WATER REUSE

THE WAVE OF THE FUTURE

ALBUQUERQUE BERNALILLO COUNTY
WATER UTILITY AUTHORITY
NEW MEXICO

FY 2022 ANNUAL REPORT
with financial summary for
the fiscal year ending June 30, 2022

CONTENTS

The Government Finance Officers Association (GFOA) of the United States and Canada has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the Albuquerque Bernalillo County Water Utility Authority (Water Authority) for its Popular Annual Financial Report for the fiscal year ended June 30, 2021. 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. This was the Water Authority's firth year receiving this award. 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.

FROM THE CHAIR

WATER REUSED IS WATER SAVED

This year's annual report focuses on the Water Authority's efforts to ensure a stable water future for our community. Specifically, it spotlights water reuse, which is an integral component of the utility's 100-year water plan, dubbed *WATER 2120*.

The plan builds on the community's past successes to chart a path forward. Those successes are reflected in the historic rebound of the aquifer beneath Albuquerque and our community's reduction—by half—of per capita water use since 1994. Continued improvements in conservation and water storage are at the heart of the plan—along with a commitment to significant expansion of our reuse infrastructure and capacity.

The Water Authority's current and planned reuse projects are for non-potable applications only—for use on landscapes, parks, golf courses and open spaces. Using non-potable, recycled water in places like this allows us to conserve drinking water for its most important purpose: drinking.

Every drop of water reused is a drop of drinking water saved. Given the probability of climate change, aridification and frequent drought, the importance of optimizing our available water supply cannot be overstated. The more water we save now, the more we'll have for future generations of Albuquerqueans.

KLARISSA J. PEÑA Chair

FROM THE CHIEF EXECUTIVE

REUSE: PART OF A LARGER STRATEGY

Adoption of *WATER 2120* – the Water Authority's long-term water planning strategy – was a landmark accomplishment for the Water Authority in 2016. This dynamic plan remains the centerpiece of our efforts to ensure a resilient long-term water supply for Albuquerque and Bernalillo County.

WATER 2120, by focusing on the responsible and optimal use of existing supplies, builds upon the success of earlier strategies. It continues to emphasize conservation and the wise management of the regional underground aquifer while exploring innovative (and cost-effective) supply alternatives. Perhaps the most important of these is water reuse.

Expansion of our reuse capacity will require investment in new infrastructure. We are fortunate to have received financial support from the New Mexico Environment Department and, via Bernalillo County, from the federal government's ARPA program. What reuse does not require is the acquisition of additional agricultural water rights, or the costly importation of water from other jurisdictions. It takes the water we already have and allows us to use it twice.

I hope you'll take a few moments to look through this annual report and learn more about our plans to expand reuse in Albuquerque and Bernalillo County. It truly is the wave of the future.

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.

