groundwater on the rebound
Composed of sediments deposited five million years ago and yielding up drinking water that’s been underground for 22 millennia, Albuquerque’s aquifer was long seen as a resource to be exploited.

Now we know it’s a treasure to be managed—and allowed to replenish.
Two decades ago, prospects for the aquifer beneath Albuquerque looked bleak. Years of unsustainable pumping threatened the metro area with widespread land-surface subsidence and left us with an uncertain water future.

But 2008 saw the implementation of the San Juan-Chama Drinking Water Project, which added surface water to the local supply for the first time. That, combined with a nationally recognized conservation program that started in the mid-1990s, has begun to turn the tide. The U.S. Geological Survey reports that aquifer levels are now on the rise throughout the Albuquerque area, and stored groundwater has increased by about one million acre-feet as compared to the ’90s.

It took a tremendous effort and an investment of some $450 million in Drinking Water Project infrastructure to make this happen. But it’s been worth it for the community – and the Rio Grande. Because the river and the aquifer are interconnected, the net effect on river flows is actually less when we divert surface water for use instead of pumping groundwater.

The aquifer’s comeback is a success story, but it’s not over yet. We must continue to manage our water resources proactively and responsibly, with greater emphasis on methods like re-use and aquifer storage and recovery, or ASR. This will ensure that recent gains are permanent and not temporary, and allow us to treat the aquifer as a “savings account” from which we can draw in times of need. Those times will come, of course, but with an aquifer on the rebound, we’ll be in a much better position to face them.

Sincerely,

Maggie Hart Stebbins  Chair, Albuquerque Bernalillo County Water Utility Authority

The focus of this year’s annual report is Albuquerque’s rebounding aquifer, a success story that didn’t happen by accident. It happened through the execution of a well-conceived plan outlined in a Water Authority document called the 2007 Water Resources Management Strategy.

The utility will be updating the WRMS in 2016 to reflect current science regarding future water availability. The revised strategy will rely on simulation models from Sandia National Laboratories, the U.S. Geological Survey, the Office of the State Engineer, and Water Authority staff and contractors. It will take potential climate change impacts into account and will for the first time look at a 100-year time horizon for the greater Albuquerque area.

As we attempt to project our future needs and our future resources, we have reason to be optimistic. Implementation of earlier strategies from 1997 and 2007 has served us well. Our concerted conservation program and implementation of the San Juan-Chama Drinking Water Project led to the rising aquifer levels celebrated in this report. We must now build on that success through greater reliance on re-use and on ASR, or aquifer storage and recovery (where surface water is stored underground to be drawn out later), as well as on other approaches to be determined over the next year or so. Application of ASR, re-use and other technologies is absolutely necessary to diversify and strengthen our water supply portfolio and allow our aquifer to continue its recovery.

Planning now for the future improves our ability to deal effectively with contingencies such as drought. And it vastly increases the likelihood that, in addition to providing water for ourselves, we’ll be able to provide for future generations.

Mark S. Sanchez  Executive Director
The Albuquerque Bernalillo County Water Utility Authority, a political subdivision of the State of New Mexico, provides water and wastewater service to the greater Albuquerque/Bernalillo County metropolitan area. It is the largest water and wastewater utility in the state.

GOVERNING BOARD

The Water Authority is accountable to its ratepayers through a governing Board consisting of seven elected officials: three Albuquerque City Councilors, three Bernalillo County Commissioners, and the Mayor of Albuquerque or his designate. Also serving is a non-voting member from the Village of Los Ranchos. Board members as of December 2015 (left to right):

MAGGIE HART STEBBINS
County Commission District 3, Chair

RICHARD J. BERRY
Mayor, City of Albuquerque

ART DE LA CRUZ
County Commission District 2

REY GARDUÑO
City Council District 6

DEBBIE O’MALLEY
County Commission District 1

KEN SANCHEZ
City Council District 1

PABLO RAEL
Village of Los Ranchos, ex officio

The Water Authority discharged about 18 billion gallons of reclaimed water to the Rio Grande in FY 2015.

