


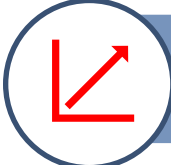




WATER RATE INCREASE & RATE STRUCTURE CHANGE

DECEMBER 1, 2025



Background and Historical Realities

-  Water rates have not risen since 2013.
-  General Cost Inflation rose 41% between 2013 - 2024
-  Large capital projects are necessary to continue to provide reliable service
-  Proposed increase to the average water bill of \$5 per month phased in over 5 years to meet these needs

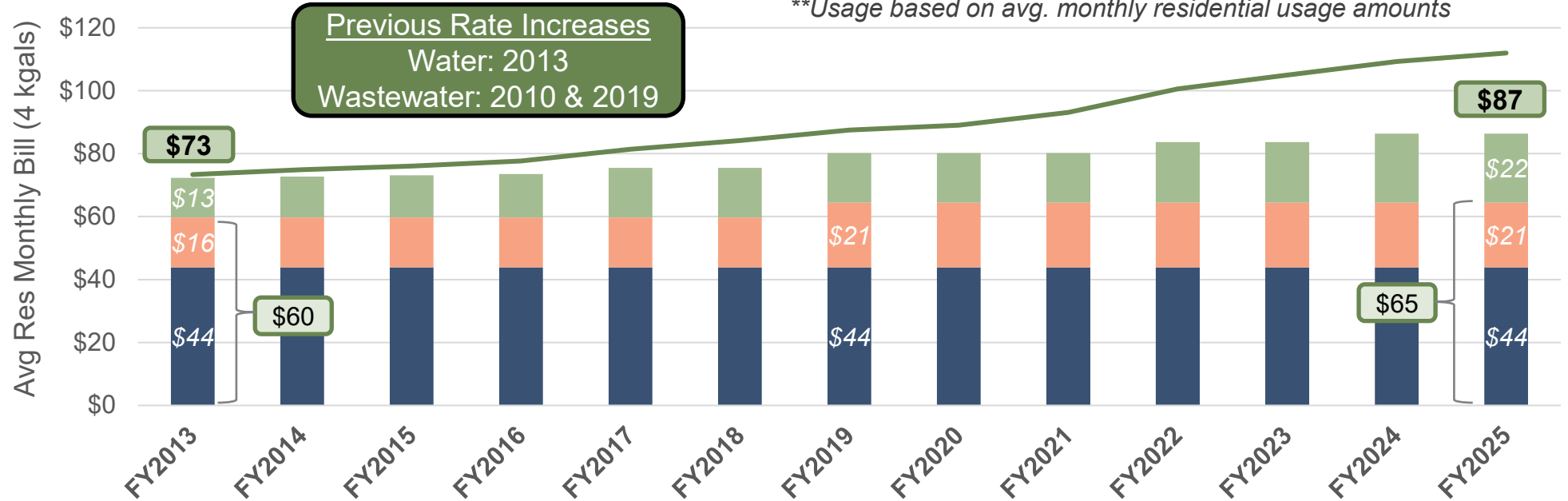
Historical Realities: Typical Monthly Residential Bill

■ Curbside Collection Bill (1 Garbage & 1 Recycling Cart)
■ Water Bill (4,200 gals.)

■ Wastewater Bill (2,800 gals.)

