

WORKING THROUGH IT

A UTILITY OF THE FUTURE
RESPONDS TO THE PANDEMIC



ALBUQUERQUE BERNALILLO COUNTY
WATER UTILITY AUTHORITY | NEW MEXICO

FY2020 ANNUAL REPORT

WITH FINANCIAL SUMMARY FOR THE FISCAL YEAR ENDING JUNE 30, 2020

CONTENTS

- 3** LETTER
From the Chair
- 6** LETTER
From the Chief Executive
- 7** YOUR WATER
AUTHORITY
- 9** FEATURE STORY
Working Through It:
The Projects and People
Moving Forward in the
Pandemic Year of 2020
- 13** YEAR IN REVIEW
2020
- 15** FINANCIALS
Rates to Hold Steady
in 2021



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, 2019. 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 fifth 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



DEDICATION MAKES THE DIFFERENCE

2020 has been the year of the pandemic, and COVID-19 has had a stunning effect on our economy, our families, our community, and our collective psyche. The fear engendered by the coronavirus outbreak was nowhere more evident than in early public reactions, which included a run on bottled water at local grocery stores. The water shelves, for a while at least, were as bare as those for hand sanitizer, bleach, and toilet paper.

The threat from COVID-19 is real, but the need to hoard bottled water is not. The pandemic has affected neither the quality nor the availability of the municipal drinking water supply for Albuquerque and Bernalillo County. And our personnel—deemed in federal guidelines to be essential workers comparable to healthcare professionals and first responders—have remained on the job throughout the pandemic, keeping our community's water and sewer infrastructure fully operational. Not only that, they have worked to help surrounding Native American communities whose water supplies became tenuous during the pandemic.

Doing all this has required Water Authority employees to adapt on the fly to changing conditions. Shifts and schedules have been rearranged, procedures have been altered, travel plans canceled, contingency plans implemented—all in the name of safety, and keeping the utility running smoothly for the people who rely on it.

Its uninterrupted operation is a testament to the dedication of our employees. To them I proudly offer thanks on behalf of the constituents I represent as the Chair of the Water Authority's governing board.

KLARISSA PEÑA
Chair





FROM THE CHIEF EXECUTIVE

STILL WORKING, STILL A UTILITY OF THE FUTURE



The Water Authority has not just held steady during the pandemic year of 2020—it has progressed. More than \$20 million in infrastructure rehabilitation projects got under way in this year alone, and a long-term effort to improve odor control at our Southside Water Reclamation Plant came to fruition with the installation of \$15 million in new equipment and technology. Meanwhile, our five-year, \$1 million partnership with the Rio Grande Water Fund continued to support watershed management and fire prevention efforts in northern New Mexico, resulting in the utility's designation, for the third time, as a *Utility of the Future Today*.

The award, granted annually by a coalition of advocacy groups and the U.S. Environmental Protection Agency, cited the Water Authority's "transformational work" in the realm of watershed stewardship.

In selecting the Water Authority, the coalition—which includes the National Association of Clean Water Agencies (NACWA), the Water Environment Federation (WEF), the Water Environment & Reuse Foundation (WE&RF), and WateReuse, with input from the U.S. Environmental Protection Agency (EPA)—also noted the utility's commitment to community partnership and engagement, and energy efficiency and "green" power generation.

We owe it to the ratepayers of our community to deliver in all these areas, regardless of the pandemic, and remain committed to doing so. Our employees, some of whom are featured in this year's annual report, have kept our utility running smoothly in 2020 and are emblematic of that commitment.

MARK S. SANCHEZ
Executive Director

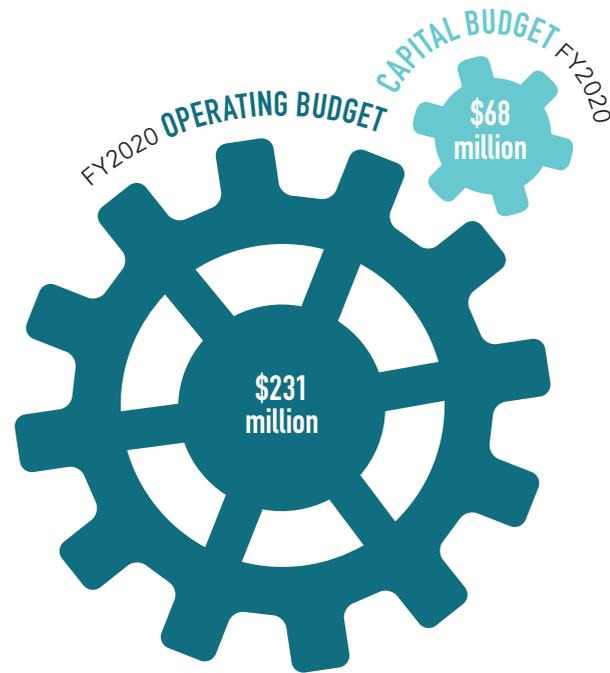


YOUR WATER AUTHORITY

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.

