

October 25, 2022



ENMRWS Update New Mexico Finance Authority Oversight Committee



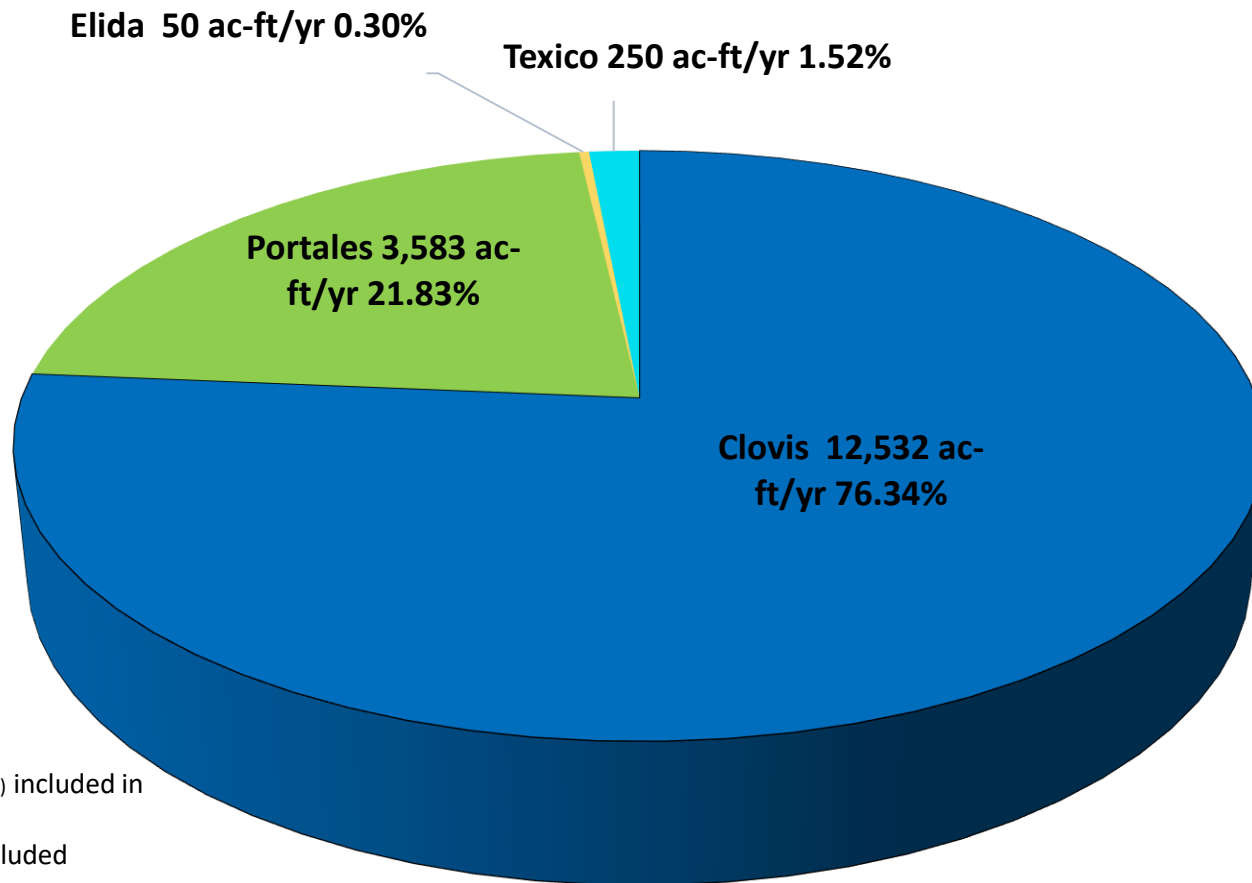
➤ Eastern New Mexico Water Utility Authority (ENMWUA) Facts

- The ENMWUA's water pipeline system is called the **Eastern New Mexico Rural Water System** (ENMRWS), also known as the Ute Pipeline Project.
- The ENMRWS is a regional rural water supply project projected to address municipal and industrial water supply issues resulting from a declining and deteriorating Ogallala groundwater source.
- The ENMWUA's water delivery system will deliver 16,415-acre feet of renewable potable water annually to four-member communities to include Clovis, Portales, Texico, Elida, areas in Roosevelt and Curry counties, and Cannon Air Force Base.
- ENMRWS was federally authorized through the Omnibus Public Land Management Act of 2009.
- New Mexico Legislature enacted the Eastern New Water Utility Authority Act establishing ENMWUA as an official governmental Water Utility Authority effective July 1, 2010.