— Combined Bill: Historical Rates Indexed to General Cost Inflation

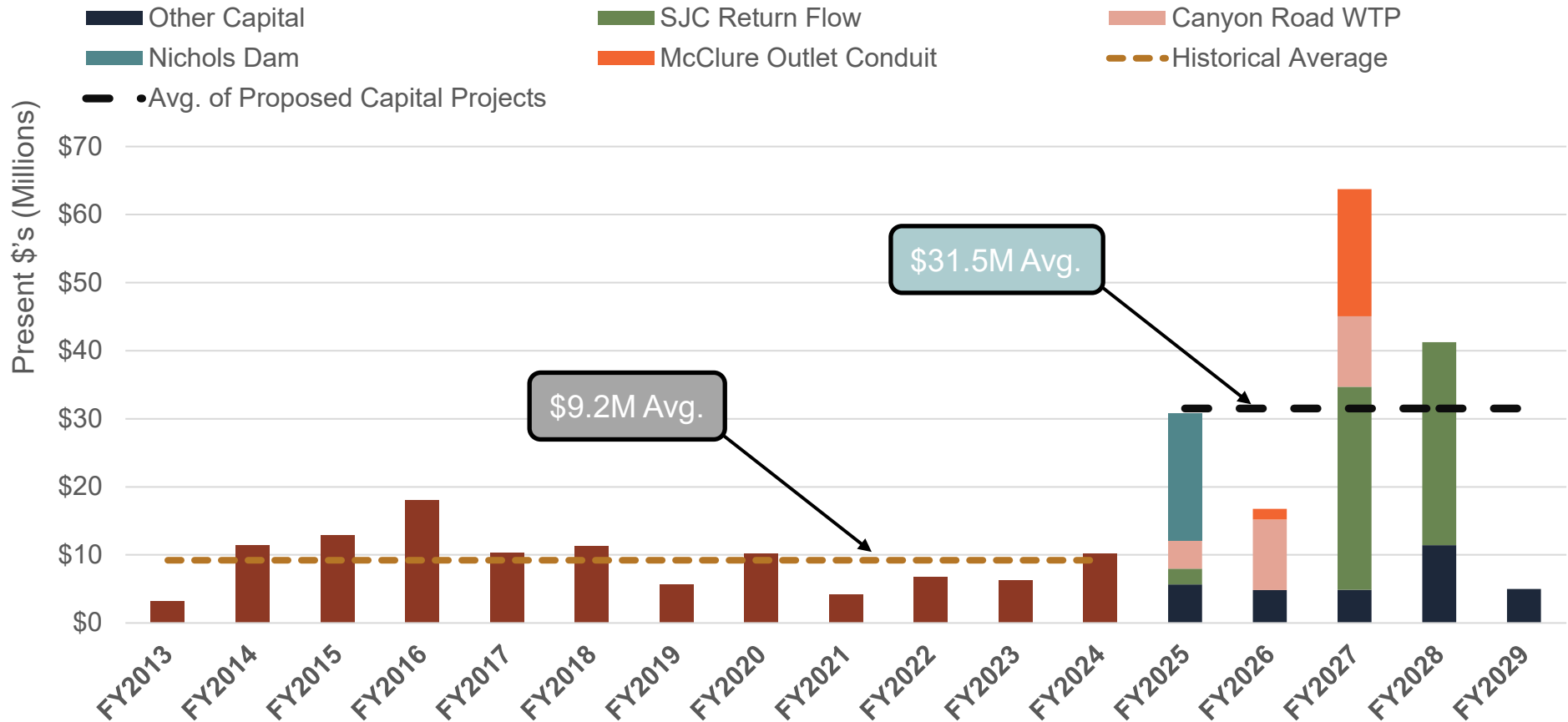
***Usage based on avg. monthly residential usage amounts*



Cumulative General Cost Inflation – 41%
 Cumulative Salaries & Benefits Inflation – 38%
 Cumulative Construction Cost Inflation – 33%



Historical Realities: Capital Investment in Water System



Water's Plan to Increase Revenues

(1) External resources: \$77 million in Loans & Grants being sought
(39M State loans, 20M State grants, 18M Federal grants)

(2) 2026 Increase to Fee in Lieu of Water Rights (per acre-foot)
($\$16,600/\text{AF}$ since 2010 will go to $\$36,000/\text{AF}$)

(3) Proposed change to municipal code to open Fee in Lieu of Water Rights to all sizes of development (once SJC project in place)

(4) Increase Water Rates over 5 years starting February 2026

2019 Water Rate Structure Taskforce

Taskforce assembled and engaged in discussions between 2019 – 2020; elected to table content for a later date

Makeup of Taskforce

- Three Utility Division Staff
- Two City Councilors
- Three Members of the Public
- Rate Consultant

