY23.	4-4
Prepare for the Revised Lead and Copper Rule to establish a system for a lead service line inventory. Identify all schools and child-care centers in the service area that will require lead monitoring and develop sample plan templates for the facilities to use to track multiple faucets by the end of the 4th Quarter of FY23. Initiate research to understand the monitoring, data requirements and expectations for corrosion control studies under the new rule.	4-4
Work with Intel to design and construct water conveyance infrastructure to deliver raw water to the Intel facility through the end of the 4th Quarter of FY23.	NA
Create a Grant/Loan Funding Plan and annual Grant/Loan Funding Cycle Schedules to prioritize projects for State and Federal funding opportunities by the end of the 4th Quarter of FY23.	NA
Finalize the Utility Development Guide and solicit feedback from stakeholders by the end of the 4th Quarter of FY23.	NA
Review and update the Mini Work Order process to improve turn-around time by the end of the 4th Quarter of FY23.	NA
Continue monitoring progress on the strategic asset management program (SAMP), with quarterly monitoring of the following metrics and associated target(s) by the end of the 4th Quarter of FY23. <ul style="list-style-type: none"> i. Assets Inventoried, Target greater than 50% ii. Asset Activity (Created, Decommissioned and Updated), Target greater than 6,500 iii. Assets with Purchase & Replacement Cost populated, Target greater than 5,000 iv. Work Orders without Assets, Target less than 25% v. Assets missing Classifications & Attributes, Target less than 25% vi. Assets missing required data fields, Target less than 50% vii. Maximo Employee Training, Target greater than 500 hours viii. Preventative Maintenance Optimization, Target greater than 30% 	NA
Transition existing SAMP dashboards to Microsoft Power BI by the end of the 4th Quarter of FY23. Utilizing Power BI, with the integration with Maximo and Finance Enterprise, will ease the time required to calculate KPIs.	NA
Continue promoting a Culture of Security in accordance with the AWWA G430 standard within the Water Authority, by developing 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 Water Sector-Specific Plan and America's Infrastructure Act. Conduct at least 2 table-top exercises for security and cybersecurity 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 3 of the countermeasures by the end of the 4th Quarter of FY23.	NA

<p>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 FY23. Track and measure metrics that are directly related to NIST standards. Incorporate specific standards and policies that directly relate to the Water Authority's SCADA systems. Complete Annual Penetration (PEN) test and remediate any critical items that pose an imminent threat.</p>	NA
<p>Continue implementation of the SCADA Master Program by migrating to a single SCADA platform utilized by multiple Operations areas. By the end of the 4th Quarter of FY23 complete the SWRP distributed control system human machine interface upgrade, Collection/Stormwater programmable logic controller replacement, new SWRP radio tower, and network refresh.</p>	NA
<p>Complete Information Technology (IT) projects scheduled for FY23 to include the refresh of the SCADA network and infrastructure for the SWRP by the end of the 2nd Quarter of FY23.</p> <ul style="list-style-type: none"> ❖ Begin installation and setup of such Infrastructure to upgrade the SWRP SCADA systems to mirror the IT infrastructure model currently installed at the Surface Water Treatment Plant by the end of the 4th Quarter of FY23. ❖ Complete assessment for Data Center Location, overall Network and Security design by the end of the 1st Quarter of FY23. ❖ Build in redundant network connections, Internet Service Provider (ISP) services and Telephony to accommodate a reliable and consistent set of services for both the Enterprise and Operational Technology networks by the end of the 3rd Quarter of FY23. ❖ Evaluate and implement offline data storage to protect the Water Authority from cybersecurity attacks and ransomware by the end of the 1st Quarter of FY23. 	NA
<p>Establish a Service Management Office to provide governance, business relationship management, knowledge management and service level agreements; and the implementation of a Program Management Office (PMO) to provide a single point of management, control and accountability for the establishment, development, implementation and maintenance of project management standards, practices and procedures by the end of the 2nd Quarter of FY23. High level objectives for the PMO office include: implementation of a tool to properly manage projects and creating a repository for documentation.</p>	NA
<p>Utilizing a gap analysis and best practices review, identify current and future Geographic Information System (GIS) and Asset Management needs by the end of the 4th Quarter of FY23. Create a new GIS layer for 'Construction in Progress' by the end of the 3rd Quarter of FY23.</p>	NA
<p>Consistent with the EUM continuous improvement process, complete the biennial attribute self-assessment using the EUM Benchmarking Assessment Tool by the end of the 2nd Quarter of FY23 and incorporate findings into the FY24 goals and objectives.</p>	NA
<p>Evaluate and assess reducing privately leased space as it applies to staffing space, asset management, relocation of the 'Map Room' and integrated network pathways that would need to be moved by the end of the 4th Quarter of FY23.</p>	NA
<p>Continue to identify opportunities to apply machine learning to assess current operations through the end of the 4th Quarter of FY23. Expand usage of Splunk data analytics tool to implement functions for cybersecurity, water quality, and/or asset management by the end of the 4th Quarter of FY23. Complete Effective Utility Management (EUM) metric automation buildout leveraging Splunk by the end of the 1st Quarter of FY23. Develop a strategy for the utilization of machine learning and analytics to predict failure of linear and vertical assets by the end of the 4th Quarter of FY23.</p>	NA

Performance Measure Division Responsibility

Ref #	Performance Measure	Finance	Operations Water Resources, Engineering & Planning
4-1	Debt Ratio	✓	
4-2	Return on Assets	✓	
4-3	System Renewal / Replacement Rate (Water)	✓	✓
4-3	System Renewal / Replacement Rate (Wastewater)	✓	✓
4-4	Triple Bottom Line Index		✓

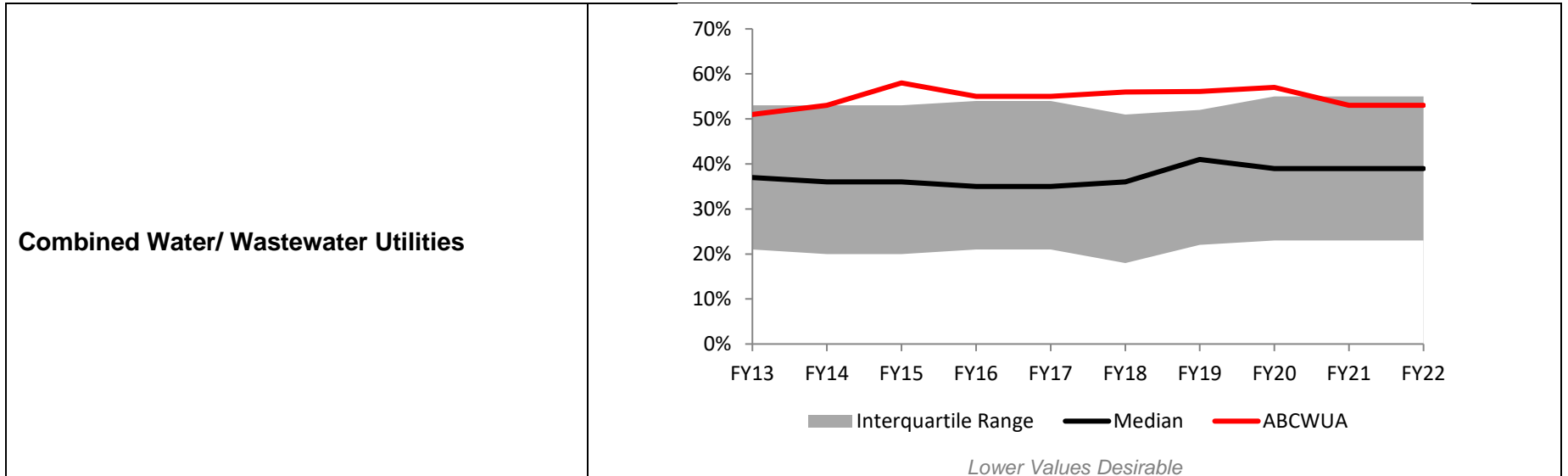
FY23 Performance Plan
Goal 4: Business Planning and Management

4-1 Debt Ratio

Performance Results

Measure Type	Purpose	Inputs	Outputs					Outcome	
			Baseline	Prior Year Actuals			Current/Est		Projected
				FY19	FY20	FY21	FY22	FY23	
Effectiveness	Quantify the Water Authority's level of indebtedness	Total liabilities and total assets	55%	56%	57%	53%	53%	53%	Maintain low debt burden and communicate fiscally responsible to our customers

Industry Benchmarks



FY23 Performance Plan
Goal 4: Business Planning and Management

<p>Utilities with populations greater than 500,000</p>	<p align="center">Lower Values Desirable</p>
<p>Utilities located in Region 4</p>	<p align="center">Lower Values Desirable</p>

FY23 Performance Plan
Goal 4: Business Planning and Management

Results Narrative

The higher the calculated debt ratio, the more dependent the utility is on debt financing. Many utilities use this measure as an internal measure of performance. Debt equity ratio is an important measure because a high debt burden brings larger costs for interest and capital repayments.

Measurement Status

The Water Authority's performance in this measure has been below the median range for the past three fiscal years.

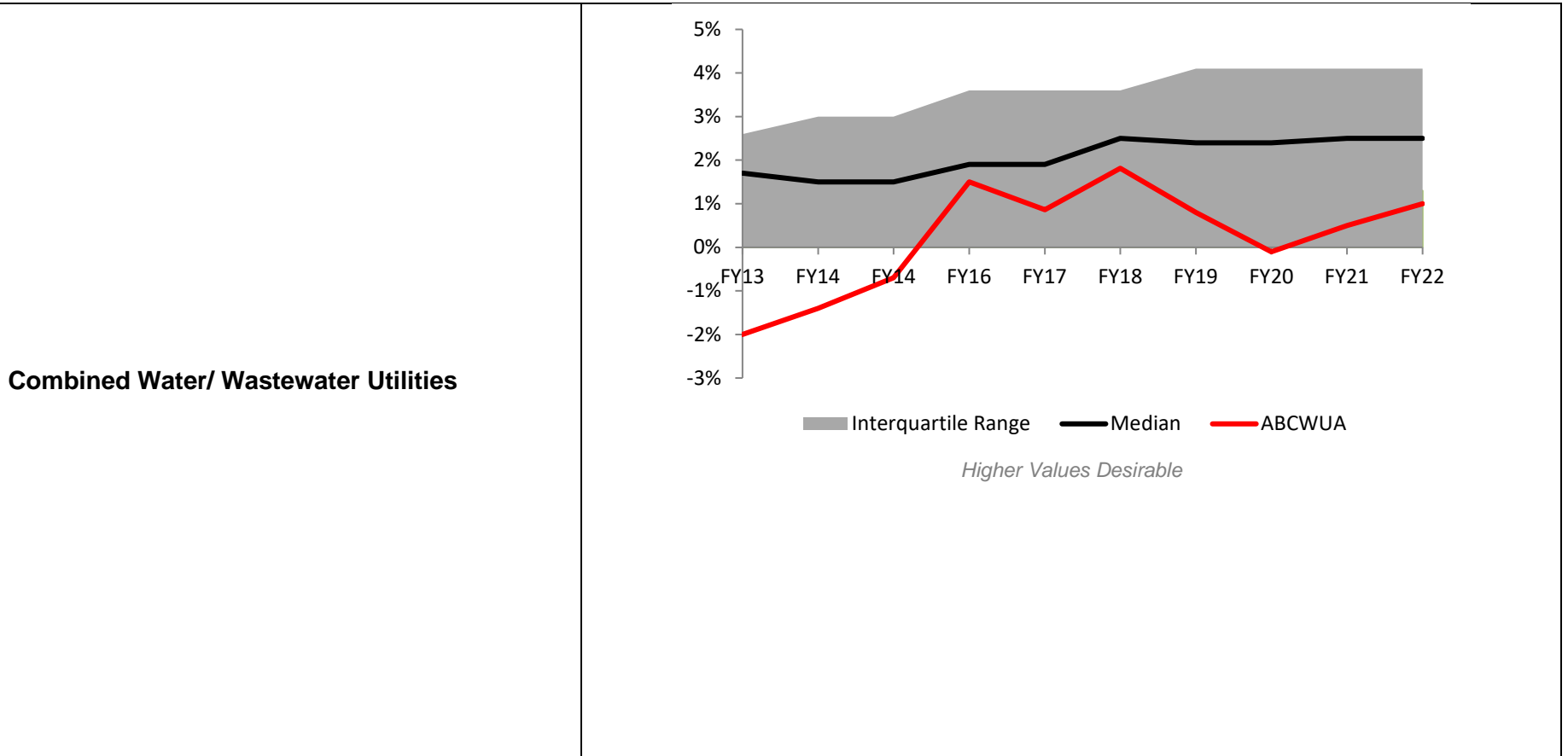
The Water Authority has borrowed a significant amount of funds to pay for a new surface drinking water treatment plant as part of the \$500 million San Juan Chama Drinking Water Project. The Water Authority has approximately \$595.5 million in outstanding debt which is primarily attributed to carrying out the Water Resources Management Strategy projects, including the San Juan Chama Drinking Water Project. In addition, the Water Authority has secured its water supply for the long term compared to most utilities which must invest a significant amount of capital in securing a water supply. The Water Authority has never managed for a high rating from the three rating agencies. The cost of the new facilities, rehabilitation of existing facilities and asset management plan implementation will continue to require significant capital financing. The only way to improve this category would be to not invest in the required capital improvements and/or have significant rate increases to improve cash on hand. The long-term outlook for the Water Authority is above its peers given the capital investments which will be made and the rapid retirement of debt. The Water Authority has a bond rating of AA by Fitch, Aa2 by Moody's and AA+ by Standard and Poor's.