OPERATING BUDGET
FY2023
$243.8 million

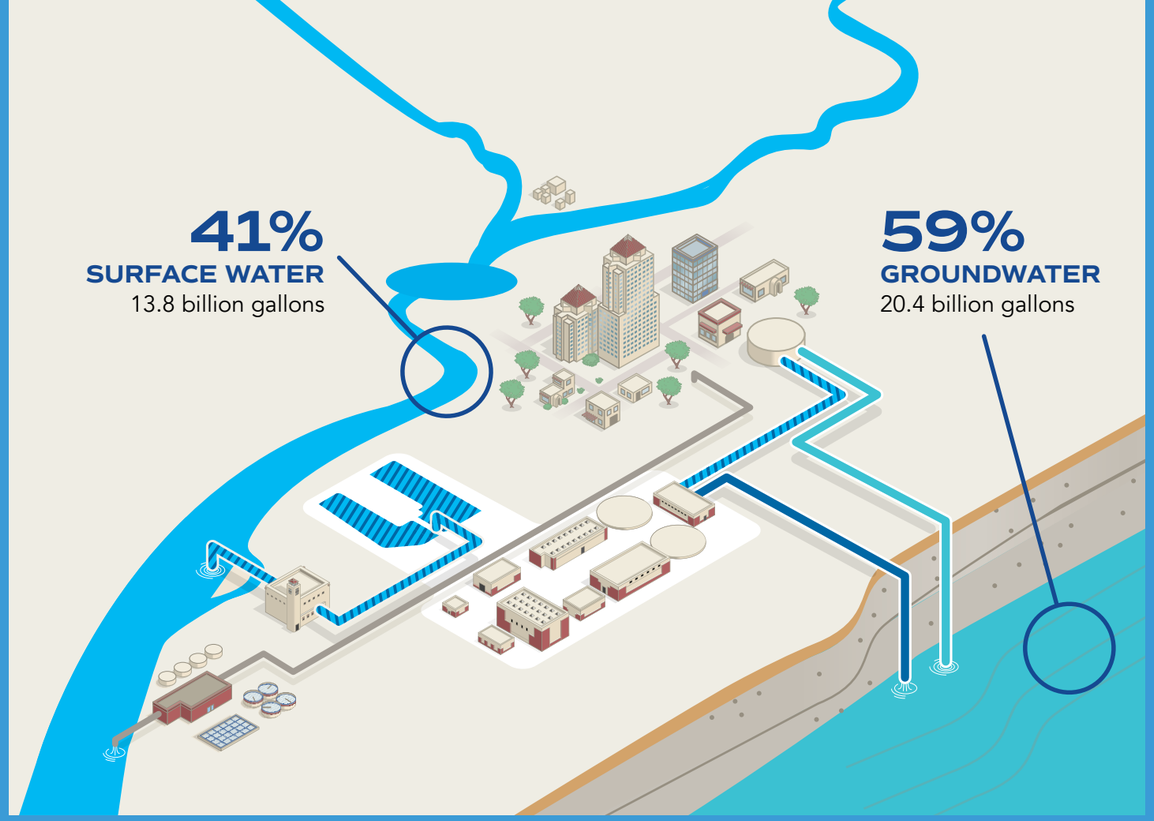
CAPITAL BUDGET
FY2023
$79.2 million

CURRENT OUTSTANDING DEBT
$595.5 million

BOND RATINGS

S&P AA+ | MOODY'S Aa2 | FITCH AA

LEFT *A clarifier tank at the Water Authority's Southside Water Reclamation Plant, which in the past decade has undergone extensive renovations under the utility's Capital Improvement Plan.*



