



BIG MESA FALL 2024 NEWSLETTER



It has been almost five years since the preliminary engineering report conducted in January 2020 that it recommended that Big Mesa to replace its water treatment plant which has been in operation for over 50 years. The new water treatment plant will maintain reliable quality of drinking water and ensuring compliance with state and federal drinking water standards. The design of the existing filter plant is based on groundwater treatment, whereas Big Mesa's water source is surface water. After many years of gaining compliance and funding from numerous New Mexico governmental agencies we happy state the Big Mesa has been approved to proceed with its new water treatment plant with the additional funding secured to pay for it. The lowest bid for the water filter plant is significantly higher than expected due to several factors:

- **Labor Costs:** Construction labor costs have risen sharply. Many contractors are struggling to find qualified workers and are offering higher wages, leading subcontractors to charge more.
- **Materials and Installation Costs:** Overall construction costs have increased dramatically since the initial estimate. Key price changes include:
 - Pre-engineered metal buildings: up by over \$450,000.
 - Major water treatment equipment and piping: up by nearly \$700,000.
 - Sitework and utilities: increased by more than 150%.
 - Electrical/SCADA controls: up by over \$450,000.
- **General Conditions:** Costs for mobilization, bonding, and insurance have risen by over \$400,000.

Given these increases, Big Mesa sought additional funding of \$2.7 million (\$5.5 - \$2.9 million) to ensure the completion of this critical project. The source of funds are with New Mexico Finance Authority (NMFA) for \$2.94M where 75% of that total (\$2.2M) is "forgiven" with 25% (\$735k) to be repaid at 0.25% interest loan with a 30-year term. The remaining funding of \$2.7 million is from New Mexico Rural Infrastructure Program (RIP) where 37% of that total (\$1M) is "forgiven" with 25% (\$1.7 million) to be repaid at 1% interest loan with a 20-year term.

To cover upcoming loan payments, we need to raise our monthly water and solid waste base rates from \$55 to \$75, an increase of \$20. To mitigate the impact on our customers, we will implement this rate increase in two phases January 2025 for the first \$10 and the remaining \$10 in January 2026. During the first phase, we will use a portion of our cash reserves to ease the transition before fully implementing the new rate structure in the second phase. A small portion of the rate increase will offset the additional cost it takes to operate the Community Collection Center (formally known as Transfer Station).

The investment in this project will have a lasting impact on well-being of the Big Mesa community by ensuring a reliable and safe water supply for generations to come. The expect in-service date for the new water treatment plant is May 2026.

In addition, Big Mesa mailed monthly invoices will revert back to postcard mailings instead of envelope as cost saving measure.

Sincerely,

Your Big Mesa Board and Staff