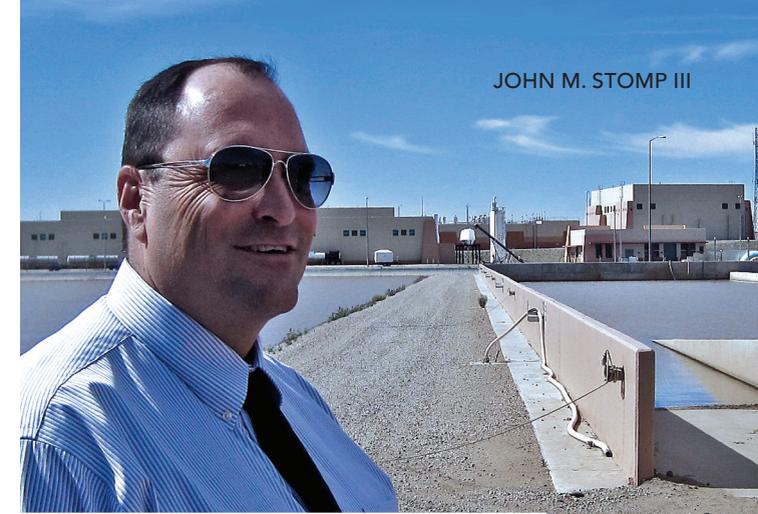
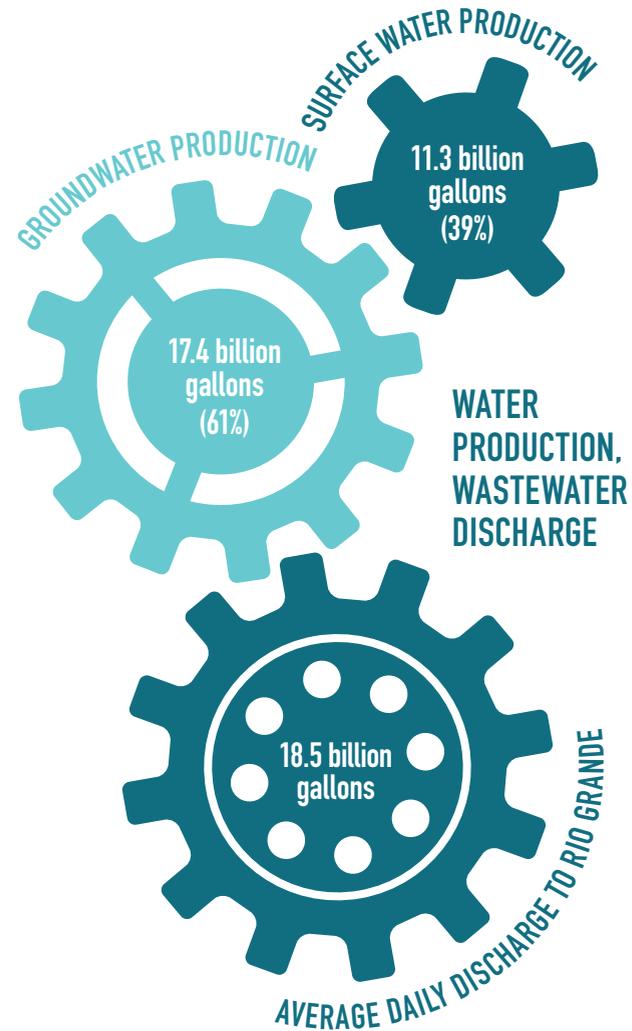
Current Customer Accounts	Current Employees (budgeted)
214,606	635



Approximate System Asset Valuation
\$5 billion + \$1.2 billion in water rights

Current Outstanding Debt
\$631 million

Bond Ratings
S&P: **AAA**
Moody's: **Aa2**
Fitch: **AA**



JOHN M. STOMP III

DRIVING FORCE BEHIND DRINKING WATER PROJECT ANNOUNCES RETIREMENT

Since 2010, John Stomp's name has appeared next to the title of chief operating officer in the Water Authority's annual report. But after more than a decade in the job, he's announced that he will retire at the end of 2020.