➤ Eastern New Mexico Water Utility Authority (ENMWUA)

Facts

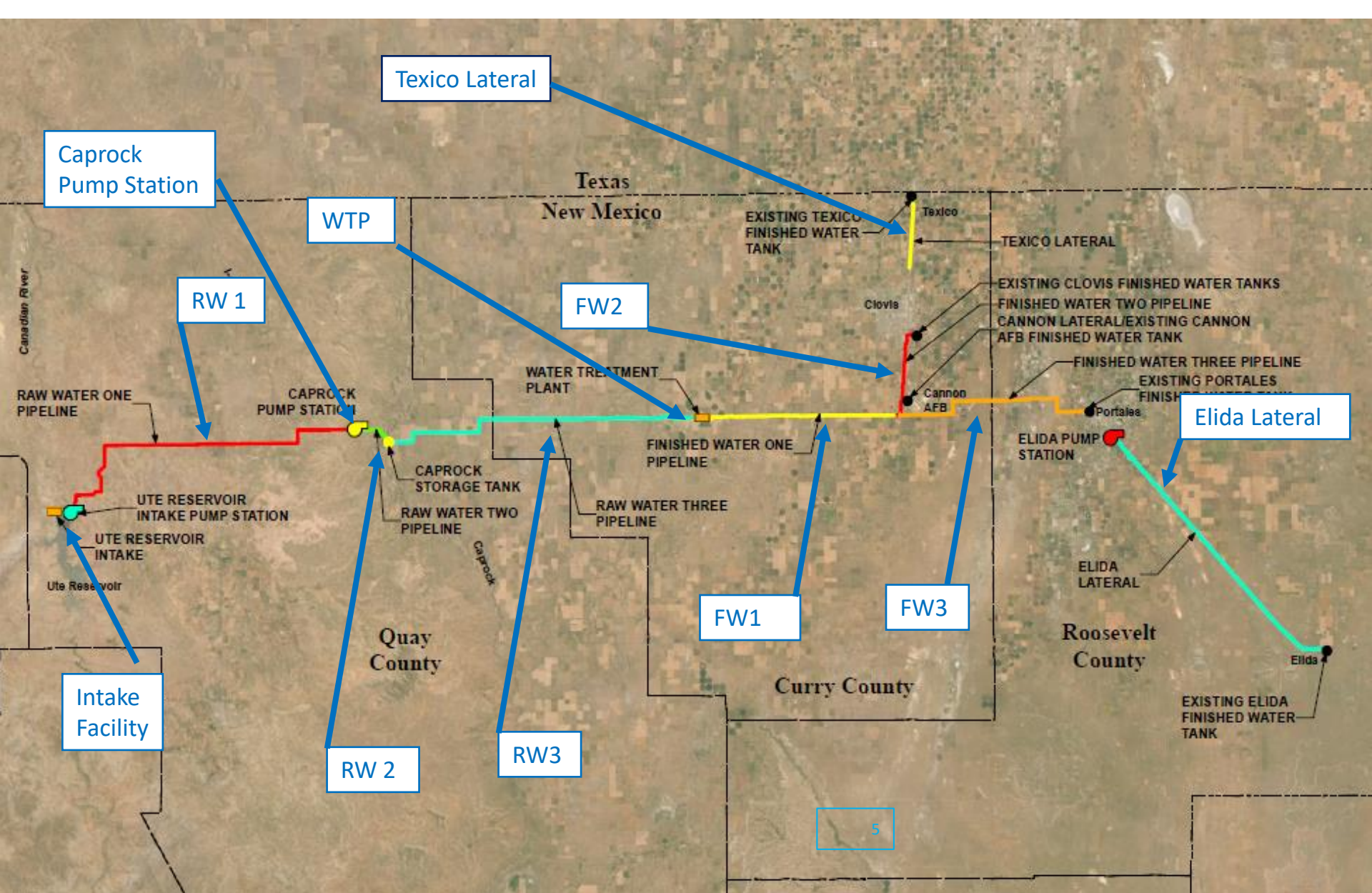
ENMWUA Member Allocation



