

Alto Lakes Water & Sanitation District



DISTRICT OPERATIONAL UPDATE FOR FY2022

Reporting Period

July 1, 2021 to June 30, 2022

What is the Alto Lakes Water & Sanitation District?

The Alto Lakes Water & Sanitation District is a quasi-municipal governmental subdivision of the State of New Mexico. It was created to provide water and wastewater-related services to the subdivisions of Alto Lakes. The ALW&SD acquired the assets of the Alto Lakes Water Corporation (ALWC) on April 1, 2008 and now operates the community water, wastewater and solid waste systems.



Mission

The Alto Lakes Water & Sanitation District is committed to meeting the water, wastewater, and solid waste needs of the Alto Lakes residential community, country club and the golf course, now and in the future, while protecting our customers vital assets.

Governance

The District is governed by a 5-member board of directors; whose members are elected to 6-year staggered terms by qualified district voters during local elections which take place in conjunction with state general elections.

Current Board of Directors

Chairman | **Daniel Knorr**

Vice Chairman | **George Holmes**

Treasurer | **Roy Webb (Served until June 2022)**

Secretary | **Nicki Foreman**

Member | **Gale Maxwell**

Staff

Under the direction and authority granted by the board of directors, staff is tasked with carrying out the district's mission.

District Staff

District Manager | **David Edington**

Office/Financial Manager | **Rachel Muldowney**

District Utility Clerk | **Pat Pillar**

District A/R, Admin Clerk | **Rose Atchley**

Operations Supervisor | **Joe Saiz**

System Operator II | **Bill Rodolph**

System Operator I | **George Berryhill**

System Operator II | **Steven Arnold**

Solid Waste Attendant | **Samuel Edington**

Solid Waste Attendant | **Benjamin Corona**



INTRODUCTION

The goal of this report is to share information pertaining to the operations, capabilities, and finances of the District as it fulfills its mission. Every Alto Lakes Water and Sanitation employee is committed to performing their duties with excellence and in line with industry best practices.

Strong Financial Position

The District Board of Directors is tasked by law to ensure that rates, fees, and tolls charged to each class of customers is adequate to cover its share of costs, debt service, and reserves.

FY2021 Financial Snap Shot (July 1, 2021 – June 30, 2022)

*Financial Information for FY2021 is unaudited. Full audited financials will be posted on district web-site once approved.

Operational Financial Information	Actual	Budgeted
Operating Revenue	\$1,902,618	\$1,834,137
Operating Expenses	(1,146,099)	(1,359,992)
NIFO (Net Income From Operation)	\$756,519	\$474,145

	Actual	Budgeted
Debt Service	(300,012)	(300,012)
Capital Replace Reserve	(165,480)	(165,480)
Net	\$291,027	(8,653)

Higher actual Net is result of \$172,000 in saving on expenses, and two increases on the revenue side; New connections (new homes) amounted to an increase in revenue of \$32,455; Water sales, residential and commercial, showed an increase above budget, dry warm weather, and increase residential activity both played a role with an increase in revenue of \$45,635.

FINANCIAL POSITION

Current Assets

Cash	\$3,163,667
Accounts Receivable	\$272,569
Total Current Assets	\$3,436,236
Fixed Assets	\$8,482,502
Total Assets	\$11,918,738

Liabilities

Current	\$81,671
Long Term	\$2,545,243
Total Liabilities	\$2,626,914

Cash Breakdown

Cash	\$3,163,667
Capital Replacement Reserve	(769,258)
System Upgrade Fee Accrual	(1,576,779)
Unencumbered Cash	\$817,630

Capital replacement reserves are monies accrued annually for system equipment and infrastructure component replacement that have a value above normal maintenance costs, these items value is above the capitalization threshold. Monies are set-aside to replace these items based on expected life-cycle.

System upgrade fee accrual is money accrued to meet project financing requirements. The District applies for funding primarily through Water Trust Board (WTB). WTB funding requires applicant to have on hand and set aside 20% of a proposed project's value. System Upgrade fees are those accrued through June 30, 2022, this is a large amount; however, it is currently ear-marked for asset purchase (land) required to enable water treatment upgrade.

Unencumbered cash is money available for capital projects and emergency contingencies.

FINANCIAL BENCHMARKS

The District compares its financial data with the Annual American Water Works Association (AWWA) benchmark survey data.

	2022	2021	2020
Current Asset Ratio	4.1	3.6	3.4

(AWWA Good, higher than 1.5)

Measure of ability to pay short-term debt and expenses, indicates ability to with stand loss (emergency or operational) and pay obligations.

	2022	2021	2020
Return on Capital Employed ...	2.81	2.81	2.81

(AWWA Good, higher than rate on debt; current rate 2)

Indicates that capital investment is returning more than it cost to finance.

	2022	2021	2020
Operating Ratio	1.7	1.6	1.6

(AWWA Good, must be greater than 1)

Measure of the ability to pay for operations and maintenance.

	2022	2021	2020
Affordability Index	1.1	1.3	1.3

(AWWA Good, national average is 2; Anything less is good)

Measure of service cost compared to household income.