Stomp, who served as Water Resources, Engineering & Planning Manager before taking over as COO, points to the utility's \$450 million San Juan-Chama Drinking Water Project as the initiative that defined his 24-year career in public service.

"It was an immense political, legal and engineering challenge," he said. "The planning checklist alone was 50 pages long, and each page had about 50 items on it. And something could go wrong with each of them."

The project added renewable surface water to the municipal supply for the first time, and it has succeeded as planned in reversing a decades-long decline in local groundwater levels.

Mark Sanchez, the Water Authority's Executive Director, said the community owes a debt of gratitude to Stomp for his role in shepherding the project through a 16-year process of planning, public acceptance, regulatory approval, and construction.

"This was one of the largest public works endeavors in New Mexico history, and John was our project manager," he said. "His success in bringing San Juan-Chama online is a testament to his drive, his dedication, and his skill as a manager and an engineer. His talents will be greatly missed at the Water Authority."

GOVERNING BOARD

as of December 2020 (L to R):

- KLARISSA PEÑA** Chair
Albuquerque City Council
- DEBBIE O'MALLEY** Vice-Chair
Bernalillo County Commission
- TIMOTHY M. KELLER**
Mayor, City of Albuquerque
- PAT DAVIS**
Albuquerque City Council
- TRUDY E. JONES**
Albuquerque City Council
- CHARLENE E. PYSKOTY**
Bernalillo County Commission
- STEVEN MICHAEL QUEZADA**
Bernalillo County Commission
- PABLO R. RAEL** *ex officio*
Village of Los Ranchos



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.

SENIOR STAFF

- MARK S. SANCHEZ** Executive Director
- JOHN M. STOMP III** Chief Operating Officer (outgoing)
- STAN ALLRED** Chief Financial Officer
- ELIZABETH ANDERSON** Chief Planning Officer
- PETER S. AUH** General Counsel
- ADRIENNE CANDELARIA** Customer Service
- ERICA JARAMILLO** Human Resources
- MARK KELLY** Water Resources
- CHARLES LEDER** Plant Operations
- DAVID MORRIS** Communications
- ANDRES SANTIAGO** Risk Manager
- DANIELLE SHURYN** Regulatory Compliance
- CODY STINSON** Information Technology
- HOBERT "H" WARREN** Field Operations

WORKING THROUGH IT

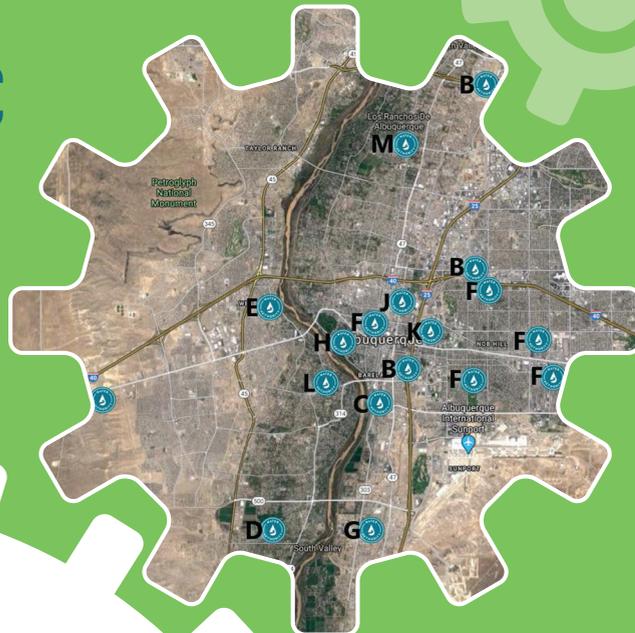
PROJECTS, PERSONNEL UNFAZED BY 2020 PANDEMIC

Although some businesses were forced to curtail operations during the COVID-19 outbreak of 2020, the Water Authority was able to sustain its daily operations, assist outlying Native American communities with drinking water shipments and forge ahead with some \$40 million in infrastructure improvement projects.

REHAB WORK REMAINS ON TRACK

By June, about \$25 million dollars' worth of planned construction on water and sewer lines and equipment was already underway or slated to begin soon along streets in Albuquerque and Bernalillo County. Water line replacement and sewer interceptor rehabilitation made up the bulk of the work, representing 13 separate projects around the metro area (see map).