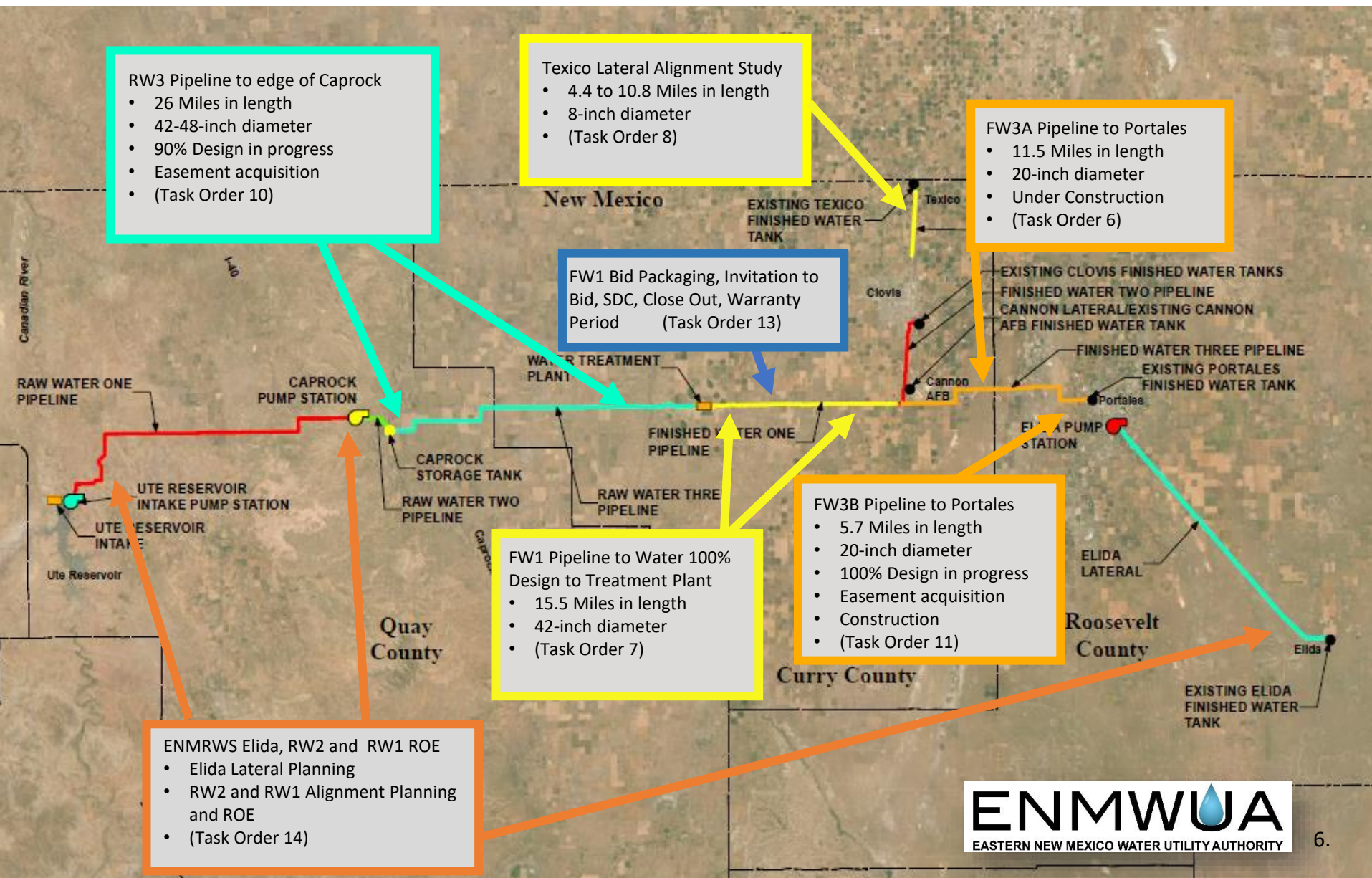
Notes;
Cannon AFB (2,150 ac-ft) included in
Clovis Allocation
Roosevelt County included
in Portales Allocation