ANNUAL WATER PRODUCTION AND DISCHARGE TO THE RIO GRANDE

2022 Calendar Year (projected)

TOTAL WATER PRODUCTION
34.2 billion gallons

TOTAL DISCHARGE
17.5 billion gallons

APPROXIMATE DAILY DISCHARGE
48 million gallons

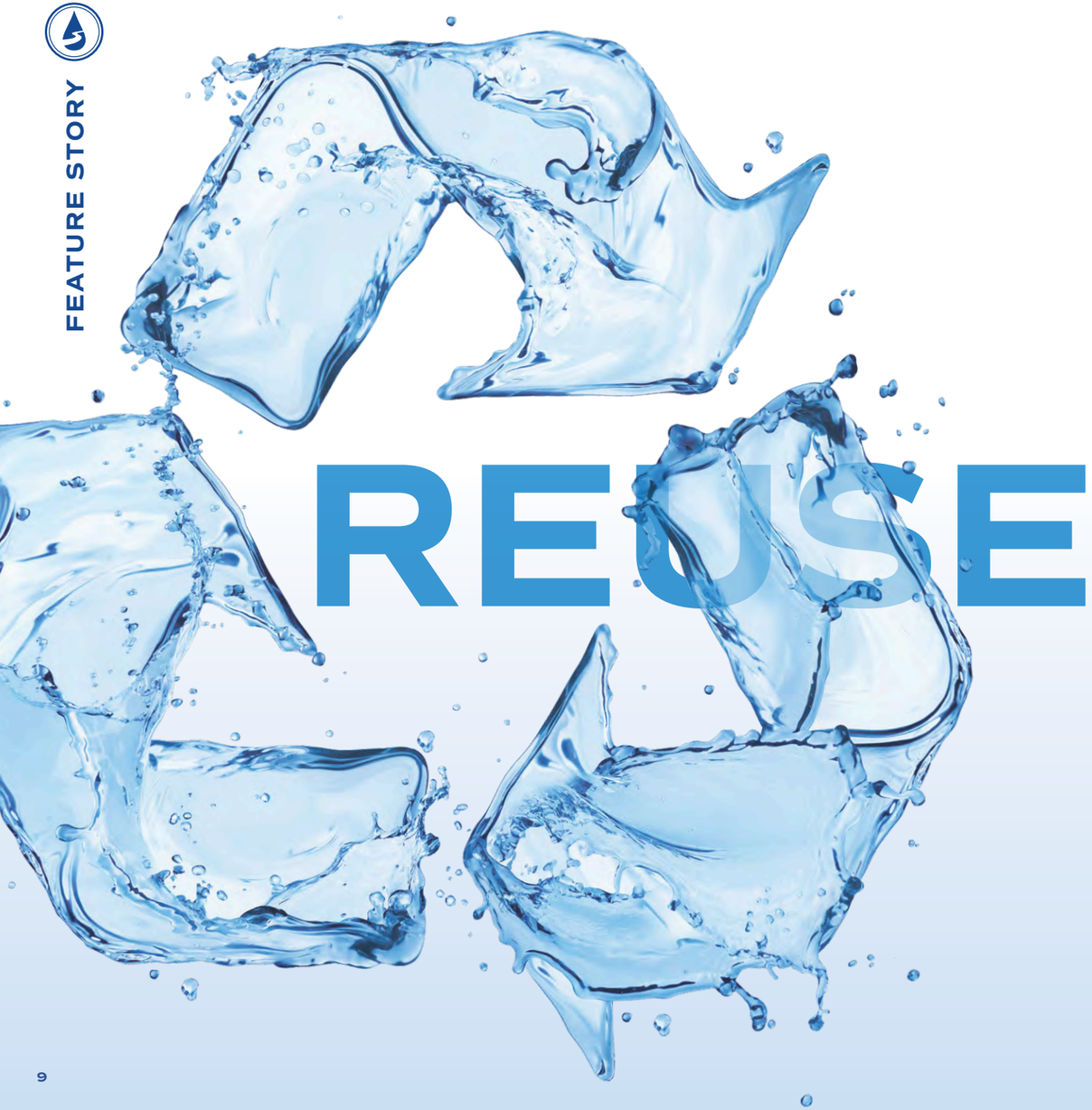
GOVERNING BOARD

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 designee. Also serving is a non-voting member from the Village of Los Ranchos. Board members as of December 2022:

KLARISSA PEÑA *Chair,* Albuquerque City Council
DEBBIE O'MALLEY *Vice-Chair,* Bernalillo County Commission
TAMMY FIEBELKORN Albuquerque City Council
TRUDY E. JONES Albuquerque City Council
TIMOTHY M. KELLER Mayor, City of Albuquerque
CHARLENE E. PYSKOTY Bernalillo County Commission
STEVEN MICHAEL QUEZADA Bernalillo County Commission
GILBERT BENAVIDES *ex officio, non-voting,* Village of Los Ranchos

SENIOR STAFF

MARK S. SANCHEZ Executive Director
STAN ALLRED Chief Officer for Finance and Operations
ELIZABETH ANDERSON, P.E. Chief Planning Officer
CHARLES W. KOLBERG General Counsel
ADRIENNE CANDELARIA Customer Service
ERICA JARAMILLO Human Resources
MARK KELLY Water Resources
CHARLES LEDER Plant Operations
DAVID MORRIS Communications
DANIELLE SHURYN Regulatory Compliance
CODY STINSON Information Technology
HOBERT "H" WARREN Field Operations



REUSE: THE WAVE OF THE FUTURE

Expansion of water recycling infrastructure is an integral component of the Water Authority's long-term plans for resiliency and sustainability

Reusing water isn't a new idea. Evidence suggests that the Greeks used wastewater for agricultural irrigation as far back as 3,000 BC. But new technology is bringing reuse into the 21st Century—and placing it at the heart of plans to ensure a long-term water supply for Albuquerque and Bernalillo County.

Southeast Albuquerque was the first area to receive reclaimed wastewater for irrigation, with a reuse system that came online in 2012. The newest customer is Albuquerque's Sunport, which is now using reclaimed water for about 80 percent of all its outdoor irrigation. At a press conference in June, Mayor Keller and Water Authority Board Chairperson and City Councilor Klarissa Peña announced the completion of the project, which will save about four million gallons of drinking water per month.

NEW EQUIPMENT REQUIRED
New pumps like this one allowed expansion of the reuse system in 2022 to include landscaped areas at Albuquerque's International Sunport.

