



**Santa Fe Wastewater Division**

# **Current Financing and Rate Projections**



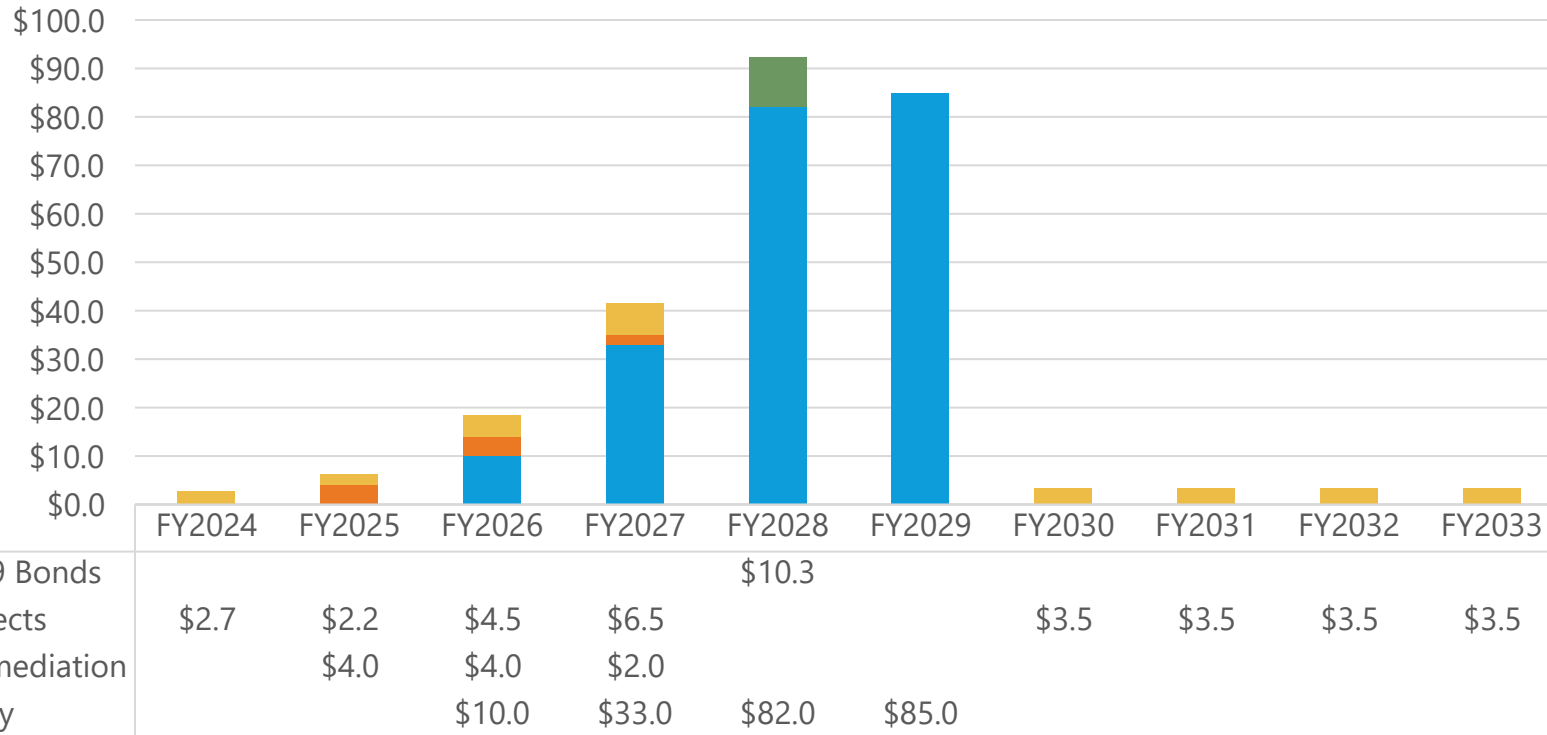
# Agenda

- Review Capital Projects
- Expected Fund Balance
- Sources of Capital Funding
- Proposed Revenue Increases
- Expected Fund Balance After Increases
- Expected Debt Coverage After Increases
- Residential Bill Impacts
- Comparison to Surrounding Wastewater Providers



# Wastewater's will spend \$260 million over the next ten years vs. \$8.6 million in last year's forecast.

*Capital project spending in \$ millions (2024 dollars)*



**New WWTP Facility** costs are \$210M (est.), although engineering estimates are still being addressed. These costs would address only the 1<sup>st</sup> module, approximately 2 MGD.

