



CITY OF RIO RANCHO  
DEPARTMENT OF FINANCIAL SERVICES  
PURCHASING DIVISION  
3200 CIVIC CENTER CIRCLE NE 3<sup>rd</sup> FLOOR  
RIO RANCHO, NEW MEXICO 87144  
PHONE: 505-891-5044 FAX: 505-891-5762

**ADDENDUM NO (1) ONE  
RFP 17-UT-004  
RECYCLED WATER AND WASTEWATER MASTER  
PLAN AND RATE STUDY**

October 27, 2016

Addendum Number (1) One forms part of the contract documents and modifies them in the manner and extent set forth below.

**ATTENTION CONTRACTORS**

- **Change to Submission Deadline**
- **Questions and Answers**
- **Attachments**
  - **9/14/12 Water and Wastewater Financial Plan Report**

**RFP Submission Deadline Change**

The City of Rio Rancho, Department of Financial Services, will receive sealed proposals for the above mentioned project, no later than Tuesday, November 08, 2016, at 10:00 a.m. local time. Sealed proposals shall be delivered to the City Clerk's Office, located at 3200 Civic Center Circle, Suite 150, Rio Rancho, New Mexico 87144.

**Questions and Answers**

**Question:** Is assessment/planning/cost estimating of the Waste Water Collection System required for the Wastewater Master Plan? Or is the Waste Water Master Plan focused ONLY on the Waste Water Treatment Plant and Recycled Water System Expansions?

**Answer:** No the assessment, planning and cost estimation are part of the Wastewater and Recycled Waster Master Plan.

**Question:** Will the current hydraulic models be provided for both the Waste Water and Recycled Water Facilities to the selected consultant?

**Answer:** Yes, the hydraulic models will be provided.

**Question:** The scope of work is specific to a wastewater master plan, but as described, the rate study is to include the water system as well. Does CoRR have sufficient information on the required capital improvements needed to the water system to provide in order to complete the Rate Study for this utility? Or will a capital improvements plan for the water system need to be included in the scope of work for the rate study?

**Answer:** The City's 5 year Infrastructure and Capital Improvement Plan for the water system contains all of the information needed to complete the Rate Study.

**Question:** Will the Operation and Maintenance costs show sufficient detail to the complete the Rate Study for the 3 categories required?

**Answer:** The Operation and Maintenance expenditure budget has the detail necessary to complete the Rate Study.

**Question:** Under Exhibit A, Task 4, will the Financial Plan include Water or just Wastewater and Recycled Water?

**Answer:** Study reviews the Water, Wastewater and Recycled Water rates therefore the financial plan will also include Water, Wastewater and Recycled Water.

**Question:** Will the selected team be provided the RedOak Rate Study performed in 2013?

**Answer:** Yes.

**Question:** Section 4.3.5 talks about including three references. Has the City done away with the Reference Forms that had been distributed? Thus, we should include contact information for references for three projects in the narrative itself.

**Answer:** This RFP did not include the Reference Forms. Please provide the information detailed in Section 4.3.5.

**Question:** What has the City budgeted for Tasks 1 and 2 – Master Plan and Cost Estimate?

**Answer:** The City chooses not to release the amount budgeted for the Master Plan and Rate Study as the City wants to receive a competitive proposal.

**Question:** What has the City budgeted for Tasks 3 and 4 – Rate Study and Financial Plan?

**Answer:** The City chooses not to release the amount budgeted for the Master Plan and Rate Study as the City wants to receive a competitive proposal.

**Question:** We understand that the City has asked for a traditional, comprehensive, cost of service rate study, which consists of three related components: Financial Plan, Cost of Service, and Rate Design. To what extent will the City provide previous consultant reports, models, and other work products for each of these components? Or, is it the City's intention to create a completely new suite of rate study models and other tools?

**Answer:** The city is providing a copy of the rate study with this addendum, any additional tools the consultant thinks are valuable can be listed as part of the RFP.

**Question:** Section 4.2.2, Cost Proposal, page 13, references the "Offeror's Proposed Work Plan". Section 3.2.1, Proposal Format, page 11, indicates that the Cost Proposal is not included in the total page count (10 pages maximum). Is the "Work Plan" also outside of the total page count, if it is to be included with the cost proposal?

**Answer:** Section 4.2.2 Cost Proposal should read: Offerors shall submit an itemized proposal for each task listed on the Scope of Work, Exhibit A. The Work Plan should be submitted with as detailed in Section 4.3.2 and is included in the 10 page proposal.

**Question:** Please indicate what demographic/population/growth data or studies, etc. will be provided by the City to estimate flows/loadings at the Wastewater Treatment Facilities over the 20-year planning period.

**Answer:** The City intends to use estimates from the University of New Mexico – Bureau of Business and Economic Research and data from the City's Development Services Department.

**Question:** As the project does not include a master plan update for the Water Utility, please indicate what water master planning data or studies (i.e. financial reports, capital improvement plans, treatment, supply and distribution projects, etc.) will be provided for the water utility component of the rate study.

**Answer:** The City's 5 year Infrastructure and Capital Improvement Plan for the water system contains all of the information needed to complete the Rate Study.

**Question:** Can the City provide the most current Utilities Rate Study, conducted by Red Oak Consulting (2012)?

**Answer:** Yes, please see the attached study.

**Question:** It is our practice to complete certain components of the Financial Plan (Task 4 in RFP) prior to completing the Cost-of-Service and Rate Design (Task 3 in RFP). Is this approach acceptable?

**Answer:** This approach is acceptable.

**Question:** The RFP states that an electronic copy of the computer rate model will be delivered, and owned by, Rio Rancho for the three utilities at the conclusion of the rate study. In addition, it states that one file, with multiple worksheets, is to be developed for each utility. Below are a couple of follow-up questions regarding this section of the RFP, as follows:

- a. The individual, Excel based, files for the Finance Plan, Cost-of-Service, and Rate Design have multiple worksheets within them. Would Rio Rancho consider acceptance of separate files for each of these major initiatives by fund?
- b. We have two approaches to rate model development, one where we provide license to our prior works and another where we custom build the models. Typically, our budget includes licensing prior works which will require inclusion of reasonable terms for the protection of the intellectual property (IP). The license is basically a confidentiality agreement. Is Rio Rancho all right with this kind of arrangement? The City would rather have a separate model. Is it acceptable to include additional intellectual property terms in the standard MSA provided by Rio Rancho?

**Answer:**

- a. No, we would like everything included in one file.
- b. Please provide information on both options and the City will determine what is the best option for it's needs.

**All other provisions of the Contract Documents shall remain unchanged. Each Offeror should ensure that they have received all addenda and amendments to this RFP before submitting their proposal.**



City of Rio Rancho

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# Water and Wastewater Financial Plan Report

September 14, 2012

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Report Prepared By:



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# 1. Executive Summary

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## 1.1. Introduction

The City of Rio Rancho, New Mexico (City) provides water and wastewater service to over 31,300 customer accounts. Revenue from water and wastewater rates is the primary funding source for these utilities.

The City authorized Red Oak Consulting to review the utilities' financial status and to recommend rate adjustments, as necessary, to assure their continuing financial viability. This study includes:

- Updating water and wastewater financial plans for the five-year study period, fiscal years (FY) 2012-13 through 2016-17.
- Designing of water and wastewater rates for study period.

## 1.2. Study Assumptions

Red Oak incorporated the following key assumptions into the study. Changes in these assumptions could have a material effect on study findings.

- The number of accounts will increase 0.5% annually.
- Usage per account will stay at current levels.
- Annual inflation on operation and maintenance expenses (O&M) is based on estimated annual increases in the consumer price index, water and wastewater maintenance (CPI), ranging from 3.5% to 4.0%.
- Utilities will target the following reserve levels by the end of this study period:
  - ◆ Sixty days of O&M expenditures (\$3.3 million in FY 2012-13).
  - ◆ Non-growth capital reserves equal to 1.0% of the total value of capital assets (\$2.0 million in FY 2012-13).
- Table 1-1 summarizes estimated cash reserves as of July 1, 2012.