**FY23 Performance Plan
Goal 4: Business Planning and Management**

4-2 Return on Assets

Performance Results

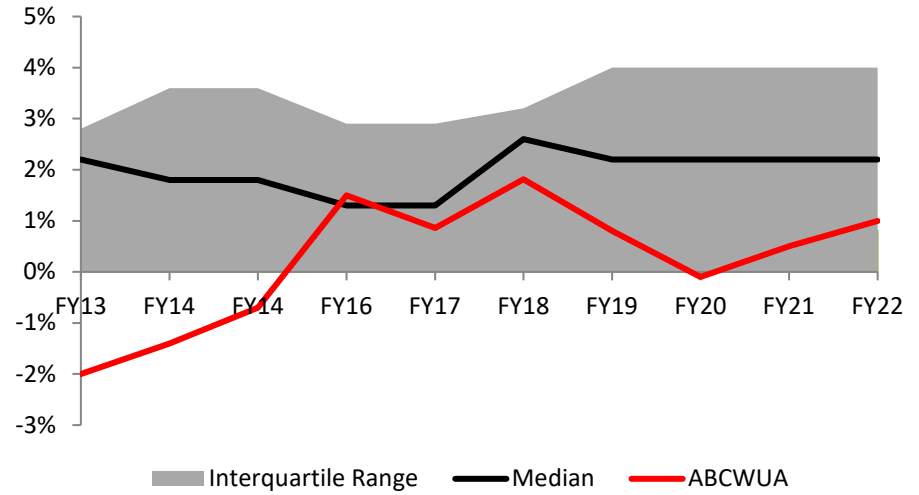
Measure Type	Purpose	Inputs	Outputs					Outcome
			Baseline	Prior Year Actuals			Current/Est	
Effectiveness	Measure the financial effectiveness of the Water Authority	Net income and total assets	0.4%	FY19	FY20	FY21	FY22	FY23
				0.8%	-0.1%	0.5%	1.0%	1.0%



FY23 Performance Plan
Goal 4: Business Planning and Management

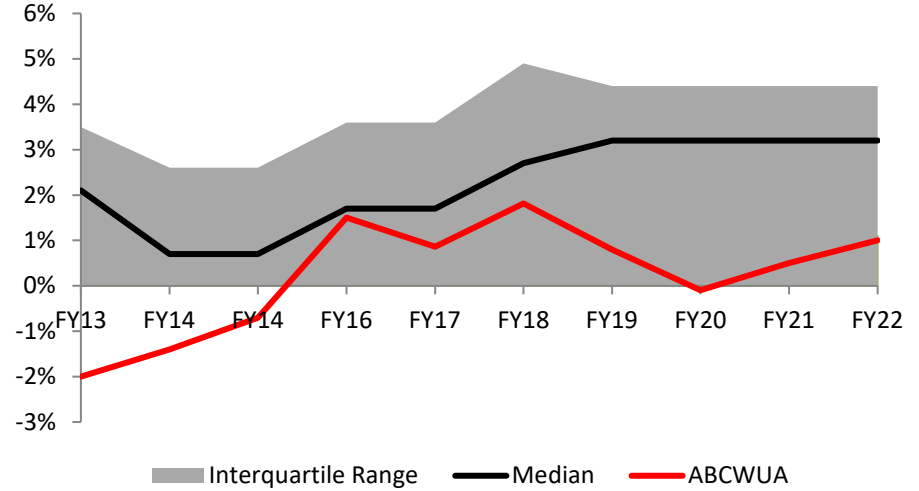
Industry Benchmarks

Utilities with populations greater than 500,000



Higher Values Desirable

Utilities located in Region 4



Higher Values Desirable

FY23 Performance Plan
Goal 4: Business Planning and Management

Results Narrative

The return on assets ratio measures how well a utility's management team is doing its job. A comparison of net income and average total assets, the return on assets ratio reveals how much income management has been able to squeeze from each dollar's worth of a utility's assets. All utilities are interested in their financial health and are particularly sensitive to this measure, seeking higher ratios where possible.

Measurement Status

The Water Authority's performance in this measure is within the median range for the last three fiscal years. The San Juan Chama Drinking Water Project has had a major impact on depreciation and interest expenses. The Water Authority has developed and implemented a long-term financial plan which anticipates revenue needs and allows for financial stability, ongoing system improvements and rate stability for customers. It has also ensured conservative financial policies, including a 12-year financing on basic capital with 50% cash. In addition, \$40 million must be invested in system rehabilitation and replacement. The utility has also established rate reserve fund to mitigate revenue fluctuations and postpone rate increases (\$9 million).

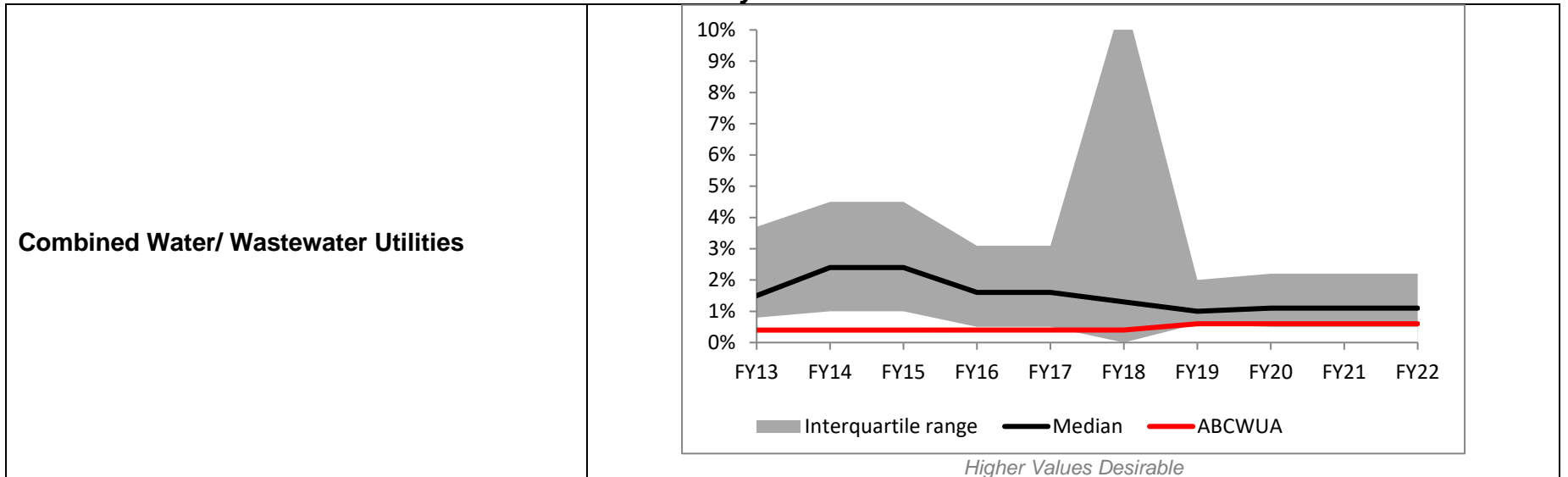
FY23 Performance Plan
Goal 4: Business Planning and Management

4-3 System Renewal / Replacement Rate

Performance Results (Water Pipeline & Distribution)

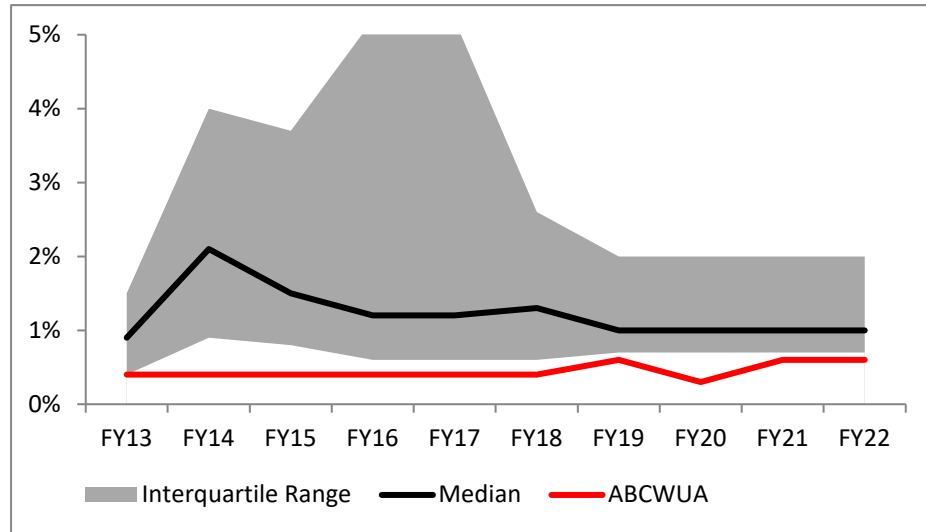
Measure Type	Purpose	Inputs	Outputs					Outcome	
			Baseline	Prior Year Actuals			Current/Est		Projected
				FY19	FY20	FY21	FY22	FY23	
Effectiveness	Quantify the rate at which the Water Authority is meeting its individual need for infrastructure renewal or replacement	Total actual expenditures reserved for renewal and replacement and total present worth for renewal and replacement needs for each asset group	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	Reduce corrective maintenance by investing in infrastructure improvements to the system

Industry Benchmarks



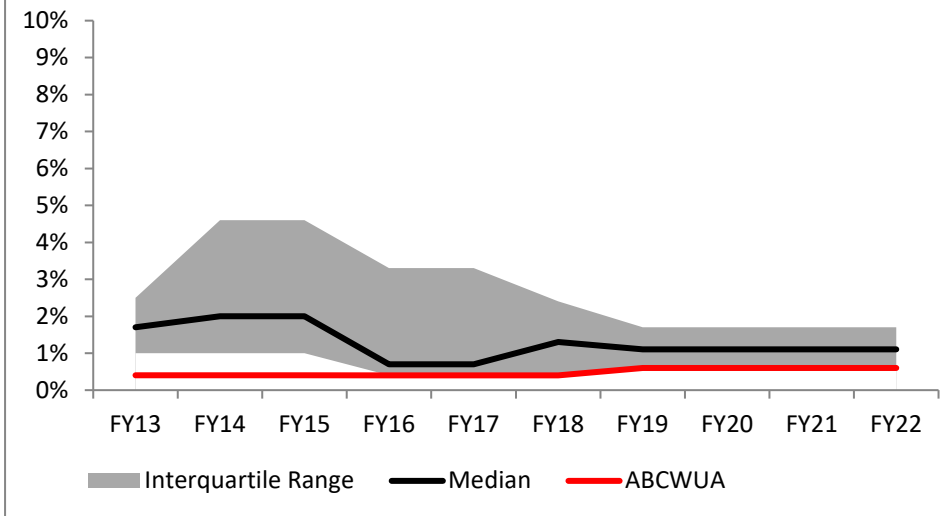
FY23 Performance Plan
Goal 4: Business Planning and Management

Utilities with populations greater than 500,000



Higher Values Desirable

Utilities located in Region 4



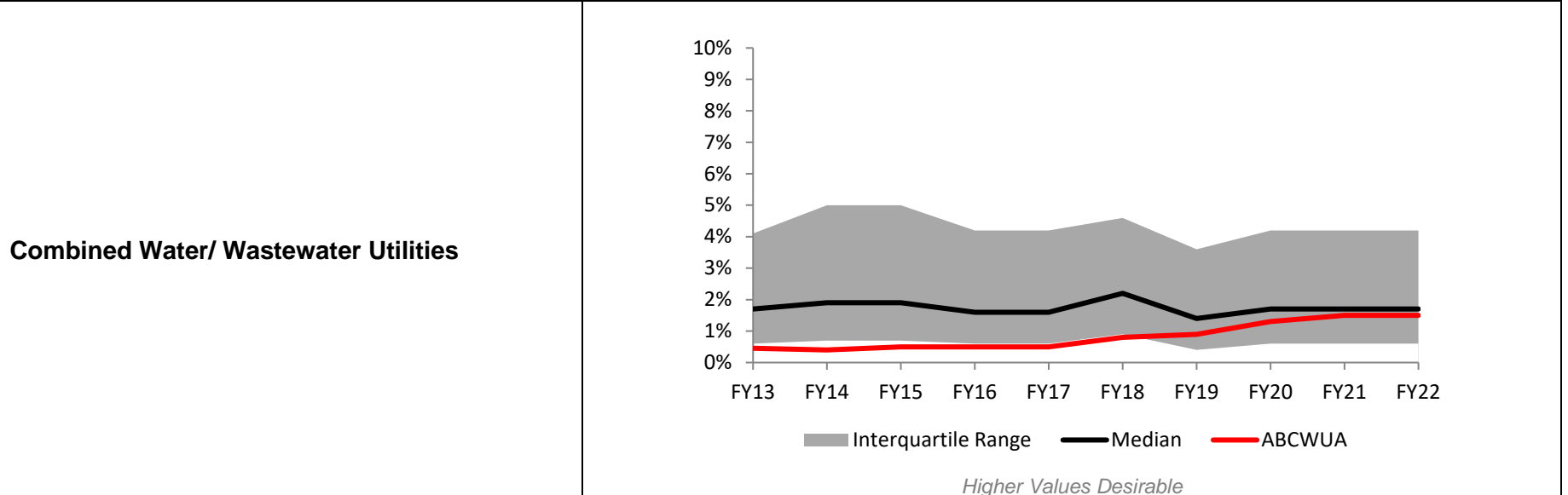
Higher Values Desirable

FY23 Performance Plan
Goal 4: Business Planning and Management

Performance Results (Water Facility & Pumping)