**WWTP Remediation** concerns the existing plant and are projects required for regulatory compliance, totaling \$10m here.

**Other Improvements** include normal pipeline replacements, vehicles, and misc. needs.

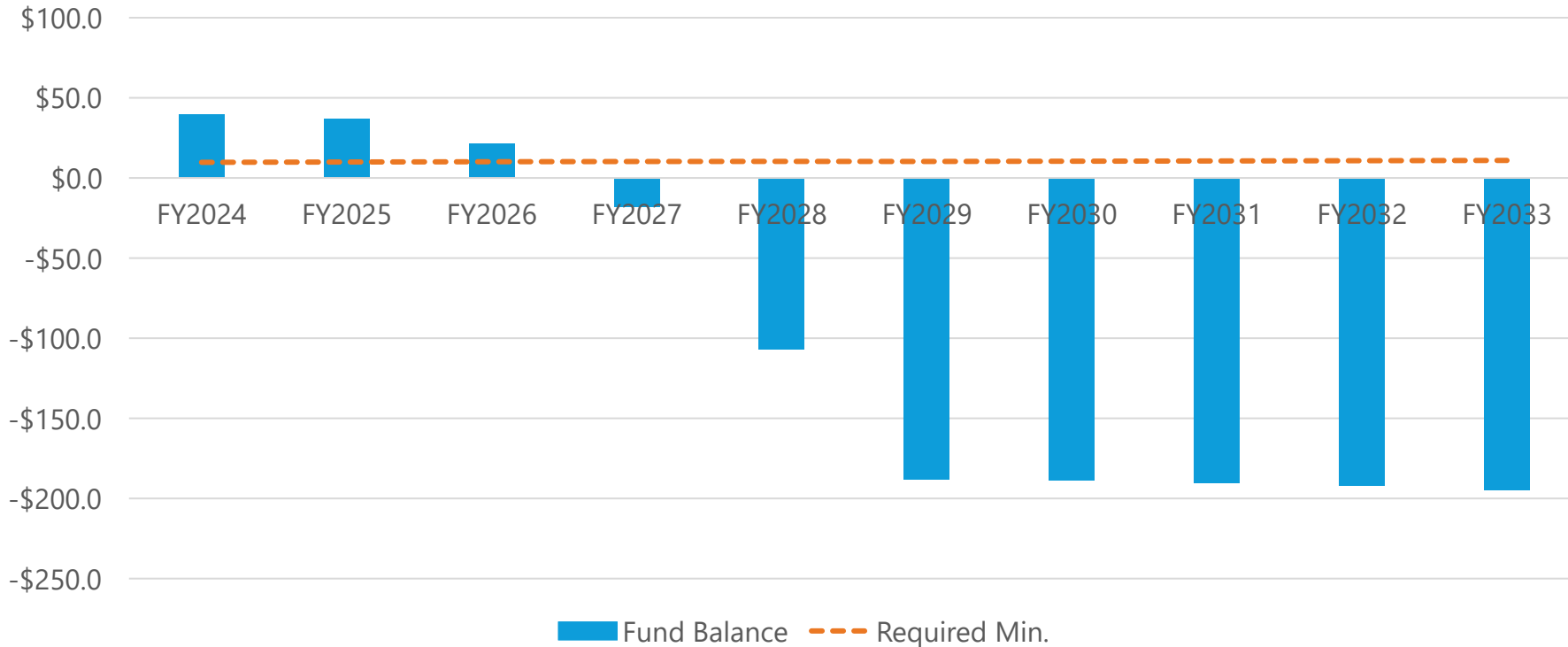
**2019 Bonds** – exercising call option to reduce annual debt service obligations.