**Table 1-1:  
Estimated Cash Reserves as of July 1, 2012**

Line No.	Fund	Water	Wastewater	Total
1	Operating	\$ 3,486,900	\$ 3,486,900	\$ 6,973,800
2	Non-Growth Capital	12,600	117,100	129,700
3	Water Rights	1,475,400	N/A	1,475,400
4	Effluent	N/A	4,700	4,700
5	<b>Total</b>	<b>\$ 4,974,900</b>	<b>\$ 3,608,700</b>	<b>\$ 8,583,600</b>

- Minimum debt service coverage is 1.15.
- Proposed debt service criteria to fund non-growth capital infrastructure:
  - ◆ 4.5% annual interest
  - ◆ 20-year term
  - ◆ Issuance expense of 3% of total bond issuance
- Interest rate on investments is 0.50% annually.

### 1.3. Capital Improvement Program

Utility staff has developed a \$158.9 million water and wastewater capital improvement program for the study period. The program consists of growth and non-growth projects. Table 1-2 summarizes the program costs.

**Table 1-2:  
Capital Improvement Program  
FY 2012-13 through FY 2016-17**

Line No.	Utility	Growth	Non-Growth	Total
1	Water	\$ 76,271,000	\$ 17,697,000	\$ 93,968,000
2	Wastewater	<u>39,931,000</u>	<u>24,996,000</u>	<u>64,927,000</u>
3	<b>Total</b>	<b>\$ 116,202,000</b>	<b>\$ 42,693,000</b>	<b>\$ 158,895,000</b>

Based on the significant rate increases associated with growth scenarios and the current conditions of the economy, City Administration requested that the study focus on non-growth capital improvements. Funding for the non-growth capital projects consists of bond proceeds, operating fund transfers and environmental gross receipts taxes. Table 1-3 summarizes the non-growth capital funding sources.

If both growth and non-growth improvements were to be included, the recommended rate increases would escalate to 11.8% per year.

**Table 1-3:  
Non-Growth Capital Funding Sources  
FY 2012-13 through FY 2016-17**

Line No.	Source	Amount
1	Bond Proceeds	\$ 40,600,000
2	Less Debt Service Reserve	(3,121,000)
3	Less Debt Issuance	<u>(1,218,000)</u>
4	Net Bond Proceeds	\$ 36,261,000
5	Operating Fund Transfers	8,850,000
6	Environmental GRT	<u>455,000</u>
7	<b>Total</b>	<b>\$ 45,566,000</b>

## 1.4. Revenue Requirements

Water and wastewater revenue requirements include O&M expenditures, payment in-lieu-of taxes (PILOT), debt service, routine capital outlay, and infrastructure replacements. Water and wastewater rate revenue funds revenue requirements. Table 1-4 summarizes annual water and wastewater revenue requirements for the study period.

**Table 1-4:  
Water and Wastewater Revenue Requirements  
(\$1,000)**

Line No.	Item	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
1	O&M	20,128	21,456	22,800	24,175	25,606
2	Debt Service	11,568	14,200	15,466	15,873	16,153
3	PILOT	649	729	790	856	927
4	Routine Capital	1,681	1,740	1,801	1,864	1,929
5	Capital Transfers	0	875	1,750	2,625	3,600
6	<b>Total</b>	<b>34,026</b>	<b>39,001</b>	<b>42,607</b>	<b>45,393</b>	<b>48,215</b>

## 1.5. Revenue

Water and wastewater rates generate about 95% of utility revenues. Other miscellaneous sources produce the remainder. Revenue under existing rates is inadequate to meet revenue requirements and sustain the targeted operating reserve of 60 days of O&M. Red

Oak recommends increasing water and wastewater rates 7.8% per year for the five year period beginning FY2012-13. Table 1-5 summarizes the projected combined water and wastewater operating fund for the study period. Revenue from the proposed rate adjustments is sufficient to continue to maintain reserves in excess of the targeted reserves.

**Table 1-5:  
Summary of Water and Wastewater Operating Fund Cash Flow  
(\$1,000)**

Line No.	Item	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
1	Beginning Balance	6,974	7,358	6,788	5,648	5,015
	<b>Revenue</b>					
	From Existing Rates					
2	Water	17,327	17,414	17,501	17,588	17,676
3	Wastewater	<u>13,893</u>	<u>13,963</u>	<u>14,033</u>	<u>14,103</u>	<u>14,173</u>
4	Total	31,220	31,377	31,534	31,691	31,849
5	From Proposed Rates	<u>1,218</u>	<u>5,086</u>	<u>7,969</u>	<u>11,106</u>	<u>14,516</u>
6	Total Rate Revenue	32,438	36,463	39,503	42,797	46,365
7	Other Revenue	<u>1,972</u>	<u>1,968</u>	<u>1,964</u>	<u>1,963</u>	<u>1,963</u>
8	<b>Total Revenue</b>	<b>34,410</b>	<b>38,431</b>	<b>41,467</b>	<b>44,760</b>	<b>48,328</b>
9	<b>Rev. Requirements</b>	<b><u>34,026</u></b>	<b><u>39,001</u></b>	<b><u>42,607</u></b>	<b><u>45,393</u></b>	<b><u>48,215</u></b>
10	<b>Surplus (Deficit)</b>	<b>384</b>	<b>(570)</b>	<b>(1,140)</b>	<b>(633)</b>	<b>113</b>
11	Ending Fund Balance	7,358	6,788	5,648	5,015	5,128
12	<b>Target (60 Days O&amp;M)</b>	<b>3,310</b>	<b>3,530</b>	<b>3,750</b>	<b>3,970</b>	<b>4,210</b>

Red Oak recommends that the City continue its practice of annually updating the water utility's long-term financial plan to reflect changes in number of accounts, usage characteristics, estimates of revenue, operating expenses, capital improvement needs, and capital financing requirements.

## 1.6. Water Rates

Existing water rates have been in effect since July 2012 and include monthly base charges and volume charges. Existing water rates have the following structure:

- ◆ Monthly base charges vary by meter size.
- ◆ Single family volume charges use a three-block increasing rate structure.

- ◆ Volume charges for multifamily, commercial, city and irrigation customers use a uniform rate structure.

Red Oak developed water rates for FY 2012-13. The proposed rates use the existing rate structure and will increase annual water sales revenue by 7.8%. Table 1-6 compares existing and proposed water rates for FY 2012-13.

**Table 1-6:  
Comparison of Existing and Proposed  
FY 2012-13 Water Rates**

<b>Monthly Service Charge (\$ per bill)</b>		
<b>Meter Size (inch)</b>	<b>Existing</b>	<b>Proposed FY 2012-13</b>
5/8	7.84	8.46
3/4	7.96	8.59
1	8.96	9.66
1 1/4	10.42	11.24
1 1/2	12.38	13.35
2	13.73	14.81
3	59.38	64.02
4	79.55	85.76
6	124.37	134.08
8	133.33	143.73
10	228.57	246.40
<b>Volume Charge (\$ per 1,000 gallons)</b>		
<b>Customer Class</b>		
Single Family Residential		
First 10,000 gallons	3.62	3.91
Next 10,000 gallons	3.92	4.25
Over 20,000 gallons	4.22	4.62
Multifamily Residential	3.69	3.98
Multifamily > 4 units	3.83	4.13
Commercial	3.83	4.13
City	3.63	3.92
Industrial	3.46	3.73
Irrigation	4.22	4.62

Table 1-7 compares typical monthly single family water bills under existing and proposed FY 2012-13 rates. The monthly water bill for the median single family customer (5,000

gallons monthly usage) would increase \$2.07 under proposed FY 2012-13 rates. In the table below, the median is the monthly usage separating the higher half from the lower half.

**Table 1-7:  
Single Family Monthly Water Bills  
5/8-inch Meter**

Monthly Usage (1,000 gallons)	Cumulative Number of Bills	Existing Rates	Proposed FY 2012-13 Rates	
			Proposed	Change
		\$	\$	\$
0	8%	7.84	8.46	0.62
1	14%	11.46	12.37	0.91
2	24%	15.08	16.28	1.20
3	34%	18.70	20.19	1.49
4	46%	22.32	24.10	1.78
<b>5</b>	<b>56%</b>	<b>25.94</b>	<b>28.01</b>	<b>2.07</b>
6	65%	29.56	31.92	2.36
7	71%	33.18	35.83	2.65
8	77%	36.80	39.74	2.94
9	81%	40.42	43.65	3.23
10	84%	44.04	47.56	3.52
20	96%	83.24	90.06	6.82
30	98%	125.44	136.26	10.82

## 1.7. Wastewater Rates

Existing wastewater rates have been in effect since July 2012 and include a monthly base charge for all customers and volume charges that vary by class.

