

FY2023 ANNUAL REPORT



Albuquerque Bernalillo County
Water Utility Authority

ALBUQUERQUE, NEW MEXICO

IS IT TIME TO GET OFF THE LAWN?

As Western states eye non-functional turf removal for Colorado River conservation, the Water Authority's voluntary xeriscape program offers lessons in success

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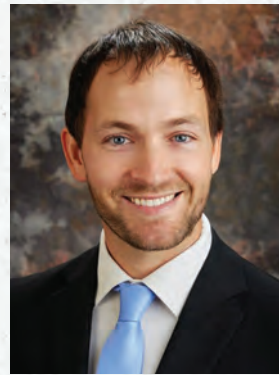
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FROM THE CHAIR



ERIC C. OLIVAS
Chair

TURF WHERE WE NEED IT

This year's annual report focuses on the Water Authority's efforts to ensure a stable water future for our community. Specifically, it shines a spotlight on the utility's xeriscape program, which in its 25-plus years has seen the removal of an estimated 12 million square feet of thirsty turf in Albuquerque and Bernalillo County. This has contributed to a reduction in daily per capita water consumption from 250+ gallons per day in the mid-1990s to about 124 today.

Replacement of turf with desert-friendly landscapes has always been a key component of Albuquerque's multidecade conservation drive, and of the Water Authority's 100-year management plan, *WATER 2120*, which was adopted in 2016. Now we've joined other Western water utilities in committing to pursue removal of 30 percent of remaining "non-functional" turf in our respective service areas over the next several years.

That does NOT mean the wholesale removal of cherished green spaces in the name of saving water. Parks, ball fields, and children's back yard play areas are great places to have grass. Parking lots, median strips and emerald-green front yards are often a different story—and their owners may be able to save water and money by voluntarily exploring xeric alternatives.

To qualify for rebates, those alternatives must include landscape plans that are rich in climate-appropriate trees, shrubs and plants. The idea isn't to just pave over a patch of grass, or replace it with gravel, or let it revert to unsightly weeds. Plants and trees aren't just pretty to look at; they create shade that reduces the "heat sink" effect—and the demand for water.

So yes—we want to "get off the lawn." Doing so will help us meet important conservation goals. But we can do it in a way that preserves the benefits that functional turf and green spaces can offer.

JOINING IN A REGIONAL EFFORT

Recognizing that a reliable water supply is critical to all economies and communities relying on the drought-stricken Colorado River, more than 30 water agencies and providers across six Western states—including the Water Authority—have committed to taking additional conservation measures to help protect the Colorado River system.

Through a memorandum of understanding delivered to the U.S. Bureau of Reclamation late in 2022, these municipal and public water providers affirmed their commitments, among other conservation steps, to pursue the replacement of non-functional, decorative-only grass by 30 percent in their respective communities—all while protecting urban landscapes and tree canopies.

