

RESOLUTION NO. 2024-31

A RESOLUTION ADOPTING RATES AND FEES FOR WATER, SEWER AND RECLAIMED WATER SERVICE .

WHEREAS, the City Commission of the City of Alamogordo acknowledges that they have a responsibility to ensure the provision of safe, reliable, and sustainable water services to all users in the City of Alamogordo;

WHEREAS, the City of Alamogordo owns and operates a utility system that provides essential water and sewer services to residences and businesses, and that operates 24 hours per day and 365 days per year; and,

WHEREAS, the operational and financial sustainability of the utility system is vital to the public health and safety of the City's residents; and,

WHEREAS, because of its important link to public health and safety, the City's utility system is highly regulated, and the City could face fines or consent orders from regulatory agencies as a result of infrastructure failures or if current regulatory requirements are not met; and,

WHEREAS, as a desert community, the City heavily relies on its water system infrastructure to safely transport water several miles to utility customers; and,

WHEREAS, the current rate structure, established by ordinance 1506, has been in effect since July 2015 and no longer adequately reflects the cost of providing water services, maintaining infrastructure and ensuring regulatory compliance; and,

WHEREAS, the utility system has experienced tremendous inflation in operating costs since the last rate adjustments, such as the costs of PVC pipe increasing over 200%; and,

WHEREAS, many of the City's roads cannot be repaired until line break issues under the roads are addressed, but utility revenues have been insufficient to systematically fund the water and sewer portion of the City's Street Maintenance Program (SMP); and,

WHEREAS, the City has identified critical utility infrastructure capital needs for the next several years which must be funded through the rate and financial plan to ensure the operational and financial sustainability of the utility systems; and,

WHEREAS, there are nationwide issues with filling positions and keeping employees, and the City implemented the results of a pay study to help ensure that the utility has a well-trained, experienced, and sufficient utility staff to effectively operate the utility 24 hours per day and 365 days per year; to maintain the level of service; and to be prepared for emergencies; and,

WHEREAS, the City recently conducted a rate study to determine the rate adjustments needed to fund the critical capital needs and address certain operating deficiencies over the next ten years; and,

WHEREAS, rate adjustments are needed to provide access to capital markets for financing the critical capital needs, and funding the critical needs on a pay-as-you-go basis would require much higher rate adjustments; and,

WHEREAS, securing debt financing requires the City to demonstrate to lenders, bondholders, and credit rating agencies that the City has adopted a multi-year schedule of rates to support the debt; and,

WHEREAS, without rate adjustments, the utility may have issues meeting its existing debt obligations, which could lead to rate covenant default remedies available to lenders (e.g., accelerated payments); and,

WHEREAS, the City staff needs to know the revenue stream to implement the multi-year capital program since projects usually take more than one year to complete and funding must be in place to enable bidding for projects; and,

WHEREAS, the proposed rates are considered affordable by utility industry standards; and,

WHEREAS, the proposed rates are competitive with those charged by neighboring New Mexico local governments; and,

WHEREAS, the proposed rates provide a less complicated rate structure and eliminate mandatory account transfers (decrease in future liens); and,

WHEREAS, the City Commission finds that it is in the best interest of the public to adopt the multi-year schedule of water and sewer service charges as recommended by the rate consultant and as provided for in this Resolution;

THEREFORE BE IT RESOLVED, THAT upon final adoption of ordinance 1700 the rates and fees listed below shall be adopted by resolution:

ANCILLARY CHARGE FOR NONROUTINE SERVICES

The following ancillary charges are intended to defray costs of special, non-routine services provided to users of the city water system: All charges include tax where applicable.

- 1) Late fee per account if payment for water, sewer or residential garbage collection fees, or any combined billing is more than ten (10) calendar days past due:

10% of the bill amount. Late fee percentage does not compound or apply to any subsequent late fees or delinquency charges on the account.