Measure Type	Purpose	Inputs	Outputs					Outcome	
			Baseline	Prior Year Actuals			Current/Est		Projected
				FY19	FY20	FY21	FY22	FY23	
Effectiveness	Quantify the rate at which the Water Authority is meeting its individual need for infrastructure renewal or replacement	Total actual expenditures reserved for renewal and replacement and total present worth for renewal and replacement needs for each asset group	1.2%	0.9%	1.3%	1.5%	1.5%	1.5%	Reduce corrective maintenance by investing in infrastructure improvements to the system

Industry Benchmarks



FY23 Performance Plan
Goal 4: Business Planning and Management

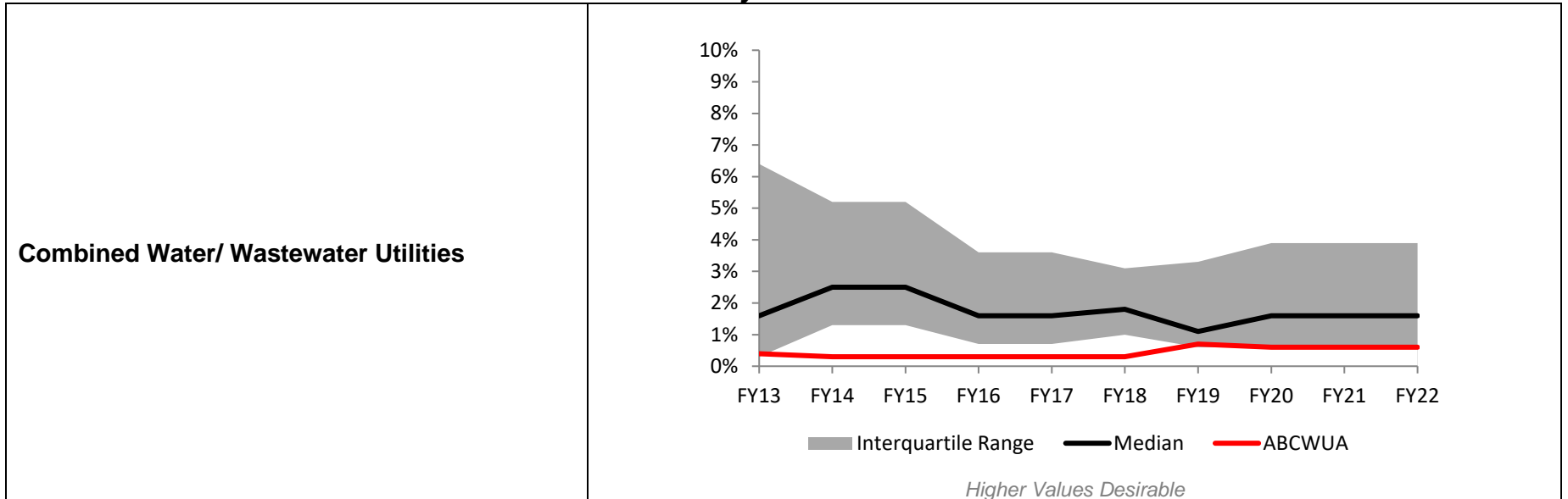
<p>Utilities with populations greater than 500,000</p>	<table border="1"> <caption>Estimated Data for Utilities with populations greater than 500,000</caption> <thead> <tr> <th>Fiscal Year</th> <th>Interquartile Range (%)</th> <th>Median (%)</th> <th>ABCWUA (%)</th> </tr> </thead> <tbody> <tr><td>FY13</td><td>2.5</td><td>1.0</td><td>0.5</td></tr> <tr><td>FY14</td><td>4.0</td><td>2.0</td><td>0.5</td></tr> <tr><td>FY15</td><td>4.0</td><td>1.5</td><td>0.5</td></tr> <tr><td>FY16</td><td>10.0</td><td>2.0</td><td>0.5</td></tr> <tr><td>FY17</td><td>10.0</td><td>2.0</td><td>0.5</td></tr> <tr><td>FY18</td><td>7.0</td><td>2.5</td><td>0.8</td></tr> <tr><td>FY19</td><td>3.5</td><td>1.5</td><td>1.0</td></tr> <tr><td>FY20</td><td>3.5</td><td>1.5</td><td>1.2</td></tr> <tr><td>FY21</td><td>3.5</td><td>1.5</td><td>1.4</td></tr> <tr><td>FY22</td><td>3.5</td><td>1.5</td><td>1.4</td></tr> </tbody> </table> <p align="center"><i>Higher Values Desirable</i></p>	Fiscal Year	Interquartile Range (%)	Median (%)	ABCWUA (%)	FY13	2.5	1.0	0.5	FY14	4.0	2.0	0.5	FY15	4.0	1.5	0.5	FY16	10.0	2.0	0.5	FY17	10.0	2.0	0.5	FY18	7.0	2.5	0.8	FY19	3.5	1.5	1.0	FY20	3.5	1.5	1.2	FY21	3.5	1.5	1.4	FY22	3.5	1.5	1.4
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FY23 Performance Plan
Goal 4: Business Planning and Management

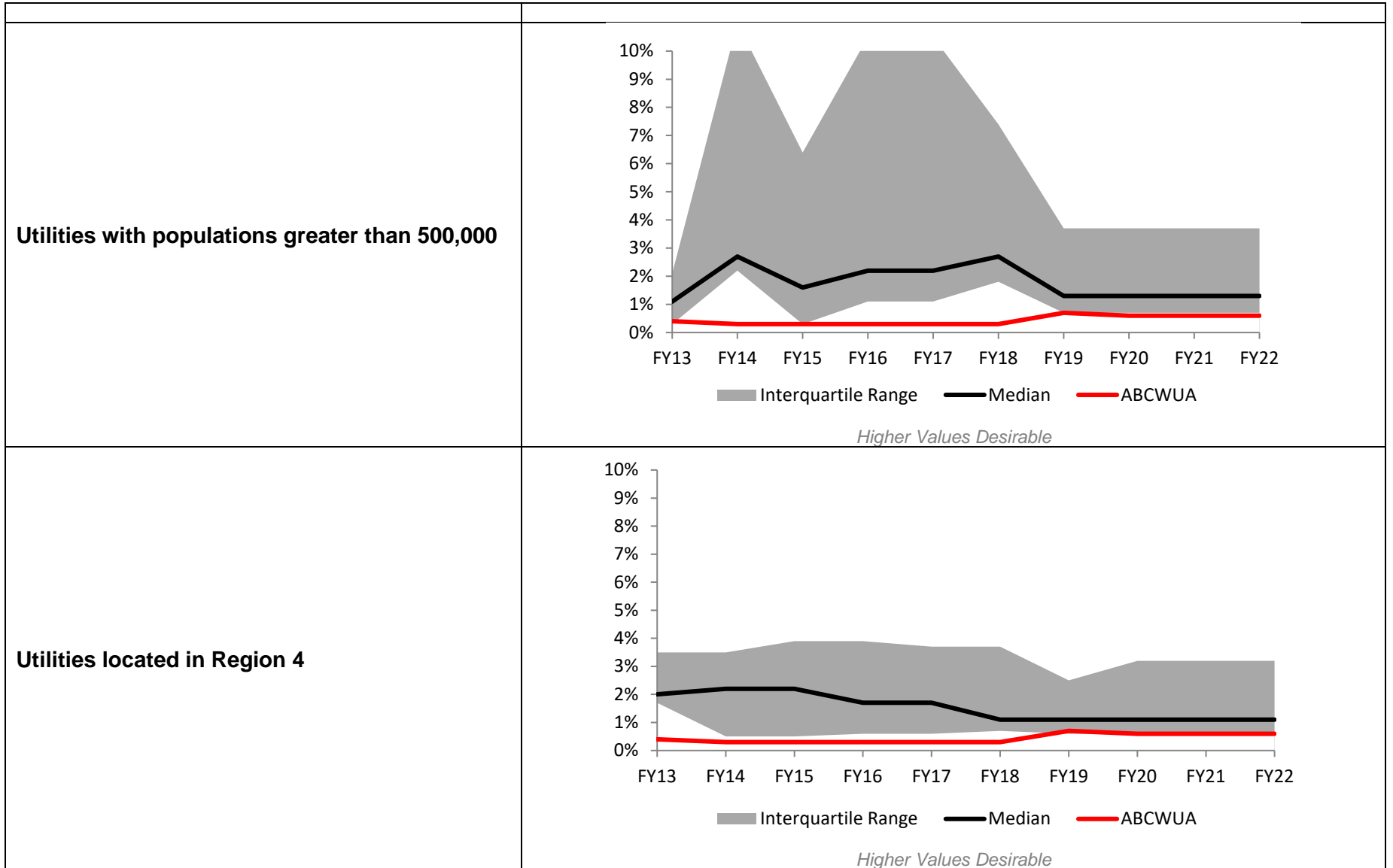
Performance Results (Wastewater Pipeline & Collection)

Measure Type	Purpose	Inputs	Outputs					Outcome	
			Baseline	Prior Year Actuals			Current/Est		Projected
				FY19	FY20	FY21	FY22	FY23	
Effectiveness	Quantify the rate at which the Water Authority is meeting its individual need for infrastructure renewal or replacement	Total actual expenditures reserved for renewal and replacement and total present worth for renewal and replacement needs for each asset group	0.6%	0.7%	0.6%	0.6%	0.6%	0.8%	Reduce corrective maintenance by investing in infrastructure improvements to the system

Industry Benchmarks



FY23 Performance Plan
Goal 4: Business Planning and Management

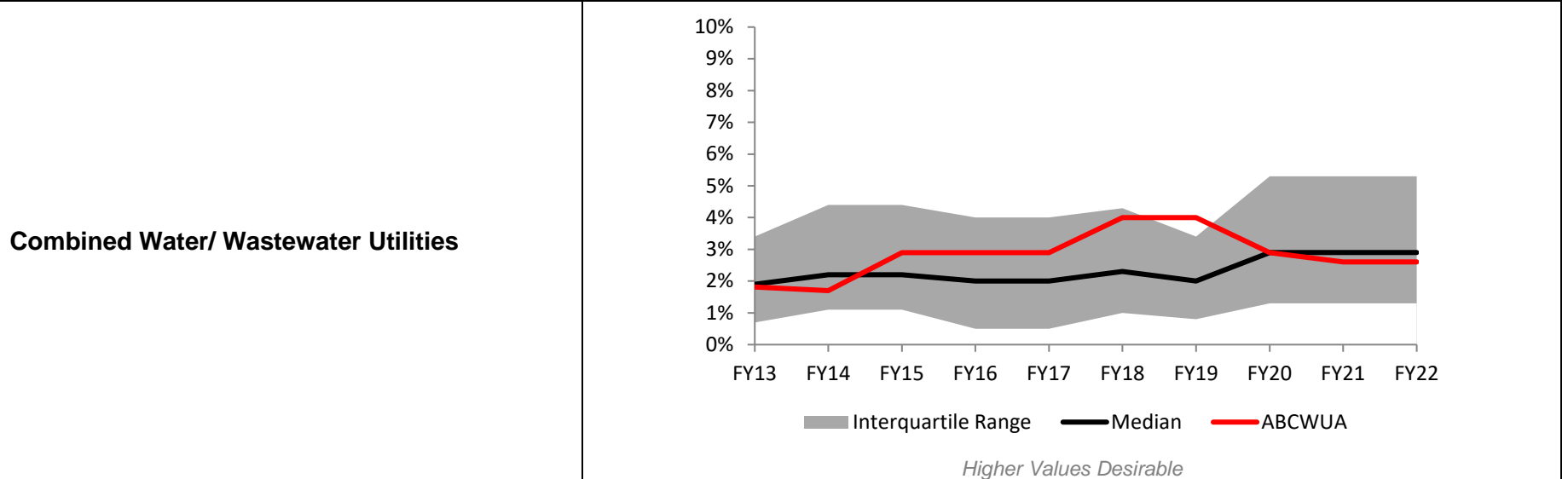


**FY23 Performance Plan
Goal 4: Business Planning and Management**

Performance Results (Wastewater Facility & Pumping)