Red Oak developed wastewater rates for FY 2012-13. The proposed rates use the existing rate structure and will increase annual wastewater sales revenue by 7.8%. Table 1-8 compares existing and proposed water rates for FY 2012-13.

**Table 1-8:  
Wastewater Utility  
Comparison of Existing and Proposed  
Wastewater Rates**

<b>Monthly Service Charge (\$ per bill)</b>		
	<b>Existing</b>	<b>Proposed FY 2012-13</b>
All Customers	10.08	10.87
<b>Volume Charge (\$ per 1,000 gallons)</b>		
<b>Customer Class</b>		
Residential	7.07	7.63
Multifamily	7.07	7.63
Commercial	7.07	7.63
City	6.72	7.25

Table 1-9 compares typical single family monthly wastewater bills under existing and proposed 2012-13 rates. The monthly bill for the median single family customer (4,000 gallons) would increase \$3.03 under proposed 2012-13 rates. In the table below, the median is the monthly usage separating the higher half from the lower half.

**Table 1-9:  
Single Family Monthly Wastewater Bills  
(5/8-inch Meter)**

Monthly Usage (1,000 gallons)	Existing	Proposed FY 2012-13	
		Amount	Change
	\$	\$	\$
0	10.08	10.87	0.79
1	17.15	18.50	1.35
2	24.22	26.13	1.91
3	31.29	33.76	2.470
<b>4</b>	<b>38.36</b>	<b>41.39</b>	<b>3.03</b>
5	45.43	49.02	3.59
6	52.50	56.65	4.15
7	59.57	64.28	4.71
8	66.64	71.91	5.27
9	73.71	79.54	5.83
10	80.78	87.17	6.39

## 1.8. Other Rates

### 1.8.1. Water Rights Acquisition Fee

The City uses water acquisition fee revenue to acquire water rights. Revenue under existing fees do not equitably distribute the cost of purchasing water rights among the City's rate payers. Additionally, increasing the revenue generated from this fee will enable the Utility to sustain the targeted reserve equal to one month of water rights acquisition fee revenue. Red Oak recommends adjusting the fee in FY 2012-13 to increase annual fee revenue by 2%. Similar fee adjustments are indicated to increase revenues in each of the subsequent four fiscal years and should be updated annually to reflect current estimates of revenue, expenses, and financing requirements.

The existing monthly water rights acquisition fee is \$5.00 per account. The existing fee has been in effect since September 2011.

Red Oak developed water acquisition fees for FY 2012-13 to increase annual water acquisition fee revenue by 2% and improve the ability of the fee to equitably recover costs. Separate fees are proposed for customers receiving (1) water and wastewater service and (2) water only service. The proposed fees recognize the return flow credit for wastewater returned to the sewer collection system and subsequently the Rio Grande.

The proposed monthly fee is the greater of the volume fee or the minimum fee. Customers using 13,000 gallons or greater will pay a fee based on volume. The volume fee is the product of metered water usage times the volume fee per thousand gallons. Table 1-10 compares existing and proposed water acquisition fees for FY 2012-13.

**Table 1-10:  
Comparison of Existing and Proposed  
Monthly Water Acquisition Fee**

Type of Service	Existing ( per bill)	Proposed 2012-13 Fee <sup>(1)</sup>	
		Minimum Fee (per bill)	Volume Fee (per Kgals)
Water and Sewer	\$5.00	\$5.00	\$0.39
Water Only	5.00	8.33	0.65
(1) Greater of minimum fee or volume fee. Volume fee is product of metered water usage times volume fee per thousand gallons.			

### 1.8.2. Bulk Water Rates

The City began charging customers for bulk water in August 2012. Red Oak recommended that the City adopt a bulk water rate charge of \$10.00 per thousand gallons, which is comparable to bulk water rates of utilities in the region. The City will reevaluate this charge in six months as directed by the Governing Body.

### 1.8.3. Reclaimed Water Rates

In July 2012 the reclaimed water rate was increased from \$0.47 to \$0.49. Prior to this increase the reclaimed water rate had not been increased since the Utility was acquired. Red Oak recommends that the City set its reclaimed water rate as a percentage of the potable irrigation water rate. This is common practice in the industry and usually ranges between 50% and 100% of the irrigation rate. Given the cost of providing a reclaimed water source, it is generally a policy decision to determine the appropriate cost recovery.

### 1.8.4. Ancillary Charges

The City evaluated water and wastewater ancillary charges and the cost of providing various services to its customers. In FY 2013 the City will adjust the Administrative Fee and Reconnection Charge to recognize the time and personnel costs associated with each charge.

**Table 1-11:  
Comparison of Existing and Proposed  
Ancillary Charges**

<b>Charges and Fees</b>		
<b>Description</b>	<b>Existing</b>	<b>Proposed FY 2012-13</b>
Administrative Fee	\$ 25.00	\$ 45.00
Reconnection Charge	\$ 50.00	\$ 75.00



City of Rio Rancho

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APPENDIX

**A**

# Water Financial Plan



City of Rio Rancho, NM  
Water Utility  
Capital Improvement Program

Table A-1

Line No.	Description	Projected					Total 2013-2017
		Budget 2013	2014	2015	2016	2017	
		\$	\$	\$	\$	\$	\$
<b>Non-Growth Capital Improvements</b>							
1	Repair/Rehab Wells	391,343	503,751	518,864	534,430	550,463	2,498,851
2	Redrill Well #4 or #5 and Equip for 1,500 gpm with Arsenic T	0	0	412,000	2,000,000	2,892,500	5,304,500
3	New Pressure Reducing Valves	0	180,250	185,658	191,227	196,964	754,099
4	SCADA Improvements	140,000	100,000	100,000	100,000	100,000	540,000
5	Renovate/Paint Water Storage Tanks	119,000	389,808	401,502	413,547	425,953	1,749,810
6	Major Equipment Rapid Mixers for Arsenic Removal	50,000	0	0	0	0	50,000
7	Lighting in Back Area @ WWTP #1	28,760	0	0	0	0	28,760
8	Loader, Excavator, Dump truck and trucks Replacements	750,350	100,000	350,000	100,000	100,000	1,400,350
9	Install/Replace Waterlines Concurrent with Roadway Project	0	1,152,325	1,186,895	1,222,501	1,259,176	4,820,897
10	Well Site Security	0	160,000	126,099	129,882	133,778	549,758
11	Redrill Well #1	0	0	0	0	0	0
12	<b>Total Non-Growth Capital Improvements</b>	<b>1,479,453</b>	<b>2,586,134</b>	<b>3,281,016</b>	<b>4,691,587</b>	<b>5,658,835</b>	<b>17,697,025</b>
<b>Growth Capital</b>							
13	City Ctr Booster Pump Station and Trnsmisssion Mainfrom 2	0	0	0	0	0	0
14	Booster Station and Transmission Line from Tank 8 to Tank	0	936,000	5,476,487	0	0	6,412,487
15	Southern Boulevard Waterline Extensions, Finish Well 19 Li	0	0	0	0	0	0
16	Waterline Extension from Paseo Gateway to Enchanted Hills	200,000	2,317,936	673,680	0	0	3,191,616
17	Equip Well Site S-27, including Arsenic Treatment, Water Qi	0	0	0	7,089,745	8,443,148	15,532,893
18	Automatic Meter Reading System, Meter Installations, and M	1,008,000	1,080,000	1,155,000	1,236,000	1,322,000	5,801,000
19	Land Purchases for Future Utilities	0	404,309	416,438	428,931	441,799	1,691,477
20	Equip Well #18 to Monitor Static Water Level	0	0	125,000	0	0	125,000
21	Re-Drill Well 9, Add New Tank and Equip for 2,400 ac-ft./yr ε	0	412,000	6,580,389	10,639,580	0	17,631,969
22	New 4MG Tank 6C	0	361,867	1,867,712	0	0	2,229,579
23	New 4MG Tank 17B	0	361,867	1,867,712	0	0	2,229,579
24	New 3MG Tank at Enchanted Hills West	0	0	25,882	207,911	2,970,152	3,203,945
25	Upgrade Enchanted Hills East Booster Station	0	0	122,094	1,571,961	0	1,694,055
26	Drill Well S-25 and Equip for 3,000 gpm	0	0	412,000	5,285,960	10,329,688	16,027,648
27	Enclose #8 Well House.	0	0	0	150,000	350,000	500,000
28	<b>Total Growth Capital Improvements</b>	<b>1,208,000</b>	<b>5,873,979</b>	<b>18,597,394</b>	<b>26,735,088</b>	<b>23,856,787</b>	<b>76,271,248</b>
29	<b>Total Capital Improvements</b>	<b>2,687,453</b>	<b>8,460,113</b>	<b>21,878,410</b>	<b>31,426,675</b>	<b>29,515,622</b>	<b>93,968,273</b>