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| 2) Same day Service calls (Monday—Friday, 8:00 a.m.—5:00 p.m.) | \$55.00 |
| 3) Non Business Hour Service calls during all other times | \$110.00 |
| 4) Accounting Processing Fee | \$35.00 |
| 5) Property owners who submit statement of property ownership form(s) shall not be charged a transfer fee for the properties listed on the form unless terminated for non-payment. | |
| 6) Meter installation varies based on actual cost which includes parts mark-up. | |
| a. ¾ inch | \$300.00 |
| b. 1 inch | \$350.00 |
| c. 1 ½ inch | \$500.00 |
| d. 2 inch | \$1,400.00 |
| e. 4 inch | \$1,600.00 |
| 7) Administrative fee for all liens filed | \$200.00 |
| 8) Processing fee (active delinquent accounts) | \$35.00 |
| 9) Water Tapping Fees. Tap includes saddle, corporation stop or gate valve | |
| a. 1" Water Tap | \$1,054* |
| b. 1-1/4" Water Tap | \$1,377* |
| c. 1-1/2" Water Tap | \$1,359* |
| d. 2" Water Tap | \$1,525* |
| e. 4" Water Tap | \$7,863* |
| f. 6" Water Tap | \$8,826* |
| g. 8" Water Tap | \$10,393* |
| h. 10" Water Tap | \$13,266* |
| i. 12" Water Tap | \$15,392* |

*or Cost Recovery, whichever is higher

WATER SERVICE

Description	Fiscal Year Ending June 30,				
	2025	2026	2027	2028	2029
<u>Household Customers - Inside City</u>					
	<i>Monthly Base Charge</i>				
3/4" Meter	19.37	24.21	29.05	34.86	37.30
1" Meter	27.59	34.49	41.39	49.67	53.15
1-1/2" Meter	41.25	51.56	61.87	74.24	79.44
Multi-Family Unit	19.37	24.21	29.05	34.86	37.30
<i>Usage</i>	<i>Usage Charge (Per Hundred Cubic Feet [CCF])</i>				
All Usage Except for Irrigation Accounts	2.88	3.60	4.32	5.18	5.54
Irrigation Account Usage	5.76	7.20	8.64	10.36	11.08
<u>Household Customers - Outside City</u>					
	<i>Monthly Base Charge</i>				
3/4" Meter	38.74	48.42	58.10	69.72	74.60
1" Meter	55.18	68.98	82.78	99.34	106.30
1-1/2" Meter	82.50	103.12	123.74	148.48	158.88
Multi-Family Unit	38.74	48.42	58.10	69.72	74.60
<i>Usage</i>	<i>Usage Charge (Per Hundred Cubic Feet [CCF])</i>				
All Usage Except for Irrigation Accounts	5.76	7.20	8.64	10.36	11.08
Irrigation Account Usage	11.52	14.40	17.28	20.72	22.16
<u>Non-Household Customers - Inside City</u>					
	<i>Monthly Base Charge</i>				
3/4" Meter	24.18	30.22	36.26	43.51	46.56
1" Meter	66.82	83.52	100.22	120.26	128.68
1-1/2" Meter	109.39	136.74	164.09	196.91	210.69
2" Meter	140.96	176.19	211.43	253.72	271.48
3" Meter	294.24	367.80	441.36	529.63	566.70
4" Meter	409.98	512.47	614.96	737.95	789.61
6" Meter	716.83	896.04	1,075.25	1,290.30	1,380.62
<i>Usage</i>	<i>Usage Charge (Per Hundred Cubic Feet [CCF])</i>				
All Usage Except for Irrigation Accounts	2.88	3.60	4.32	5.18	5.54
Irrigation Account Usage	5.76	7.20	8.64	10.36	11.08
<u>Non-Household Customers - Outside City</u>					
	<i>Monthly Base Charge</i>				
3/4" Meter	48.36	60.44	72.52	87.02	93.12
1" Meter	133.64	167.04	200.44	240.52	257.36
1-1/2" Meter	218.78	273.48	328.18	393.82	421.38
2" Meter	281.92	352.38	422.86	507.44	542.96
3" Meter	588.48	735.60	882.72	1,059.26	1,133.40
4" Meter	819.96	1,024.94	1,229.92	1,475.90	1,579.22
6" Meter	1,433.66	1,792.08	2,150.50	2,580.60	2,761.24
<i>Usage</i>	<i>Usage Charge (Per Hundred Cubic Feet [CCF])</i>				
All Usage Except for Irrigation Accounts	5.76	7.20	8.64	10.36	11.08
Irrigation Account Usage	11.52	14.40	17.28	20.72	22.16