➤ Eastern New Mexico Water Utility Authority (ENMWUA) Facts

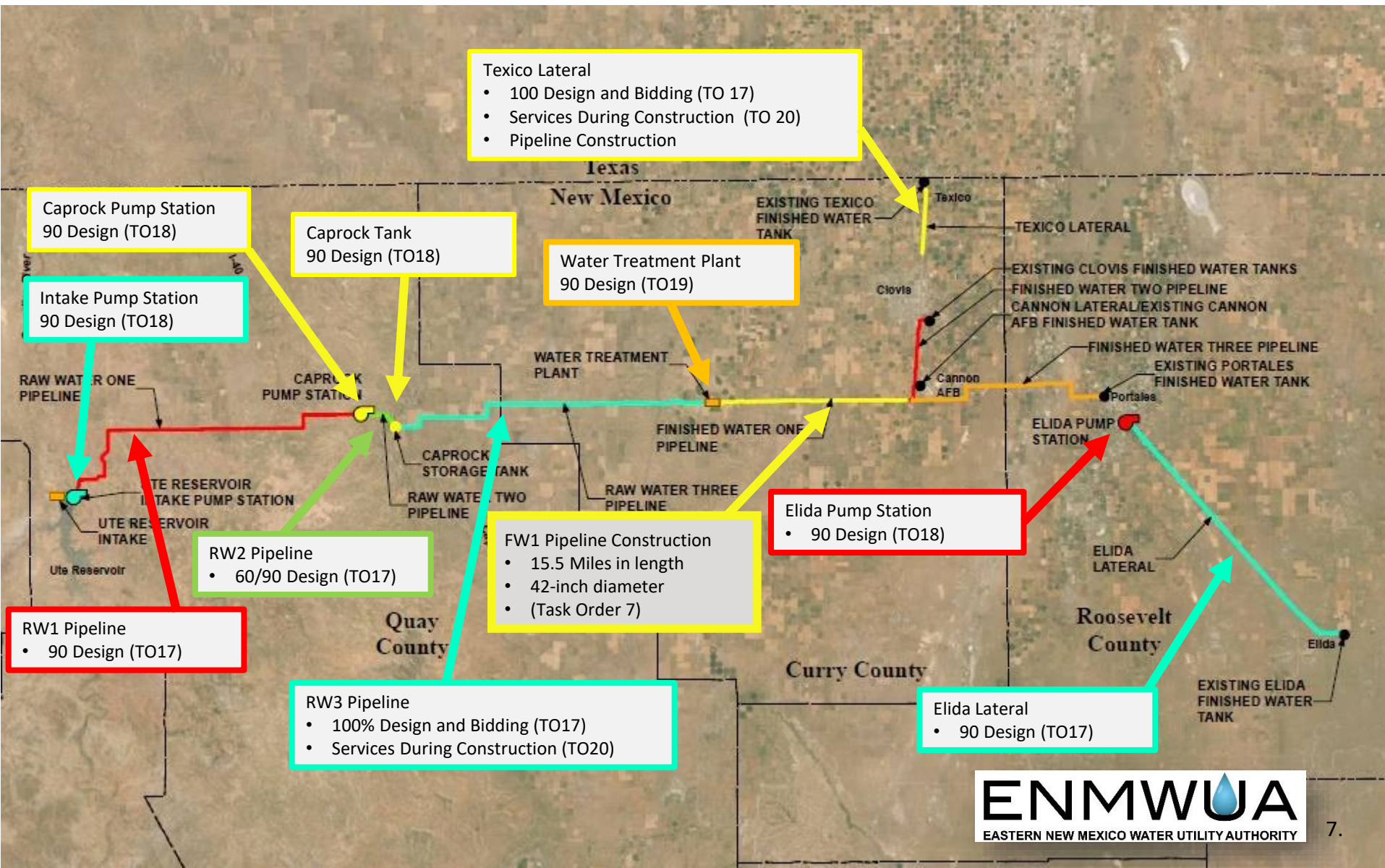
- The project includes a 28-million-gallon-per-day (mgd) water treatment facility, over 90 miles of transmission pipeline, and over 30 miles of lateral pipeline to serve several communities.
- Funding Breakdown: 75% Federal, 15% State, 10% Local ENMWUA Membership.
- Intake Facility at Ute Reservoir – **Completed** in 2016 – Cost **\$14.2 Million**
- Finished Water 2 (FW2) – **Completed** in 2021 – Cost **\$27.3 Million**
(Connects Cannon Air Force Base (CAFB) and Clovis Community)
- Finished Water 3 (FW3) – **Under Construction** – Cost **\$37.1 Million**
(Connects from CAFB to Portales)
- Finished Water 1 (FW1) – Request for Proposals published on June 12, 2022. Received proposal on September 28, 2022. Award of contract goes before the ENMWUA Board on October 27, 2022
(Connects from north FW2 to proposed Water Treatment Plant location)



➤ FY2022/2023 ENMWUA Budgeted Projects (Currently Underway)



- FY2023 Projects (Currently Underway)
- Made possible with 2022 Federal, State, Local funding



➤ CURRENT REAL TIME ACTIVITY

Current projects underway include:

- **Finished Water 3 (FW3)** construction, 17.2-mile 20-inch diameter water transmission pipeline connecting FW2 to Portales. (Under construction)
- **Finished Water 1 (FW1)** 100 percent design is complete. RFP proposals due on September 28, 2022. Scheduled award of proposal October 27, 2022. This involves 15.5 miles of 39-inch diameter water transmission pipeline begins at the north end of FW2 and will connect to the proposed water treatment plant. Construction on FW1 is planned to begin winter of 2022/2023.
- **Raw Water 3 (RW3)** is currently being designed to a 90 percent level. This includes 26 miles of 42-48-inch diameter pipeline. RW3 begins on the north end of the proposed water treatment plant and continues to the edge of the caprock.
- **Texico Lateral** planning study conducted by ENMWUA stakeholders. The conclusion of this planning has allowed for a decision of best alignment option. ENMWUA will commence on design after this planning is complete and best lateral option is approved by all stakeholders.