**Inflation** may bring the total closer to \$266 million.



# Wastewater cannot afford to fund the capital projects without additional financing and rate increases

*Projected fund balance without rate increases or financing (\$ million)*



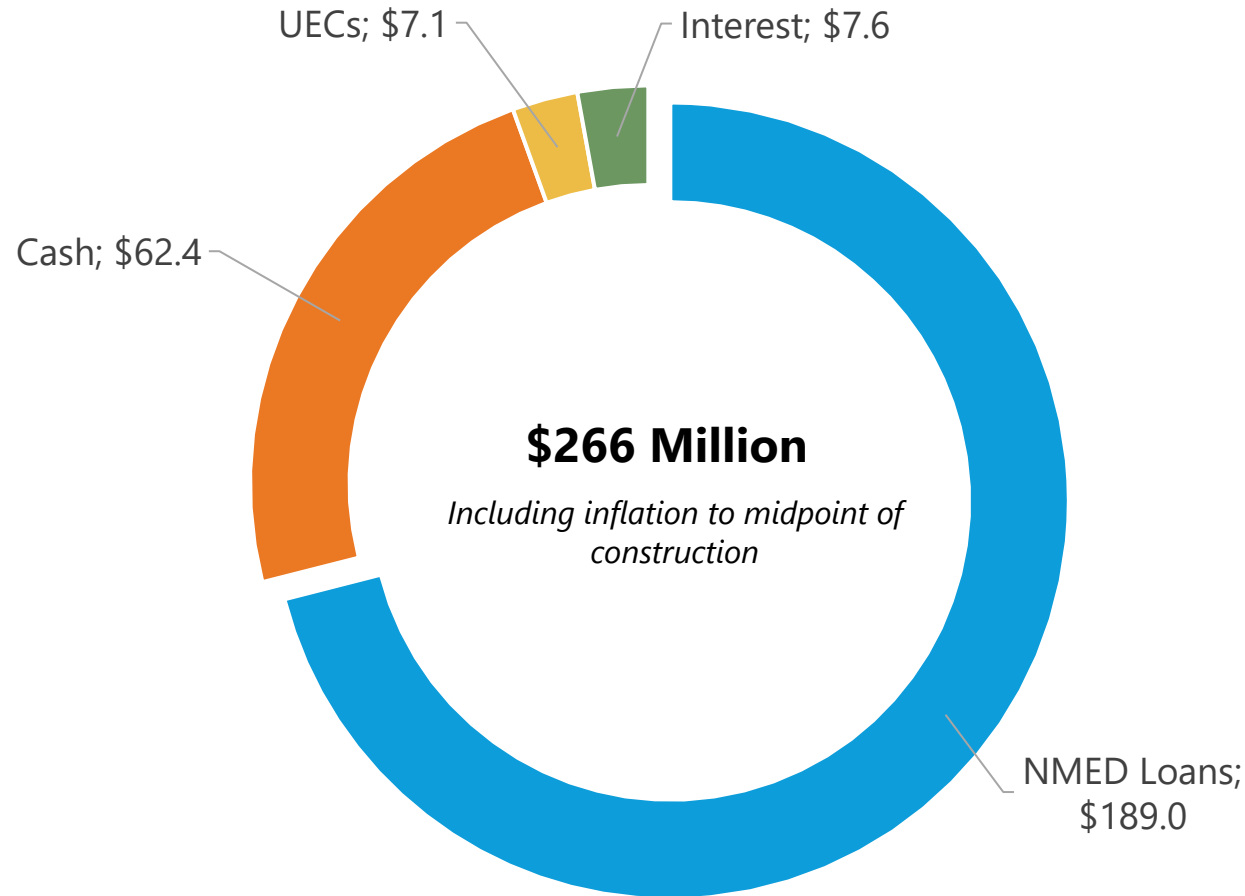
**Cash** would fall into negative territory by FY2027, bottoming out around (\$200m) by FY2033.