SEWER SERVICE

Description	Fiscal Year Ending June 30,				
	2025	2026	2027	2028	2029
<u>Household Customers - Inside City</u>					
	<i>Monthly Base Charge</i>				
3/4" Meter	\$ 17.68	\$ 22.10	\$ 26.52	\$ 31.82	\$ 34.05
1" Meter	24.90	31.12	37.34	44.81	47.95
1-1/2" Meter	33.15	41.44	49.73	59.68	63.86
Multi-Family Unit	17.68	22.10	26.52	31.82	34.05
	<i>Usage Charge (Per Hundred Cubic Feet [CCF])</i>				
Commodity Rate Per CCF - Applied to 90% of Water Used [2]	\$ 1.50	\$ 1.88	\$ 2.26	\$ 2.71	\$ 2.90
<u>Household Customers - Outside City</u>					
	<i>Monthly Base Charge</i>				
3/4" Meter	\$ 35.36	\$ 44.20	\$ 53.04	\$ 63.64	\$ 68.10
1" Meter	49.80	62.24	74.68	89.62	95.90
1-1/2" Meter	66.30	82.88	99.46	119.36	127.72
Multi-Family Unit	35.36	44.20	53.04	63.64	68.10
	<i>Usage Charge (Per Hundred Cubic Feet [CCF])</i>				
Commodity Rate Per CCF - Applied to 90% of Water Used [2]	\$ 3.00	\$ 3.76	\$ 4.52	\$ 5.42	\$ 5.80
<u>Non-Household Customers - Inside City</u>					
	<i>Monthly Base Charge</i>				
3/4" Meter	\$ 17.68	\$ 22.10	\$ 26.52	\$ 31.82	\$ 34.05
1" Meter	24.90	31.12	37.34	44.81	47.95
1-1/2" Meter	33.15	41.44	49.73	59.68	63.86
2" Meter	61.36	76.70	92.04	110.45	118.18
3" Meter	210.21	262.76	315.31	378.37	404.86
4" Meter	272.35	340.44	408.53	490.24	524.56
6" Meter	416.33	520.41	624.49	749.39	801.85
	<i>Usage Charge (Per Hundred Cubic Feet [CCF])</i>				
Commodity Rate Per CCF - Applied to 90% of Water Used	\$ 1.50	\$ 1.88	\$ 2.26	\$ 2.71	\$ 2.90
<u>Non-Household Customers - Outside City</u>					
	<i>Monthly Base Charge</i>				
3/4" Meter	\$ 35.36	\$ 44.20	\$ 53.04	\$ 63.64	\$ 68.10
1" Meter	49.80	62.24	74.68	89.62	95.90
1-1/2" Meter	66.30	82.88	99.46	119.36	127.72
2" Meter	122.72	153.40	184.08	220.90	236.36
3" Meter	420.42	525.53	630.62	756.74	809.72
4" Meter	544.70	680.88	817.06	980.48	1,049.12
6" Meter	832.66	1,040.82	1,248.98	1,498.78	1,603.70
	<i>Usage Charge (Per Hundred Cubic Feet [CCF])</i>				
Commodity Rate Per CCF - Applied to 90% of Water Used	\$ 3.00	\$ 3.76	\$ 4.52	\$ 5.42	\$ 5.80

RECLAIMED WATER SERVICE

Description	Fiscal Year Ending June 30,				
	2025	2026	2027	2028	2029
<u>All Customers</u>					
Commodity Charge Per CCF - Inside City	\$ 2.88	\$ 3.60	\$ 4.32	\$ 5.18	\$ 5.54
Commodity Charge Per CCF - Outside City	5.76	7.20	8.64	10.36	11.08

Footnotes:

- [1] For all users which are located outside city limits, the rates are two (2) times the monthly customer and commodity charges.
 - [2] The existing sewer commodity charge for all household customers is currently billed based on a winter quarterly rate. Under the proposed rates, 90% of all metered water usage shall be billed for sewer usage.
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PASSED, APPROVED AND ADOPTED this 25th day of June, 2024.

CITY OF ALAMOGORDO, NEW MEXICO
a New Mexico municipal corporation

By: Susan L. Payne
Susan L. Payne, Mayor



ATTEST:
Rachel Hughs
Rachel Hughs, City Clerk

APPROVED AS TO FORM:
Ashley Smith
Ashley Smith, City Attorney