"We thank the workers who are making these vital infrastructure projects possible even as we continue as a community to deal with the coronavirus pandemic," said Albuquerque City Councilor Klarissa Peña, who serves as Chair of the Water Authority Board. "We expect this construction work will provide some much-needed stimulus for the local economy."



The locations of major water and sewer projects underway in the spring and summer of 2020.



Odor-control dome installation

ODOR CONTROL PROJECT COMPLETED

In late spring, at the Water Authority's Southside Water Reclamation Plant, contractors were putting the finishing touches on \$15 million in odor-control upgrades.

"From an odor control standpoint, the new measures bring this 60-year-old plant up to 21st century standards," said District 2 County Commissioner Steven Michael Quezada, who serves on the Water Authority's governing board. "Achieving this has been a primary goal of mine as a member not only of the Water Authority board, but of the South Valley community."

This project was just one element of a 10-year, \$250 million plant overhaul that is now more than halfway complete. Klarissa Peña, Water Authority Chair and Albuquerque City Councilor, said "modernizing the reclamation plant reflects the Water Authority's commitment to being a good neighbor and a responsible environmental steward."

AID FOR NATIVE AMERICAN COMMUNITIES

When outlying Native American communities experienced shortages of drinking water related to the COVID-19 pandemic in 2020, the Water Authority responded. Between April and July, the utility dispatched more than a dozen tankers to aid distressed localities near Gallup in western New Mexico; Torreon, southwest of Cuba; Whitehorse, southeast of the Chaco Culture National Historical Park; Chichiltah, southwest of Gallup; Cebolita, west of Acoma Pueblo; and To'Hajiilee, just west of Albuquerque.

Bernalillo County Commissioner Debbie O'Malley, who serves as Vice-Chair of the Water Authority's governing board and represents To'Hajiilee on the County Commission, said she was glad the utility could step in.

"Part of being a good neighbor is providing assistance when possible, and in these cases we had the personnel, equipment, and resources necessary for a quick response," she said. "Of course we were happy to help, and I want to thank the utility staff for their work in making it happen."

In May, Water Authority employee Derek Griego fills a tanker bound for the Navajo community of Torreon.



STAFF SOLDIERS ON

The pandemic forced many of the Water Authority's office workers to pack up their computers and trek home to face the new long-term reality of working remotely. But the requirements of utility maintenance and operations meant that, for plant and field workers, little would change—except in the realm of social distancing and use of face masks. We talked to a few of them to see how they were faring on the front lines.

Klarissa Peña, Chair of the Water Authority's governing board, praised all the utility's workers for their efforts to ensure uninterrupted water and sewer service through the pandemic.

"Our continued operation is a testament to the dedication of our employees," she said. "To them I proudly offer thanks on behalf of the constituents I represent as the Chair of the Water Authority's governing board."



Valve crew members Andreal Martinez (back row on the left), Daniel Mora, Edward Joiner, Whirlwind Lorenzo, and Victor Corral. Not pictured are Chris Peralta and Mike Garcia.

THE VALVE CREW

For the Water Authority's valve crew, which is primarily responsible for planned and emergency water shut-offs, it's been business as usual. And that means stepping in when needed to fill in for stretched-thin maintenance and repair crews.

"We never hesitate when other crews are in need of our help," Supervisor Daniel Mora said. "We believe in working together hand-in-hand with our coworkers so we can all provide the best service to our city."

CONSTRUCTION INSPECTOR

Water Authority construction projects continue apace during the pandemic, which means Construction Inspector Desire Smoot has plenty on her plate. Serving as the utility's eyes and ears at construction sites, Smoot also supports engineers and project managers as a communication liaison between the many people needed to execute these projects properly and safely.

"We have been really busy," Smoot said. "I visit almost 10 job sites a day and try to see as much as I can. Luckily, we work with really great contractors who do the best job they can for the Water Authority and the community we serve."

Construction Inspector Desire Smoot



Assistant Engineer Stormy Molina



CIVIL ENGINEERS

Civil engineers are at the heart of Water Authority operations, and their responsibilities have only grown during the pandemic as they enforce social distancing and other health protocols among crews working on the ground. Shown here is Assistant Engineer Stormy Molina, who had to postpone taking his Professional Engineer licensing exam because of the pandemic.

"Working with...all the different Water Authority employees has given me the confidence to become a better engineer," Molina said. "When you work with the best, you will become the best."