The Uptown area is next in line, with planning now underway for extension of reuse service to the new Winrock retail center and the 374,000-gallon manmade lake that will be its centerpiece attraction. Signage and interactive displays, developed by the Water Authority in partnership with the children's museum *Explora!*, will provide public education on water reuse. Area parks and Los Altos Golf Course will also be linked to the expanded reuse system.

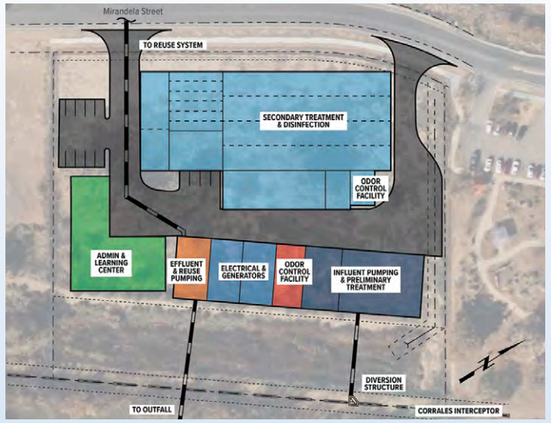
Waiting in the wings is a new wastewater treatment plant to be located next to the Bosque School just south of Montaño near Coors Boulevard. This facility will divert up to seven million gallons of wastewater daily from the Westside Interceptor and treat it for use on parks and golf courses on Albuquerque's west side, which is not currently served by a reuse system. Excess

UPTOWN EXPANSION
Reuse pipelines will soon reach the Uptown area, serving the new Winrock retail center (artist's conception here) and Los Altos Golf Course.

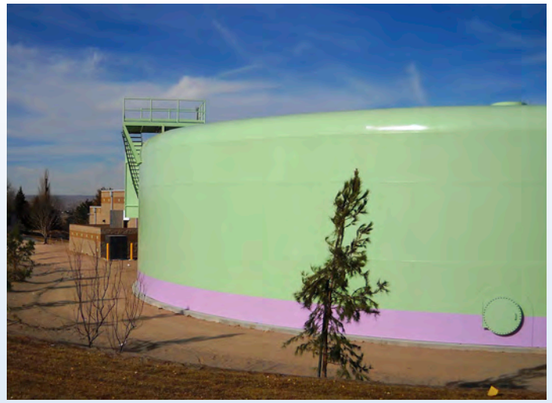
water, treated to regulatory standards, will be discharged to the river just like at the Southside Water Reclamation Plant. There's also potential for an Aquifer Storage and Recovery (ASR) facility to be included with the project.

"We were very grateful to receive a $285,000 grant from the New Mexico Environment Department in late 2022 to help pay for this project, which is expected to cost about $120 million to complete," said Peña. Also contributing to the project is Bernalillo County, which transferred $2.8 million in federal American Rescue Plan Act (ARPA) funding to help with planning and construction costs.

"Sharing of these funds is a great example of interagency cooperation," she said. "And the West Side Reuse money is just a small portion of the $54 million in ARPA funds that the County set aside to help with Water Authority infrastructure projects."



BOSQUE/WEST SIDE WATER RECLAMATION PLANT
Expansion of the municipal reuse system to Albuquerque's West Side will require construction of a new satellite reclamation plant (site plan and artist's conception shown above) near the Bosque School at Coors and Montaño.



IN THE PINK

Pink or purple paint and markings, as on the pipes and reservoir pictured above, indicate that equipment is processing or storing non-potable reuse water, not drinking water.

Another of those projects on tap, but still awaiting funding: a new, $30 million pipeline to link the Water Authority's existing East Side non-potable water systems, allowing greater and more flexible use of reclaimed water east of the Rio Grande. Like the Bosque plant, the pipeline is an important element of the reuse expansion envisioned in *WATER 2120* and will preserve more drinking water for non-irrigation purposes.