City of Rio Rancho, NM  
 Water Utility  
 Summary of Projected Operation and Maintenance Expense

Table A-2

Line No.	Description	Budgeted	Projected				
		2013 \$	2014 \$	2015 \$	2016 \$	2017 \$	
<b>Administration</b>							
Personnel							
1	Current	151,001	156,286	162,224	168,632	175,378	
2	Additional	0	0	38,925	79,444	121,622	
3	Professional Services	134,520	179,228	186,039	193,387	201,123	
4	Programs	0	0	0	0	0	
5	Purchased Services	8,868	9,178	9,527	9,903	10,299	
6	Supplies	2,892	2,993	3,107	3,230	3,359	
7	<b>Total Administration</b>	<b>297,280</b>	<b>347,685</b>	<b>399,822</b>	<b>454,596</b>	<b>511,780</b>	
<b>Environmental Management</b>							
Personnel							
8	Current	120,484	124,701	129,439	134,552	139,934	
9	Professional Services	123,651	127,979	132,842	138,089	143,613	
10	Programs	0	0	0	0	0	
11	Purchased Services	38,363	39,705	41,214	42,842	44,556	
12	Supplies	126,650	131,083	136,064	141,438	147,096	
13	<b>Total Environmental Management</b>	<b>409,147</b>	<b>423,467</b>	<b>439,559</b>	<b>456,922</b>	<b>475,199</b>	
<b>SCADA &amp; Security</b>							
Personnel							
14	Current	0	0	0	0	0	
15	Professional Services	249,520	258,253	268,066	278,655	289,801	
16	Purchased Services	58,900	60,962	63,278	65,778	68,409	
17	Supplies	9,985	10,334	10,727	11,151	11,597	
18	<b>Total SCADA &amp; Security</b>	<b>318,405</b>	<b>329,549</b>	<b>342,072</b>	<b>355,583</b>	<b>369,807</b>	
<b>Engineering</b>							
Personnel							
19	Current	227,912	235,888	244,852	254,524	264,705	
20	Additional	0	0	77,850	158,888	243,243	
21	Professional Services	93,970	97,259	100,955	104,943	109,140	
22	Purchased Services	6,729	6,964	7,229	7,514	7,815	
23	Supplies	11,300	11,696	12,140	12,619	13,124	
24	<b>Total Engineering</b>	<b>339,910</b>	<b>351,807</b>	<b>443,026</b>	<b>538,488</b>	<b>638,027</b>	
<b>Utilities Accounting</b>							
Personnel							
25	Current	32,721	33,866	35,153	36,541	38,003	
26	Additional	0	0	38,925	79,444	121,622	
25	Professional Services	8,251	8,540	8,864	9,214	9,583	
27	Purchased Services	2,697	2,791	2,897	3,011	3,132	
28	Supplies	450	466	483	503	523	
29	<b>Total Utilities Accounting</b>	<b>44,118</b>	<b>45,662</b>	<b>86,322</b>	<b>128,713</b>	<b>172,862</b>	
<b>Utilities Billing</b>							
Personnel							
30	Current	423,267	438,081	454,728	472,690	491,598	
31	Professional Services	22,425	23,210	24,092	25,043	26,045	
32	Purchased Services	104,955	108,628	112,756	117,210	121,899	
33	Supplies	64,450	66,706	69,241	71,976	74,855	
34	<b>Total Utility Billing</b>	<b>615,097</b>	<b>636,625</b>	<b>660,817</b>	<b>686,919</b>	<b>714,396</b>	
<b>Operation - Administration</b>							
35	Professional Services	2,004	2,074	2,152	2,237	2,327	
36	Purchased Services	1,132	1,172	1,216	1,264	1,315	
37	Supplies	500	518	537	558	581	
38	<b>Total Operation - Administration</b>	<b>3,636</b>	<b>3,763</b>	<b>3,906</b>	<b>4,060</b>	<b>4,222</b>	
<b>Operation - Water Production</b>							
39	Professional Services	333,585	345,260	358,380	372,536	387,438	
40	Electric Power	2,100,000	2,173,500	2,256,093	2,345,209	2,439,017	
41	Purchased Services	407,464	421,725	437,751	455,042	473,244	
42	Supplies	95,136	98,466	102,207	106,245	110,494	
43	Arsenic	1,051,777	1,088,589	1,129,956	1,174,589	1,221,572	
44	<b>Total Operation - Water Production</b>	<b>3,987,962</b>	<b>4,127,541</b>	<b>4,284,387</b>	<b>4,453,621</b>	<b>4,631,765</b>	
<b>Operation-Trans &amp; Distr</b>							
45	Professional Services	160	166	172	179	186	
46	Purchased Services	1,675,352	1,733,989	1,799,881	1,870,976	1,945,815	
47	Supplies	117,956	122,084	126,724	131,729	136,998	
48	<b>Total Operation-Trans &amp; Distr</b>	<b>1,793,468</b>	<b>1,856,239</b>	<b>1,926,776</b>	<b>2,002,884</b>	<b>2,083,000</b>	
<b>Operation-Other Operating Exp</b>							
49	City G & A	602,382	623,465	647,157	672,720	699,629	
Contract Payment							
50	Current Employees	3,119,457	3,244,235	3,374,004	3,508,964	3,649,323	
51	Additional Employees	0	145,600	291,200	436,800	582,400	
52	Total Contract Payment	3,119,457	3,389,835	3,665,204	3,945,764	4,231,723	
53	All Other	93,957	97,245	100,940	104,927	109,125	
54	<b>Total Operation-Other Operating Exp</b>	<b>3,815,795</b>	<b>4,110,545</b>	<b>4,413,301</b>	<b>4,723,412</b>	<b>5,040,476</b>	
55	<b>Total Operation &amp; Maintenance</b>	<b>11,624,817</b>	<b>12,232,883</b>	<b>12,999,988</b>	<b>13,805,197</b>	<b>14,641,533</b>	

City of Rio Rancho, NM  
 Water Utility  
 Operating Fund Cash Flow Analysis

Table A-3

Line No.	Description	2013 \$	2014 \$	2015 \$	2016 \$	2017 \$
1	<b>Beginning Fund Balance</b>	<b>3,486,900</b>	<b>1,685,919</b>	<b>702,545</b>	<b>(239,659)</b>	<b>(1,034,988)</b>
	<b>Revenues</b>					
2	Revenue from Existing Water Rates	17,326,994	17,413,629	17,500,697	17,588,201	17,676,142
3	Additional Water Revenue Indicated	675,753	2,822,471	4,422,891	6,163,595	8,056,317
4	<b>Total Water Rate Revenue</b>	<b>18,002,747</b>	<b>20,236,100</b>	<b>21,923,588</b>	<b>23,751,796</b>	<b>25,732,459</b>
	Transfers FROM					
5	Wastewater Operating Fund	0	0	0	0	0
6	Capital Fund	0	0	0	0	0
7	Water Rights Fund	0	0	0	0	0
8	Impact Fee Fund	0	0	0	0	0
9	Debt Service Reserve Fund	0	0	0	0	0
10	<b>Total Transfers</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
11	Miscellaneous Revenue	1,680,750	1,680,750	1,680,750	1,680,750	1,680,750
12	Interest	12,932	13,726	12,579	11,696	11,045
13	<b>Total Revenues</b>	<b>19,696,429</b>	<b>21,930,576</b>	<b>23,616,917</b>	<b>25,444,242</b>	<b>27,424,254</b>
	<b>Revenue Requirements</b>					
14	Operation & Maintenance Expense	11,624,817	12,232,883	12,999,988	13,805,197	14,641,533
15	PILOT 2%	360,055	404,722	438,472	475,036	514,649
	Debt Service					
16	Existing Senior Debt	8,052,252	8,056,657	8,086,232	8,070,169	8,062,759
17	Existing Subordinate Debt	72,862	72,977	73,095	73,215	73,334
	Proposed					
18	Growth	0	0	0	0	0
19	Non-growth	130,700	346,000	615,100	922,600	1,245,500
20	<b>Total Debt Service</b>	<b>8,255,813</b>	<b>8,475,634</b>	<b>8,774,427</b>	<b>9,065,984</b>	<b>9,381,592</b>
21	Routine Capital	1,256,725	1,300,710	1,346,235	1,393,353	1,442,121
	Transfers TO / (FROM)					
22	Capital Fund	0	500,000	1,000,000	1,500,000	2,000,000
23	Water Rights Fund	0	0	0	0	0
24	Debt Service Reserve Fund	0	0	0	0	0
25	<b>Total Transfers</b>	<b>0</b>	<b>500,000</b>	<b>1,000,000</b>	<b>1,500,000</b>	<b>2,000,000</b>
26	<b>Total Revenue Requirements</b>	<b>21,497,410</b>	<b>22,913,949</b>	<b>24,559,122</b>	<b>26,239,571</b>	<b>27,979,896</b>
27	<b>Annual Surplus (Deficiency)</b>	<b>(1,800,981)</b>	<b>(983,373)</b>	<b>(942,205)</b>	<b>(795,329)</b>	<b>(555,642)</b>
27	<b>Ending Balance Excess (Shortfall)</b>	<b>1,685,919</b>	<b>702,545</b>	<b>(239,659)</b>	<b>(1,034,988)</b>	<b>(1,590,630)</b>
28	<b>Target Ending Balance (a)</b>	<b>1,910,000</b>	<b>2,010,000</b>	<b>2,140,000</b>	<b>2,270,000</b>	<b>2,410,000</b>
	<b>Revenue Bond Debt Service Coverage</b>					
29	Senior (b)	106.9%	118.4%	129.2%	141.9%	156.0%
30	Senior & Subordinate (c)	106.0%	114.4%	121.0%	128.4%	136.3%
	<b>Indicated Water Rate Increases</b>					
31	Overall Annual Increase	7.80%	7.80%	7.80%	7.80%	7.80%
32	Cumulative Increase	7.80%	16.21%	25.27%	35.04%	45.58%