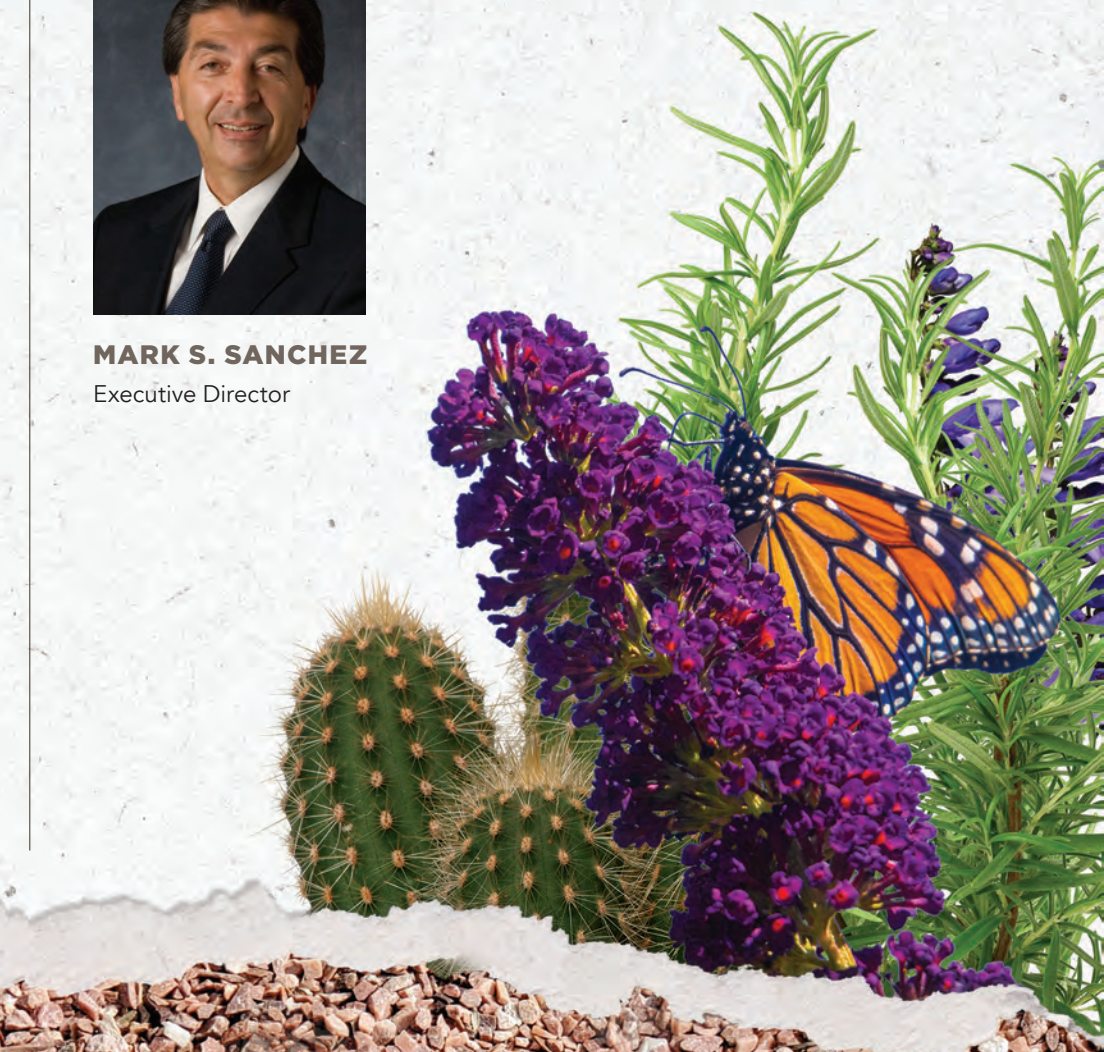
Of course, the Water Authority has already established itself and the community it serves as pioneers in the realm of turf removal and xeriscaping. Since the mid-90s, when the xeriscape rebate program began in Albuquerque, some 12 million square feet of high-water-use turf have been converted to desert-friendly landscapes (i.e., xeriscapes). The rebate program, which is entirely voluntary, pays customers two dollars for every square foot of turf that they replace with xeric plantings. The program has reduced water demand in the utility's service area by approximately 15,344 acre-feet, or almost 5 billion gallons, per year.

Participating in the multistate non-functional turf initiative builds on this success. In fact, it dovetails perfectly with our ongoing efforts, as part of our 100-year *WATER 2120* plan, to maximize conservation gains in Albuquerque and Bernalillo County. I hope you'll take a moment to read further and learn more about our efforts to encourage a beautifully landscaped—but water-efficient—community.

FROM THE CHIEF EXECUTIVE



MARK S. SANCHEZ
Executive Director



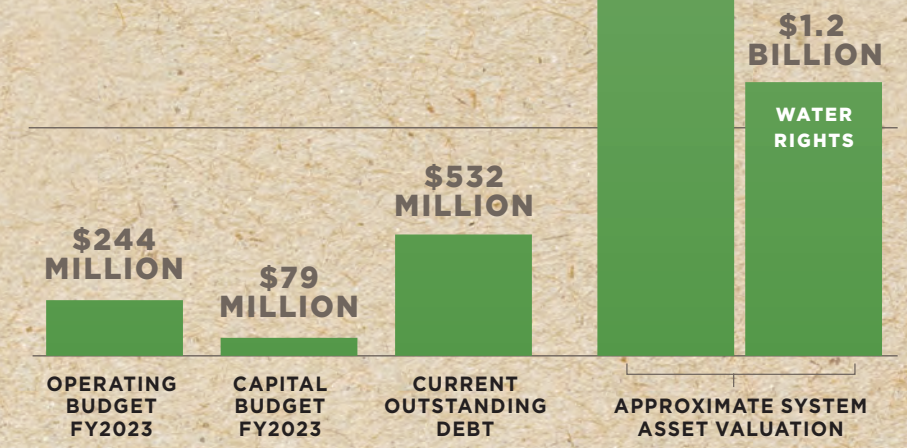
YOUR WATER AUTHORITY

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, and is accountable to a Governing Board consisting of 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. 💧