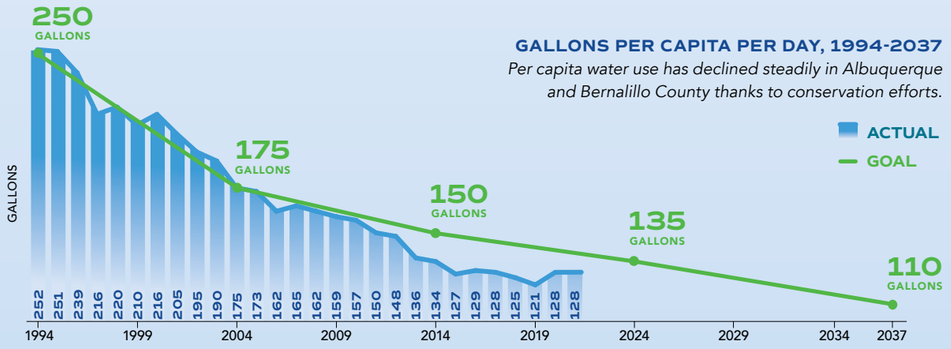
Peña said these projects will prepare the utility to keep up with future drought, climate change, and population growth in the Albuquerque area.

"All of our reclaimed water projects are a critical component of *WATER 2120*," she said. "This plan charts our path forward to secure water resources for the next 100 years. Reusing wastewater allows us to fully utilize our existing water rights, making the best use of the water resources we already have available to us, while preserving groundwater for generations to come."

REUSE: JUST ONE PART OF THE PLAN

Water reuse is a key component of the Water Authority's long-term resource management strategy, called *WATER 2120*. Other key elements:

- **Conservation.** Over the past 20+ years, overall demand for water has dropped significantly even while population has increased. Building on this success is a foundational element of the *WATER 2120* plan. It calls for a reduction in per capita daily use from 130 gallons today to 120 gallons over 20 years. Per capita daily usage was at 252 gallons in the mid-1990s.
- **New storage capacity.** An expanded reuse system and the addition of storm-water resources will require new places to keep this water before use (e.g., reservoirs and underground storage).
- **Groundwater management and preservation.** Groundwater levels in the aquifer have risen in response to conservation and the use of surface water from the San Juan-Chama Drinking Water Project. *WATER 2120* establishes a management level for groundwater supplies and policies for maintaining the aquifer as a long-term resource for the community.
- **Environmental and cultural responsibility.** The plan calls for no additional acquisition of pre-1907 water rights, leaving more water available for agriculture. It also emphasizes the management and preservation of the environmentally sensitive watersheds where the community's surface-water supply originates.



GALLONS PER CAPITA PER DAY, 1994-2037

Per capita water use has declined steadily in Albuquerque and Bernalillo County thanks to conservation efforts.

YEAR IN REVIEW 2022

RIO GRANDE RUNS DRY IN ALBUQUERQUE

Largely as a consequence of a multi-year drought, the Albuquerque stretch of the Rio Grande ran temporarily dry in August of 2022. Although not unprecedented, the occurrence was the first of its kind in 40 years. While loss of water to the riparian ecosystem had a severe impact on local plant and animal life, the Water Authority's ability to serve its customers was not affected.

"During periods of low flow, the Water Authority cannot divert surface water from the Rio Grande," explained utility board Chair Klarissa Peña. "Fortunately, we can rely on groundwater reserves to meet demand when this happens."

LEFT *The Albuquerque stretch of the Rio Grande, dry for the first time in 40 years.*

LEFT *A tanker from the Water Authority helped meet drinking water needs in San Miguel county during the Hermit's Peak/Calf Canyon fire.*

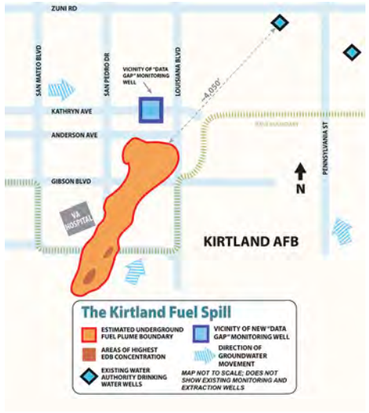
BIGGEST WILDFIRE PROMPTS RESPONSE FROM UTILITY

When the Hermit's Peak/Calf Canyon fire laid waste to tens of thousands of acres in northern New Mexico in the summer of 2022, the Water Authority played its part in recovery efforts for communities impacted by the blaze.

In early June, the utility dispatched a 6,500-gallon water tanker to the community of Sapello because many residents did not have electricity to operate their wells, or their equipment had been damaged by the fire. The utility responded to another request in July, delivering a tanker to Rociada.