627½ employees (budgeted)

207,952 customer accounts

<table>
<thead>
<tr>
<th>OPERATING BUDGET</th>
<th>CAPITAL BUDGET</th>
<th>SYSTEM ASSET VALUATION (approximate)</th>
<th>OUTSTANDING DEBT</th>
</tr>
</thead>
<tbody>
<tr>
<td>$197 MILLION</td>
<td>$51 MILLION</td>
<td>$5 + $1.2 BILLION (replacement value)</td>
<td>$665 MILLION</td>
</tr>
</tbody>
</table>

ANNUAL WATER PRODUCTION, FY 2015

29.8 BILLION GALLONS

BOND RATINGS

AA⁺  Aa2  AA

S&P  MOODY’S  FITCH
Selected water and sewer system statistics

Source: ABCWUA Operations Division

**2005**
- **29.6 BILLION GALLONS**
- **57% Surface water**
- **16.9 BILLION GALLONS**

**2014**
- **28.1 BILLION GALLONS**
- **43% Groundwater**
- **12.9 BILLION GALLONS**

**Annual water billed**

<table>
<thead>
<tr>
<th>Year</th>
<th>Service Area Population (Estimated)</th>
<th>Number of Meters (Billed)</th>
<th>Persons per Meter (Estimated)</th>
<th>Daily Production per Meter (Average)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>525 THOUSAND</td>
<td>168 THOUSAND</td>
<td>3.13</td>
<td>536 MILLION GALLONS</td>
</tr>
<tr>
<td>2014</td>
<td>656 THOUSAND</td>
<td>207 THOUSAND</td>
<td>3.17</td>
<td>408 MILLION GALLONS</td>
</tr>
</tbody>
</table>

**Annual water production**

FY 2015

- **76 MILLION GALLONS**
- **84 MILLION GALLONS**

**Water lines**

- **2005**
- **2014**

**Sewer lines**

- **2005**
- **2014**

**San Juan-Chama**

**Fire hydrants**

- **2005**
- **2014**

**Storage capacity**

**Pumping capacity**

- **2005**
- **2014**

**Daily pumpage vs. consumption**

*Water consumed and returned to the river via the sewage treatment process.*
on the rebound

Multi-faceted strategy puts aquifer into comeback mode

After years of decline, it’s making a comeback: aquifer levels are on the rise throughout the Albuquerque metro area. And it’s all thanks to a Water Resources Management Strategy that made groundwater renewal a top priority.

“It’s a complete reversal from the steady declines reported in the prior two decades,” said Maggie Hart Stebbins, Chair of the Albuquerque Bernalillo County Water Utility Authority. “In terms of restoring our aquifer, the Water Authority’s strategy is a great success that’s working just as we’d hoped.”

Groundwater storage in the Water Authority’s service area has increased by about one million acre-feet as compared to the mid-1990s, according to expert analyses. Monitoring wells show aquifer levels in places have risen by as much as 14.8 feet since 2008; rising levels are projected to continue for another decade or so.
Conjunctive use yields results

The addition of surface water to Albuquerque’s supply in 2008 marked the reversal of decades of declining aquifer levels. With more than half of the city’s drinking water now coming from the Rio Grande via the San Juan-Chama Drinking Water Project, groundwater levels are on the rise throughout the Water Authority’s service area – from the Valley to the Heights.
The Drinking Water Project

At the end of 2015, the San Juan-Chama Drinking Water Project celebrated its seventh full year of operation. Prior to its inception, Albuquerque relied solely on the underground aquifer for its drinking water needs. Since 2008, the San Juan-Chama project has delivered some 94 billion gallons of surface water for the community's use.

This water, purchased in perpetuity from the Federal government and imported from southern Colorado under terms laid out in the 1960s, has been imported into the Rio Grande Basin from the Colorado River Basin since the early 1970s. It wasn't until late in 2009 that the Drinking Water Project enabled Albuquerque residents to start drinking it — after years of environmental reviews, community meetings and rulings from the State Engineer. And then, construction of some 140 million in infrastructure, including a state-of-the-art treatment plant and about 18 miles of underground pipeline.

"It was a tremendous amount of effort, but it has been worth it for the community," said Trudy Jones, the Water Authority's Vice Chair. "The Project works in combination with other elements of our Water Resources Management Strategy to reduce aquifer pumping, and the 94 billion gallons it has produced since 2008 represents more than three years' worth of supply left in the aquifer."
“Milestone event” celebrates first Kirtland extraction well

Maggie Hart Stebbins, chair of the Water Authority board, told attendees at an Air Force “milestone event” on Aug. 13 that she is very encouraged by the progress now being made on cleanup of the jet fuel spill at Kirtland Air Force Base.


They were at Kirtland to commemorate completion of an extraction well that has begun drawing fuel-contaminated water from the aquifer for the first time since the spill was detected in 1999.

Stebbins commended the Air Force for its progress and thanked utility board members and staff for making the spill a priority. “The Water Authority has devoted time, resources, employees and dollars to this issue from day one,” Hart Stebbins said.

No drinking water wells have yet been affected by the fuel spill. The closest Water Authority well is about a mile from the known edge of the fuel plume.