ANNUAL WATER PRODUCTION **~30 BILLION GALLONS**
(DUAL SURFACE/GROUNDWATER SYSTEM)

COMPLIANCE **100%**
(PERMIT AND EPA DRINKING WATER STANDARDS)

BOND RATINGS
S&P **AA+**
MOODY'S **Aa2**
FITCH **AA**



\$5 BILLION

SYSTEM ASSETS

\$1.2 BILLION

WATER RIGHTS

GOVERNING BOARD as of November 2023



ERIC C. OLIVAS
Chair
Bernalillo County Commission



PAT DAVIS
Albuquerque City Council



TAMMY FIEBELKORN
Vice-Chair
Albuquerque City Council



TRUDY E. JONES
Albuquerque City Council



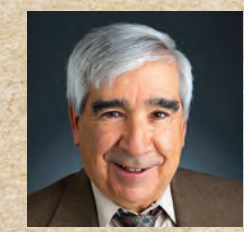
BARBARA BACA
Bernalillo County Commission



TIMOTHY M. KELLER
Mayor
City of Albuquerque



ADRIANN BARBOA
Bernalillo County Commission



GILBERT BENAVIDES
non-voting
Village of Los Ranchos

CURRENT CUSTOMER ACCOUNTS **216,856**
CURRENT EMPLOYEES (BUDGETED) **652**

SENIOR STAFF

- | | |
|---|---|
| MARK S. SANCHEZ
Executive Director | DAVID LAUGHLIN
Engineering & Planning Manager |
| STAN ALLRED
Chief Operating Officer | HENRIETTA MENDEZ
Customer Service Manager |
| MARTA ORTIZ
Chief Financial Officer | DAVID MORRIS
Public Affairs Manager |
| ELIZABETH ANDERSON
Chief Planning Officer | DANIELLE SHURYN
Regulatory Compliance Manager |
| CODY STINSON
Chief Information Officer | HOBERT "H" WARREN
Field Operations Manager |
| CHRIS MELENDREZ
General Counsel | |
| JOEL BERMAN
Plant Operations Manager | |
| ERICA JARAMILLO
Human Resources Manager | |
| MARK KELLY
Water Resources Manager | |

GET OFF THE LAWN!

A TEMPLATE FOR TURF REMOVAL



XERISCAPE PROGRAM YIELDS IMPRESSIVE RESULTS



WATER SAVINGS:
ABOUT 5 BILLION GALLONS PER YEAR

Xeriscape conversions reduce irrigation needs by about 35 percent or 65 gallons per square foot per year. Total yearly water savings attributed to the Water Authority's xeriscape rebate program: 15,344 acre-feet per year. That totals Albuquerque's annual water demand every six years.

LATE IN 2022, THE COLORADO RIVER—a critical water source for some 40 million people in the Western United States—was suffering the effects of a multiyear drought. Lake Powell and Lake Mead, the two massive reservoirs created by damming the river, were at historic lows.

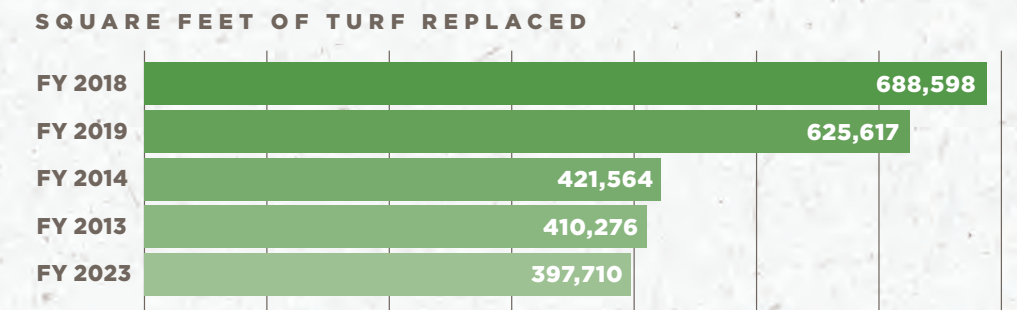
In the midst of regional wrangling over how to address the crisis, utilities from six states volunteered to step up their conservation efforts. Their memorandum of understanding—including the Water Authority as a signatory—called on participants to “implement comprehensive and innovative water conservation programs, initiatives, policies, and actions within their communities.” Chief among these initiatives: Pursuing the replacement of non-functional, decorative grass by 30 percent while protecting urban landscapes and tree canopies.