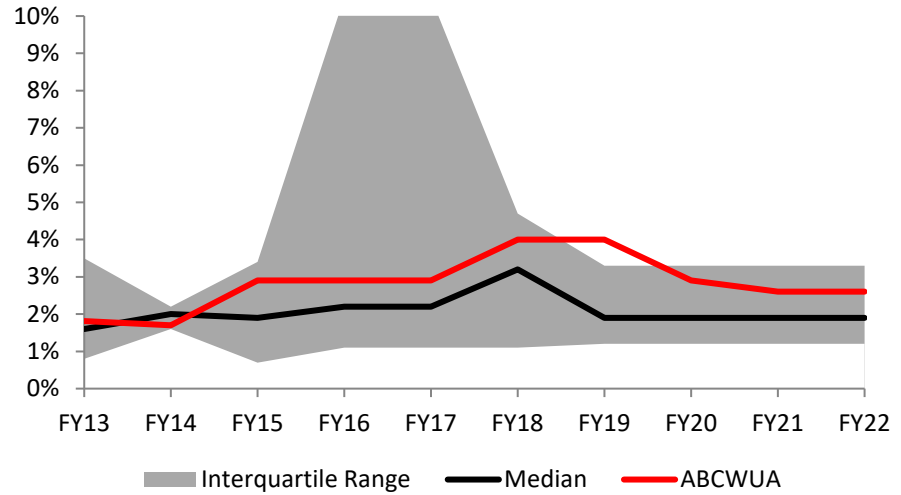
Measure Type	Purpose	Inputs	Outputs					Outcome	
			Baseline	Prior Year Actuals			Current/Est		Projected
				FY19	FY20	FY21	FY22	FY23	
Effectiveness	Quantify the rate at which the Water Authority is meeting its individual need for infrastructure renewal or replacement	Total actual expenditures reserved for renewal and replacement and total present worth for renewal and replacement needs for each asset group	3.2%	4.0%	2.9%	2.6%	2.6%	3.0%	Reduce corrective maintenance by investing in infrastructure improvements to the system

Industry Benchmarks



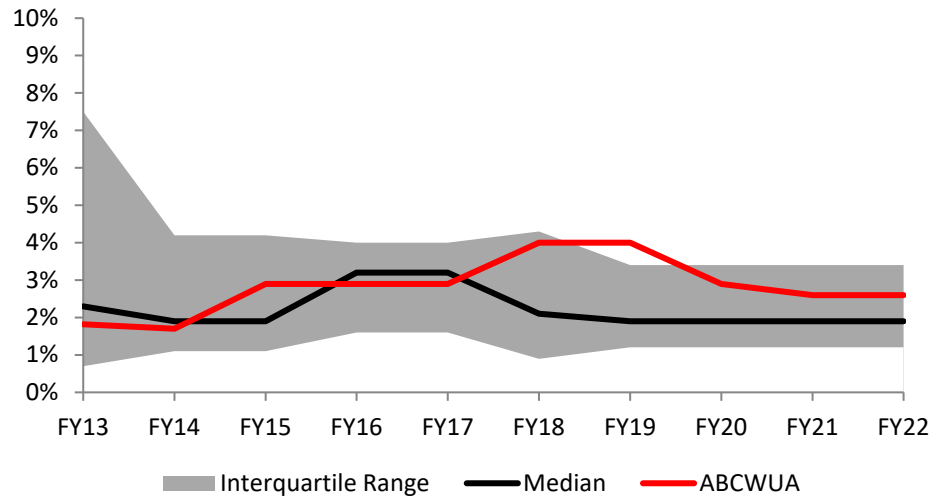
FY23 Performance Plan
Goal 4: Business Planning and Management

Utilities with populations greater than 500,000



Higher Values Desirable

Utilities located in Region 4



Higher Values Desirable

FY23 Performance Plan
Goal 4: Business Planning and Management

Results Narrative

This measure quantifies the degree to which a water or wastewater utility is replacing its infrastructure based on target lives for both water and wastewater asset groups. Data for these asset groups are provided in four categories:

1. Water pipeline/distribution
2. Water treatment facility and pumping
3. Wastewater pipelines and collection
4. Wastewater treatment facility and pumping

Measurement Status

The Water Authority's performance in this measure has been within the median range for the past three fiscal years in three of the four asset groups. The wastewater treatment performance is within or above the median range because of the significant replacement and rehabilitation program at the wastewater treatment plant. Since FY07, the Water Authority increased its capital program spending from \$30 million per year to \$70 million per year, including significant increases in planned rehabilitation spending from \$22 million to \$58 million. Since FY15, the utility has added \$3 million each year cumulatively. In FY23, the capital budget is \$76.2 million.

In FY08, the Water Authority formally established its asset management program to prolong asset life, improve decisions about asset rehabilitation, repair, and replacement, and meet customer expectations with a focus on system sustainability and reliability. The program is an extensive, well thought out 'Business Model' that helps the Water Authority make better acquisition, operations and maintenance, renewal, and replacement decisions. In FY11, the Water Authority completed an Asset Management Plan (AMP) as a part of its asset management program. The AMP provides a 30-year projection that allows the Water Authority to budget for renewals and replacements into the future. In addition, the Water Authority upgraded its work order system in FY18 in a manner that supports asset management business objectives. Moreover, the Water Authority has incorporated asset management principles and management of risk into ten-year Capital Improvement Plan. In 2019, the utility created a strategic asset management planning section to assist in providing optimal service, stewardship, and decision making and to reduce operational risk and to improve the Level of Service for Water Authority customers.

2020 Customer Opinion Survey

- 86% of customers feel that it is very or somewhat important to invest in the repair and replacement of old water and sewer lines

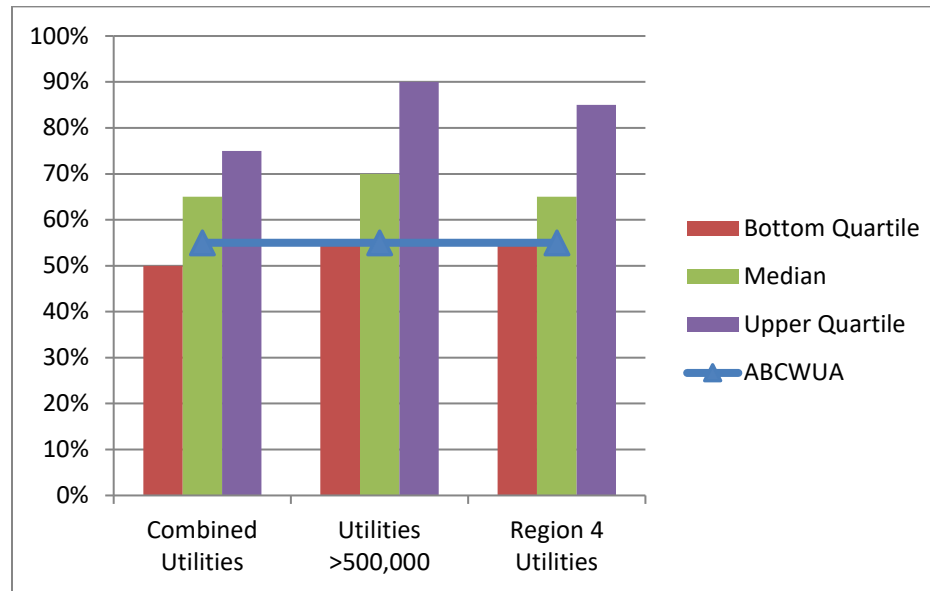
FY23 Performance Plan
Goal 4: Business Planning and Management

4-4 Triple Bottom Line Index

Performance Results

Measure Type	Purpose	Inputs	Outputs					Outcome	
			Baseline	Prior Year Actuals			Current /Est		Projected
Effectiveness	Quantify the utility's sustainability efforts	Self-assessment based on Triple-Bottom-Line Checklist		FY19	FY20	FY21	FY22	FY23	Assess the utility's sustainability efforts
			60%	65%	55%	55%	55%	60%	

Industry Benchmarks



Generally, higher values are desirable

FY23 Performance Plan
Goal 4: Business Planning and Management

Results Narrative

This indicator provides a measure of a utility's sustainability efforts. It is calculated based on self-assessed points assigned in the various categories in the Triple-Bottom-Line (TBL) Checklist. The TBL framework represents a balanced view of environmental, social, and economic considerations. The value assigned to each statement is based on evidence that existed during the reporting period to support the statement, as reviewed and rated by senior utility management. Cumulative scores can range from 0 to 20 and are presented as percentages (total score / 20 x 100%).

Measurement Status

The Triple-Bottom-Line Index was recently included by AWWA in their benchmarking survey. The Water Authority has been measuring this Index for the last three fiscal years. It will continue to track these indicators and benchmark with industry peers and determine targets for its sustainability programs.



The Water Authority received the **2018 Exemplary Source Water Protection Award**. The AWWA distinguished the Water Authority from its peers for its innovative approach for protecting its source waters and the conjunctive management of its water resources to ensure long-term safety and resiliency of our water supply. Source water protection activities highlighted by the AWWA in its selection included the Water Authority's low-income credit program, the monitoring and mapping of potential and known groundwater contamination in the service area, and the comprehensive water planning efforts. The Water Authority also updated its source water protection plan.

In 2020, the Water Authority received the **National Association of Clean Water Agencies Environmental Achievement Award for Watershed Collaboration**. The Water Authority was recognized for its work in watershed stewardship, source water protection, community partnership and engagement, and its education program.



In FY22, the Water Authority received the **U.S. Environmental Protection Agency (EPA) AQUARIUS Award for Excellence in Systems Partnerships**. The Water Authority was recognized for its efforts to bring water service to the Village of Carnuel.

Goal 5

Organizational Development

Guiding Goal Statement

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.

Goal Performance Scorecard

Ref #	Performance Measure	Status	Trend
5-1	Employee Health and Safety Severity Rate	■	■
5-2	Training Hours per Employee	▲	▲
5-3	Customer Accounts per Employee (Water)	▲	▲
5-3	Customer Accounts per Employee (Wastewater)	▲	▲
5-4	Employee Turnover	■	■
5-5	Retirement Eligibility	▲	▲
5-6	Organizational Best Practices Index	▲	▲
Overall Goal Status		▲	▲

Performance Key

▲	■	■	▼
Excellent	Good	Fair	Poor

Linkage of Objectives to Performance Measures

FY23 Objectives	Measure Reference
Continue promoting a Culture of Safety by providing a variety of job-related safety trainings, opportunities for recognition and safety communications to create awareness and promote good work practices. Track the hours of training offered and percent attendance by working group through the end of the 4th Quarter of FY23 and study the data to identify trends that could be mitigated by implementing tailored work practices, SOPs, and customized safety trainings. Reduce injury hours to 2,500 hours or less to improve productivity and reliability of services provided by employees by the end of the 4th Quarter of FY23.	5-1
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% or greater overall completion rate by the end of the 4th Quarter of FY23. In collaboration with our Employee Assistance Program, increase mental health awareness through quarterly trainings and presentations. Incorporate more remote wellness options for employees to participate in, including video classes and instructional videos by the end of the 4th Quarter of FY23.	5-1
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 FY23.	5-2
Maintain an average utility-wide vacancy rate of no greater than 7% through the end of FY23. 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 FY23.	5-4
Recognize at least 15% of the work force through initiatives such as employee incentive awards, on-the-spot awards, and years of service awards through the 4th Quarter of FY23.	5-6
Consistent with the Water Research Foundation Utility Innovation Project, develop a Strategic Plan for the Water Authority's Innovation Program by the end of the 4th Quarter of FY23. The Innovation Program will help identify new ways to seek efficiencies throughout the organization.	5-6
Develop a formalized plan for remote working options within the Water Authority by the end of the 2nd Quarter of FY23.	5-6
Augment Internal Communications via deployment of video message boards and content by the end of the 4th Quarter of FY23.	5-6
Conduct a cost/benefit analysis of the Water Authority benefit plans by the end of the 2 nd Quarter of FY23.	5-6

Performance Measure Division Responsibility

Ref #	Performance Measure	Operations	Financial / Business Services	Human Resources
5-1	Employee Health and Safety Severity Rate			✓
5-2	Training Hours per Employee			✓
5-3	Customer Accounts per Employee (Water)	✓	✓	
5-3	Customer Accounts per Employee (Wastewater)	✓	✓	
5-4	Employee Turnover	✓		✓
5-5	Retirement Eligibility	✓		✓
5-6	Organizational Best Practices Index	✓	✓	✓

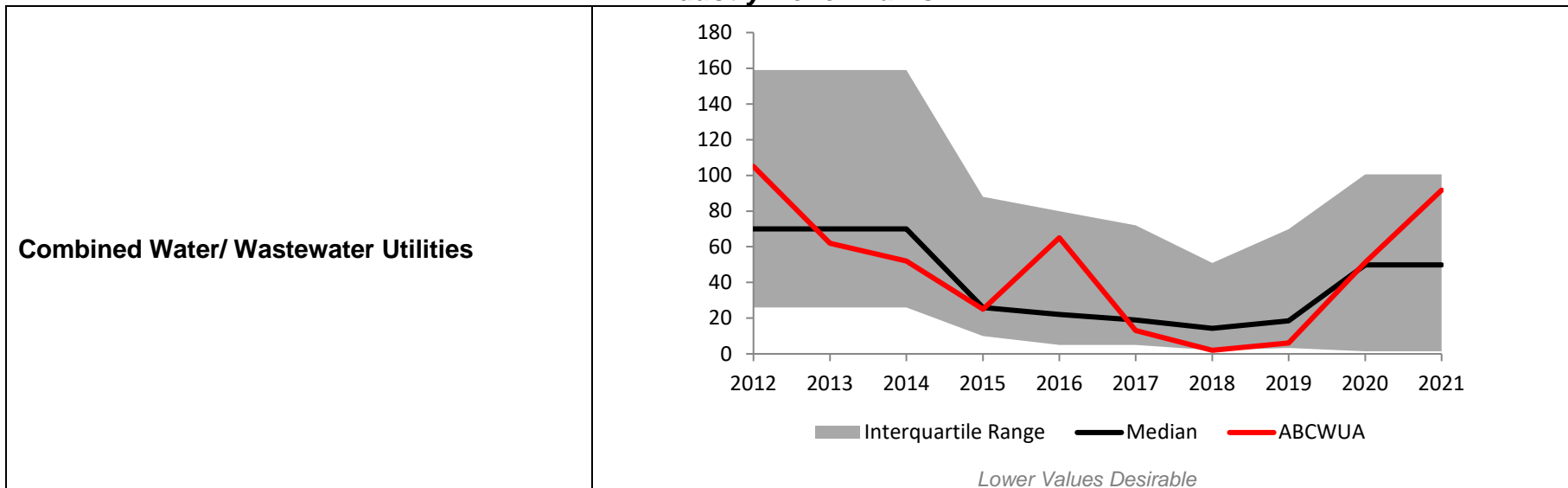
**FY23 Performance Plan
Goal 5: Organization Development**