➤ CURRENT REAL TIME ACTIVITY

Current projects underway include:

- **Raw Water 2 (RW2)** is a three-mile section of 42-inch diameter pipe currently under alignment planning and Right-of-Entry activity. Geotech and surveys have commenced. 90% design and easement acquisition will be next steps. Remaining 10% of design, bid packaging, RFP, and construction will follow with next round of funding.
- **Raw Water 1 (RW1)** is a 28-mile pipeline of 42-inch diameter that connects from RW2 to the Intake Facility at Ute Reservoir. Current activity includes alignment planning and Right-of-Entry. Geotech and surveys will commence. 90% design and easement acquisition will be next steps. Remaining 10% of design, bid packaging, RFP, and construction will follow with next round of funding.
- **Elida Lateral and Pump Station** This is a 30-mile pipeline, 4 to 6-inch in diameter. Right-of-Way acquisition and 90% design have begun. Remaining 10% of design, bid packaging, RFP, and construction will follow with next round of funding.
- **ENMRWS Facilities** 90% design has begun on all facilities to include the Water Treatment Plant, Caprock Pump Station and Tank, and Intake Pump Station. Land acquisition is in progress. Power to facilities are being planned and will commence.

CURRENT REAL TIME ACTIVITY

Current projects underway include:

- **Water Treatment Plant Design to 90%**
- **Intake Facility Condition Assessment**
- **Intake Facility Pump Station Design to 90%**
- **Caprock Booster Pump Station Design to 90%**
- **Caprock Storage Tank Design to 90%**
- **Elida Pump Station Design to 90%**
- **Ammonia Design for all Member Connections to 90%**
- **Renewable Energy Feasibility for Pump Stations and Water Treatment Plant, Solar, Wind, Hydropower**

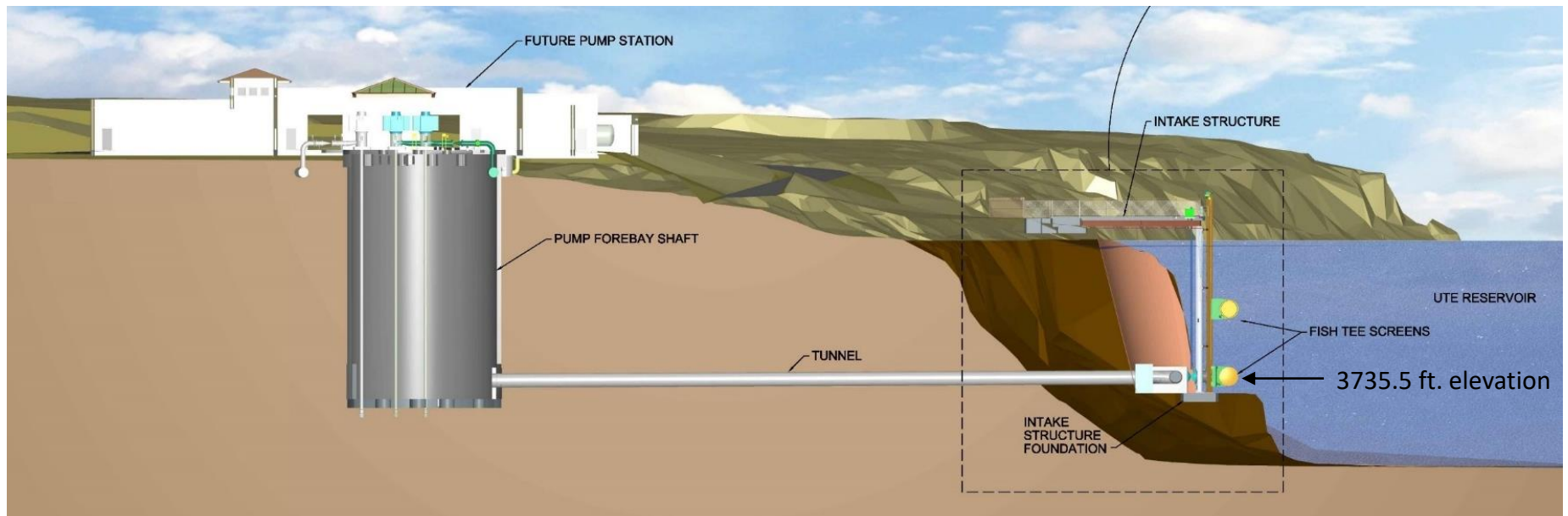
➤ ENMRWS Intake Facility



➤ ENMRWS Intake Facility



➤ ENMRWS Intake Facility



- Centerline of intake tunnel - 3735.5 ft. elevation
- Intake tunnel diameter – 54-inches