“It’s a big ask, of course,” said Water Authority Board Chair Eric C. Olivas. “But we’ve got a lot of experience in this area, and other agencies can look to our long-established xeriscape rebate program for lessons on how to get it done.” 💧



TURF REPLACED: ABOUT 12 MILLION SQUARE FEET

The Water Authority's xeriscape rebate program, and predecessor programs run by the City of Albuquerque, have seen about 12 million square feet of turf replaced over the past 25 or so years. Since 2009, the top five years for program participation were:





XERISCAPE FAVORITES

COLORFUL PLANTS, BEAUTIFUL TREES

To qualify for a xeriscape rebate, Water Authority customers must replace the turf they remove with plants and trees (at 25 percent coverage) from an approved list. The current top-five favorites of program participants are shown at right.

1



DESERT WILLOW

2



JUNIPER (female only)

3



NEW MEXICO OLIVE

4



ARIZONA ASH

5



CHASTE TREE

TREES

PLANTS



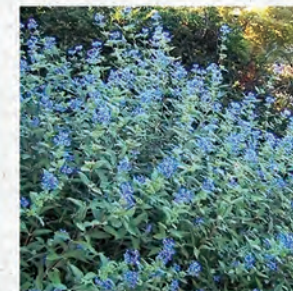
RED/YELLOW FLOWERING YUCCA



FEATHER REED GRASS



EUROPEAN GRAPE



BLUE MIST SPIREA



UPRIGHT ROSEMARY



PUBLIC OUTREACH

The Water Authority's Water Resources and Public Affairs staff have made a priority of educating customers about the benefits of desert-friendly landscapes—and the availability of generous xeriscape rebates. Marketing efforts, like the recent "Get Off the Lawn" ad campaign, have been well-received by utility customers.



PARTNERING TO SAVE A GOLF COURSE

TURF REPLACED:
1.4 MILLION SQUARE FEET

WATER SAVINGS:
350 MILLION GALLONS

XERISCAPE CASE STUDY

Desert Greens Golf Course, a private country club on Albuquerque's northwest side, had been served since its construction in 1962 by a private water utility charging artificially low, subsidized rates. When the Water Authority acquired the private utility in 2009 and began charging ordinance-based rates, the course's operating costs increased significantly. With its business model no longer tenable, Desert Greens was in danger of shutting down. Fortunately, help arrived in the form of the Water Authority's xeriscape rebate program, which Desert Greens used to finance the removal of turf from non-playable irrigated areas.

By 2021, the golf course had transformed nearly 1.4 million square feet of turf into xeric landscapes, conserved more than 350 million gallons of water, and – key to the course's survival – saved over \$2 million in water bills. The end result is an aesthetically pleasing, targeted-play course that patrons love – and which can continue to operate at a profit. 💧



FOR MORE INFORMATION, VISIT WWW.ABCWUA.ORG/CONSERVATION-REBATES-OUTDOOR/

2023 YEAR IN REVIEW



Kelsey Bicknell, an environmental scientist for the Water Authority, gives a television interview about plans to re-work the connection between the Rio Grande and the utility's wastewater treatment plant.



BOSQUE OUTFALL PROJECT MOVES FORWARD

State funding came through in 2023 for a \$4.3 million overhaul of the outfall from the Southside Water Reclamation Plant—including a new pedestrian and cycling path and habitat enhancements for fish and wildlife. The outfall, where Albuquerque's treated wastewater flows into the Rio Grande, is slated for modifications to create a floodplain-like habitat for the endangered Rio Grande Silvery Minnow. Funds from the state Legislature and the New Mexico Water Trust Board will cover about 80 percent of project costs. 💧



The outfall structure beneath El Vado Reservoir, which in 2023 was undergoing improvements that precluded water releases.

WATER SWAP AIDS FARMERS, ENDANGERED SPECIES

In July, the Water Authority agreed to swap water it held in Abiquiu Reservoir with water in Heron Reservoir owned by the Middle Rio Grande Conservancy District (MRGCD) and the U.S. Bureau of Reclamation—water temporarily trapped in Heron due to construction activity downstream. This allowed water releases by MRGCD and Reclamation to benefit irrigators as well as endangered species such as the Rio Grande Silvery Minnow.