The worst wildfire in New Mexico history, the Hermit's Peak/Calf Canyon Blaze destroyed several hundred structures and nearly 350,000 acres of the Santa Fe and Carson National Forest.

DRILL TO FILL THE INFORMATION GAP



ABOVE *Map showing extent of the Kirtland underground fuel spill and location of the new data gap monitoring well.*

With $750,000 in state funding, the Water Authority drilled its own monitoring well in southeast Albuquerque in early 2022 to better track the spread of the decades-old Kirtland Air Force Base (KAFB) jet fuel spill.

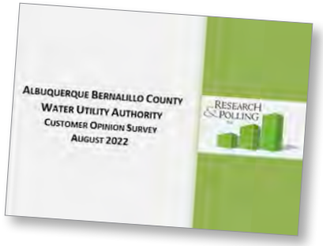
"This new well will help us have a greater understanding of where the plume is and where it may be headed," said Diane Agnew, the utility's water rights program manager. "The existing network of Air Force wells leaves gaps in our knowledge of where the plume is moving."

Klarissa Peña, chair of the Water Authority's governing board, said the new well will help safeguard Albuquerque's drinking water supply.

"This new monitoring location will be critical for ensuring that drinking water wells north of Kirtland remain free of contamination," Peña said. "No Water Authority wells have been affected by the spill, and we hope to keep it that way."

WATER AUTHORITY EARNS HIGH MARKS IN CUSTOMER SURVEY

Respondents to the Water Authority's 2022 customer survey had an overall positive view of the utility and the quality of the services—and water—that it provides. The vast majority (97%) of residential customers said they are either very satisfied (62%) or somewhat satisfied (35%) with Water Authority services, and approximately four in five said they are either very satisfied (49%) or somewhat satisfied (32%) with water quality (where quality refers to the safety and purity of the drinking water). Furthermore, 88% of customers agreed that water and sewer services in Albuquerque and Bernalillo County are a "good value" for the money they pay.



Local pollster Brian Sanderoff, whose company conducted the scientific survey, reported the results to the utility's governing board in September.

WEST SIDE SEWER EMERGENCY

A July 10 collapse of the Westside Sewer Interceptor near 64th Street ignited an "all hands on deck" emergency response as area residents were asked to curtail water use to relieve strain on the damaged system.

Chief Engineer Dave Laughlin, who coordinated repair efforts with Water Authority crews and contractors, said teams worked around the clock for close to three days to get a temporary bypass system in place.

"This effort was absolutely critical in stabilizing this situation as quickly as we did," said Laughlin.

ABOVE *Excavation and bypass pumping operations in the wake of July's West Side Sewer Interceptor collapse.*

FINANCIALS

ECONOMIC CONTEXT

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, transportation and financial center. The local economy, like New Mexico's as a whole, reflects statewide issues with unemployment. According to researchers at IBISWorld,

> *Employment in New Mexico has grown at an annualized rate of 1.6% over the five years to 2022, underperforming the national average of 3.7%. Major sectors by employment in New Mexico include Healthcare and Social Assistance, Retail Trade and Accommodation and Food Services, which employed 139,450, 108,951 and 93,064 people in 2022, respectively. New Mexico's unemployment rate is 4.8% in 2022, which ranks it 46th out of 50 states.*

Fortunately, large local employers in Albuquerque (e.g., the University of New Mexico; Albuquerque Public Schools; Sandia National Laboratories; Kirtland Air Force Base) and such private employers as Intel, Presbyterian Health Care, and Public Service Company of New Mexico (PNM) avoided large-scale layoffs during the recent pandemic. The Water Authority itself, meanwhile, has maintained normal service and staffing levels.

CURRENT CUSTOMER ACCOUNTS

FY2022

216,637

CURRENT EMPLOYEES

(budgeted)