**Min. Reserves** average \$10.3 million per year. They include 120 days of operating expense, a \$3M emergency reserve, and a \$2M rate stabilization reserve.



# Wastewater will finance the capital improvements with a combination of NMED loans and cash.

*Funding sources for FY2024-FY2033 in \$ millions*



**NMED Loans** currently approved for \$114M, but the State has indicated willingness to lend more. \$189M assumed for now at 0.01% interest.

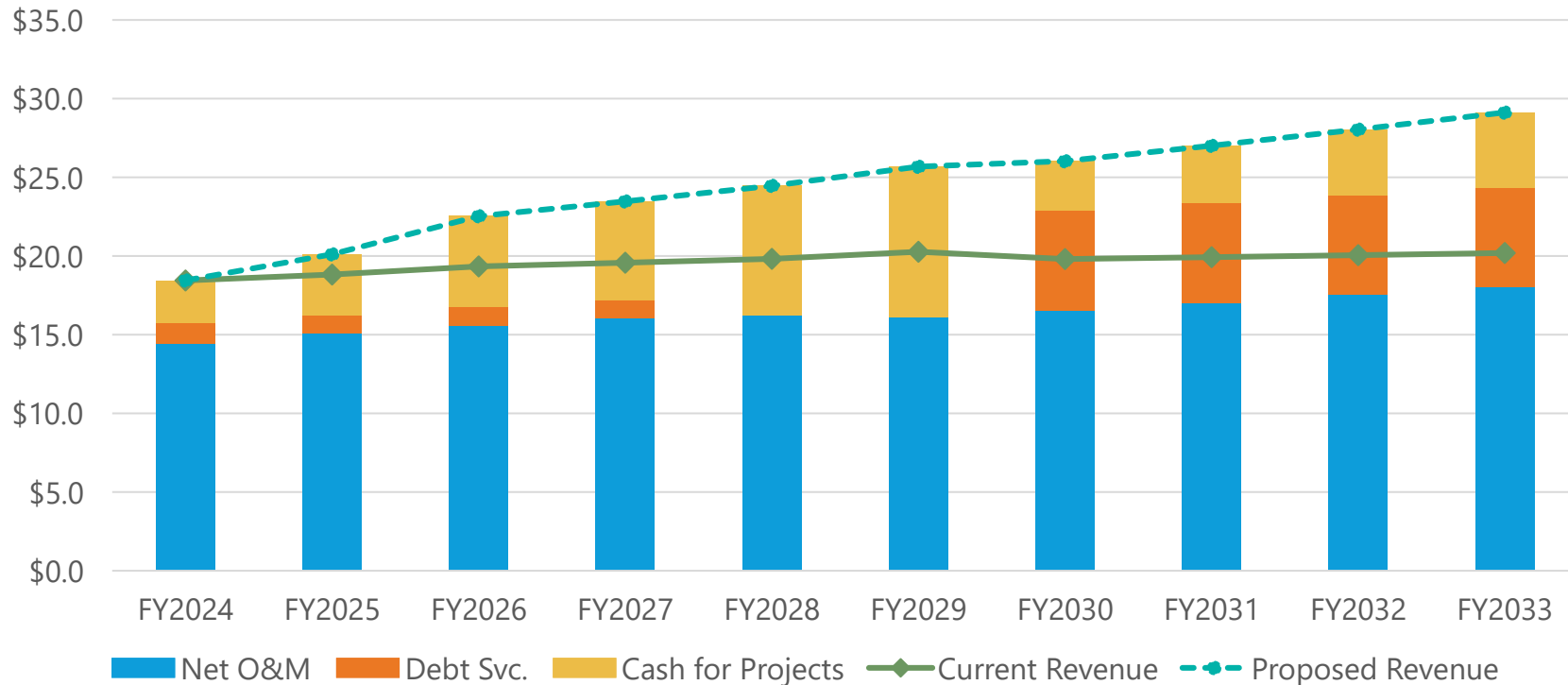
**Cash** only \$30m available now, so an additional \$32.4 million will need to be generated from increased rates unless other sources (i.e., grants) become available.