Reclamation was unable to convey water from Heron because of rehabilitation work at El Vado Reservoir, through which water from Heron must move on its way south.

“The utility supports arrangements like this that are beneficial to everyone who relies on San Juan-Chama water in the Middle Rio Grande,” said Eric C. Olivas, chair of the Water Authority board. “We’re glad we could be part of a solution that helps farmers and the river.”

800-year cleanup timeline for Kirtland is unacceptable

ERIC C. OLIVAS
 The American Water Works Association has announced Sept. 24 as Source Water Protection Week, putting a spotlight on the need to safeguard the water that provides our drinking water. That need is especially acute in Albuquerque, where the threat posed by the Kirtland Air Force Base fuel spill is still being felt.

Changing progress at the site, which extends well beyond the base's current boundaries, has allowed us to move forward with the Air Force's 2017 decision to decommission the existing fuel vapor treatment system in the area. The agreement to allow the migration of fuel through the site is a critical component of the Water Authority's 30-year water plan, but the water and our customers must rely on these responsible for pollution to do the right thing when it comes to cleanup. We look forward to working with the Air Force and other stakeholders to ensure that the threat of the Air Force fuel spill is completely eliminated, and the water remains clean for 800 years.

During that time, the impacted groundwater will remain, as well as the fuel spill site. It is a reminder that the cleanup of the site is a long-term project that will take decades to complete.

Develop a public-facing plan with clear goals and metrics for the cleanup, including site characterization and selection of a final remedy, will be completed.

Source water protection is a critical component of the Water Authority's 30-year water plan, but the water and our customers must rely on these responsible for pollution to do the right thing when it comes to cleanup. We look forward to working with the Air Force and other stakeholders to ensure that the threat of the Air Force fuel spill is completely eliminated, and the water remains clean for 800 years.

ERIC C. OLIVAS, Chairman of the Water Authority Board

OP-ED SPOTLIGHTS KIRTLAND FUEL SPILL

In a Sept. 24 *Albuquerque Journal* guest editorial, timed to coincide with national Source Water Protection Week, Water Authority Board Chair Eric C. Olivas decried the slow pace of cleanup at the Kirtland Air Force Base bulk fuels spill site. The spill, first discovered in 1999, threatens nearby drinking water wells.

The Water Environment Federation cited the Water Authority's reliance on solar arrays like this one (at the utility's drinking water treatment plant) in its "Utility of the Future" award announcement.



ONCE AGAIN A "UTILITY OF THE FUTURE"

The Water Authority was recognized by the Water Environment Federation at its annual meeting in Chicago in October as a "Utility of the Future" for its forward-looking use of wastewater treatment byproducts for fuel; its optimization of electric power consumption; and its growing reliance on solar power. The utility also received Utility of the Future honors in 2016, 2019, and 2020.

NEW WATER WASTE REPORTING SYSTEM, AD CAMPAIGN YIELD BIG RESULTS

The Water Authority unveiled an easy-to-use system allowing citizens to report water waste via a new online interface accessible via QR code. The new system, coupled with an ad campaign urging utility customers to "Blow the Whistle on Water Waste," resulted in a 300 percent year-over-year increase in reports of water waste (defined as overflow or overspray onto public rights of way or adjacent property). First-time offenders are given a warning and offered tips on how to avoid future violations.



FINANCIALS

PLEASE NOTE that this is a summary popular report intended for general readership and as such does not contain all the information available in the utility's Annual Comprehensive Financial Report (ACFR). To view the FY 2023 ACFR, which is prepared in accordance with generally accepted accounting principles (GAAP), please visit the Water Authority's website at www.abcwua.org and click on "Finances" under "Your Water Authority."

CONDENSED STATEMENT OF NET POSITION

in thousands of dollars

The Statement of Net Position, also known as a balance sheet, is a financial statement that summarizes what the Water Authority owns and owes at the end of the fiscal year (June 30), with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator as to whether the Water Authority's financial position is improving or weakening.

