

# DONA ANA COUNTY SEWER UTILITY RATE STUDY

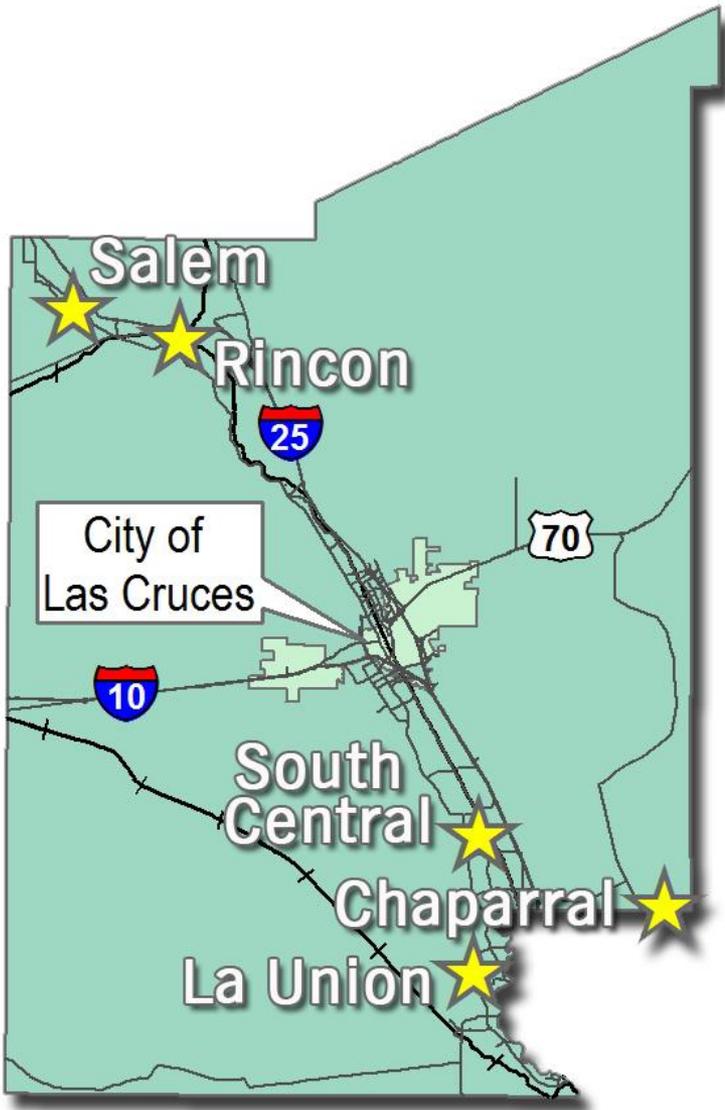


# BACKGROUND AND OBJECTIVE

- Dona Ana County (DAC) Utilities Department began operating centralized wastewater collection and treatment facilities in 2003.
- There are five separate wastewater service areas that make up the County's wastewater utility infrastructure and are financially managed as a single entity enterprise fund.
  - Salem
  - Rincon
  - Chaparral
  - South Central
  - La Union
- DAC owns and operates 4 separate wastewater treatment plants. They are located within the Salem, Rincon, Chaparral, and South Central service areas.
- Rates for sewer service were established based on estimates of operations and maintenance costs for the various community facilities in 2016.
- No changes in the sewer rate structure have been made since the Utility's inception.
- The purpose of this study is to provide a review of the financial condition of the utility under the existing sewer rate structure to determine if changes to the current financial structure of the utility are warranted after 14 years of operation.



# DAC Wastewater Service Area Locations



# Rate Structures from Similar Communities

Community	Number of Connections	Monthly Connection Charge		Residential Customer %
		Residential	Commercial	
Aztec <sup>1</sup>	2,660	\$44.50	\$45.00	88%
Belen <sup>1</sup>	3,036	\$35.87	\$35.87	89%
Bloomfield <sup>1</sup>	2,527	\$40.38	\$60.72	89%
Espanola <sup>2</sup>	4,158	\$47.01	\$43.52	85%
Grants <sup>1</sup>	3,108	\$27.88	\$27.88	86%
Hurley <sup>2</sup>	649	\$40.80	\$45.93	95%
Logan <sup>1</sup>	1,031	\$25.00	\$31.00	98%
Milan <sup>2</sup>	778	\$30.10	\$34.00	76%
Red River <sup>1</sup>	582	\$45.63	\$45.04	83%
Santa Rosa <sup>1</sup>	792	\$28.03	\$57.83	78%
Average of Similarly Sized Communities:	1,932	\$36.52	\$42.68	87%
State-Wide Average:	5,318	\$23.77	\$33.54	89%

<sup>1</sup>New Mexico Environment Department Construction Programs Bureau, Municipal Water and Wastewater User Charge Survey for 2012 Rates (Based on 6,000 gallons/month), 2013.