FW2 Pipe Installation



FW2 Pipe Installation



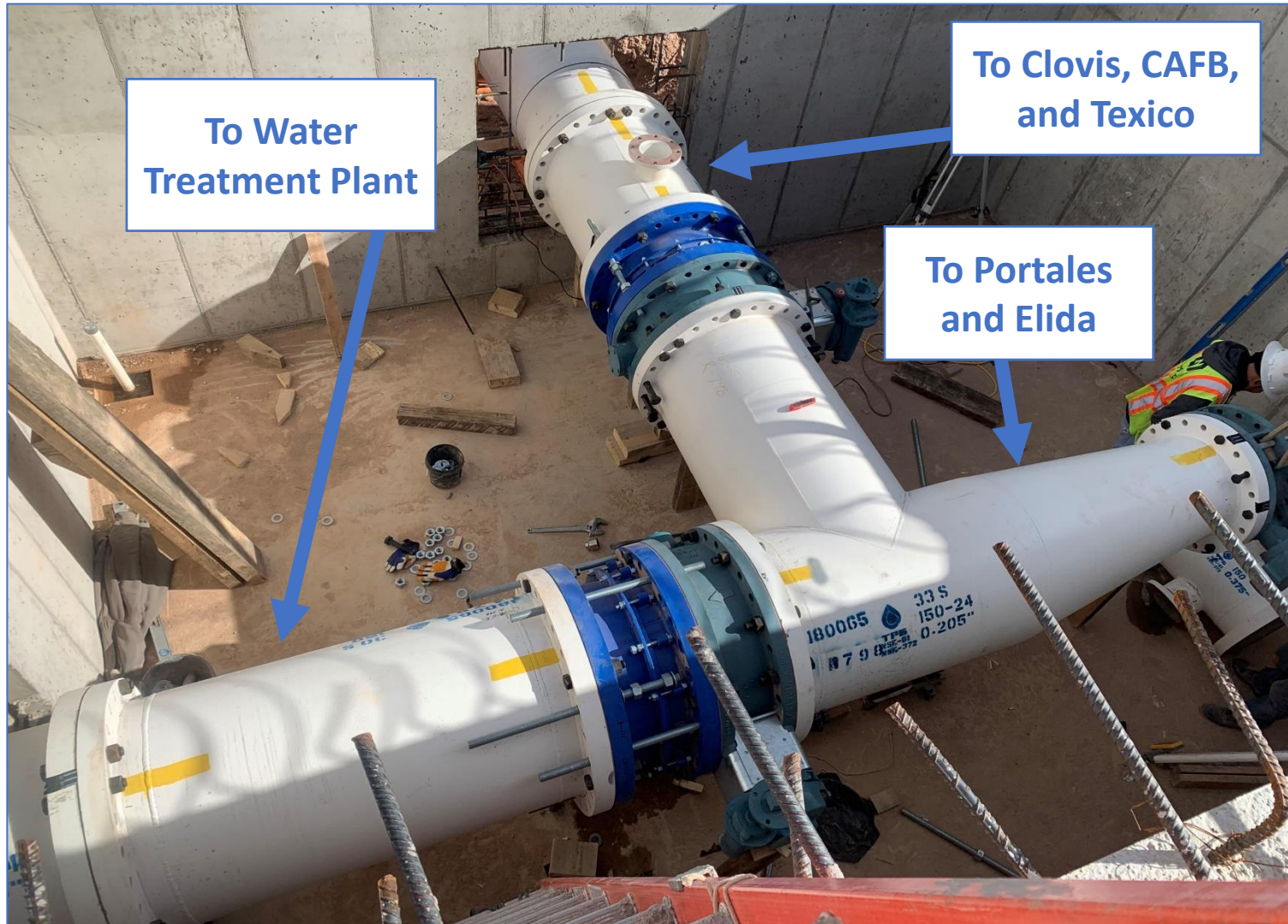
FW2 Pipe Installation



CAFB Lateral Vault



➤ ENMRWS Construction

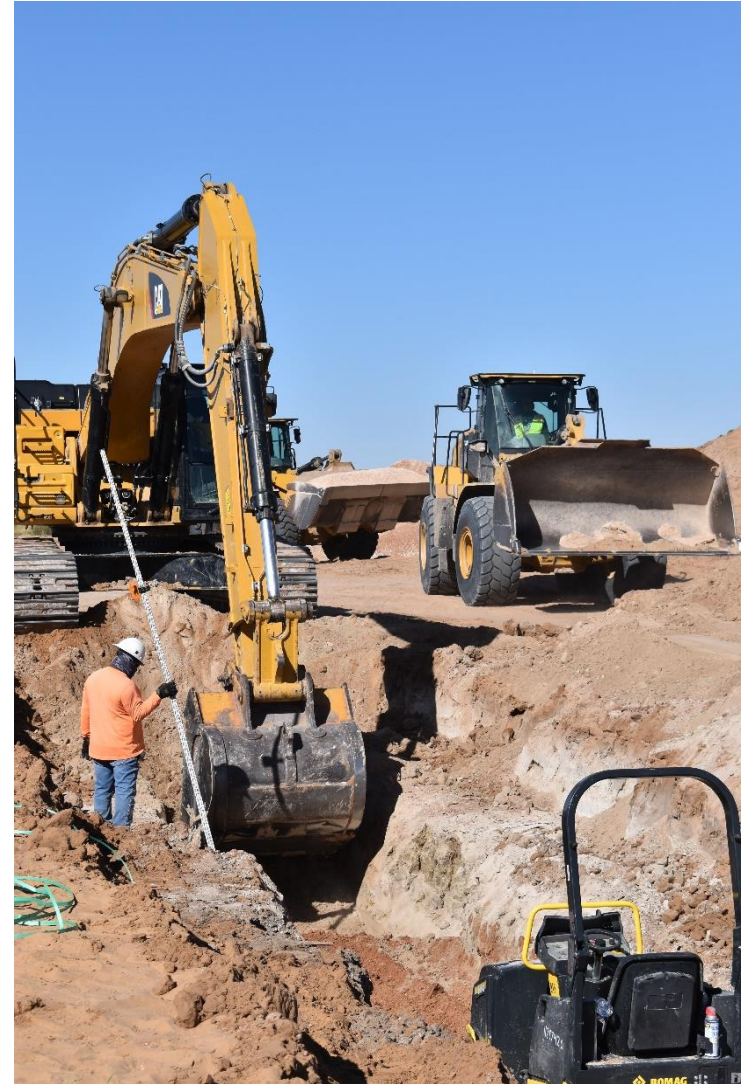


FW3 Clearing & Grubbing





FW3 Pipe Installation



FW3 Pipe Installation



FW3 Land Restoration



FW3 Land Restoration



➤ Passage of the Infrastructure Investment and Jobs Act

On November 15, 2021, the President of the United States signed into law the Infrastructure Investment and Jobs Act.

The infrastructure bill has earmarked \$1 billion toward completing the federally authorized Rural Water Projects under the United States Bureau of Reclamation. The ENMWUA is among the recipients to receive funding to complete construction of the ENMRWS “Ute Pipeline Project”.

➤ 2022 New Mexico Legislative Session

2022 New Mexico Legislative Session was successful and supportive to the ENMWUA.

