



**RCAC**

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# Tyrone WWA Utility Rate Discussion

11/19/2025

# Purpose and Scope of This Presentation

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- Discuss 6-Year Utility Revenue Forecast for Tyrone Water & Wastewater Association (TWWA)
- Incorporate revenue needs identified by the association
- Identify revenue adjustments for board consideration

# Community Profile

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- Unincorporated community (established 1968)
- Population (U.S. Census): 637 (2010), 712 (2020). 664 (2023)\*
- 5-Yr Median Household Income (2023) = \$46,250

# Utility Observations

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- System dates from ~1970. Approx. 323 active water and sewer
- Water purchased from Silver City
- Major infrastructure improvements identified through FY31 (\$7.410M – H2O; \$3.038M – Sewer)
- \$366K in reserves identified
- Last significant revenue adjustment - \$10 per property in 2024



# Challenges

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- Aging infrastructure and access to funding
- Limited sources of revenue (e.g., no GRT)
- ***Purchased H2O source***

# TWWA Rates Compared with State Average

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- **Tyrone TWWA (6K) = \$148.81** per month = \$96.25 (Water)\* + \$52.56 (Sewer)\*\*
- State Residential Average (**6K gals**) = \$48.84 (H2O) + \$31.64 (Sewer) = **\$80.48** per month (based on December 2024 data)

[https://www.env.nm.gov/drinking\\_water/rates](https://www.env.nm.gov/drinking_water/rates)

\*Water: \$96.25 = \$37.50 (water share of residential assessment) + \$10 (TWWA Admin. Fee) + \$32.19 (usage at 6K) + Access Fee (\$16.56);

\*\*Sewer: \$52.56 = \$37.50 (sewer share of residential assessment) + \$15.06 (usage)

# Comparison with Neighboring Purchased Water System

- Tyrone Monthly Water = \$96.25/mo. (6K gals.)
- Arenas Valley Monthly Water:
  - 3K gals. = \$63.99 (\$79.42)
  - 6K gals. = \$89.10 (\$96.25)
  - 9K gals. = \$114.21 (\$113.08)

## Current Water Rates: August 2024

Basic Charge .....	\$30.00 + tax per meter connection
	<i>This charge begins when meter is installed and applies even if water is not used.</i>
Silver City Access Fee .....	\$9.21 per member account
First 3000 gallons .....	\$8.26 per Thousand Gallons
3000 - 10,000 gallons .....	\$8.37 per Thousand Gallons
10,000- 65,000 gallons .....	\$9.64 per Thousand Gallons
Over 65,000 gallons .....	\$14.56 per Thousand Gallons

Gross receipts tax is added to each bill. Water rates are subject to change.

**Please note:** This increase was implemented by the Agreement with the Town of Silver City. Water rates and access fee increase due to Town of Silver City implementation of the same. Raises in effect providing changes can be negotiated.

<https://www.arenasvalleywater.org/current-water-rates/>

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# 6-Year Financial Analysis: Summary Discussion

# 6-Year Financial Forecast (FY26-31)

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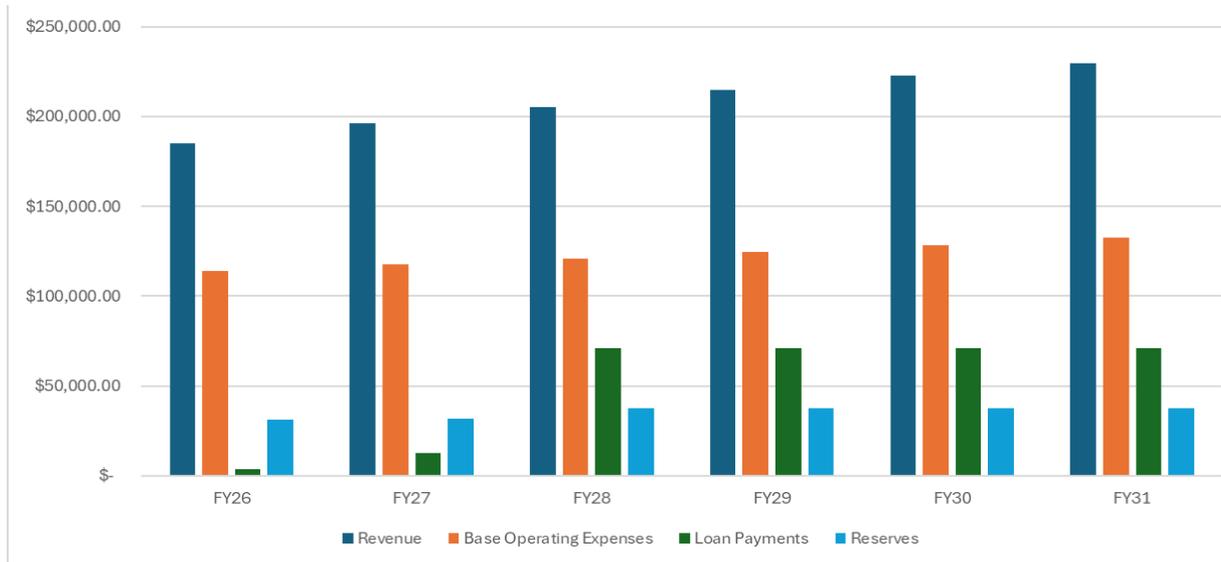
- Purpose: Recognize full cost of providing water and sewer service including base operating expenses, debt and reserves
- Strategy: Implement revenue adjustments over multi-year period to meet recognized needs
- **Goals**: 1) Build needed capacity 2) Address system needs and challenges 3) Adopt “Enterprise Fund” approach to utility management