<sup>2</sup>New Mexico Environment Department Construction Programs Bureau, Municipal Water and Wastewater User Charge Survey for 2011 Rates (Based on 6,000 gallons/month), 2012.



# Current DAC Monthly Rate Schedule

Customer Classification	FIXED CHARGES	VARIABLE CHARGES
	Minimum Charge (up to 7,000 gallons)	Per 1,000 gallons at 80% of Water Usage
Residential	\$21.00	
Commercial	\$42.00	
Institutional	\$60.00	\$1.40 per 1,000 gallons
Industrial	\$100.00	\$1.40 per 1,000 gallons
Multi-Use	\$21.00 per dwelling unit	

# Current DAC Administrative Set-Up Charges

Customer Classification	Less than 6 months to Connect	Greater than 6 months to Connect
Residential	\$150.00	\$300.00
Commercial	\$300.00	\$600.00
Institutional	\$500.00	\$1,000.00
Industrial	\$700.00	\$1,400.00

# Current DAC One-Time Charges

Water Meter Size	One Time Charge
5/8" x 3/4"	\$1,000.00
1"	\$1,600.00
1 1/2"	\$2,500.00
2"	\$6,000



# SUMMARY OF REVENUE AND EXPENSES FY11-FY16

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
<b>Revenue Total</b>	\$ 1,154,017	\$ 1,224,608	\$ 1,229,110	\$ 1,364,721	\$ 1,479,105	\$ 2,695,785
<b>Total Expenditures</b>	\$ 1,372,349	\$ 2,180,965	\$ 1,753,332	\$ 1,643,008	\$ 2,142,389	\$ 3,413,366
<b>Net Total Income (Losses)</b>	\$ (218,332)	\$ (956,357)	\$ (524,222)	\$ (278,287)	\$ (663,284)	\$ (717,581)



# How to continue funding sewer utility?

- ▲ Customer Rate Increase
- ▲ Support from General Fund
- ▲ Combination of Both
- ▲ What Time Period



# Utilities Costs vs Household Income

▲ Doña Ana County residents pay *lower* utility rates than other communities as share of median household income

Community	Median Household Income	Monthly Wastewater Utility Costs	Annual Wastewater Utility Costs	Utility Costs as Share of MHI
Española	\$30,257	\$47.01	\$564.12	1.86%
Belen	\$29,486	\$35.87	\$430.44	1.46%
Aztec	\$41,414	\$44.50	\$534.00	1.29%
Milan (Cibola County)	\$34,565	\$30.10	\$361.20	1.04%
Bloomfield	\$49,070	\$40.38	\$484.56	0.99%
Grants	\$39,014	\$27.88	\$334.56	0.86%
<b>Doña Ana County (Study Area)</b>	<b>\$30,276</b>	<b>\$21.00</b>	<b>\$252.00</b>	<b>0.83%</b>
Average (Not Including DAC)				1.25%



## Fixed Rates – End GF support in 1 year

Customer Rate	Current	FY18	FY19	FY20	FY21	FY22
Residential	\$21	\$42.00	\$43.05	\$44.13	\$45.23	\$46.36
Commercial	\$42	\$84.00	\$86.10	\$88.25	\$90.46	\$92.72
Institutional	\$60	\$410.00	\$427.50	\$445.44	\$463.82	\$482.67

## Fixed Rates – End GF support in 5 years

Customer Rate	Current	FY18	FY19	FY20	FY21	FY22
Residential	\$21	\$33.50	\$37.15	\$40.80	\$44.45	\$48.10
Commercial	\$42	\$84.00	\$86.10	\$88.25	\$90.46	\$92.72
Institutional	\$60	\$410.00	\$420.25	\$430.75	\$441.52	\$452.56



# DISCUSSION