5-1 Employee Health and Safety Severity Rate

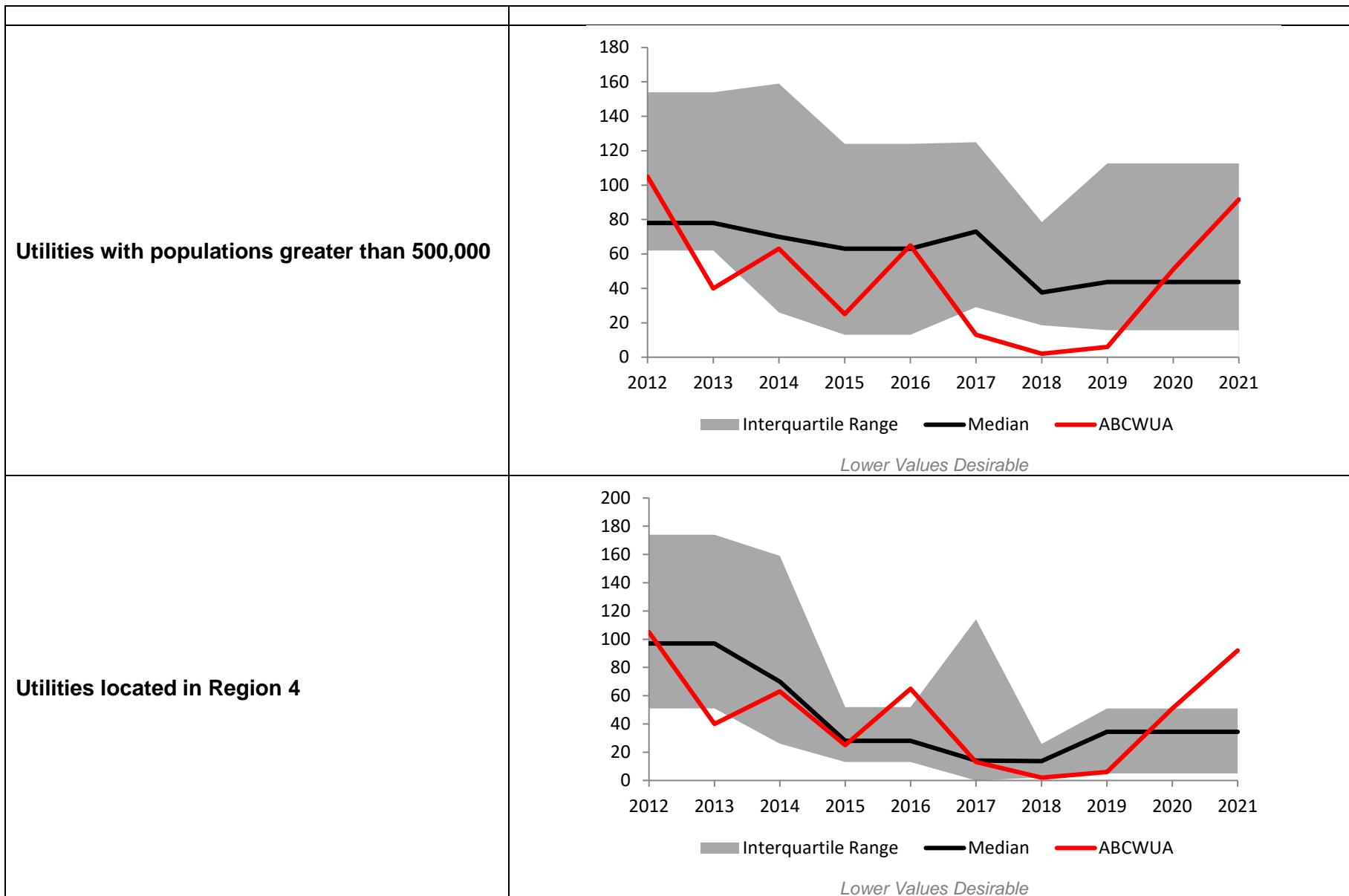
Performance Results

Measure Type	Purpose	Inputs	Outputs					Outcome	
			Baseline	Prior Year Actuals			Current/Est		Projected
				2018	2019	2020	2021	2022	
Effectiveness	Quantify the rate of employee days lost from work due to illness or injury	Total workdays away from work and total hours worked by all employees	20	2	6	51	92	50	Improve employee health and safety to reduce total workdays from work

Industry Benchmarks



**FY23 Performance Plan
Goal 5: Organization Development**



FY23 Performance Plan
Goal 5: Organization Development

Results Narrative

The Occupational Safety and Health Administration (OSHA) has established accident and illness recording and reporting requirements that affect most organizations. The OSHA standard is recommended because it has broad applicability and most utilities are already recording the needed data. The OSHA lost-days measure quantifies the rate of days lost due to illness or injury per 100 employee-years of work. It was selected as a good measure for water and wastewater utilities because it summarizes a very useful set of data that is readily available at most utilities.

Excessive lost workdays affect productivity and can cost utilities in a number of ways. Health care, insurance premiums, and overtime can all be adversely impacted by lost work due to injury or health reasons.

Measurement Status

The Water Authority's performance in this measure was below the median range when the Water Authority began measuring its performance in 2005. Since 2006, the Water Authority's performance in this measure has improved every year with a 100% decrease in injury hours over the last ten years. From past policy objectives, the Water Authority has developed safe work incentives and routine employee safety training. In addition, the Water Authority improved its Light Duty Program to get workers back to the job safely. This new process has provided a clearer understanding on what needs to take place when an injury occurs including the documentation, payroll coding and expectation and assignment of the employee. Starting in 2009, the Water Authority awarded its employees with a \$300 incentive payment, taxes paid for meeting injury reduction goals. Overall, employees met the target goal 10 out of the 13 years.

The uptick in workdays away from work in FY20 through FY22 is related to the COVID-19 pandemic.

A policy objective for FY23 is to reduce injury hours to 2,500 hours or less to improve productivity and reliability of services provided by employees; the goal relates to a \$300 per employee safety incentive program. Another FY22 Objective is to provide a variety of job-related safety trainings, opportunities for recognition, and safety communications to create awareness and promote good work practices.

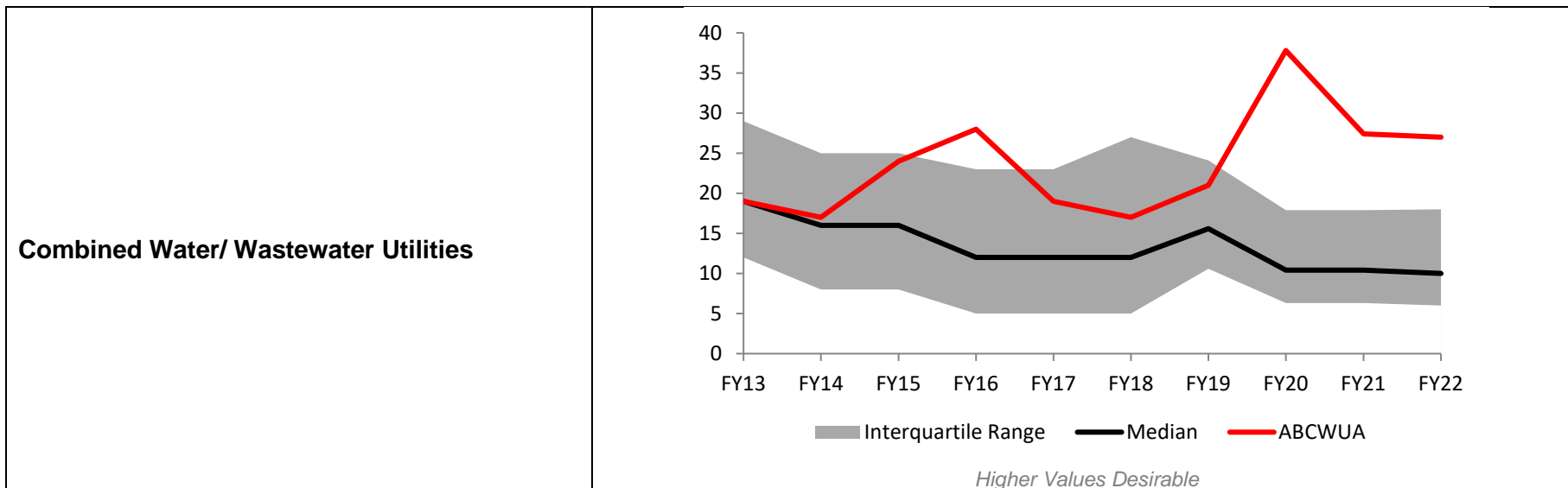
**FY23 Performance Plan
Goal 5: Organization Development**

5-2 Training Hours per Employee

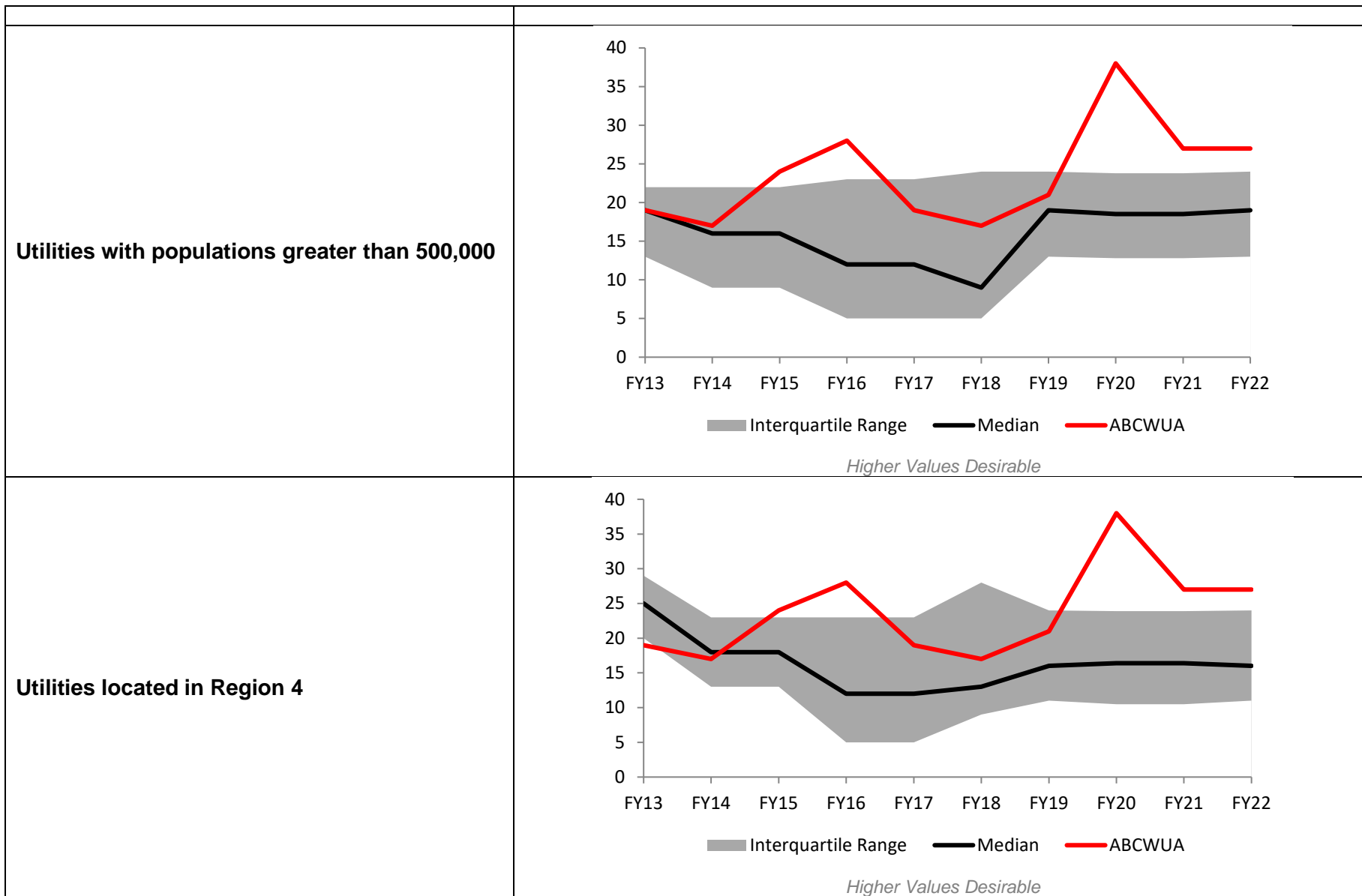
Performance Results

Measure Type	Purpose	Inputs	Outputs					Outcome	
			Baseline	Prior Year Actuals			Current/Est		Projected
				FY19	FY20	FY21	FY22	FY23	
Effectiveness	Measure the quantity of formal training completed by Water Authority employees	Number of formal training hours per employee per year	29	21	38	27	27	27	Improve employee knowledge and skills to maintain a motivated and effective works force

Industry Benchmarks



**FY23 Performance Plan
Goal 5: Organization Development**



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Goal 5: Organization Development

Results Narrative

This measure is intended to reflect the organization's commitment to formal training as a means of improving employee knowledge and skills. It also does not address the effectiveness or efficiency of the training programs used by the utility.

