




CITY OF SANTA FE

Memorandum

Date: September 12, 2025

To: Governing Body; Public Works and Utilities Committee; Finance Committee

From: Jesse Roach, Interim Public Utilities Director 
Jesse Roach

RE: Updating Water Offset Requirement Fee Chart

EXECUTIVE SUMMARY:

Consistent with SFCC 1987 25-12.8, this resolution would increase costs in the City of Santa Fe's ("City's") Water Offset Requirement Fee Chart ("Chart") from \$16,600 to \$36,000 per acre-foot ("AF") of added water demand. This overdue adjustment will bring water offset costs into closer alignment with the true cost of additional water demand.

BACKGROUND AND JUSTIFICATION:

As part of the land development process, new water demand brought to the system by any development is calculated with a water budget. A developer can offset a new water demand by transferring pre 1907 water rights from Middle Rio Grande (MRG) to the City's Buckman Wellfield. "Sub-threshold" developments add less than a threshold amount of demand (10 AF per year (AFY) for residential, 5 AFY for commercial, and 7.5 AFY for mixed use). Those developments can pay the City a fee instead of transferring the water rights. The Chart estimates water demand associated with different types of use and associated costs based on a specified value of one AF of water rights. Although the Chart specifies that the value be updated annually, the City hasn't changed the value of \$16,600 per AF (including administrative fees) since 2010.

Transferring water rights from the MRG into the Buckman Wellfield takes years and involves significant transaction costs including negotiations and or litigation in response to protests from the Middle Rio Grande Conservancy District and Middle Rio Grande Pueblos. The City recently lost a water rights acquisition due to the delay associated with these protests. As a result of the delays and costs associated with transfers, the true market cost of water rights in the Buckman Wellfield is represented by the value of rights in the City's Water Bank where developers can move water rights in anticipation of needing them for development. The City has limited transactional data from the Water Bank but the most recent transaction it has, which occurred in March of this year valued the water rights at \$36,000 per AF. Santa Fe County currently uses a water offset fee of \$36,000 per AF. City staff recommends matching this value, including administrative fees, with an effective date of January 1, 2026. The City will continue to collect transaction data from the Water Bank where possible to inform future updates to the specified value of water rights in the Chart.

ATTACHMENTS:

Resolution
FIR