Infrastructure ad campaign unveiled

The Water Authority in May began running a series of ads to inform its customers of the importance of re-investing in the utility’s aging infrastructure. The campaign came in advance of a July 1 rate adjustment aimed at increased capital spending.

“With rate increases needed to boost our investment in infrastructure renewal, it’s important to let our customers know why we require the additional resources,” said John Stomp, chief operating officer. “The message behind this campaign is that we must address these issues now, or we’ll have bigger and more expensive issues to address later.”

The ads, which included the tagline “If we don’t pay for it now, we’ll pay for it later,” juxtaposed images of new equipment against pictures of decay and damage. The campaign featured radio, outdoor and newspaper ads, as well as bill inserts.

Isleta delegation visits reclamation plant

Representatives of Isleta Pueblo, including the Pueblo’s First and Second Lieutenant Governors, visited the Southside Water Reclamation Plant on April 7 for a tour and briefing in the wake of an electrical malfunction that resulted in an overflow and spill into the Rio Grande.

The spill, in which partially treated wastewater flowed into the river south of Albuquerque, occurred when power failed to a critical pump.

Because of the cultural importance of the river to the pueblo, Isleta representatives sought and received assurances from Water Authority staff regarding the steps being taken to prevent another such mishap. These include an electrical system audit and overhaul as well as improvements to the plant’s drainage.
Habitat restoration work continues

The Water Authority’s $1.2 million project to improve habitat along Albuquerque’s riparian Bosque continued in 2015 with tree plantings and excavation work to provide calm-water areas for fish spawning and maturation.

Volunteers and contract laborers have already planted more than 2,000 trees and shrubs as part of the project, which is slated for completion sometime in 2016. The project aims to restore about 100 acres of Bosque habitat.

Rainwater harvesting pilot program kicks off

After soliciting program applicants in the spring of 2015, the Water Authority and The New Mexico Water Collaborative in September unveiled the first of several rainwater harvesting systems being installed throughout Albuquerque as part of a new pilot project.

The 1,000-gallon collection system at Urban Fresh Cosmetics on Broadway is one of nine being constructed to assess the effectiveness of intensive rainwater harvesting as a conservation measure.

“This is more than just putting a couple of rain barrels in the back yard,” said Water Authority chair Maggie Hart Stebbins. “This is about installing a wide range of rainwater harvesting systems and determining whether it makes sense to do that at the scale of a residence or small business.”

Two businesses and seven residences were selected to participate in the program, out of more than 300 applicants.

Water Authority gets gold medal approval from NACWA

The National Association of Clean Water Agencies (NACWA), a nationally recognized leader in environmental policy and ecosystem protection issues, announced this summer that the Albuquerque Bernalillo County Water Utility Authority had been selected to receive its Excellence in Management Gold Recognition award.

The award, which celebrates the Water Authority’s “commitment to sustainable, successful programs that exemplify the attributes of an effectively managed utility,” was formally presented at an awards ceremony at NACWA’s annual meeting in Providence, R.I., in July.

The Water Authority’s environmental efforts in recent years have included installation of an ultraviolet disinfection system at the Southside Water Reclamation Plant; installation of a solar array to help power the same plant; expansion of the water re-use system to include southeast Albuquerque; and habitat restoration on the Rio Grande.

Our water ties for third in nation

Reprinted from the June 11 Albuquerque Journal

ALBUQUERQUE, N.M. — Next time you take a drink of Albuquerque water, you might want to swirl it around in your mouth a bit, roll its texture over your tongue, savor its bouquet, appreciate it.

Albuquerque’s drinking water tied for third with Boston’s water in the American Water Works Association’s 11th annual taste test Tuesday in Anaheim, Calif.

“It’s a testament to the hard work of water utility employees to make sure we have safe, reliable and good-tasting water every day,” said David Morris, public affairs officer for the Albuquerque Bernalillo County Water Utility Authority.

Morris commented by phone … from Anaheim, where he was attending the American Water Works Association Annual Conference and Exposition, the site of the taste test.

The Big Sky water system in Billings, Mont., won first place, and Universal City, Texas, took second in the competition, which featured entries by 29 municipalities from around the country.

This marks the first time Albuquerque’s water has made it to the finals.
## Financials

### Debt moves yield big savings

Fiscal year 2015 saw the Water Authority take advantage of opportunities to refinance and restructure its debt. The restructuring, which involved the creation of subordinate liens with credit ratings as high as or one notch below the already excellent ratings for senior liens, resulted in net-present-value savings to the Water Authority of some $20.6 million. Refunding/refinancing of previously issued bonds resulted in a further net-present-value savings of about $11.9 million, according to Water Authority Chief Financial Officer Stan Allred.

