



# CITY OF SANTA FE

## Memorandum

**Date:** January 21, 2025

**To:** Governing Body, Public Works and Utilities Committee, Finance Committee

**From:** Peter Franklin, Modrall Sperlring, as Bond Counsel the City

**Via:** Emily Oster, Finance Director *EO*

**RE:** Clarifying Structure of NMED for Public Utilities Department

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### EXECUTIVE SUMMARY:

This bill amends Ordinance No. 2024-6, adopted by the Governing Body on August 14, 2024, which authorized the City of Santa Fe (“City”) to enter into a loan agreement with the New Mexico Environment Department (“NMED”) to obtain project loan funds in the amount of one hundred and fifty-one million dollars and zero cents (\$151,000,000.00) plus accrued interest. The purpose of the amendment is to authorize, in place of the single combined \$151,000,000 loan agreement, three separate loan agreements. The three separate loan agreements include:

- (1) a Wastewater Utility System Loan Agreement in the principal amount of \$114,000,000, to be repaid from pledged Net Wastewater System revenue;
- (2) a Water Utility System Loan Agreement in the principal amount of \$17,000,000, to be repaid from pledged Net Water System revenue; and
- (3) an Environmental Services Division Loan Agreement in the principal amount of \$20,000,000, to be repaid from Net Environmental Services Division revenue.

The agreement described in Ordinance No. 2024-6 applies funding to three separate utility systems with a single loan. This bill replaces the current structure of a single loan agreement with three individual loan agreements, each of which will be applied to a single utility system, as described above. Each loan agreement will include the covenants and provisions applicable to the utility system being improved with the proceeds of the corresponding loan, which the City agreed to impose in connection with its outstanding Wastewater Utility System revenue bonds, Water Utility System revenue bonds, and Solid Waste Utility System debt obligations. The 0.01% interest rate, 30-year term, and all other material terms of the original combined \$151,000,000 loan agreement, offered by NMED, and approved in Ordinance No. 2024-6, will apply to each separate loan.

### BACKGROUND:

The City owns, operates, and maintains public utilities including a water utility system, a wastewater utility system, and solid waste collection system services performed by the Environmental Services Division. The current systems are inadequate to meet the needs of the City.

The projects in the three loan agreements include the following:



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1. A Water Utility System Improvement project
  - CWSRF 140-),-the Nichols Dam Outlet Works Rehabilitation project, to plan, design, and construct the reconfiguration of the dam outlet, conduit joints, line conduit, and construction filter as well as dam embankment drainage improvements.
2. Wastewater Utility System projects, including:
  - CWSRF 140-C, the Ultraviolet (UV<sup>2</sup>) Disinfection project, to plan, design, construct, and replace the UV disinfection system and equipment.
  - CWSRF 140-D, the Wastewater (“WW”) Collections Equipment and Administration project to plan, design, and construct the relocation of the collections division sites (staff and equipment) to minimize response time, expense, and potential surface water contamination.
  - CWSRF 140-E, the Sewer Line Repair/Rehabilitation project to plan, design, and construct sewer line rehabilitation, including use of trenchless rehabilitation techniques, in the City.
  - CWSRF 140-F, the Wastewater Treatment Plan Repair and Rehabilitation project to rehabilitate, repair, and for the replacement of the wastewater treatment plant.
3. Environmental Services Division / Solid Waste Collection System project:  
CWSRF 140-B, the Environmental Service Division (“ESD”) project, to plan, design, and construct an administrative space, maintenance space, and storage area for the ESD, that will accommodate solid waste and curbside recycling collection vehicles and that will reduce or prevent industrial contamination due to storm water runoff.

### **ATTACHMENTS:**

- Bill
- Fiscal Impact Report (FIR)
- Memo Attachment - Interim Wastewater Utility Loan Agreement, Supplement and Note
- Memo Attachment - Interim Water Utility Loan Agreement, Supplement and Note
- Memo Attachment - Interim Environmental Services Division Loan Agreement, Supplement and Note