YEAR IN REVIEW 2020

UTILITY EARNS *UTILITY OF THE FUTURE*, PLATINUM AWARDS

The Water Authority has been named a “Utility of the Future Today” by a consortium of water agencies and has also earned a Platinum Award for Excellence in Management from the National Association of Clean Water Agencies (NACWA), utility staff announced at the Water Authority’s October board meeting.

This year’s “Utility of the Future Today” award cites the Water Authority’s “transformational work” in the realm of watershed stewardship.

“We are pleased and honored to see our efforts recognized,” said Klarissa Peña, chair of the utility’s governing board. “The Water Authority has made watershed management a cornerstone of its long-term *Water 2120* resource plan, especially via its \$1 million, five-year partnership with the Rio Grande Water Fund to reduce fire risks in upstream watersheds.”

The award is granted annually in a number of categories by a partnership group including NACWA, the Water Environment Federation, the Water Research Foundation, the WaterReuse Association, and the U.S. Environmental Protection Agency. The award is third of its kind earned by the Water Authority.

Peña also acknowledged the Water Authority’s receipt of the Platinum Award for Excellence in Management from NACWA. The Platinum Award is reserved for utilities demonstrating effective management in areas including product quality, financial viability, and customer satisfaction.

AAA BOND RATING RENEWED

Rating agency S&P announced in January that it had renewed the Water Authority’s AAA bond rating, allowing the utility to borrow money for infrastructure projects at the most favorable interest rates. S&P cited the Water Authority’s “robust planning efforts...strong levels of pay-as-you-go funding...[and] strong financial management practices” in its rating decision.



ALBUQUERQUE’S FIRST ASR INJECTION WELL UNVEILED

Testing began in January on Albuquerque’s first direct-injection aquifer storage and recovery (ASR) well, located on Albuquerque’s north side. The well, which injects excess surface water more than 1,200 feet below the ground, will allow subterranean water storage and prevent evaporative losses.

The new well, constructed at a cost of more than \$1 million, is part of a larger water management strategy, called *WATER 2120*, that also includes conservation and re-use.

Located at Albuquerque’s drinking water treatment plant, it is the first of several planned ASR sites slated for drilling in the Water Authority’s service area.

Shown here is Water Authority hydrogeologist Diane Agnew, who revealed to reporters the inner workings of the new direct-injection ASR well during a January news conference.



STATE TO HELP FUND WATER AUTHORITY RE-USE PROJECTS

In August, the Water Authority’s Governing Board voted to accept some \$2.7 million in grant money from the State of New Mexico, through the state Environment Department, for work on three different non-potable water re-use projects.

“Re-use is a cornerstone of our resource management strategy under *WATER 2120*, our 100-year water plan,” said Board Chair Klarissa Peña, who also serves on Albuquerque’s City Council. “We’re grateful for the State’s financial support in developing these important projects.”

The first of these, which will allow the use of recycled water for irrigation at Winrock Center in Uptown, is already underway. About \$1.4 million in State grant money will be put toward its completion, Peña said.



UTILITY PROVIDES WATER TO SUPPLEMENT RIO GRANDE FLOWS

The Water Authority in September agreed to lease 7,000 acre-feet of surface water in an agreement with the U.S. Bureau of Reclamation, the New Mexico Interstate Stream Commission, and the Middle Rio Grande Conservancy District to supplement flows in the Rio Grande.

In a year where there was a minimal spring runoff and the summer monsoon rains failed to materialize, the arrangement saw the Water Authority release a portion of stored San Juan-Chama water from upstream reservoirs in order to maintain river flows for wildlife and agriculture in the fall.

“We’re very happy to participate in this agreement, which will further supplement flows in the Rio Grande and is a great example of interagency partnership at the local, state and federal level,” said Water Authority Chair Klarissa Peña.

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 and the nation's, has been severely impacted by the COVID-19 pandemic. However, while New Mexico's unemployment rate remains historically high, large public-sector 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), have so far avoided large-scale layoffs. Gross receipts taxes in Albuquerque, meanwhile, did not see a decline from FY19 to FY20,* and the Water Authority itself has not experienced a noticeable reduction in water and sewer revenues during the pandemic.