"By working closely with our financing team, we’ve been able to save our ratepayers about $32 million while better aligning our debt portfolio with our policy goals and objectives," Allred said. "That’s an accomplishment the entire community can be proud of."

### Statement of net position

**June 30, 2015**

### Assets

#### Current assets
- Cash: $68,886,433
- Accounts receivable, net of allowance for uncollectible accounts: 14,678,230
- Notes receivable, current portion: 790,870
- Due from other governments: 932,227
- **Total current assets**: 85,287,760

#### Noncurrent assets
- Long-term notes receivable: 3,754,006
- Restricted assets:
  - Cash: 77,114,772
  - Post-employment life insurance benefit trust: 798,900
- **Total other noncurrent assets**: 81,667,678
- Capital assets, net of accumulated depreciation:
  - Buildings and improvements: 323,612
  - Improvements other than buildings: 1,094,473,803
  - Machinery and equipment: 9,050,760
- Net depreciable capital assets: 1,103,848,175
- Capital assets, not being depreciated:
  - Land: 25,724,125
  - Purchased water rights: 48,240,385
  - Construction work in progress: 42,578,965
- **Total capital assets**: 1,220,391,650
- **Total noncurrent assets**: 1,302,059,328
- **Total assets**: $1,387,347,088

### Deferred outflows of resources
- Deferred amounts related to pensions: $6,425,778
- Deferred amounts on refunding: 25,878,691
- **Total deferred outflows of resources**: $32,304,469

### Liabilities

#### Current liabilities
- Accounts payable: $10,500,449
- Accrued payroll: 2,129,109
- Claims payable, current portion: 563,865
- Accrued compensated absences, current portion: 2,663,822
- Deposits: 727,676
- Debt obligations, current portion:
  - Revenue bonds: 35,530,000
  - Loan agreements: 8,508,529
  - Water rights contract: 1,102,203
- Accrued interest for debt obligations: 12,568,850
- **Total current liabilities**: 74,294,503

#### Noncurrent liabilities
- Debt obligations, net of current portion:
  - Revenue bonds: 634,147,215
  - Loan agreements: 58,704,590
  - Water rights contract: 8,714,965
- **Total long-term debt obligations**: 701,566,770
- Other non-current liabilities:
  - Claims payable, net of current portion: 1,188,165
  - Net pension liability: 29,351,538
  - Post-employment life insurance benefit obligation: 415,763
  - Accrued compensated absences, net of current portion: 889,528
- **Total other noncurrent liabilities**: 31,844,994
- **Total noncurrent liabilities**: 733,411,764
- **Total liabilities**: $807,706,267

### Deferred inflows of resources
- Deferred amounts related to pensions: $11,502,989
- **Total deferred inflows of resources**: $11,502,989

### Net position
- Net investment in capital assets: $576,677,611
- Unrestricted: 23,764,690
- **Total net position**: $600,442,301
### Statement of revenues, expenses, and change in net position  
**Year ended June 30, 2015**

#### Operating Revenues

<table>
<thead>
<tr>
<th>Services</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water system</td>
<td>$126,817,517</td>
</tr>
<tr>
<td>Wastewater system</td>
<td>$64,171,110</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>$1,323,000</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td><strong>$192,311,627</strong></td>
</tr>
</tbody>
</table>

#### Operating Expenses

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>General and administrative</td>
<td>$61,106,551</td>
</tr>
<tr>
<td>Source of supply, pumping, treatment and distribution</td>
<td>$46,524,899</td>
</tr>
<tr>
<td>Non-capitalized major repair</td>
<td>$6,428,665</td>
</tr>
<tr>
<td>Depreciation</td>
<td>$83,094,979</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>$197,155,094</strong></td>
</tr>
</tbody>
</table>

**Operating loss** $4,843,467

#### Nonoperating Revenues (Expenses)

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment income</td>
<td>$44,453</td>
</tr>
<tr>
<td>Interest expense</td>
<td>$(19,856,948)</td>
</tr>
<tr>
<td>Utility expansion charges</td>
<td>$7,541,201</td>
</tr>
<tr>
<td>Debt issuances costs</td>
<td>$(2,272,566)</td>
</tr>
<tr>
<td>Lease of stored water income</td>
<td>$99,627</td>
</tr>
<tr>
<td>Other revenues</td>
<td>$2,057,372</td>
</tr>
<tr>
<td><strong>Total nonoperating revenues (expenses), net</strong></td>
<td><strong>$(12,386,488)</strong></td>
</tr>
</tbody>
</table>