LOCAL ECONOMIC OVERVIEW

The Water Authority serves some 650,000 people in Albuquerque, NM and certain unincorporated areas of Bernalillo County. Albuquerque is New Mexico's largest city and is the state's major commercial, trade, service and financial center. The city's largest employers are in the public sector: The University of New Mexico; Albuquerque Public Schools; Sandia National Laboratories; and Kirtland Air Force Base. However, the expansion of Intel's local chip manufacturing plant and the planned addition of new solar manufacturing and hydrogen production facilities should significantly boost private sector employment in coming years. 💧

	Restated				
	FY2023	FY2022	FY2021	FY2023/FY2022	FY2022/FY2021
ASSETS					
Current and other assets	\$ 200,831	\$ 270,921	\$ 199,591	\$ (70,090)	\$ 71,330
Capital assets	1,185,282	1,155,670	1,178,200	29,612	(22,530)
Total Assets	1,386,113	1,426,591	1,377,791	(40,478)	48,800
Deferred Outflow of Resources	23,684	21,993	41,059	1,691	(19,066)
LIABILITIES					
Long-term liabilities	584,118	643,497	668,782	(59,379)	(25,285)
Other liabilities	115,093	110,331	93,757	4,762	16,574
Total Liabilities	699,211	753,827	762,539	(54,616)	(8,712)
Deferred Inflow of Resources	19,704	33,716	15,152	(14,012)	18,564
NET POSITION					
Net investment in capital assets	629,850	579,356	589,168	50,495	(9,812)
Unrestricted	61,033	81,685	51,991	(20,652)	29,694
Total Net Position	\$ 690,883	\$ 661,041	\$ 641,159	\$29,843	\$ 19,882

CONDENSED STATEMENT OF CHANGES IN NET POSITION

in thousands of dollars

in thousands of dollars

TOP FIVE WATER AUTHORITY CUSTOMERS

2023



Since FY2015, the Government Finance Officers Association (GFOA) of the United States and Canada has given multiple Awards for Outstanding Achievement in Popular Annual Financial Reporting to the Albuquerque Bernalillo County Water Utility Authority (Water Authority) for its Popular Annual Financial Report. This is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal. A Certificate of Achievement is valid for a period of one year only. Staff believes the report continues to conform to the Certificate of Achievement program requirements and will submit it to the GFOA to determine its eligibility for another certificate.

	Restated				
	FY2023	FY2022	FY2021	FY2023/FY2022	FY2022/FY2021
REVENUES					
Water system	\$ 148,092	\$ 145,215	\$ 147,199	\$ 2,877	\$ (1,984)
Wastewater system	80,746	76,845	76,442	3,901	403
Miscellaneous	2,141	2,134	2,023	7	111
Non-operating revenue	17,385	12,295	14,330	5,090	(2,035)
Total Revenues	248,364	236,489	239,994	11,875	(3,505)
EXPENSES					
Operating	237,717	220,635	221,095	17,082	(460)
Non-operating	16,504	18,020	17,534	(1,516)	486
Total Expenses	254,221	238,655	238,629	15,566	26
Income (Loss) Before Capital Contributions	(5,857)	(2,165)	1,365	(3,691)	(3,531)
Capital contributions	35,699	21,270	6,337	14,429	14,935
Change in net position	29,842	19,105	7,702	10,738	11,404
Net Position, beginning of year	661,041	641,936	633,458	19,105	8,478
Net Position, end of year	\$ 690,883	\$ 661,041	\$ 641,160	\$ 29,843	\$ 19,882

	WATER REVENUE	% OF TOTAL REVENUE	CONSUMPTION
1. City of Albuquerque	\$8,620,281	5.82%	2,382,724
2. Albuquerque Public Schools	2,687,122	1.81%	505,590
3. University of New Mexico	1,320,690	0.89%	254,212
4. Bernalillo County	681,322	0.46%	174,200
5. Kirtland Air Force Base	653,564	0.44%	119,093
Total	\$13,962,979	9.42%	3,435,819
Total Water System Revenue	\$148,092,311		

EXPLANATION OF TERMS
Current Assets are cash and items expected to be converted into cash within one year. **Other Assets** are accounts, notes and leases receivable, prepaid items, and due from other governments. **Capital Assets** include land, treatment plants, facilities, pipelines, buildings and equipment, net of depreciation. **Deferred Outflows of Resources** includes the use of resources that will be applied to future accounting periods, including deferred employer pension and OPEB (other post-employment benefits) contributions. **Long-term Liabilities** are debt or other obligations that are due more than 12 months in the future. **Other Liabilities** includes accounts and claims payable, accrued payroll, accrued compensated absences, deposits and lease liabilities. **Deferred Inflows of Resources** are the purchase of resources that will be applied to future accounting periods, including pension and OPEB. **Net Investment in Capital Assets** are amounts invested in capital assets less accumulated depreciation. **Unrestricted Net Position** is the amount of total assets and total liabilities, not included in the net investment on capital assets.



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY | NEW MEXICO

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