**UEC and Interest** make up a smaller portion of the funding mix, almost \$15M.



# Supporting the financing and cash contributions to projects will require higher rates

*Annual costs compared to current and proposed revenue in \$ million*



**Revenues** include those from rates, Environmental GRT, and misc. revenue. About 75% of revenue is from rates, increasing to 80% with the proposed increases. It also includes assumption of effluent sales to MRC, CLC, and SF CC.

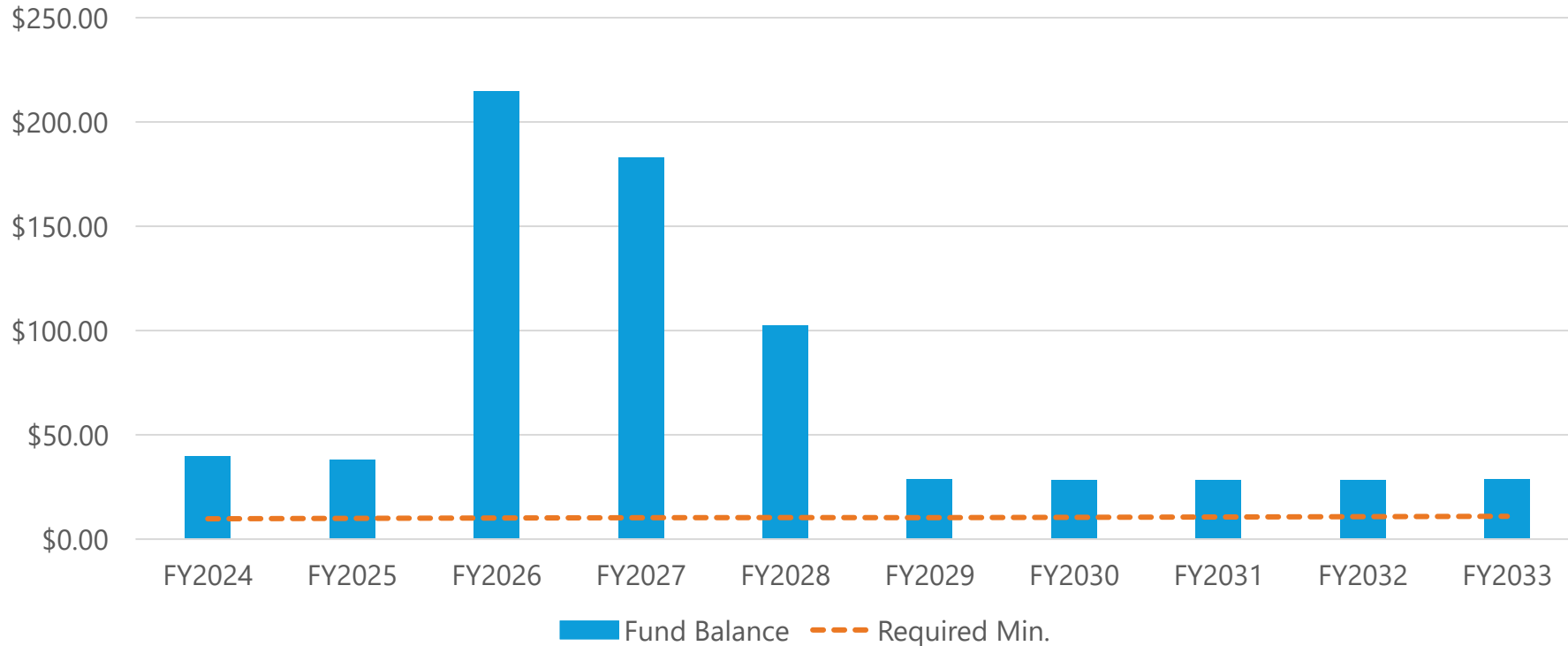
**Debt service** on the NMED loan can be deferred to completion of Module 1, est. 2030. Estimated payments are \$6.3M per year x 30 yrs at 0.01% interest.