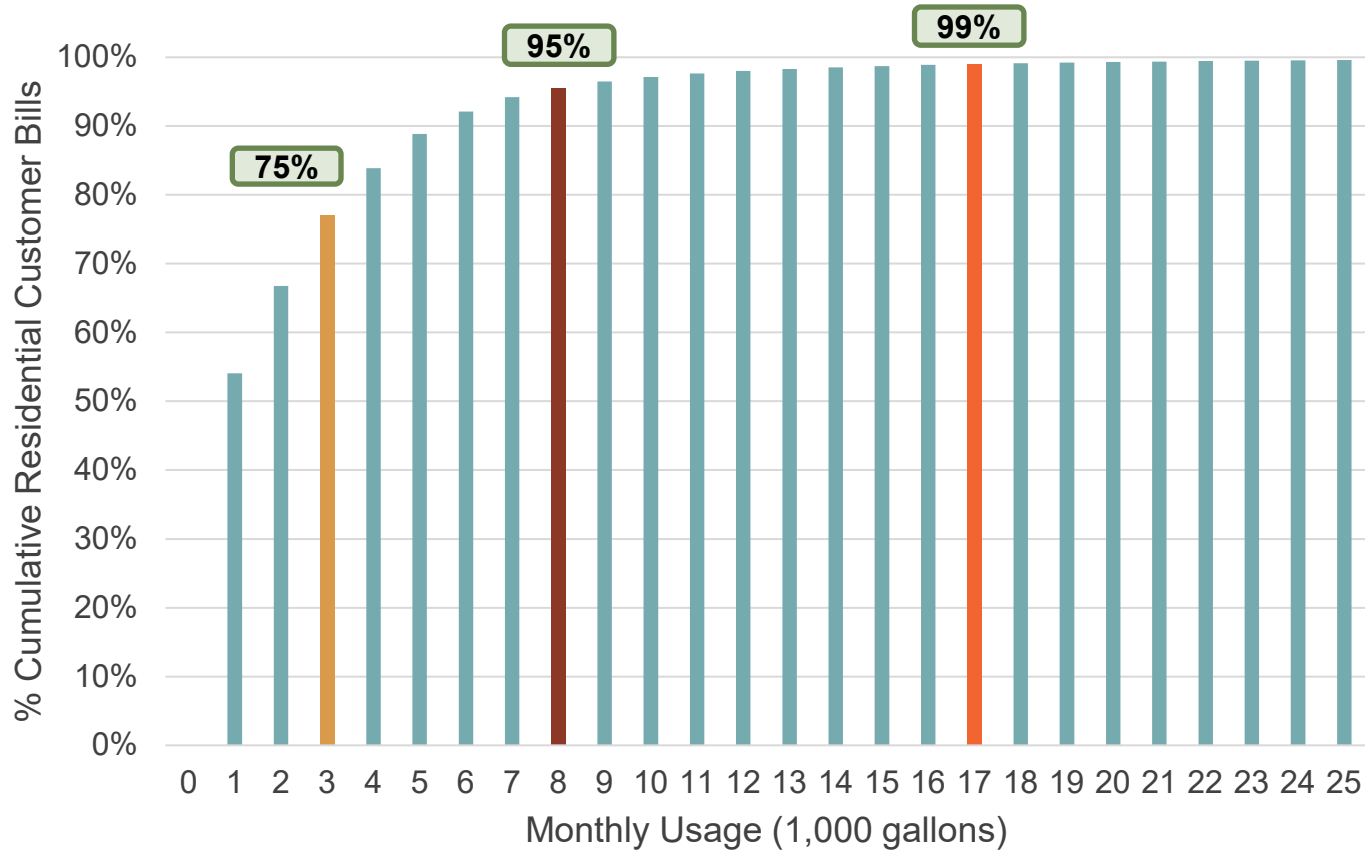
Taskforce Proposals for Single Family & Multi-Family Residential Customers

- Elimination of seasonal 2-tiered structure in favor of year-round 3-tier structure
 - *Further reward water conservation by introducing a discounted 1st tier*

Taskforce Proposals not being Carried Forward with this Proposed Rate Change

- Separate Multi-Family into sub-classes based on dwelling unit (DU) size; apply commercial rates to the largest DU sub-class
 - *Multi-Family Analysis showed no discernable usage pattern differences between dwelling unit sizes*
- Commercial rate design is scheduled to commence at a later point in time
- Variable 3-tier structure based on average winter consumption
 - *This is an either-or alternate to the proposed fixed 3-tier structure. May be reconsidered at a future date*