(a) Recommended target balance equals 60 days operating expense.  
 (b) Total revenue less O&M expense, divided by total senior debt service.  
 (c) Total revenue less O&M expense, divided by total senior and subordinate debt service.

City of Rio Rancho, NM  
 Water Utility  
 Non-Growth Capital Fund Cash Flow Analysis

Table A-4

<u>Line No.</u>	<u>Description</u>	<u>2013</u> \$	<u>2014</u> \$	<u>2015</u> \$	<u>2016</u> \$	<u>2017</u> \$
<b>1</b>	<b>Beginning Fund Balance</b>	<b>12,614</b>	<b>142,861</b>	<b>650,427</b>	<b>1,591,911</b>	<b>2,073,024</b>
	<b>Sources of Funds</b>					
2	Transfer From Operating Fund	0	500,000	1,000,000	1,500,000	2,000,000
3	Transfer From Environmental Gross Receipts Tax Fund	91,000	91,000	91,000	91,000	91,000
4	Developer Contributions	0	0	0	0	0
5	Grants	0	0	0	0	0
6	Bond Proceeds	1,700,000	2,800,000	3,500,000	4,000,000	4,100,000
7	State & Other Loan Proceeds	0	0	0	0	0
8	Interest	400	2,000	5,600	9,200	10,600
<b>9</b>	<b>Total Sources</b>	<b>1,791,400</b>	<b>3,393,000</b>	<b>4,596,600</b>	<b>5,600,200</b>	<b>6,201,600</b>
	<b>Uses of Funds</b>					
	Capital Improvements					
10	Scheduled Non-Growth	1,479,453	2,586,134	3,281,016	4,691,587	5,658,835
11	Deferred	0	0	0	0	0
12	Subtotal CIP	1,479,453	2,586,134	3,281,016	4,691,587	5,658,835
13	Professional Services	0	0	0	0	0
14	Debt Service Reserve	130,700	215,300	269,100	307,500	315,200
15	Debt Issuance Expense	51,000	84,000	105,000	120,000	123,000
16	Transfer TO Operating Fund	0	0	0	0	0
<b>17</b>	<b>Total Uses</b>	<b>1,661,153</b>	<b>2,885,434</b>	<b>3,655,116</b>	<b>5,119,087</b>	<b>6,097,035</b>
18	Annual Surplus (Deficiency)	130,247	507,566	941,484	481,113	104,565
<b>19</b>	<b>Ending Balance</b>	<b>142,861</b>	<b>650,427</b>	<b>1,591,911</b>	<b>2,073,024</b>	<b>2,177,589</b>
<b>20</b>	<b>Target Ending Balance</b>	<b>1,447,500</b>	<b>1,510,000</b>	<b>1,690,000</b>	<b>1,960,000</b>	<b>2,200,000</b>

City of Rio Rancho, NM  
 Water Utility  
 Water Rights Operating Fund Cash Flow Analysis

Table A-5

<u>Line No.</u>	<u>Description</u>	<u>2013</u> \$	<u>2014</u> \$	<u>2015</u> \$	<u>2016</u> \$	<u>2017</u> \$
1	<b>Beginning Fund Balance</b>	<b>1,475,354</b>	<b>167,866</b>	<b>200,180</b>	<b>234,009</b>	<b>266,974</b>
<b>Sources of Funds</b>						
2	Water Rights Acquisition Fee Revenue	1,860,000	1,869,300	1,878,647	1,888,040	1,897,480
	Additional Water Rights Acquisition Fee Revenue	18,600	75,520	114,988	155,635	197,492
3	Interest Income	4,100	900	1,100	1,300	1,400
4	<b>Total Sources</b>	<b>1,882,700</b>	<b>1,945,720</b>	<b>1,994,735</b>	<b>2,044,975</b>	<b>2,096,372</b>
<b>Uses of Funds</b>						
5	Transfer TO Water Rights Capital Fund	\$2,030,000	\$750,000	\$800,000	\$850,000	\$900,000
6	Existing Debt Service	1,160,188	1,163,406	1,160,905	1,162,010	1,161,988
7	Proposed Debt Service	0	0	0	0	0
8	<b>Total Uses</b>	<b>3,190,188</b>	<b>1,913,406</b>	<b>1,960,905</b>	<b>2,012,010</b>	<b>2,061,988</b>
9	Annual Surplus (Deficiency)	(1,307,488)	32,314	33,829	32,964	34,384
10	<b>Ending Balance</b>	<b>167,866</b>	<b>200,180</b>	<b>234,009</b>	<b>266,974</b>	<b>301,357</b>
11	<b>Target Balance</b>	<b>160,000</b>	<b>160,000</b>	<b>170,000</b>	<b>170,000</b>	<b>170,000</b>
12	Debt Service Coverage	1.62	1.67	1.72	1.76	1.80

City of Rio Rancho, NM  
 Water Utility  
 Water Rights Capital Fund Cash Flow Analysis

Table A-6

<u>Line No.</u>	<u>Description</u>	<u>2013</u> \$	<u>2014</u> \$	<u>2015</u> \$	<u>2016</u> \$	<u>2017</u> \$
1	<b>Beginning Fund Balance</b>	0	1,021,648	1,029,934	1,034,243	1,036,689
<b>Sources of Funds</b>						
2	Transfer From Water Operating Fund	\$0	\$0	\$0	\$0	\$0
3	Transfer From Water Rights Operating Fund	2,030,000	750,000	800,000	850,000	900,000
4	Bond Proceeds	0	0	0	0	0
5	Interest Income	2,600	5,100	5,200	5,200	5,200
6	<b>Total Sources</b>	<b>2,032,600</b>	<b>755,100</b>	<b>805,200</b>	<b>855,200</b>	<b>905,200</b>
<b>Uses of Funds</b>						
7	Water Rights CIP	1,010,952	746,814	800,891	852,754	907,174
8	Water Rights Deferred	0	0	0	0	0
9	Debt Service Reserve	0	0	0	0	0
10	Debt Issuance Expense	0	0	0	0	0
11	<b>Total Uses</b>	<b>1,010,952</b>	<b>746,814</b>	<b>800,891</b>	<b>852,754</b>	<b>907,174</b>
12	Annual Surplus (Deficiency)	1,021,648	8,286	4,309	2,446	(1,974)
13	<b>Ending Balance</b>	<b>1,021,648</b>	<b>1,029,934</b>	<b>1,034,243</b>	<b>1,036,689</b>	<b>1,034,715</b>
14	<b>Target Balance</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>