**Cash for Projects** the rates generate the revenue to produce an additional \$32.4 million cash for project funding.



# Wastewater cash reserves will remain positive and position Santa Fe for sustainable finances

*Projected fund balance after rate increases and financing (\$ million)*



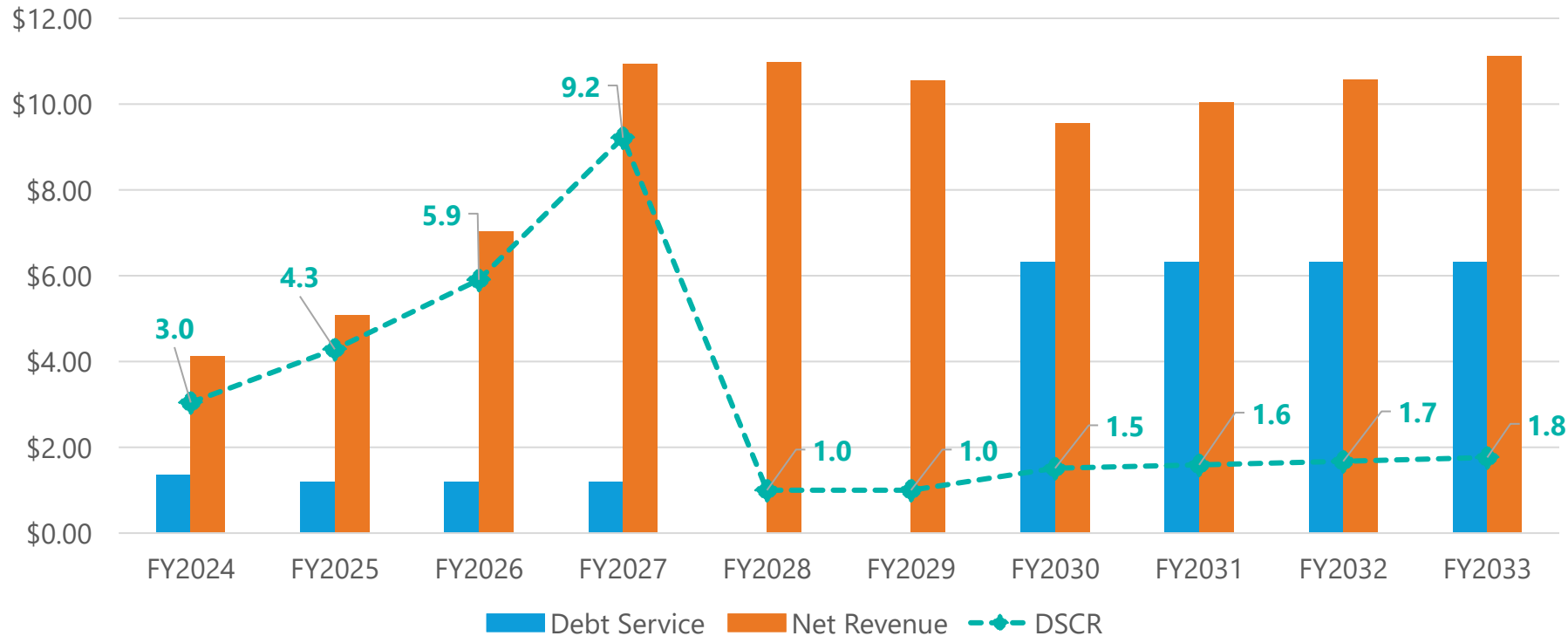
**Balances** will jump up as loan proceeds are deposited to pay for project expenses.

**Min. Balances** are unchanged and still include 120 days of operating costs, \$3M in emergency reserves, and \$2M in rate stabilization.



# The NMED debt service is deferred to FY2030 and the annual payment is manageable

*Projected debt service, net revenue, and DSCR (\$ million)*



**Debt Service** is the principal and interest payments on the outstanding debt. There is no payment in FY2028-29 due to retirement of the Series 2019 (existing bond).