# Revenue Needs

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- **Base Operating Expenses** – Salaries and benefits, utilities, chemicals, maintenance & repairs, fuel, office supplies, insurance, et. al.
- **Debt Service**– loan payments (principal and interest)
- **Reserves** – Operating, Emergency, Debt, and Capital

# 6-Year Water Fund Projection (\$1,251,889.04 Needed)



Net Position (FY31)

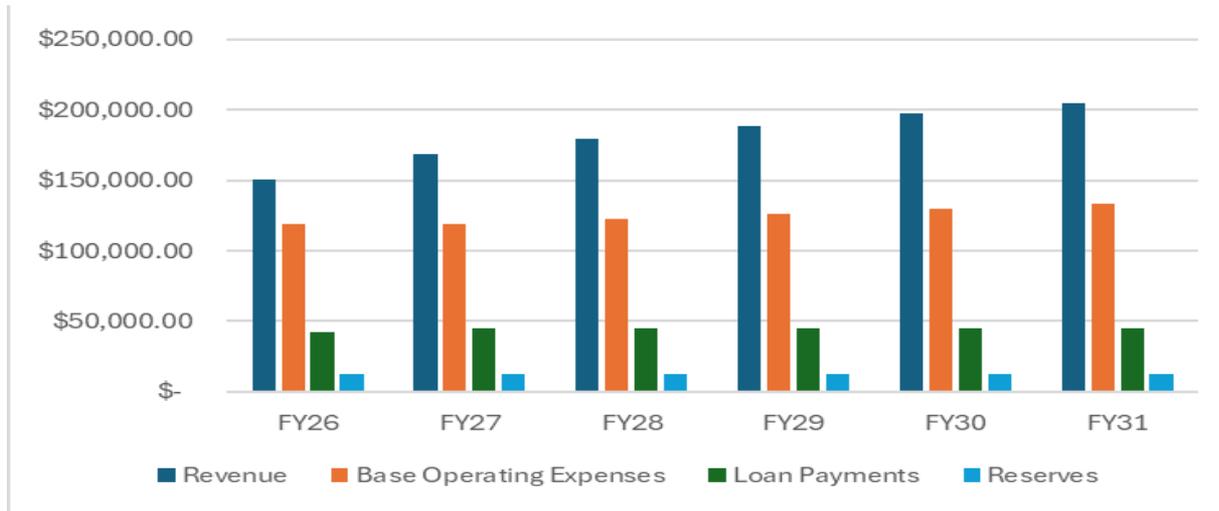
With Adjustments  
= \$1,601.16

No Adjustments  
= **-\$141,649.04**

<b>WATER FUND</b>	FY26	FY27	FY28	FY29	FY30	FY31
Revenue	\$ 185,040.00	\$ 196,342.20	\$ 205,288.33	\$ 214,657.88	\$ 222,761.96	\$ 229,399.82
Base Operating Expenses	\$ 114,100.00	\$ 117,523.00	\$ 121,048.69	\$ 124,680.15	\$ 128,420.56	\$ 132,273.17
Loan Payments	\$ 3,823.20	\$ 12,527.64	\$ 70,940.88	\$ 70,940.88	\$ 70,940.88	\$ 70,940.88
Reserves	\$ 31,001.93	\$ 31,872.38	\$ 37,713.70	\$ 37,713.70	\$ 37,713.70	\$ 37,713.70
Debt Coverage Ratio	18.56	6.29	1.19	1.27	1.33	1.37
Total Revenue Generated	\$1,253,490.19					



# 6-Year Sewer Fund Projection (\$1,091,142.23 Needed)



Net Position (FY31)