City of Rio Rancho

APPENDIX

# B

## Wastewater Financial Plan

Appendix B. Wastewater  
Financial Plan

City of Rio Rancho, NM  
Wastewater Utility  
Capital Improvement Program

Table B-1

Line No.	Description	Projected				Total 2013-2017
		2013	2014	2015	2016	
		\$	\$	\$	\$	\$
<b>Non-Growth Capital Improvements</b>						
1	Significant Rebuild and Repair WWTP 2A and 3	400,000	-	-	-	400,000
2	Splitter Box and Lift Station 10 Relocation and Land	-	656,186	-	-	656,186
3	SCADA Improvements	19,000	125,000	100,000	-	444,000
4	Septic Dump Station	-	3,174,780	-	100,000	3,174,780
5	Aquifer Storage Demo/Direct Injection	-	-	-	-	-
6	Lift Station No. 4 Odor Control	-	90,000	-	-	90,000
7	Replace Membrane Filters at WWTPs	-	100,000	100,000	100,000	500,000
8	Retrofit WWTP#1 into 1.5MGD MBR Facility	-	1,324,000	10,234,122	-	11,558,122
9	Vehicles and Heavy Machinery	-	154,500	159,135	163,909	646,370
10	Install/Replace Sanitary Sewer Lines	-	1,030,000	1,060,900	1,092,727	4,309,136
11	New Warehouse, Laboratory, and Office Complex at WWTP#2	-	2,121,098	-	-	2,121,098
12	Unit 16 Sewer Feasibility Study	-	100,000	-	-	100,000
13	Broadmoor / Chessmen Sewer Line Repair	-	-	222,396	414,359	414,359
14	Security Wall @ WWTP#2	-	-	-	-	222,396
15	Industrial Park Loop Sewer Line	-	-	-	359,553	359,553
16	<b>Total Non-Growth Capital Improvements</b>	<b>419,000</b>	<b>8,875,564</b>	<b>11,876,553</b>	<b>2,230,548</b>	<b>24,996,000</b>
<b>Growth Capital</b>						
17	WWTP #6 Expansion, Effluent Tank and Pump Station and Reuse	-	-	-	-	-
18	Montoya's Arroyo Sewer Upgrade-Phase 3	-	1,642,788	-	-	1,642,788
19	Lift Station 16 (Gateway South) New Wet Well, Pumps with Flow M	-	50,000	100,000	-	150,000
20	New Warehouse, Laboratory, and Office Complex at WWTP#2	-	2,121,098	-	-	2,121,098
21	Sludge De-Watering Building at WWTP #2	-	-	-	376,929	376,929
22	Barrancas Sewer Line-Phase II-Idalia to City Center	-	-	-	-	400,000
23	Edinburgh Wastewater line	-	-	-	-	-
24	WWTP #2 Expansion and Retrofit	-	-	-	4,000,000	4,000,000
25	Southern and Unser Sanitary Sewer Line (SAS) Diversion	-	1,471,288	-	-	1,471,288
26	N. Blvd. Phase B-Unser to 30th Street Sanitary Sewer Line	-	370,887	-	-	370,887
27	NM528 Force Main Expansion and Lift Station No. 15	-	-	768,178	-	768,178
28	Loma Colorado Terminal Effluent Reuse Storage Tank	-	-	6,000,000	-	6,000,000
29	Retrofit WWTP #3 into 1.5 MGD MBR Facility	-	10,234,122	-	-	10,234,122
30	WWTP#6 Expansion-Phase 2	-	-	-	-	4,000,000
31	NM 528 Force Main Expansion, Lift Station No. 22 Expansion	-	2,260,955	-	-	2,260,955
32	Paseo Gateway Wastewater Line	-	1,400,000	-	-	1,400,000
33	<b>Total Growth Capital Improvements</b>	<b>-</b>	<b>19,551,137</b>	<b>6,868,178</b>	<b>376,929</b>	<b>39,930,709</b>
34	<b>Total Capital Improvements</b>	<b>419,000</b>	<b>28,426,701</b>	<b>18,744,731</b>	<b>2,607,477</b>	<b>64,926,709</b>

City of Rio Rancho, NM  
Wastewater Utility  
Summary of Projected Operation and Maintenance Expense

Table B-2

Line No.	Description	Budgeted	Projected				
		2013	2014	2015	2016	2017	
		\$	\$	\$	\$	\$	
<b>Administration</b>							
	Personnel						
1	Current	151,001	156,286	162,224	168,632	175,378	
2	Additional	0	0	38,925	79,444	121,622	
3	Professional Services	134,520	179,228	186,039	193,387	201,123	
4	Programs	0	0	0	0	0	
5	Purchased Services	8,868	9,178	9,527	9,903	10,299	
6	Supplies	2,892	2,993	3,107	3,230	3,359	
7	<b>Total Administration</b>	<b>297,280</b>	<b>347,685</b>	<b>399,822</b>	<b>454,596</b>	<b>511,780</b>	
<b>Environmental Management</b>							
8	Personnel	13,387	13,856	14,382	14,950	15,548	
9	Professional Services	13,739	14,220	14,760	15,343	15,957	
10	Programs	0	0	0	0	0	
11	Purchased Services	4,263	4,412	4,579	4,760	4,951	
12	Supplies	14,072	14,565	15,118	15,715	16,344	
13	<b>Total Environmental Management</b>	<b>45,461</b>	<b>47,052</b>	<b>48,840</b>	<b>50,769</b>	<b>52,800</b>	
<b>SCADA &amp; Security</b>							
14	Personnel	0	0	0	0	0	
15	Professional Services	249,520	258,253	268,066	278,655	289,801	
16	Purchased Services	58,900	60,962	63,278	65,778	68,409	
17	Supplies	9,985	10,334	10,727	11,151	11,597	
18	<b>Total SCADA &amp; Security</b>	<b>318,405</b>	<b>329,549</b>	<b>342,072</b>	<b>355,583</b>	<b>369,807</b>	
<b>Engineering</b>							
	Personnel						
19	Current	227,912	235,888	244,852	254,524	264,705	
20	Additional	0	0	77,850	158,888	243,243	
21	Professional Services	93,970	97,259	100,955	104,943	109,140	
22	Purchased Services	6,729	6,964	7,229	7,514	7,815	
23	Supplies	11,300	11,696	12,140	12,619	13,124	
24	<b>Total Engineering</b>	<b>339,910</b>	<b>351,807</b>	<b>443,026</b>	<b>538,488</b>	<b>638,027</b>	
<b>Utilities Accounting</b>							
	Current Personnel						
25	Personnel	32,721	33,866	35,153	36,541	38,003	
26	Additional Personnel	0	0	38,925	38,981	39,000	
27	Professional Services	8,251	8,540	8,864	9,214	9,583	
28	Purchased Services	2,697	2,791	2,897	3,011	3,132	
29	Supplies	450	466	483	503	523	
30	<b>Total Utilities Accounting</b>	<b>44,118</b>	<b>45,662</b>	<b>86,322</b>	<b>88,251</b>	<b>90,240</b>	
<b>Utility Services</b>							
31	Personnel	423,267	438,081	454,728	472,690	491,598	
32	Professional Services	22,425	23,210	24,092	25,043	26,045	
33	Purchased Services	104,955	108,628	112,756	117,210	121,899	
34	Supplies	64,450	66,706	69,241	71,976	74,855	
35	<b>Total Utility Services</b>	<b>615,097</b>	<b>636,625</b>	<b>660,817</b>	<b>686,919</b>	<b>714,396</b>	
<b>Operation - Administration</b>							
36	Professional Services	2,004	2,074	2,152	2,237	2,327	
37	Purchased Services	1,132	1,172	1,216	1,264	1,315	
38	Supplies	500	518	537	558	581	
39	<b>Total Operation - Administration</b>	<b>3,636</b>	<b>3,763</b>	<b>3,906</b>	<b>4,060</b>	<b>4,222</b>	
<b>Operation-Trans &amp; Distr</b>							
40	Professional Services	40	41	43	45	46	
41	Purchased Services	418,838	433,497	449,970	467,744	486,454	
42	Supplies	29,489	30,521	31,681	32,932	34,250	
43	<b>Total Operation-Trans &amp; Distr</b>	<b>448,367</b>	<b>464,060</b>	<b>481,694</b>	<b>500,721</b>	<b>520,750</b>	
<b>Operation - Wastewater Treatment</b>							
44	Professional Services	254,114	263,008	273,002	283,786	295,137	
45	Electric Power	1,000,000	1,345,000	1,396,110	1,451,256	1,509,307	
46	Purchased Services	783,102	810,511	841,310	874,542	909,523	
47	Chemicals	0	0	0	0	0	
48	Supplies	538,125	556,959	578,124	600,960	624,998	
49	<b>Total Operation - Wastewater Treatment</b>	<b>2,575,341</b>	<b>2,975,478</b>	<b>3,088,546</b>	<b>3,210,544</b>	<b>3,338,965</b>	
<b>Operation - Wastewater Collection</b>							
50	Purchased Services	0	0	0	0	0	
51	<b>Total Operation - Wastewater Collection</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Operation - Other Operating Exp</b>							
52	City G&A	602,382	623,465	647,157	672,720	699,629	
	Contract Payment						
53	Current Employees	3,119,457	3,228,637	3,351,326	3,483,703	3,623,051	
54	Additional Employees	0	72,450	145,320	218,295	291,200	
55	Total Contract Payment	<b>3,119,457</b>	<b>3,301,087</b>	<b>3,496,646</b>	<b>3,701,998</b>	<b>3,914,251</b>	
56	All Other	93,957	97,245	100,940	104,927	109,125	
57	<b>Total Operation - Other Operating Exp</b>	<b>3,815,795</b>	<b>4,021,798</b>	<b>4,244,743</b>	<b>4,479,645</b>	<b>4,723,004</b>	
58	<b>Total Operation &amp; Maintenance</b>	<b>8,503,409</b>	<b>9,223,478</b>	<b>9,799,787</b>	<b>10,369,576</b>	<b>10,963,992</b>	