640

TOTAL WATER SYSTEM REVENUE

FY2022

$145,215,374

CONDENSED STATEMENT OF NET POSITION

in thousands of dollars

	FY2022	FY2021	FY2020	FY2022/ FY2021	FY2021/ FY2020
ASSETS					
Current and other assets	$ 270,922	$ 199,591	$ 276,696	$ 71,331	$ (77,105)
Capital assets	1,153,636	1,178,200	1,175,400	(24,564)	2,800
Total Assets	**1,424,558**	**1,377,791**	**1,452,096**	**46,767**	**(74,305)**
Deferred outflow of resources	**21,993**	**41,059**	**25,549**	**(19,066)**	**15,510**
LIABILITIES					
Long-term liabilities	642,921	668,782	718,827	(25,861)	(50,045)
Other liabilities	109,650	93,757	107,680	15,893	(13,923)
Total liabilities	**752,571**	**762,539**	**826,507**	**(9,968)**	**(63,968)**
Deferred inflow of resources	**33,716**	**15,152**	**17,680**	**18,564**	**(2,528)**
NET POSITION					
Net investment in capital assets	578,779	589,168	594,404	(10,389)	(5,236)
Unrestricted	81,485	51,991	39,054	29,494	12,937
Total Net Position	**$ 660,264**	**$ 641,159**	**$ 633,458**	**$ 19,105**	**$ 7,701**

TOP 10 WATER AUTHORITY CUSTOMERS

(Water Revenue), FY2021

		Water revenue	Percent of total revenue	Consumption (in thousands of gallons)
1	City of Albuquerque	$8,652,685	5.96%	2,680,909
2	Albuquerque Public Schools	2,850,179	1.96%	554,451
3	University of New Mexico	1,367,733	0.94%	303,565
4	Kirtland Air Force Base	661,475	0.46%	135,938
5	Bernalillo County	633,197	0.44%	164,743
6	Sumitomo	299,841	0.21%	123,605
7	Central NM Community College	282,441	0.19%	60,242
8	Water Authority	269,330	0.19%	42,114
9	Lovelace Health	266,959	0.18%	81,082
10	Albuquerque Academy	213,690	0.15%	93,628
	Total	**$15,497,530**	**10.68%**	**4,240,277**

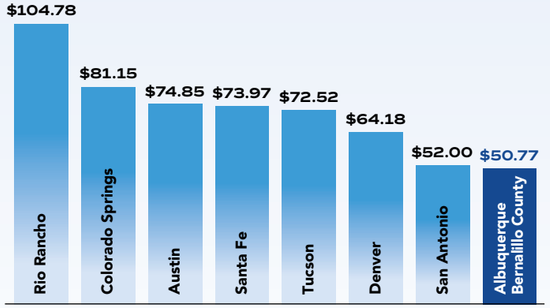
CONDENSED STATEMENT OF CHANGES IN NET POSITION

in thousands of dollars

	FY2022	FY2021	FY2020	FY2022/ FY2021	FY2021/ FY2020
REVENUES					
Water system	$ 145,215	$ 147,199	$ 147,245	$ (1,984)	$ (46)
Wastewater system	76,845	76,442	76,231	403	211
Miscellaneous	2,134	2,023	2,133	111	(110)
Non-operating revenue	12,295	14,330	13,431	(2,035)	899
Total Revenues	**236,489**	**239,994**	**239,040**	**(3,505)**	**954**
EXPENSES					
Operating	220,635	221,095	225,733	(460)	(4,638)
Non-operating	18,020	17,534	20,507	486	(2,973)
Total Expenses	**238,655**	**238,629**	**246,240**	**26**	**(7,611)**
Income (loss) before capital contributions	(2,165)	1,364	(7,200)	(3,528)	8,564
Capital contributions	21,270	6,337	6,441	14,932	(104)
Change in net position	19,105	7,701	(759)	11,404	8,460
Net position, beginning of year	**641,159**	**633,458**	**634,217**	**7,701**	**(759)**
Net position, end of year	**$ 660,264**	**$ 641,159**	**$ 633,458**	**$ 19,105**	**$ 7,701**

HOW OUR RATES COMPARE

Combined summertime water and sewer bill, not including trash pickup, for the average residential customer (8 units consumed, with a 6-unit average winter consumption). *Source: Stantec 2022*



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 Comprehensive Annual Financial Report (CAFR). To view the FY 2022 CAFR, 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."*

WWW.ABCWUA.ORG

MAILING ADDRESS
Post Office Box 568
Albuquerque, NM 87103

ADMINISTRATIVE OFFICE
City/County Government Center
One Civic Plaza NW
Albuquerque, NM 87102

CUSTOMER SERVICE CENTER
1441 Mission Avenue NE
Albuquerque, NM 87113
505-842-WATR (9287)

WATER AUTHORITY