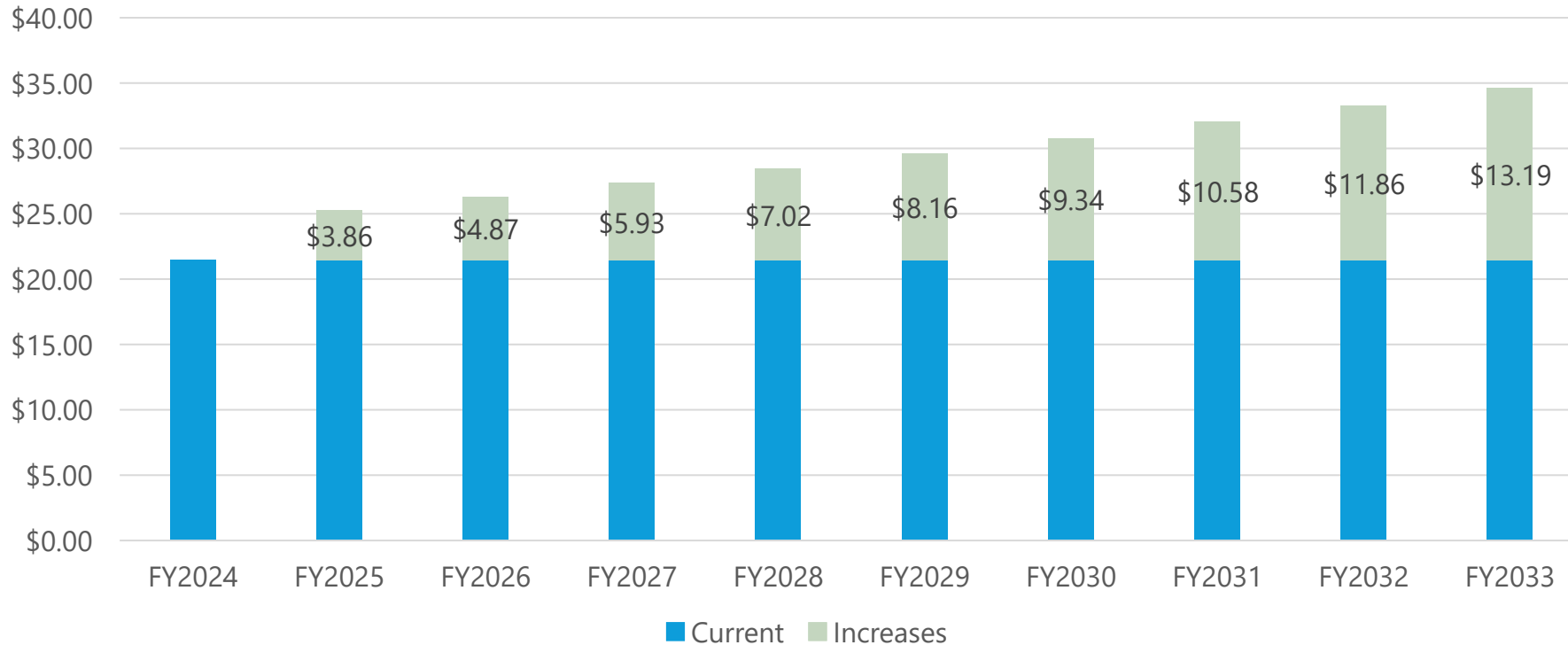
**Net Revenue** is the operating income available for payment of debt service.

**DSCR** is "debt service coverage ratio" achieved by dividing net revenue by the debt service. A minimum DSCR of 1.5x has long been a financial policy for Santa Fe utilities.



# The rate increase for a typical residential customer is approximately \$3.86 for January 2025

*Projected impact on typical residents' monthly sewer bills*



**Typical Residents** use about 3,000 gallons per month

**Rate Structure** includes a \$7.53 per month base charge, plus a rate of \$4.64 per 1,000 gallons (measured as the customer's avg. winter water usage).