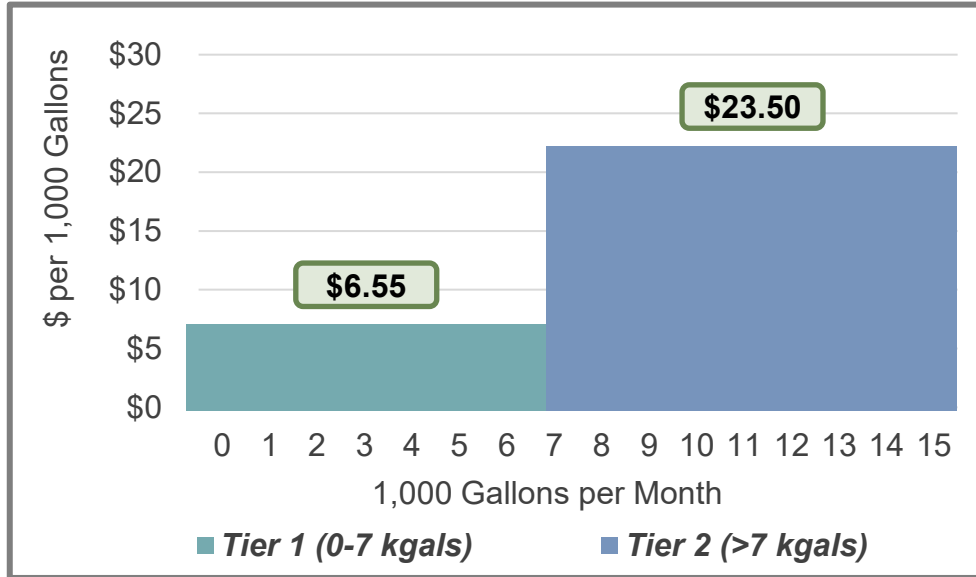
Annual Usage Distribution: Single Family & Multi-Family Residential



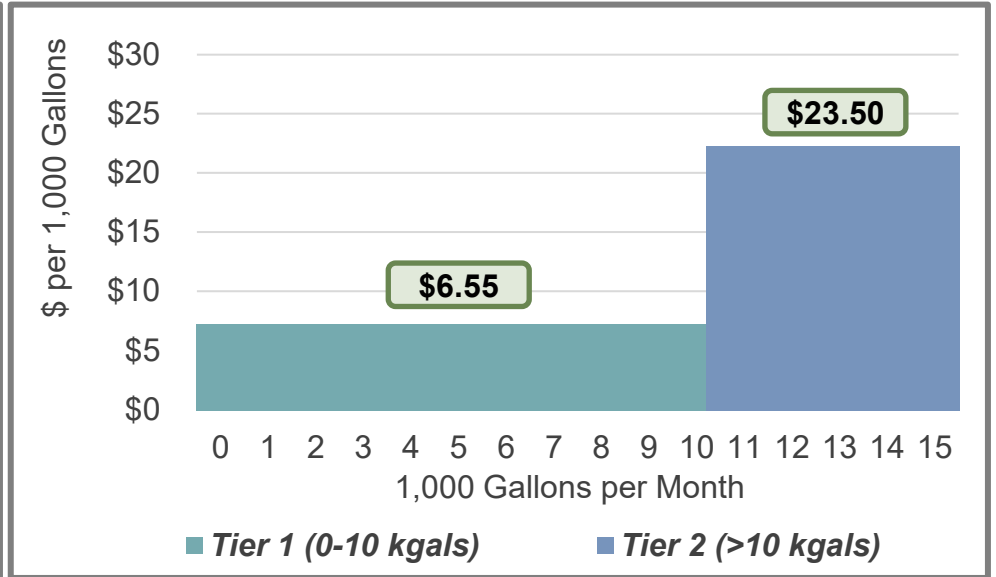
- 75% of customer bills use approximately 2,800 gallons or less monthly
- 95% of customer bills use approximately 7,600 gallons or less monthly
- 1% of customers bills use 16,900 gallons or more monthly

Existing Volumetric Water Rate Structure: Single Family & Multi-Family Residential