Measurement Status

The Water Authority's performance in this measure has been within or above the median range for the past three fiscal years. The Water Authority adopted a policy objective in FY09 to increase certification training hours and by creating an organizational succession plan by implementing hiring, training and certification programs for mechanics, electricians and electronics technicians. The Water Authority has improved its performance in this measure since the implementation of these training programs. The utility has developed and implemented a training program for meter replacement technicians as well as the technicians maintaining the AMI program. The Water Authority continued to improve its performance in FY21 by implementing a new two-year mid-management certification training program that allows growth in the knowledge, skills and abilities for these employees and provide for better leadership and supervisor capabilities.

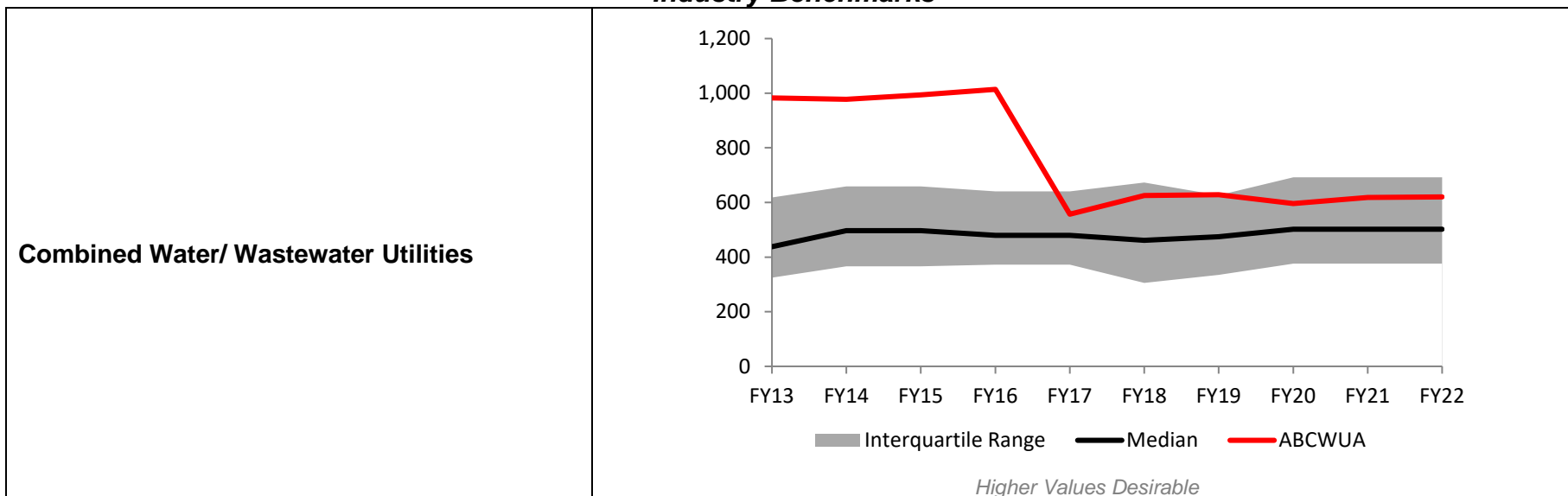
**FY23 Performance Plan
Goal 5: Organization Development**

5-3 Customer Accounts per Employee

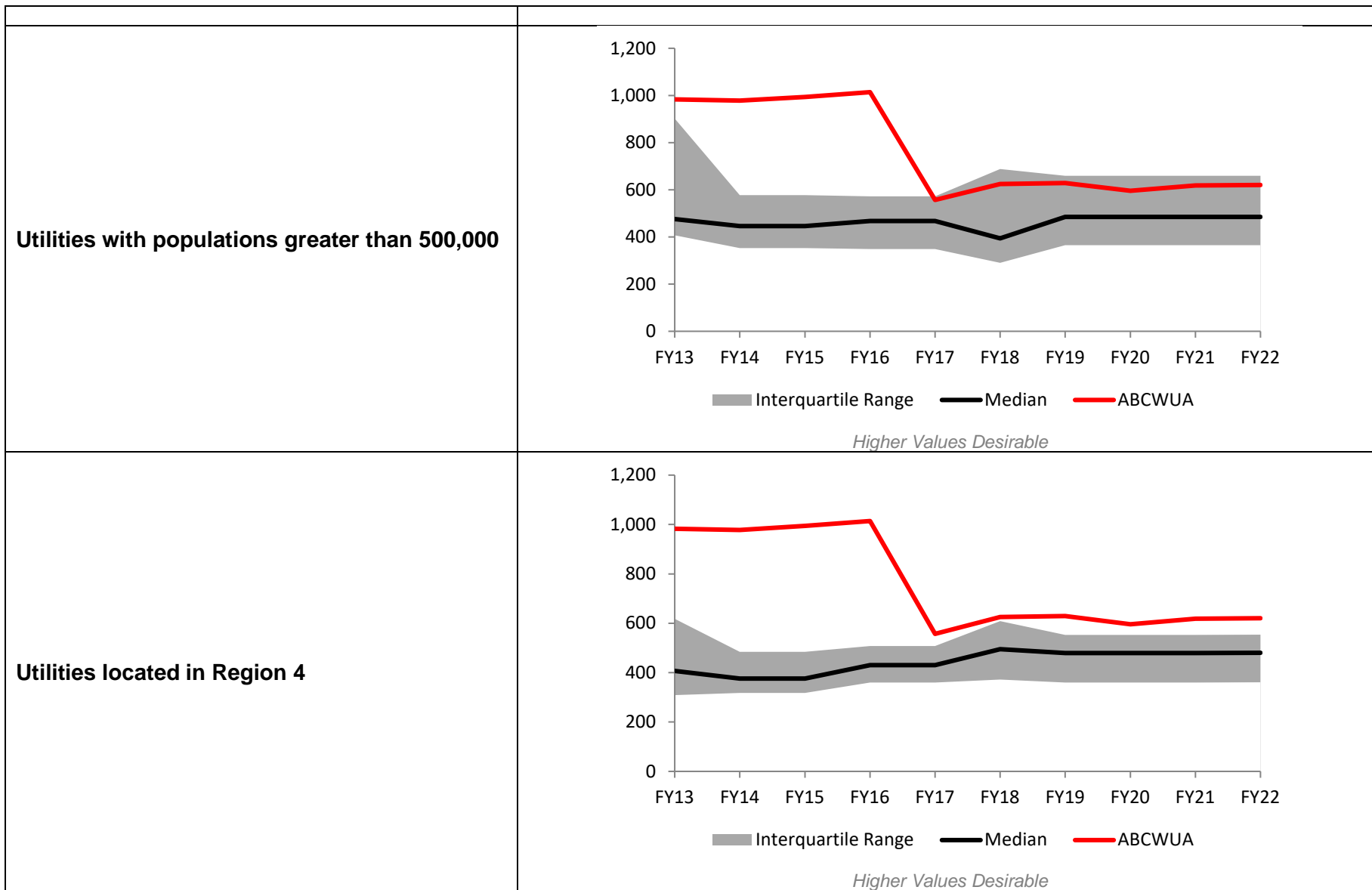
Performance Results (Customer Water Accounts per Employee)

Measure Type	Purpose	Inputs	Outputs					Outcome	
			Baseline	Prior Year Actuals			Current/Est		Projected
				FY19	FY20	FY21	FY22	FY23	
Efficiency	Measure employee efficiency	Number of active accounts per employee and average million gallons of water delivered and processed per day per employee	614	629	596	618	620	625	Provide efficient service to our customers to meet their expectations

Industry Benchmarks



**FY23 Performance Plan
Goal 5: Organization Development**

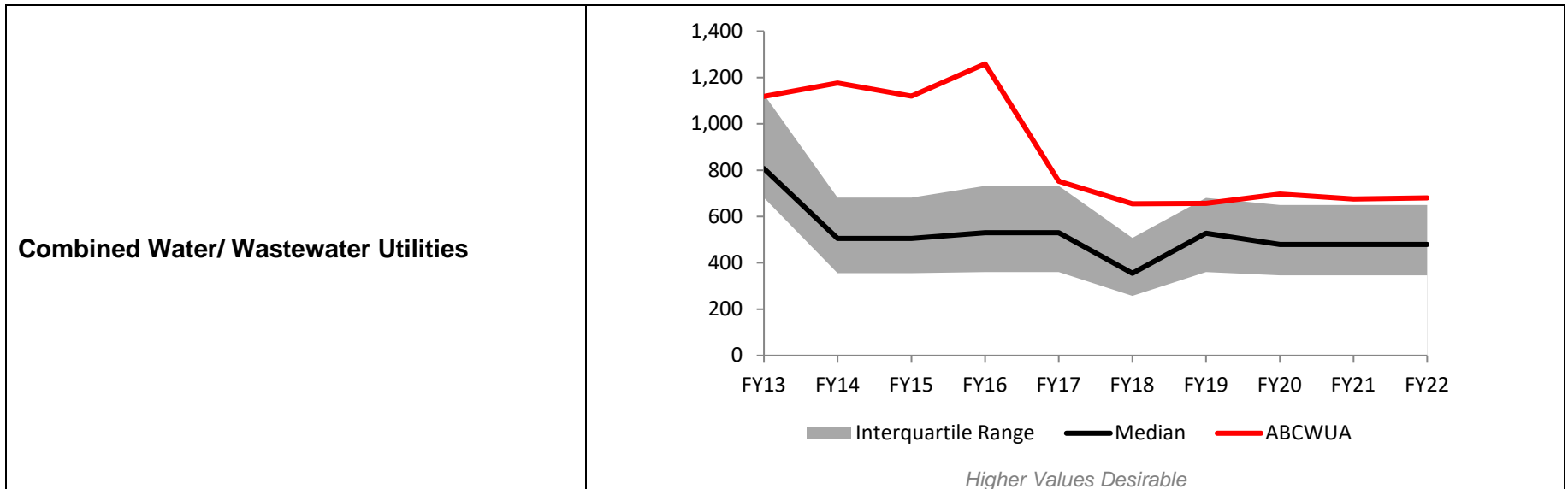


**FY23 Performance Plan
Goal 5: Organization Development**

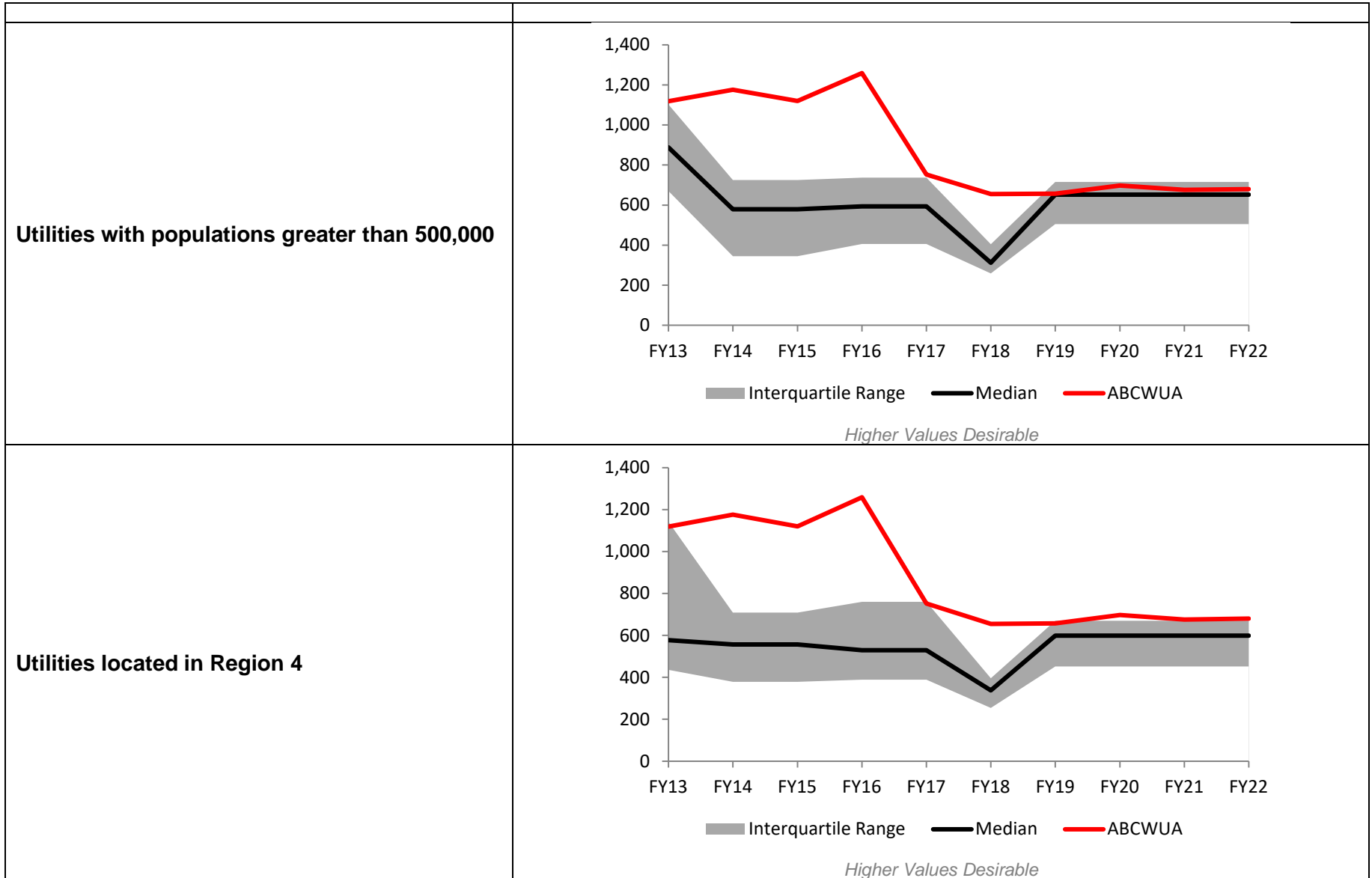
Performance Results (Customer Wastewater Accounts per Employee)