City of Rio Rancho, NM  
Wastewater Utility  
Operating Fund Cash Flow Analysis

Table B-3

Line No.	Description	2013 \$	2014 \$	2015 \$	2016 \$	2017 \$
1	Beginning Fund Balance	3,486,900	5,672,531	6,085,181	5,888,095	6,051,562
<b>Revenues</b>						
2	Revenue from Existing Wastewater Rates	13,893,384	13,962,851	14,032,665	14,102,829	14,173,343
3	Additional Wastewater Revenue Indicated	541,842	2,263,154	3,546,428	4,942,184	6,459,834
4	Total Wastewater Service Rate Revenue	14,435,226	16,226,005	17,579,093	19,045,012	20,633,176
Transfers FROM						
5	Capital Fund	0	0	0	0	0
6	Impact Fee Fund	0	0	0	0	0
7	Effluent Fund	0	0	0	0	0
8	Debt Service Reserve Fund	0	0	0	0	0
9	Total Transfers	0	0	0	0	0
10	Miscellaneous Revenue	255,800	255,800	255,800	255,800	255,800
11	Interest Income	22,899	17,529	15,067	15,031	15,108
12	<b>Total Revenues</b>	<b>14,713,925</b>	<b>16,499,334</b>	<b>17,849,960</b>	<b>19,315,843</b>	<b>20,904,084</b>
<b>Revenue Requirements</b>						
13	Operation & Maintenance Expense	8,503,409	9,223,478	9,799,787	10,369,576	10,963,992
14	PILOT 2%	288,705	324,520	351,582	380,900	412,664
Debt Service						
15	Existing Senior	2,530,306	2,532,251	2,537,926	2,537,933	2,533,087
16	Existing Subordinate	704,866	2,385,260	2,385,259	2,385,259	2,354,759
Proposed						
17	Growth	0	0	0	0	0
18	Non-growth	76,876	807,199	1,768,151	1,883,465	1,883,465
19	Total Debt Service	3,312,048	5,724,710	6,691,336	6,806,657	6,771,311
20	Routine Capital	424,132	438,977	454,341	470,243	486,701
Transfers TO						
21	Capital Fund	0	375,000	750,000	1,125,000	1,600,000
22	Effluent Fund	0	0	0	0	0
23	Debt Service Reserve Fund	0	0	0	0	0
24	Water Operating Fund	0	0	0	0	0
25	Total Transfers	0	375,000	750,000	1,125,000	1,600,000
26	<b>Total Revenue Requirements</b>	<b>12,528,293</b>	<b>16,086,684</b>	<b>18,047,045</b>	<b>19,152,376</b>	<b>20,234,668</b>
27	Annual Surplus (Deficiency)	2,185,631	412,650	(197,086)	163,467	669,417
26	<b>Ending Balance</b>	<b>5,672,531</b>	<b>6,085,181</b>	<b>5,888,095</b>	<b>6,051,562</b>	<b>6,720,979</b>
28	<b>Target Ending Balance (a)</b>	<b>1,400,000</b>	<b>1,520,000</b>	<b>1,610,000</b>	<b>1,700,000</b>	<b>1,800,000</b>
<b>Revenue Bond Debt Service Coverage</b>						
29	Senior (b)	259.0%	217.9%	186.9%	202.3%	225.1%
30	Senior & Subordinate (c)	203.9%	127.1%	120.3%	131.4%	146.8%
<b>Required Wastewater Service Rate Increases</b>						
31	Overall Annual Increase	7.80%	7.80%	7.80%	7.80%	7.80%
32	Cumulative Increase	7.80%	16.21%	25.27%	35.04%	45.57%

(a) Recommended target balance equals 90 days operating expense.

(b) Total revenue less O&M expense, divided by total senior debt service.

(c) Total revenue less O&M expense, divided by total senior and subordinate debt service.

City of Rio Rancho, NM  
Wastewater Utility  
Non-Growth Capital Fund Cash Flow Analysis

Table B-4

<u>Line No.</u>	<u>Description</u>	<u>2013</u> \$	<u>2014</u> \$	<u>2015</u> \$	<u>2016</u> \$	<u>2017</u> \$
1	<b>Beginning Fund Balance</b>	117,072	592,943	577,626	615,754	851,079
<b>Sources of Funds</b>						
2	Transfer From Operating Fund	0	375,000	750,000	1,125,000	1,600,000
3	Grants	0	0	0	0	0
4	Developer Contributions	0	0	0	0	0
5	Bond Proceeds	1,000,000	9,500,000	12,500,000	1,500,000	0
6	State & Other Loan Proceeds	0	0	0	0	0
7	Interest	1,771	547	681	1,174	601
8	<b>Total Sources</b>	<u>1,001,771</u>	<u>9,875,547</u>	<u>13,250,681</u>	<u>2,626,174</u>	<u>1,600,601</u>
<b>Uses of Funds</b>						
Capital Improvements						
9	Scheduled Non-Growth	419,000	8,875,564	11,876,553	2,230,548	1,594,335
10	Deferred	0	0	0	0	0
11	Subtotal CIP	<u>419,000</u>	<u>8,875,564</u>	<u>11,876,553</u>	<u>2,230,548</u>	<u>1,594,335</u>
12	Debt Service Reserve	76,900	730,300	961,000	115,300	0
13	Debt Issuance Expense	30,000	285,000	375,000	45,000	0
14	Transfer TO Operating Fund	0	0	0	0	0
15	<b>Total Uses</b>	<u>525,900</u>	<u>9,890,864</u>	<u>13,212,553</u>	<u>2,390,848</u>	<u>1,594,335</u>
16	Annual Surplus (Deficiency)	475,871	(15,316)	38,128	235,326	6,266
17	<b>Ending Balance</b>	<u>592,943</u>	<u>577,626</u>	<u>615,754</u>	<u>851,079</u>	<u>857,345</u>
18	<b>Target Ending Balance</b>	560,000	650,000	760,000	790,000	800,000



City of Rio Rancho

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APPENDIX

**C**

# Combined Water & Wastewater Cash Flow

City of Rio Rancho, NM  
 Water and Wastewater Utility  
 Combined Operating Cash Flow  
 Fiscal Year Ending June 30