FY2027 Volumetric Water Rates without Proposed Structural Changes



**Winter Volumetric
(September – April)**



**Summer Volumetric
(May – August)**

***Multi-Family customers are charged the same rates as Single Family Residential - per dwelling unit*



Proposed Single Family & Multi-Family Residential Structure

Fixed 3-Tier Residential Structure Recommended

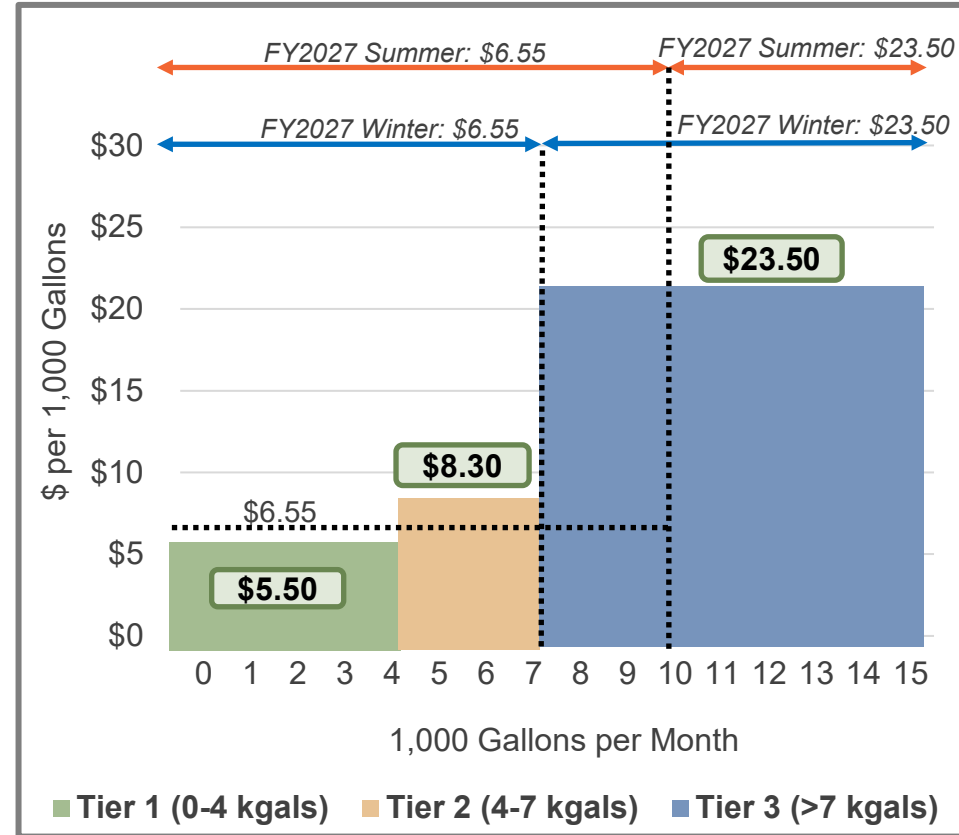
- January 2027 Implementation

Monthly Service Charge

- Continues to be based on Meter Size

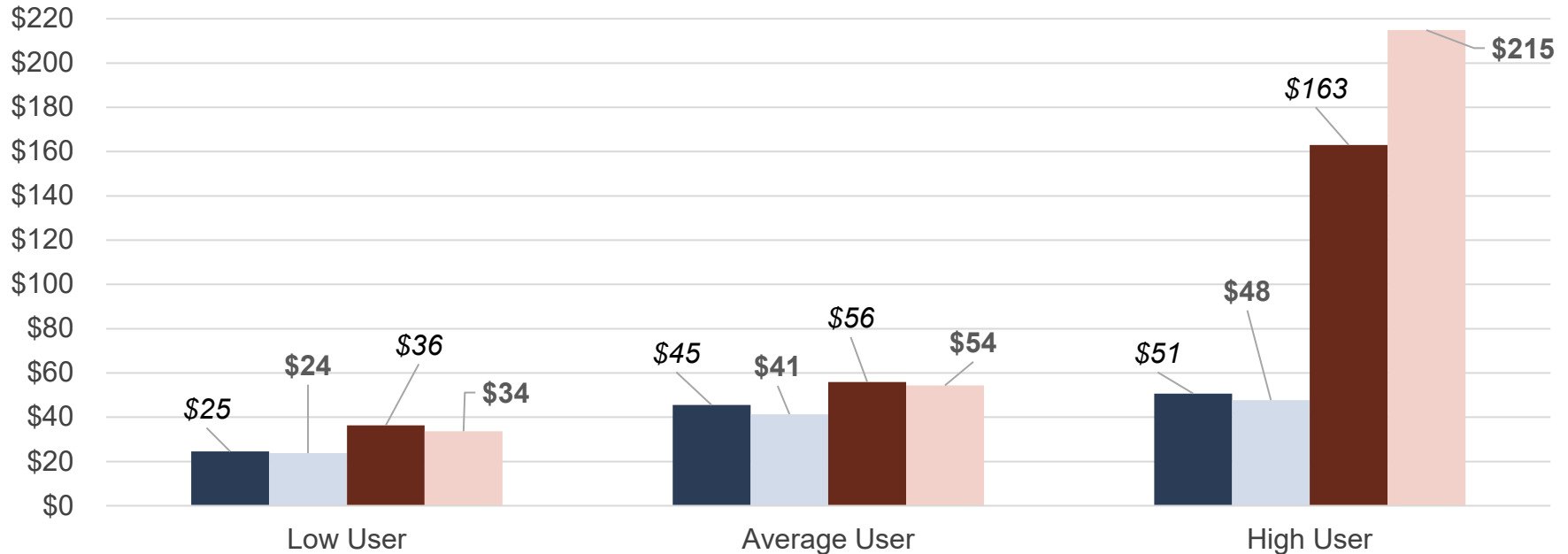