*SOURCE: New Mexico Legislative Finance Committee, Aug. 26, 2020

TOP 10 WATER AUTHORITY CUSTOMERS (WATER REVENUE), FY2020

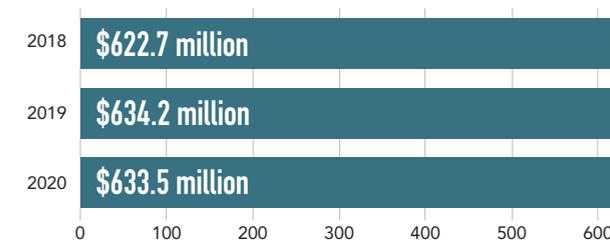
	Water revenue	Percent of total revenue	Consumption (in thousands of gallons)
1 City of Albuquerque	\$ 8,872,998	6.03%	2,748,296
2 Albuquerque Public Schools	2,809,882	1.91%	599,369
3 University of New Mexico	1,231,529	0.84%	252,904
4 Kirtland Air Force Base	704,399	0.48%	155,639
5 Bernalillo County	669,947	0.45%	186,069
6 Water Authority	339,259	0.23%	67,638
7 Lovelace Health	276,781	0.19%	86,074
8 Central NM Community College	271,155	0.18%	60,512
9 Sumitomo	240,727	0.16%	97,083
10 Albuquerque Academy	203,793	0.14%	97,078
Total	\$ 15,620,470	10.61%	4,350,662

TOTAL WATER SYSTEM REVENUE, FY2020
\$147,244,774

CONDENSED STATEMENT OF NET POSITION in thousands of dollars

	FY2020	Restated FY2019	FY2018	FY2020/ FY2019	FY2019/ FY2018
ASSETS					
Current and other assets	\$ 276,696	\$ 245,711	\$ 183,840	\$ 30,985	\$ 61,871
Capital assets	1,175,400	1,168,969	1,187,966	6,431	(18,997)
Total Assets	1,452,096	1,414,680	1,371,806	37,416	42,874
Deferred outflow of resources	25,549	33,020	33,098	(7,471)	(78)
LIABILITIES					
Long-term liabilities	718,332	703,898	681,627	14,434	22,271
Other liabilities	108,175	96,912	88,883	11,263	8,029
Total liabilities	826,507	800,810	770,510	25,697	30,300
Deferred inflow of resources	17,680	12,673	11,688	5,007	985
NET POSITION					
Net investment in capital assets	594,404	568,941	571,387	25,463	(2,446)
Unrestricted	39,054	65,276	51,319	(26,222)	13,957
Total Net Position	\$ 633,458	\$ 634,217	\$ 622,706	\$ (759)	\$ 11,511

NET POSITION in millions of dollars



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 FY2020 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."

FINANCIALS CONT.

CONDENSED STATEMENT OF CHANGES IN NET POSITION in thousands of dollars

	FY2020	Restated FY2019	FY2018	FY2020/ FY2019	FY2019/ FY2018
REVENUES					
Water system	\$ 147,245	\$ 141,268	\$ 148,315	\$ 5,977	\$ (7,047)
Wastewater system	76,231	76,849	76,253	(618)	596
Miscellaneous	2,133	1,868	1,828	265	40
Non-operating revenue	13,431	15,264	13,544	(1,833)	1,720
Total Revenues	239,040	235,249	239,940	3,791	(4,691)
EXPENSES					
Operating	225,733	213,186	203,113	12,547	10,073
Non-operating	20,507	20,697	18,295	(190)	2,402
Total Expenses	246,240	233,883	221,408	12,357	12,475
Income (loss) before capital contributions	(7,200)	1,366	18,532	(8,566)	(17,166)
Capital contributions	6,441	10,145	13,000	(3,704)	(2,855)
Change in net position	(759)	11,511	31,532	(12,270)	(20,021)
Net position, beginning of year	634,217	622,706	591,174	11,511	31,532
Net position, end of year	\$ 633,458	\$ 634,217	\$ 622,706	\$ (759)	\$ 11,511



KLARISSA PEÑA
Water Authority Chair

WATER, SEWER RATES TO HOLD STEADY IN 2021

Water and sewer rates for Albuquerque/Bernalillo County will stay at 2020 levels in the fiscal year 2021 under a budget approved in May by the Water Authority's governing board.

"We are committed to holding rates steady for Water Authority customers in the coming fiscal year," said board Chairperson Klarissa Peña. "The FY 2021 budget allows us to do that while maintaining our focus on infrastructure renewal and serving our customers." She added that historically low interest rates and the utility's triple-A bond rating will lower the cost of borrowing for FY21 capital projects.

The FY2021 budget anticipates \$237.8 million in operating costs and \$71.6 million for capital improvements.



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One Civic Plaza NW
Albuquerque, NM 87102

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until further notice)
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