Table C-1

Line No.	Description	2013 \$	2014 \$	2015 \$	2016 \$	2017 \$
	<b>Beginning Balance</b>	<b>6,973,800</b>	<b>7,358,450</b>	<b>6,787,726</b>	<b>5,648,436</b>	<b>5,016,574</b>
	<b>Revenues</b>					
	Revenue from Existing Rates					
1	Water	17,326,994	17,413,629	17,500,697	17,588,201	17,676,142
2	Wastewater	13,893,384	13,962,851	14,032,665	14,102,829	14,173,343
	Additional Revenue Indicated					
3	Water	675,753	2,822,471	4,422,891	6,163,595	8,056,317
4	Wastewater	541,842	2,263,154	3,546,428	4,942,184	6,459,834
5	<b>Total Rate Revenue</b>	<b>32,437,973</b>	<b>36,462,105</b>	<b>39,502,681</b>	<b>42,796,808</b>	<b>46,365,635</b>
	Transfers FROM					
6	Water Capital Fund	0	0	0	0	0
7	Water Rights Fund	0	0	0	0	0
8	Water Impact Fee Fund	0	0	0	0	0
9	Water Debt Service Reserve Fund	0	0	0	0	0
10	Wastewater Capital Fund	0	0	0	0	0
11	Wastewater Impact Fee Fund	0	0	0	0	0
12	Effluent Fund	0	0	0	0	0
13	Wastewater Debt Service Reserve Fund	0	0	0	0	0
14	<b>Total Transfers</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
15	Miscellaneous Revenue	1,936,550	1,936,550	1,936,550	1,936,550	1,936,550
16	Interest	35,831	31,255	27,646	26,727	26,153
17	<b>Total Revenues</b>	<b>34,410,354</b>	<b>38,429,910</b>	<b>41,466,877</b>	<b>44,760,085</b>	<b>48,328,338</b>
	<b>Revenue Requirements</b>					
	Operation & Maintenance Expense					
18	Water	11,624,817	12,232,883	12,999,988	13,805,197	14,641,533
19	Wastewater	8,503,409	9,223,478	9,799,787	10,369,576	10,963,992
20	<b>Total O&amp;M Expense</b>	<b>20,128,226</b>	<b>21,456,361</b>	<b>22,799,775</b>	<b>24,174,774</b>	<b>25,605,525</b>
21	PILOT	648,759	729,242	790,054	855,936	927,313
	Debt Service					
	Existing Senior					
22	Water	8,052,252	8,056,657	8,086,232	8,070,169	8,062,759
23	Wastewater	2,530,306	2,532,251	2,537,926	2,537,933	2,533,087
	Existing Subordinate					
24	Water	72,862	72,977	73,095	73,215	73,334
25	Wastewater	704,866	2,385,260	2,385,259	2,385,259	2,354,759
	Proposed Senior					
26	Water	130,700	346,000	615,100	922,600	1,245,500
27	Wastewater	76,876	807,199	1,768,151	1,883,465	1,883,465
28	<b>Total Debt Service</b>	<b>11,567,861</b>	<b>14,200,343</b>	<b>15,465,762</b>	<b>15,872,641</b>	<b>16,152,904</b>
29	Routine Capital	1,680,857	1,739,687	1,800,576	1,863,596	1,928,822
	Transfers TO / (FROM)					
30	Water Capital Fund	0	500,000	1,000,000	1,500,000	2,000,000
31	Water Rights Fund	0	0	0	0	0
32	Water Debt Service Reserve Fund	0	0	0	0	0
33	Wastewater Capital Fund	0	375,000	750,000	1,125,000	1,600,000
34	Effluent Fund	0	0	0	0	0
35	Wastewater Debt Service Reserve Fund	0	0	0	0	0
36	<b>Total Transfers</b>	<b>0</b>	<b>875,000</b>	<b>1,750,000</b>	<b>2,625,000</b>	<b>3,600,000</b>
37	<b>Total Revenue Requirements</b>	<b>34,025,704</b>	<b>39,000,634</b>	<b>42,606,167</b>	<b>45,391,947</b>	<b>48,214,564</b>
38	Annual Surplus (Deficiency)	384,650	(570,724)	(1,139,290)	(631,862)	113,775
39	<b>Ending Balance</b>	<b>7,358,450</b>	<b>6,787,726</b>	<b>5,648,436</b>	<b>5,016,574</b>	<b>5,130,349</b>
40	<b>Target Ending Balance (a)</b>	<b>3,310,000</b>	<b>3,530,000</b>	<b>3,750,000</b>	<b>3,970,000</b>	<b>4,210,000</b>
	<b>Revenue Bond Debt Service Coverage</b>					
41	Senior (b)	143.6%	144.6%	143.5%	153.5%	165.6%
42	Senior & Subordinate (c)	134.0%	119.5%	120.7%	129.7%	140.7%
	<b>Required Water/Wastewater Service Rate Increases</b>					
43	Overall Annual Increase (d)	7.80%	7.80%	7.80%	7.80%	7.80%
44	Cumulative Increase	7.80%	16.21%	25.27%	35.04%	45.58%

City of Rio Rancho, NM  
Water and Wastewater Utility  
Existing Debt Service

Table C-2

Line No.	Description	Payment Type	2013	2014	2015	2016	2017
<b>Senior Debt</b>							
1	Series Revenue 2004 Bonds	Principal	200,000	210,000	215,000	225,000	235,000
2	Series Revenue 2004 Bonds	Interest	121,760	114,960	107,610	99,655	91,105
3	Series 2005 Revenue Bonds	Principal	895,000	930,000	1,000,000	1,030,000	1,080,000
4	Series 2005 Revenue Bonds	Interest	761,968	726,168	679,668	629,668	578,168
5	Series 2007 Revenue Bonds	Principal	375,000	390,000	405,000	420,000	440,000
6	Series 2007 Revenue Bonds	Interest	1,383,025	1,368,025	1,352,425	1,336,225	1,319,425
7	Series 2008 Revenue Bonds	Principal	350,000	360,000	370,000	390,000	405,000
8	Series 2008 Revenue Bonds	Interest	519,324	507,074	494,474	477,824	463,199
9	Series 2009 Refunding Bonds	Principal	3,845,000	4,005,000	4,175,000	4,300,000	4,480,000
10	Series 2009 Refunding Bonds	Interest	2,131,481	1,977,681	1,824,981	1,699,731	1,503,950
11	Water Portion		\$8,052,252	\$8,056,657	\$8,086,232	\$8,070,169	\$8,062,759
12	Wastewater Portion		2,530,306	2,532,251	2,537,926	2,537,933	2,533,087
13	<b>Total Senior Debt Service</b>		<b>10,582,558</b>	<b>10,588,908</b>	<b>10,624,158</b>	<b>10,608,103</b>	<b>10,595,846</b>
<b>Subordinate Debt</b>							
14	NMFA Loan - Effluent	Principal	0	0	0	0	0
15	NMFA Loan - Effluent	Interest	0	0	0	0	0
16	NMED Loan - WWTP #2 Expansion	Principal	509,210	524,487	540,221	556,428	573,121
17	NMED Loan - WWTP #2 Expansion	Interest	195,656	180,380	164,645	148,438	131,745
18	NMFA Loan #1 - Water Project	Principal	46,328	46,791	47,259	47,732	48,209
19	NMFA Loan #1 - Water Project	Interest	7,231	6,884	6,533	6,178	5,820
20	NMFA Loan #2 - Water Project	Principal	13,248	13,513	13,784	14,061	14,342
21	NMFA Loan #2 - Water Project	Interest	6,055	5,790	5,519	5,244	4,962
22	CWSRF 008 - WWTP #6 Expansion	Principal	0	930,393	958,304	987,054	1,016,665
23	CWSRF 008 - WWTP #6 Expansion	Interest	0	750,000	722,088	693,339	633,228
24	Water Portion		\$72,862	\$72,977	\$73,095	\$73,215	\$73,334
25	Wastewater Portion		704,866	2,385,260	2,385,259	2,385,259	2,354,759
26	<b>Total Subordinate Debt Service</b>		<b>777,728</b>	<b>2,458,237</b>	<b>2,458,354</b>	<b>2,458,473</b>	<b>2,428,092</b>
<b>Water Rights Debt Service</b>							
27	NMFA 2011 Loan - 2543	Principal	278,543	282,025	286,481	291,953	298,638
28	NMFA 2011 Loan - 2543	Interest	232,941	229,459	225,003	219,531	212,846
29	NMFA 2011 Loan	Principal	405,000	410,000	410,000	415,000	420,000
30	NMFA 2011 Loan	Interest	243,704	241,922	239,421	235,526	230,505
31	<b>Total Water Rights Debt Service</b>		<b>1,160,188</b>	<b>1,163,406</b>	<b>1,160,905</b>	<b>1,162,010</b>	<b>1,161,988</b>
32	<b>Total Debt Service</b>		<b>12,520,473</b>	<b>14,210,550</b>	<b>14,243,416</b>	<b>14,228,586</b>	<b>14,185,927</b>