Measure Type	Purpose	Inputs	Outputs					Outcome	
			Baseline	Prior Year Actuals			Current/Est		Projected
				FY19	FY20	FY21	FY22	FY23	
Efficiency	Measure employee efficiency	Number of active accounts per employee and average million gallons of water delivered and processed per day per employee	677	657	697	676	680	685	Provide efficient service to our customers to meet their expectations

Industry Benchmarks



**FY23 Performance Plan
Goal 5: Organization Development**



FY23 Performance Plan
Goal 5: Organization Development

Results Narrative

These measures measure employee efficiency expressed by water and wastewater accounts per employee.

Measurement Status

The Water Authority's performance in this measure has been within the top quartile for the past three fiscal years for water and wastewater accounts per employee. The utility anticipates no change in the metric for FY23.

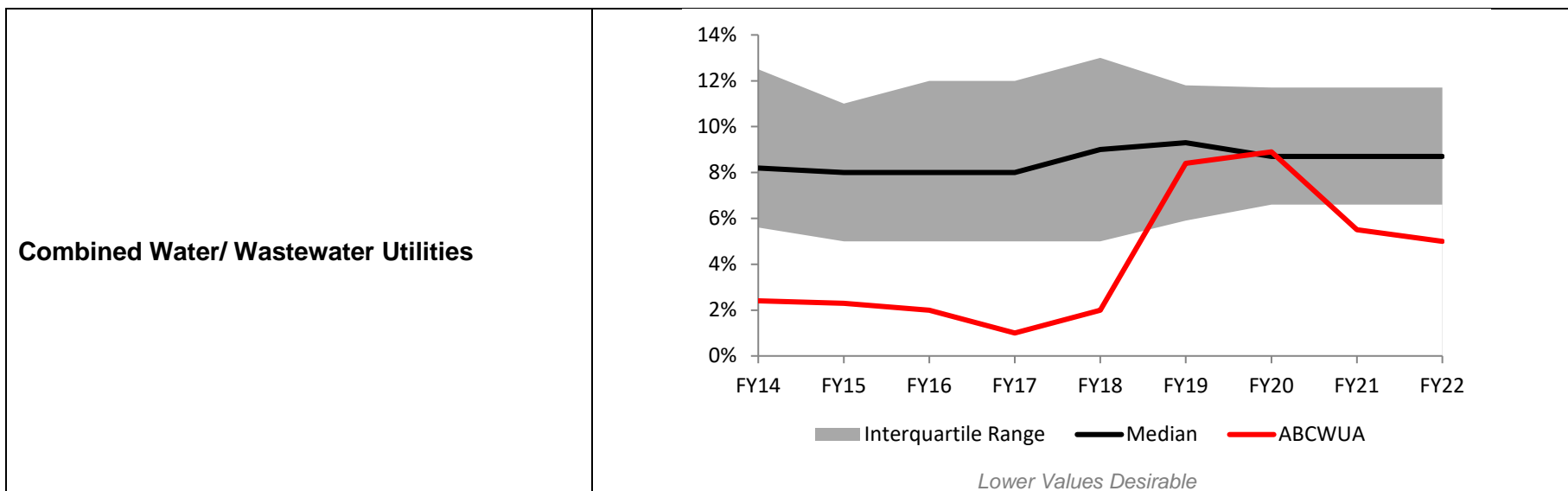
**FY23 Performance Plan
Goal 5: Organization Development**

5-4 Employee Turnover

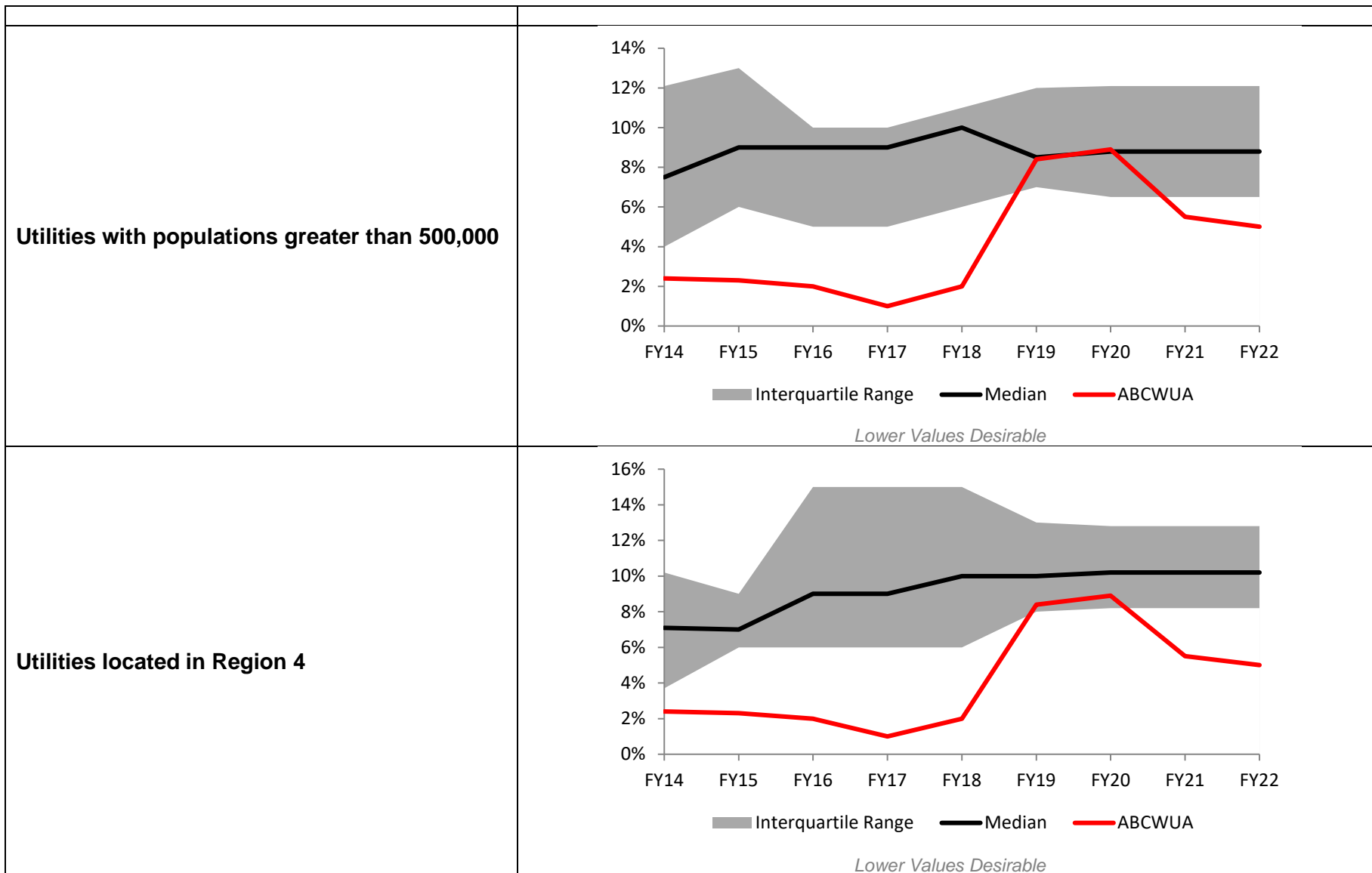
Performance Results

Measure Type	Purpose	Inputs	Outputs					Outcome	
			Baseline	Prior Year Actuals			Current/Est		Projected
				FY19	FY20	FY21	FY22	FY23	
Efficiency	Quantify the annual employee departures	Number of regular employee departures during the reporting period / Total number of FTEs	7.6%	8.4%	8.9%	5.5%	5.0%	5.0%	Determine staffing levels for operation needs and meeting service levels

Industry Benchmarks



**FY23 Performance Plan
Goal 5: Organization Development**



FY23 Performance Plan
Goal 5: Organization Development

Results Narrative

This indicator quantifies annual employee departures normalized by the utility's workforce (as FTEs) per year. Regular employee departures include employees who leave voluntarily, retire, or are let go during the reporting period. Regular employees are those who worked more than 1,000 hours during the reporting period.

Measurement Status

The utility's performance is above the median range. The utility will continue to track this metric to determine staffing levels for operation needs and meeting service levels.

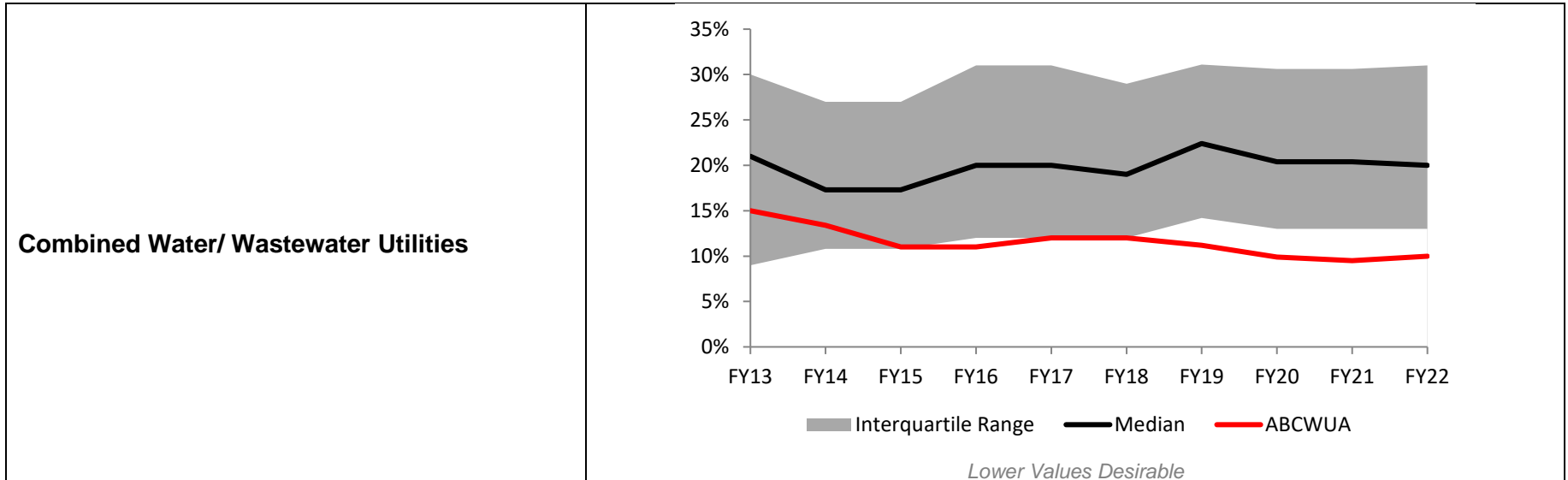
**FY23 Performance Plan
Goal 5: Organization Development**