**Loss before capital contributions** $17,229,955

#### Capital Contributions

<table>
<thead>
<tr>
<th>Contributions</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developer</td>
<td>$5,565,223</td>
</tr>
<tr>
<td>Other</td>
<td>$1,782,346</td>
</tr>
<tr>
<td><strong>Total capital contributions</strong></td>
<td><strong>$7,347,569</strong></td>
</tr>
</tbody>
</table>

**Change in net position** $9,882,386

### Net Position:

- Net position, beginning of year, as restated (note III.E.) $610,324,687
- Net position, end of year $600,442,301

### Statement of cash flows  
**Year ended June 30, 2015**

#### CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Activity</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash received from customers</td>
<td>$192,146,746</td>
</tr>
<tr>
<td>Cash payments to employees for services</td>
<td>$(48,584,321)</td>
</tr>
<tr>
<td>Cash payments to suppliers for goods and services</td>
<td>$(67,242,706)</td>
</tr>
<tr>
<td>Other operating income</td>
<td>$2,157,372</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td><strong>$78,477,091</strong></td>
</tr>
</tbody>
</table>

#### CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th>Activity</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition of capital assets, net</td>
<td>$(52,359,208)</td>
</tr>
<tr>
<td>Principal payments of long-term debt obligations</td>
<td>$(44,680,132)</td>
</tr>
<tr>
<td>Proceeds from revenue bonds</td>
<td>$457,560,968</td>
</tr>
<tr>
<td>Proceeds from loan agreements</td>
<td>$640,000</td>
</tr>
<tr>
<td>Defeasance of revenue bonds</td>
<td>$(314,601,391)</td>
</tr>
<tr>
<td>Defeasance of loan agreements</td>
<td>$(59,805,713)</td>
</tr>
<tr>
<td>Interest paid on debt obligations</td>
<td>$(20,914,409)</td>
</tr>
<tr>
<td>Capital grants, net</td>
<td>$3,466,475</td>
</tr>
<tr>
<td>Utility expansion charges</td>
<td>$7,760,966</td>
</tr>
<tr>
<td><strong>Net cash used for capital and related financing activities</strong></td>
<td><strong>$(25,205,010)</strong></td>
</tr>
</tbody>
</table>

#### CASH FLOWS FROM INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th>Activity</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment income</td>
<td>$44,453</td>
</tr>
</tbody>
</table>

**Net cash provided by investing activities** $44,453

**Net increase in cash** $53,316,534

<table>
<thead>
<tr>
<th>Activity</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash, beginning of year</td>
<td>$92,684,671</td>
</tr>
<tr>
<td>Cash, end of year</td>
<td>$146,001,205</td>
</tr>
</tbody>
</table>

#### Financial Statement Presentation

<table>
<thead>
<tr>
<th>Activity</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$68,886,433</td>
</tr>
<tr>
<td>Cash held for debt service</td>
<td>-</td>
</tr>
<tr>
<td>Restricted cash</td>
<td>$77,114,772</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$146,001,205</strong></td>
</tr>
</tbody>
</table>

#### Reconciliation of Operating Loss to Net Cash Provided by Operating Activities

<table>
<thead>
<tr>
<th>Activity</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating loss</td>
<td>$(4,843,467)</td>
</tr>
<tr>
<td>Adjustments to reconcile operating loss to net cash provided by operating activities:</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>$83,094,979</td>
</tr>
<tr>
<td>Other nonoperating income (expenses), net</td>
<td>$2,157,372</td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
<td></td>
</tr>
<tr>
<td>Increase (decrease) in accounts receivable</td>
<td>$(164,881)</td>
</tr>
<tr>
<td>Increase (decrease) in deposits</td>
<td>$(38,743)</td>
</tr>
<tr>
<td>Increase (decrease) in accounts payable</td>
<td>$(360,258)</td>
</tr>
<tr>
<td>Increase (decrease) in accrued payroll and employee benefits</td>
<td>$(348,507)</td>
</tr>
<tr>
<td>Increase (decrease) in compensated absences payable</td>
<td>$(1,019,408)</td>
</tr>
<tr>
<td><strong>Total adjustments</strong></td>
<td><strong>$83,320,558</strong></td>
</tr>
</tbody>
</table>

**Net cash provided by operating activities** $78,477,091

#### Disclosure on Non-Cash Transactions

<table>
<thead>
<tr>
<th>Activity</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in unrealized gains in market value of investment</td>
<td>-</td>
</tr>
<tr>
<td>Capital contributions received from private developers</td>
<td>$5,565,223</td>
</tr>
</tbody>
</table>