Volume Charge

- Usage tiers fixed throughout the year; simplifying bills
- Introduces a discounted 1st tier; further rewarding water conservation and increasing affordability for lifeline usage
- New 2nd tier incentivizes conservation



Projected Monthly Water Bill Comparison (5/8" or 3/4" Meter)

■ Existing Winter
 ■ Proposed Winter
 ■ Existing Summer
 ■ Proposed Summer



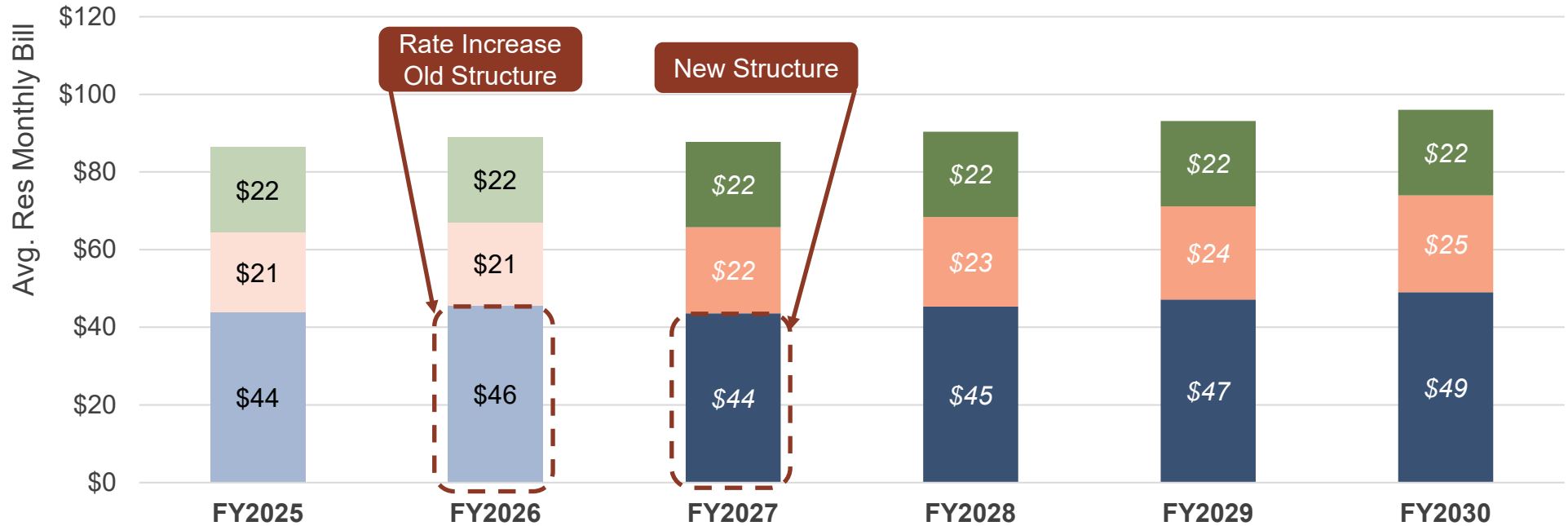
Winter Usage	700 gallons	3,900 gallons	4,700 gallons
Summer Usage	2,500 gallons	5,500 gallons	13,300 gallons



