

FISCAL IMPACT REPORT

General Information:

(Check) **Bill:** _____ **Resolution:** X

Short Title(s): Update Prices in City Water Offset Fee Table

Sponsor(s): Councilors Jamie Cassutt and Carol Romero-Wirth

Reviewing Department(s): Public Utilities Department

Staff Completing FIR: Jesse Roach, Interim Public Utilities Department Director **Date:** 8/26/2025

Phone: (505) 955-4309

Reviewed by City Attorney: *Erin McSherry* **Date:** 09/15/2025
Erin McSherry (Sep 15, 2025 16:50:13 MDT)

Reviewed by Finance Director: *Emily K. Oster* **Date:** 09/17/2025

Summary:

The proposed resolution would increase the costs associated with water offset requirements for developers paying to offset new water use. The City of Santa Fe (“City”) has not updated its fee chart since it became effective in 2010. The cost the City charges for adding one acre foot of new demand to the system (including administrative fees) would change from \$16,600 to \$36,000, in alignment with the water offset fee charged by Santa Fe County and in line with the market cost to purchase and move rights from the Middle Rio Grande into the Buckman Wellfield. This overdue adjustment will bring water offset costs into closer alignment with the true cost born by the City to support additional water demand.

Departments Affected:

Revenues to the Public Utilities Department will increase. The Land Use Division of the Community Development Department will be indirectly affected due to increased development costs.

Consequences of Not Enacting Legislation:

If this legislation is not adopted, the City’s Public Utilities Department will continue to not accurately value water off-sets. In addition, the Department need to generate additional revenue in another way, meaning potential increases to proposed rate hikes. In this case, the water development cost of additional growth in demand would be paid for by existing customers rather than those benefitting directly from new development.

Conflict, Duplication, Companionship, or Relationship to Other Legislation:

Staff is recommending a bill to increase water rates following this legislation, which would provide revenue from the existing water system users to help meet the current and future needs of the system. Once the San Juan Chama Project is operational, the Utilities Department is considering recommending legislation to increase the threshold above which developers must bring water rights. That change would increase the pool of developers using the water offset requirement fee chart instead of transferring water rights to the City’s Buckman Wellfield.

Performance and Administrative Implications:

None.

Fiscal Implications:

Increased revenues to the Water Division.

Fiscal Impact

Check here if no fiscal impact

Expenditures

Expenditure Type	FYE 2026	FYE 2027	FYE 2028	Require BAR (Y/N)	Recurring (R) or Non-recurring (NR)	Fund	3-Year Total Cost
<u>Personnel and Benefits*</u>	\$ _____	\$ _____	\$ _____	_____	_____	_____	
<u>Capital Outlay</u>	\$ _____	\$ _____	\$ _____	_____	_____	_____	
<u>Contractual/</u>	\$ _____	\$ _____	\$ _____		_____	_____	
<u>Professional Services</u>							
<u>Operating</u>	\$ _____	\$ _____	\$ _____		_____	_____	\$ _____
<u>Total:</u>	\$ _____	\$ _____	\$ _____				\$ _____

Expenditure Narrative:

No additional expenditures are expected as a result of this change.

Revenue

Revenue Type	FYE 2026	FYE 2027	FYE 2028	Recurring (R) or Non-recurring (NR)	Fund
General Fund	\$ _____	\$ _____	\$ _____	_____	_____
Special Revenue	\$ _____	\$ _____	\$ _____	_____	_____
CIP	\$ _____	\$ _____	\$ _____	_____	_____
Enterprise	\$333,500	\$670,000	\$674,000	R	Water Enterprise
Internal Service	\$ _____	\$ _____	\$ _____	_____	_____
Trust and Agency	\$ _____	\$ _____	\$ _____	_____	_____
Federal	\$ _____	\$ _____	\$ _____	_____	_____
Other	\$ _____	\$ _____	\$ _____	_____	_____
Total	\$ _____	\$ _____	\$ _____		

Revenue Narrative:

Added revenue from “sub-threshold” development assuming this resolution takes effect ½ way through FY2026 and 0.5% customer growth. Beginning in FY 2028, an additional \$821,000 per year of recurring revenue potential is unlocked with this resolution if subsequent legislation change is enacted to allow all development to pay a fee instead of transferring water rights. This future possible legislation change would be contingent on completion of the San Juan Chama return flow project.

Signature: 

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