5-5 Retirement Eligibility

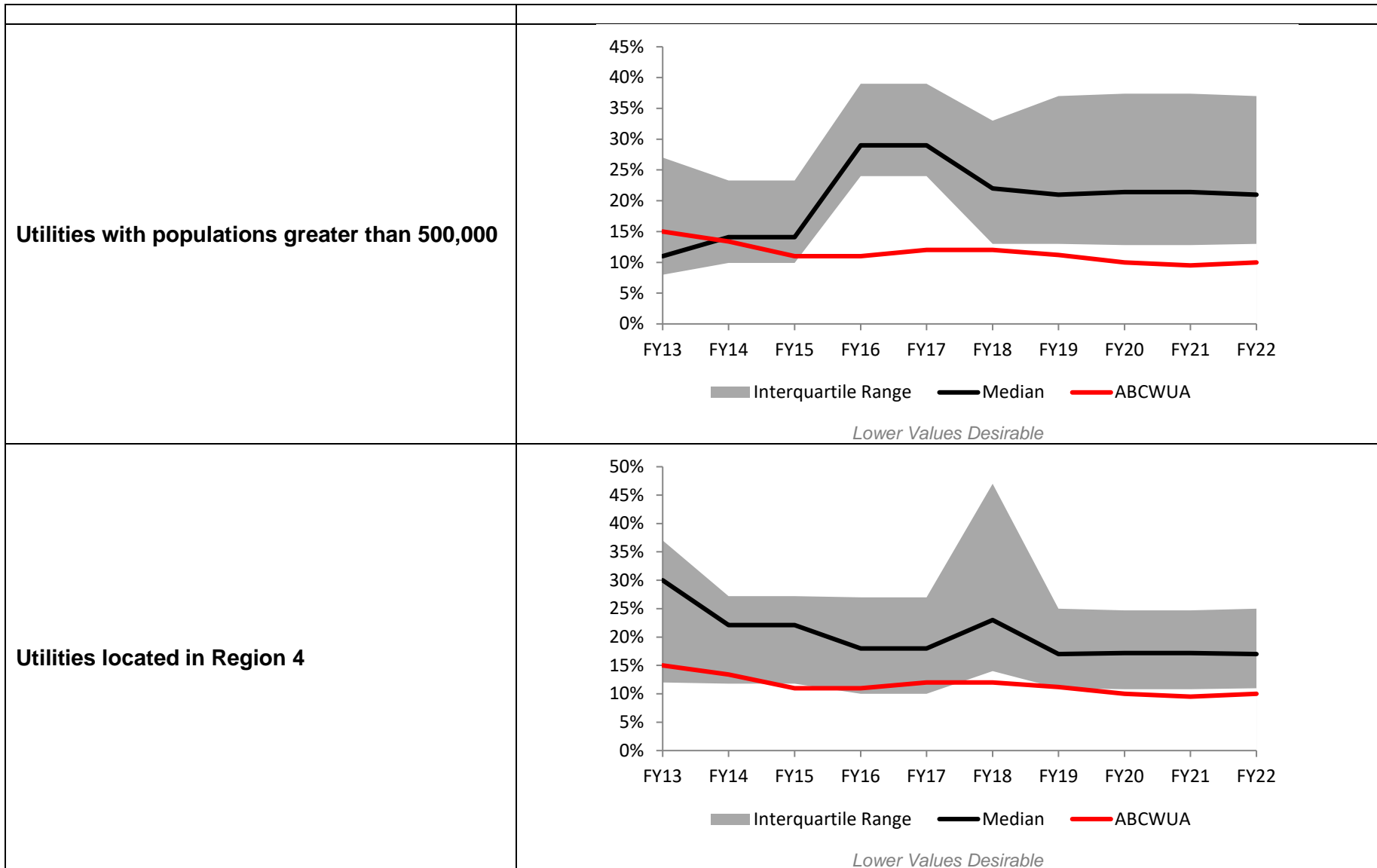
Performance Results

Measure Type	Purpose	Inputs	Outputs					Outcome	
			Baseline	Prior Year Actuals			Current/Est		Projected
				FY19	FY20	FY21	FY22	FY23	
Efficiency	Quantify the number employees who can retire	Number of regular employees eligible for retirement in the next 5 years / Total number of FTEs	10.2%	11.2%	9.9%	9.5%	10%	10%	Determine staffing levels for operation needs and meeting service levels

Industry Benchmarks



**FY23 Performance Plan
Goal 5: Organization Development**



FY23 Performance Plan
Goal 5: Organization Development

Results Narrative

This indicator provides a measure of the number of regular employees eligible for retirement normalized by the utility's workforce (as FTEs). Regular employees are those who worked more than 1,000 hours during the reporting period.

Measurement Status

The utility's performance is within or above the median range. The utility will continue to track this metric to determine staffing levels for operation needs and meeting service levels.

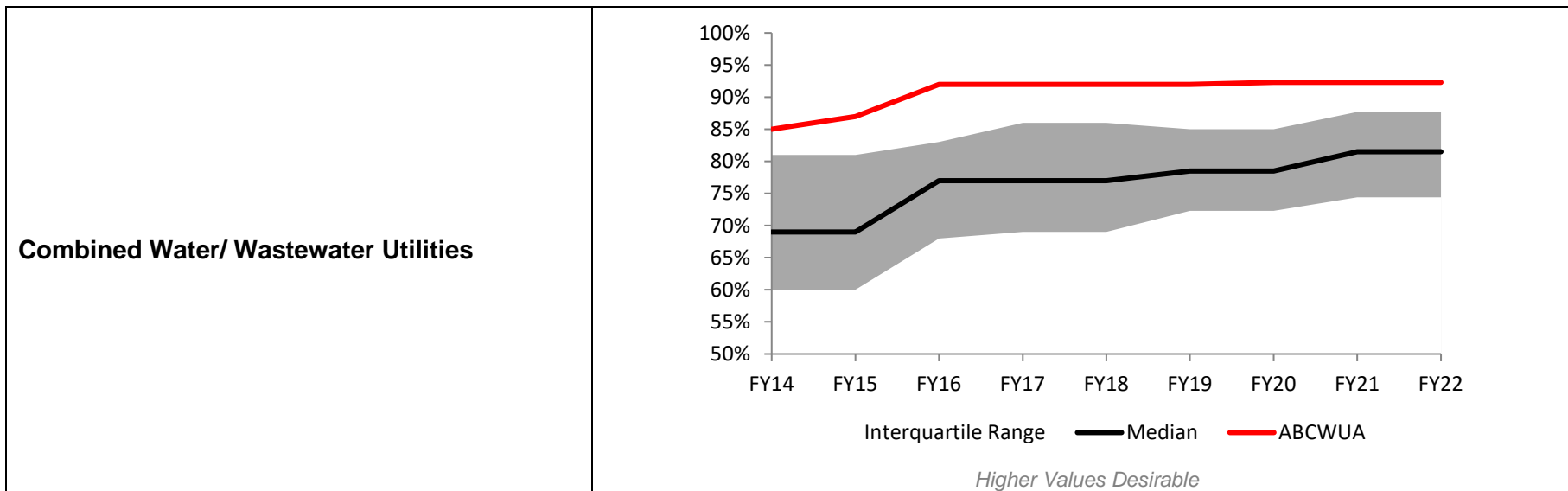
**FY23 Performance Plan
Goal 5: Organization Development**

5-6 Organizational Best Practices Index

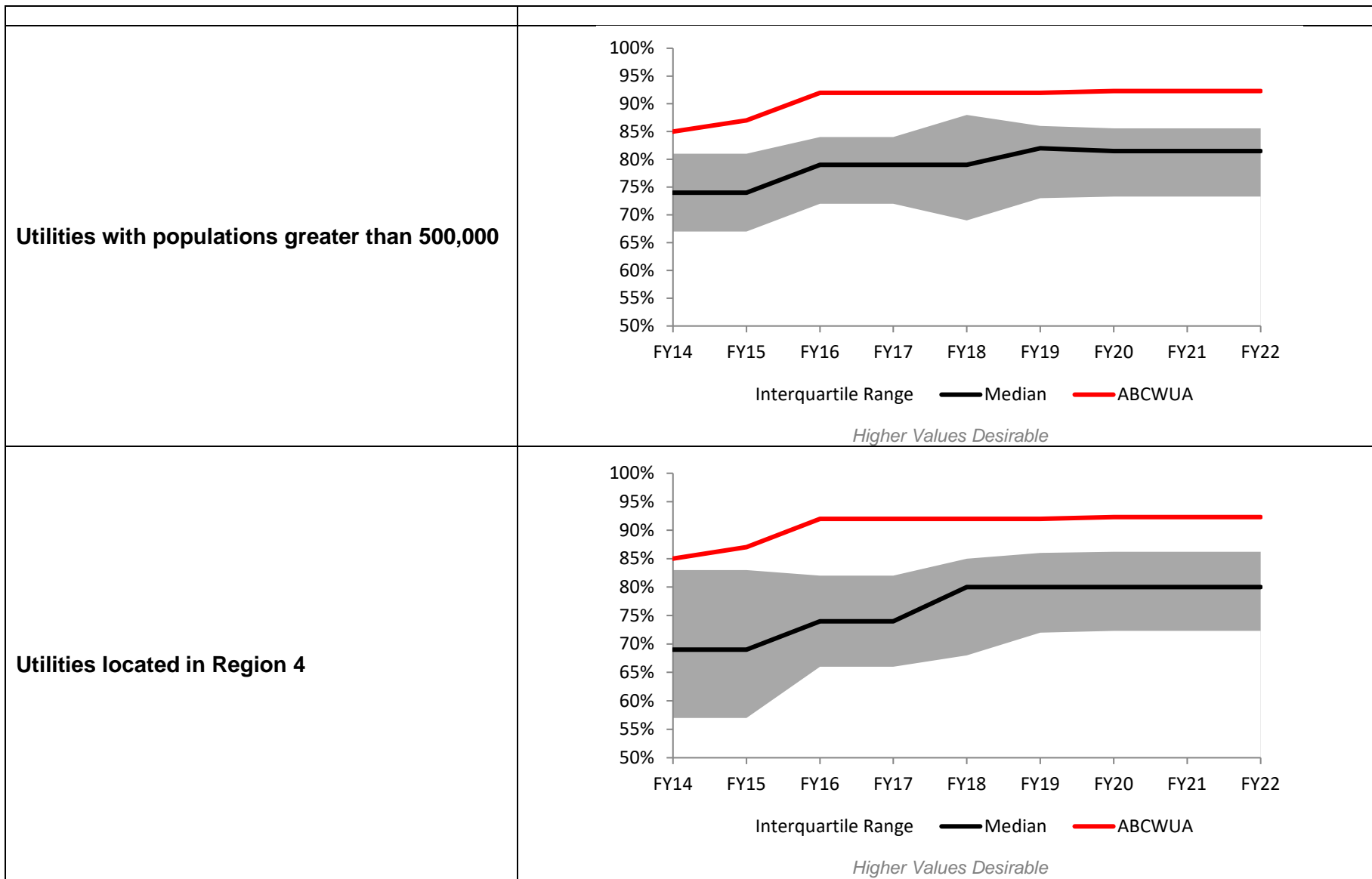
Performance Results

Measure Type	Purpose	Inputs	Outputs					Outcome	
			Baseline	Prior Year Actuals			Current/Est		Projected
				FY19	FY20	FY21	FY22	FY23	
Quality	To summarize the Water Authority's implementation of management programs important to water and wastewater utilities	Self-scoring system to identify the degree to which the Water Authority is implementing the seven organizational best practices	92%	92%	92%	92%	92%	92%	Implement best management practices to sustain a competitive work force

Industry Benchmarks



**FY23 Performance Plan
Goal 5: Organization Development**



FY23 Performance Plan
Goal 5: Organization Development

Results Narrative

This measure summarizes the status of implementation of good management practices at a utility. It is particularly useful for identifying potential benchmarking partners, especially organizations that may have advanced knowledge and experience with applying these tools. Correlations with other measures might show that performance in other areas is related to investments in improved management practices. The Water Authority used a self-scoring system to identify the degree to which organizational best practices are being implemented. The scoring system is based on assessments performed by the utility through the Effective Utility Management (EUM) framework. Scores for the fourteen areas are aggregated as a percentage.

The practices included in the index are as follows:

- Strategic Planning & Implementation
- Long-term Financial Planning
- Risk Management Planning
- Performance Measurement System
- Optimized Asset Management Program
- Customer Involvement Program
- Governing Body Transparency
- Drought Response/Water Shortage Contingency Plan
- Source Water Protection Plan
- Succession Planning
- Continuous Improvement Program
- Leadership Effectiveness

Measurement Status

The Water Authority's performance in this measure is above the median range for the past three fiscal years. After implementing the areas of improvement from the EUM assessments, the Water Authority anticipates continued progress on this measure. This measure is particularly useful for identifying potential benchmarking partners, especially organizations that may have advanced knowledge and experience with applying these tools. The Water Authority is working on its EUM program which incorporates the benchmarking performance indicators from the AWWA Utility Benchmarking program. The utility will utilize the EUM program to make performance improvements in its operations and service delivery by examining its performance on a quarterly basis.



The Water Authority received the **Gold** Excellence in Management Award in 2015 and 2019 recognizing the utility's significant achievement in utility management and adopting successful management practices.

FY23 Performance Plan
Goal 5: Organization Development



In 2016 and 2019, the Water Authority was recognized as a Utility of the Future Today. The Utility of the Future (UOTF) Today Recognition Program is a partnership of the Environmental Protection Agency and water sector organizations—the National Association of Clean Water Agencies, the Water Environment Federation, the Water Research Foundation and the WaterReuse Association. The program celebrates the progress and exceptional performance of utilities while supporting the widespread adoption of the innovative UOTF business model. Utilities were selected for recognition based upon the adoption of UOTF principles (water reuse, watershed stewardship, beneficial biosolids reuse, community partnering & engagement, energy efficiency, energy generation & recovery, and nutrient & materials recovery) as the “Organizational Culture of the Future.” The Water Authority was recognized for its efforts in transitioning from a traditional wastewater treatment system to a community-based resource recovery center and leader in the overall sustainability and resilience of the community the utility serves. UOTF acknowledged the Water Authority's progress in utility management, community partnerships and engagement, beneficial biosolids reuse, and water reuse.

In 2018, the Water Authority was recognized for its excellence in utility management through the highest accolade given by the Association of Metropolitan Water Agencies – the Platinum Award. The utility was recognized for high-quality, affordable water, responsive customer service, attention to resource management, infrastructure renewal and environmental protection.