Consumer Price Index data July 1, 2022 indicates National average monthly cost for water, sewer, and trash combined are \$252.50.

The District only has 77 customers that are billed for all 3 with a monthly average cost of \$130.20. District average cost of water and trash \$67.21.

The District Board of directors is very mindful of its financial obligations and does everything possible to minimize costs to the community.

WATER SUPPLY

Our Commitment

Alto Lakes Water and Sanitation District employees are trusted experts, performing the many complicated tasks required to deliver safe drinking water to our customers and neighbors 24 hours a day, 365 days a year.

The District’s water supply is in excellent shape. The District’s physical capacity to retrieve ground water is higher than its current legal capacity, which is a good thing; meaning the district could produce all the water it is legally permitted to retrieve should the need arise as illustrated below:

Legal Capacity

Total Water Rights Available	613.9 Acre-feet per year
Owned by District	501.9 Acre-feet per year
Leased from ALG&CC (40 year Lease)	112 Acre-feet per year

Physical Capacity

Sustainable Capacity of the 7 wells	900 Acre-feet per year
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The production and usage information below indicates water needed to serve current customers over the past 3 years.

	District Production (Actual)		Water Use (Gallons)		
	Acre-feet	Gallons	Residential (1,334)	Commercial (23)	Irrigation Golf Course (1)
FY22	353.91	115,321,200	47,806,025	3,693,270	46,935,600
FY21	431.35	140,555,600	54,344,718	3,808,080	61,308,250
FY2020	449.33	146,413,900	49,712,346	3,539,446	67,460,200

Note* 1 acre-foot = 325,829 gallons

The District's updated Master Plan, 40 Year Water Plan, and Conservation Plan, anticipate the need to serve an additional 518 residential customers with no additional commercial or irrigation at build out. These additional customers will require approximately 70 acre-feet of annual production once built. The District's water resources are adequate for this future growth.

WATER QUALITY

Drinking water quality is governed by federal and state agencies through a set of primary and secondary drinking water standards. The Primary Standards set levels of contaminants that may pose a health risk when present in drinking water supplies and are known or anticipated to occur in public water systems. The Secondary Standards are non-enforceable guidelines that establish recommendations for contaminants that may cause cosmetic and aesthetic effects such as taste, odor and color.

The District's drinking water meets all primary standards. In 2011, the district completed water treatment phase I; Iron and Manganese removal to reduce/eliminate colored water occurrences. The District's water supply is still very high in Total Dissolved Solids (TDS) and is extremely hard, with hardness ranging from 52 to 87 grains per gallon depending on season. Hardness is highest during summer months. Because of this, our water does not meet the secondary standards for drinking water. The District Preliminary Engineering Report (PER) indicates that the best treatment

The average American uses **140-170 gallons** of water per day

solution for TDS and hardness removal is Reverse Osmosis (RO); planned water treatment phase II. The RO process, while creating an excellent potable water, creates a waste brine (salt) stream requiring treatment and disposal. With current technology, the most economical brine disposal option for the District is passive evaporation requiring a significant land area. The District has negotiated the purchase the Kokopelli race track property, which is the only property of sufficient size within a reasonable distance to accomplish evaporation. Unfortunately, this property is tangled in legal disputes, which delays acquisition by the District and therefore, the implementation of the RO project. The RO project is estimated to cost around \$4 million.



CONSERVATION

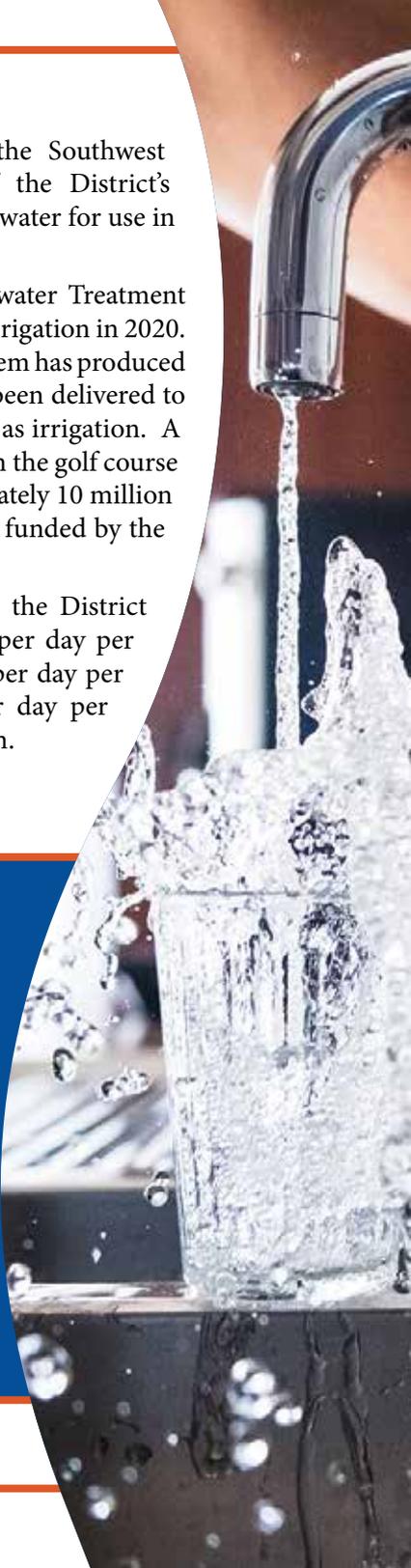
As continuing drought cycles throughout the Southwest have shown water is precious, as part of the District's continuing efforts to protect the availability of water for use in our community.