Projected Typical Monthly Residential Bill: Utility Rates

■ Water Bill (4,200 gals.) ■ Wastewater Bill (2,800 gals.) ■ Curbside Collection Bill (1 Garbage & 1 Recycling Cart)

**Usage based on avg. monthly residential usage amounts



Combined Existing	\$87	\$89	\$92	\$94	\$97	\$100
Combined Proposed	-	-	\$88	\$90	\$93	\$96
Water & WW Proposed	-	-	\$66	\$68	\$71	\$74

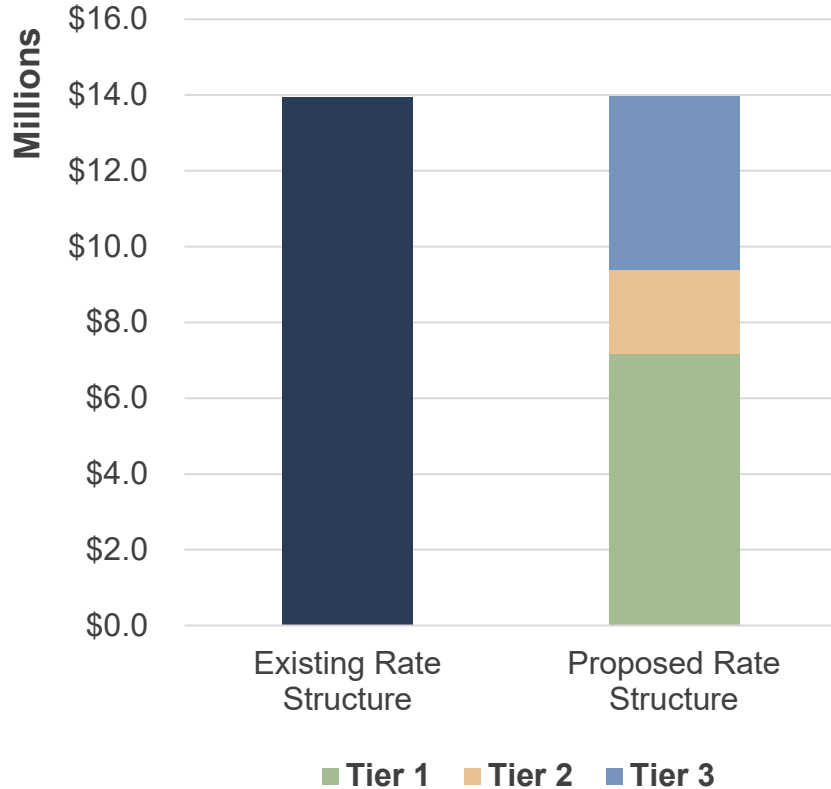
Thank you!

Questions?

JESSE ROACH PE PhD
Interim Public Utilities Department Director
City of Santa Fe
(505) 955-4309
jdroach@santafenm.gov | santafenm.gov/public-utilities

MELANIE HOBART
Project Manager
FCS, a Bowman Company
323 3rd Ave Suite 100, Longmont CO 80501
(303) 309-0369
melanie.hobart@bowman.com

Annual Volumetric Revenue Distribution Comparison



- Revenue Neutral: the proposed rate structure is designed to collect the same level of revenue as the existing structure
- 67% of total annual volumetric revenue projected to be recovered in tier 1 and tier 2 under the proposed structure
- Proposed structure increases the amount of revenue collected from the highest water users to offset bill reductions for lower users