With Adjustments  
= \$632.69

No Adjustments  
= **-\$217,668.63**

SEWER FUND	FY26	FY27	FY28	FY29	FY30	FY31
Revenue	\$ 151,173.10	\$ 169,488.46	\$ 179,629.14	\$ 188,586.74	\$ 197,992.23	\$ 204,905.26
Base Operating Expenses	\$ 118,759.00	\$ 118,759.00	\$ 122,321.77	\$ 125,991.42	\$ 129,771.17	\$ 133,664.30
Loan Payments	\$ 42,010.56	\$ 44,589.84	\$ 44,589.84	\$ 44,589.84	\$ 44,589.84	\$ 44,589.84
Reserves	\$ 12,819.30	\$ 12,819.30	\$ 12,819.30	\$ 12,819.30	\$ 12,819.30	\$ 12,819.30
Debt Coverage Ratio	0.77	1.14	1.29	1.40	1.53	1.60
Total Revenue Generated	\$1,091,774.93					



# Proposed Revenue Adjustments (Preliminary)

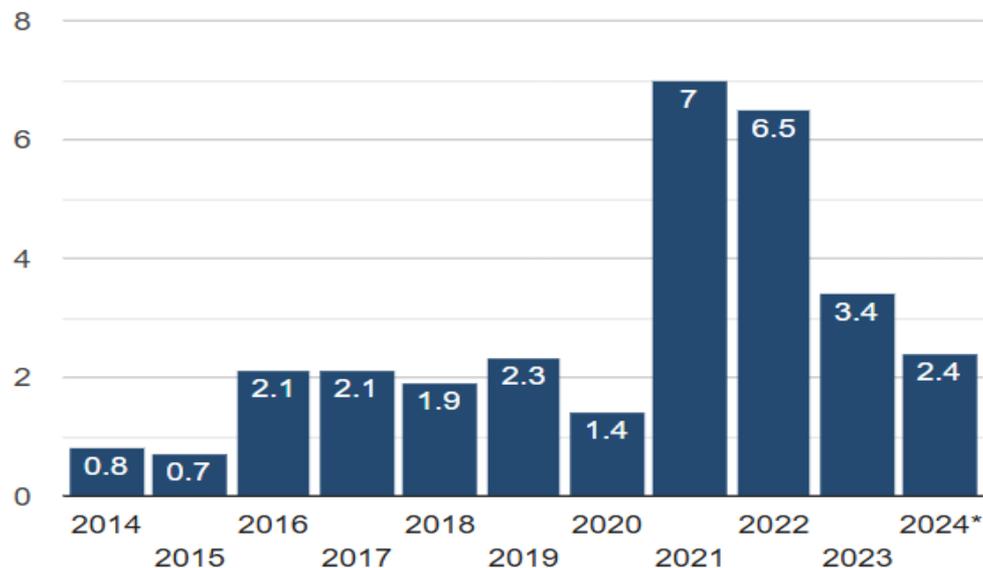
<b>WATER FUND</b>	FY26 (1/26)	FY27 (7/26)	FY28 (7/27)	FY29 (7/28)	FY30 (7/29)	FY31 (7/30)
% Increase	0.0%	6.2%	4.6%	4.6%	3.8%	3.0%
Current Rate (\$47.50)	\$47.50	\$50.43	\$52.74	\$55.17	\$57.26	\$58.98
Increase per Connection	<b>\$0.00</b>	<b>\$2.93</b>	<b>\$2.32</b>	<b>\$2.42</b>	<b>\$2.10</b>	<b>\$1.72</b>
Revenue Needed (FY26-31)	<b>\$1,251,889.04</b>					

<b>SEWER FUND</b>	FY26 (1/26)	FY27 (7/26)	FY28 (7/27)	FY29 (7/28)	FY30 (7/29)	FY31 (7/30)
% Increase	8.0%	8.0%	6.0%	5.0%	5.0%	3.5%
Current Rate (\$37.50)	\$40.50	\$43.74	\$46.36	\$48.68	\$51.12	\$52.91
Increase per Connection	<b>\$3.00</b>	<b>\$3.24</b>	<b>\$2.62</b>	<b>\$2.32</b>	<b>\$2.43</b>	<b>\$1.79</b>
Revenue Needed (FY26-31)	<b>\$1,091,142.23</b>					

# Factors Affecting Revenue Needs

- System growth & per capita usage (0% assumed)
- Allocation of H2O and Sewer Costs (50% split assumed)
- Operating Efficiency
- Project Timing
- **Inflation (3% assumed)**

Chart: United States Annual Inflation Rates (2014 to 2024)



\*Cumulative Inflation 1/21 – 8/25 = 24%

## Next Steps

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- Incorporate public input
- Refine rate/revenue options
- Implement rate adjustments as needed