The District completed upgrading the Wastewater Treatment Facility to produce reclaimed water for use in irrigation in 2020. Since coming on-line in March of 2020, the system has produced 4,822,778 gallons of reclaimed water that has been delivered to the Alto Lakes Golf and Country Club for use as irrigation. A related project installed an impervious lining in the golf course holding pond that resulted in saving approximately 10 million gallons of water per year. These projects were funded by the District with unencumbered cash.

Residential conservation has improved since the District took over in 2008. In 2008 average gallons per day per person usage was approximately 116 gallons per day per person. For FY2022 the average gallon per day per person usage was 91 gallons per day per person.

Reminder

All ALW&SD water customers are bound by the rules and regulations set forth in the Ordinance(s) of the District. Broadcast irrigation systems as defined by the Ordinance are PROHIBITED, and have been since 2016. Any customer who still has a broadcast irrigation system is in violation of the Ordinance and is not entitled to apply for a leak credit should this system fail.



Completed Distribution System

The District's distribution system has seen major improvements since 2008 when there were 4 working fire-hydrants covering 2% of the District's 3.8 square mile service area. Currently the system supports 111 fire-hydrants providing coverage to approximately 56% of the District service area. With the piping system backbone now in place, District is committed to continuing distribution upgrades. Upgrading coverage from 2% to 56% came at a cost of approximately \$4.5 million dollars. It is estimated that the cost to improve coverage to the remaining 44% of the service area is in the range of \$15-20 million dollars. The District is in the process of updating its Preliminary Engineering Report (PER) to identify total needs and establish an implementation plan considering priorities and funding availability.

Solid Waste

The District completed hard surfacing of green waste area in August and September of 2020, which has vastly improved efficiencies in this area and improved cleanliness and over all appeal of the Convenience Center. The District and Sierra Contracting continue to provide landscape mulch free of charge to residents.

The average person generates **over 4 lbs. of trash every day** and about **1.5 tons of solid waste per year.**

The District continues to explore ways to improve solid waste services. The District collected approximately 920 tons of materials at the Alto Convenience Center last year, of that total

nearly 445 tons went to recycling. Total tonnage collected was down year over year by 17%, however, household waste tonnage increased by nearly 7 tons (14,000 pounds).

Beginning October 1, 2020 all commercial and independent contractors were required to pay a load charge of \$5.00 per load of yard/forest waste disposed of at the Alto Convenience Center. This was in response to the continually increasing volume of yard/forest waste brought in by these contractors. Since the fee was instituted the volume of yard/forest waste brought in by contractors have returned to historically normal volume.

The District continues to offer limited recycling for residents; Aluminum, corrugated cardboard, mixed paper, plastic #1 & #2 bottles only, and scrap metal. Plastics remain a recycling problem despite multi-media advertising campaigns that state all plastics are recyclable, being recyclable and having

systems in place to recycle are vastly different. Available plastic recycling in New Mexico is very limited and the costs associated with it remain high.

The District urges customers who want to make a real difference to concentrate their efforts on reduced plastics consumption. Drinking water from a one-time use plastic bottle and discarding it in a recycle bin is a convenience but is not an environmental plus when all factors are considered.

District Miscellaneous

Residents may hear or read from time to time that the District is considering adding outside properties to the District Service Area. The District has no plans to expand but does receive proposals/requests from outside interests from time to time. The District has developed guidelines outlining requirements for acceptance into the District and will only consider expansion if it would benefit District customers and would be cost neutral to District customers. The District does not provide any water, wastewater or solid waste services to the Lincoln Hills subdivision or the Outlaw golf course because they are outside of the District boundaries.

ONLINE BILL PAY & PAPERLESS BILLING

In an effort to reduce our paper “footprint,” Alto Lakes Water & Sanitation District has partnered with Xpress Bill Pay and is now offering residential customers an online bill pay option that will save you time and give you more options for paying your bill (this option is not currently available to commercial customers). Our partnership with Xpress Bill Pay will also allow you to opt-into paperless billing where you simply receive an email notification when your bill is ready to view. It is fast, easy, and convenient!

WHAT YOU NEED TO KNOW ABOUT ONLINE BILL PAY

- It's FREE to sign-up at www.xpressbillpay.com
- You can pay your bill with a credit or debit card
- You can pay your bill from anywhere as long as you have internet access
- View up to one year's history of billing
- There is a \$4 convenience fee added to your payment amount

The District's preferred method for automated payment is ACH which is based on electronic (paperless) check processing which is FREE to customers.

Visit our website at altolakes.org

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