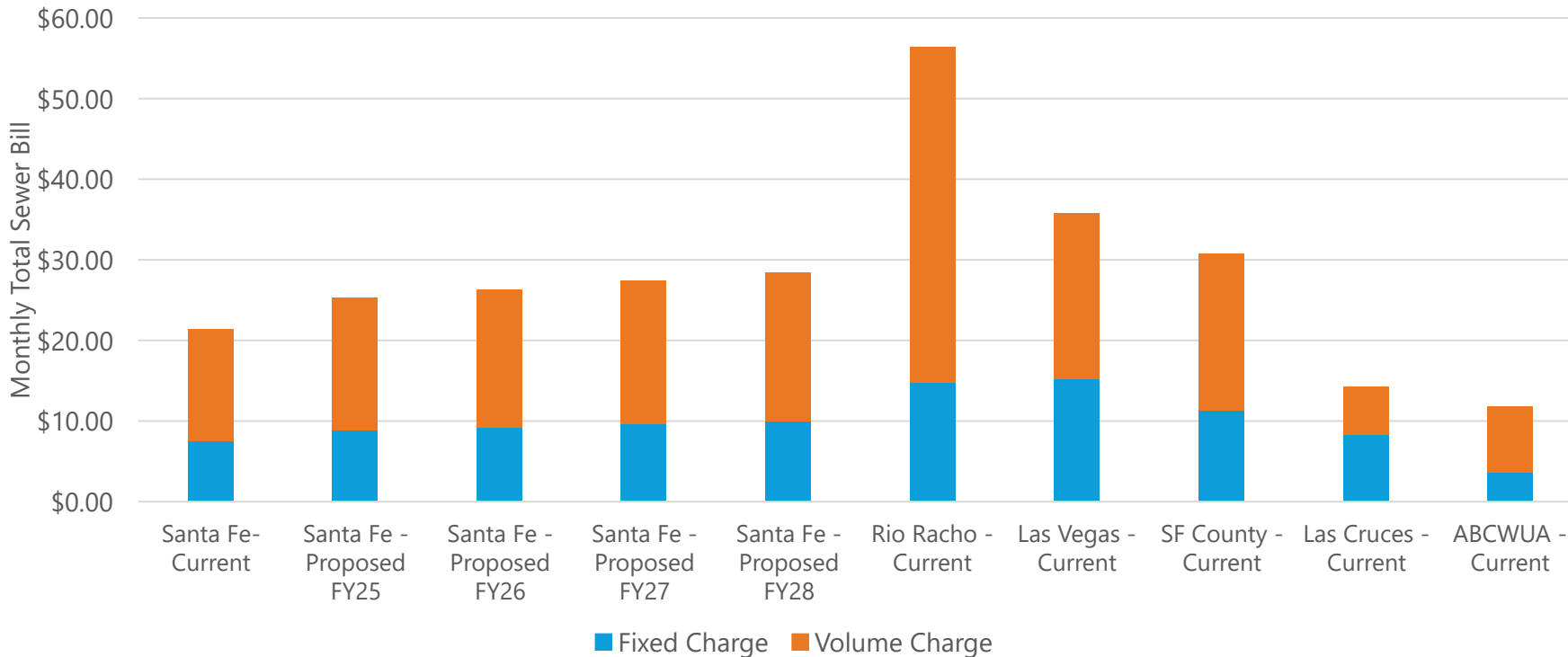
**Increases** are assumed to affect both the base charge and volume rate equally.

*\* FY2025 only includes January – June.*



# Monthly bills in nearby communities are already higher than those proposed in Santa Fe

*Monthly bill comparison for residential customers*



**Bill Comparisons** are for similar residential customers using 3,000 gallons per month and based on rates published in June 2024.

**Thank you!**  
**Questions?**

**Jason Mumm**  
**[jasonm@fcsgroup.com](mailto:jasonm@fcsgroup.com)**

**[www.fcsgroup.com](http://www.fcsgroup.com)**