➤ FY2022 Infrastructure Investment and Jobs Act Funding and FY2022 Federal Appropriations

FY2022 Infrastructure Investment and Jobs Act Funding -	\$160,000,000.00
FY2022 Federal/Administration/Congressional Funding -	<u>\$ 17,400,000.00</u>
FY2022 total Federal Appropriations -	\$177,400,000.00

➤ 2022 New Mexico Legislative Session

New Mexico SB212 Capital Outlay -	\$20,000,000.00
New Mexico HB2 Capital Outlay -	<u>\$10,000,000.00</u>
2022 total NM Legislative Capital Outlay -	\$30,000,000.00

➤ 2022 ENMWUA Match

(In the form of DWSRLF loan of \$32 million
plus City of Clovis DWSRLF loan of \$15 million)

\$20,740,000.00

➤ 2022 Total Funding

\$228,140,000.00

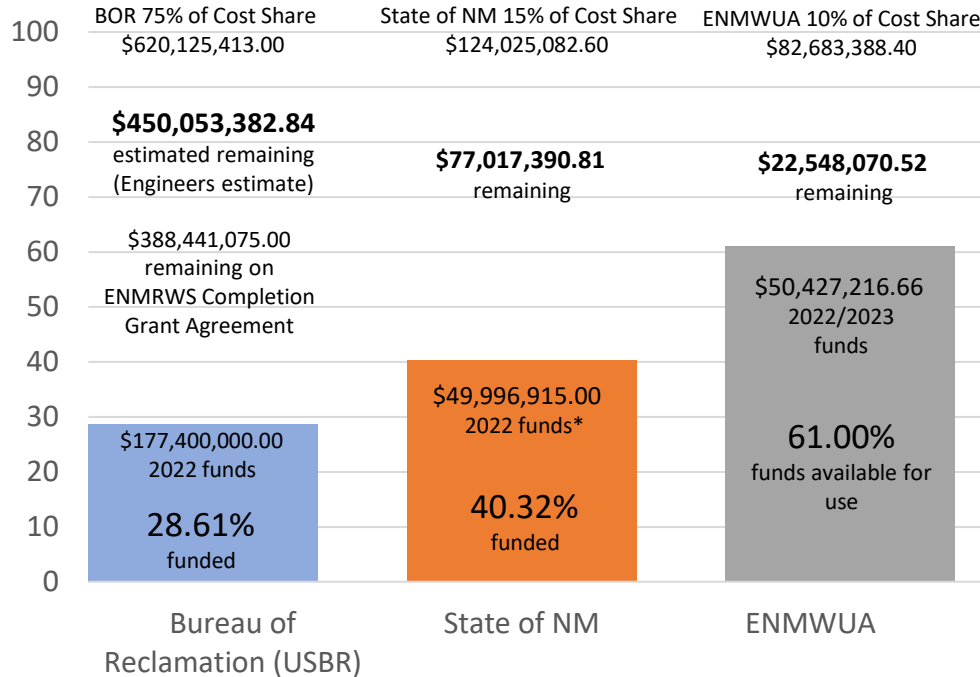
Total Remaining Funding for ENMRWS

(\$826,833,884.00) ↔

Projected Remaining
Project Cost
Based on April 2022
Updated Costs

**State Funds
Overmatch to date:**
• **\$16,414,489.81**

**ENMWUA Funds
Overmatch to date:**
• **\$7,412,571.61**



Federal Funds Include:

- FY2022 IJIA - \$160M
- FY2022 CF - \$17.4M

State Funds Include:

- SB212 - \$20M
- HB2 - \$10M
- WTB WPF-5416 90% Grant portion \$6,937,445.00
- *WTB WPF-5667 90% Grant portion \$13,059,470.00

ENMWUA Funds Include:

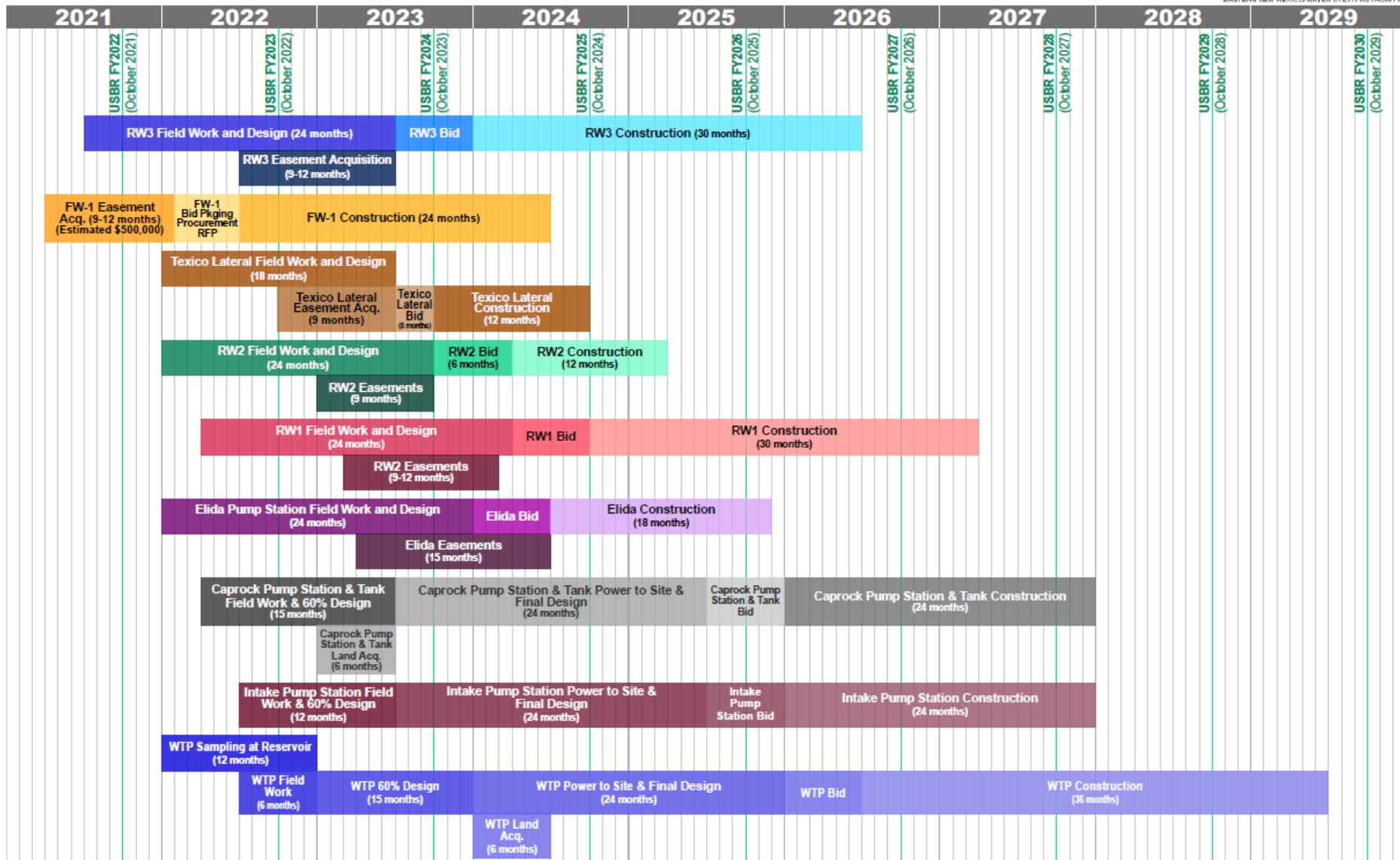
- DWSRLF - \$32M
- DWSRLF - \$15M
- ENMWUA GF - \$1,205,337.66
- WTB WPF-5416 10% Loan portion \$770,827.00
- *WTB WPF-5667 10% Loan portion \$1,451,052.00

■ Bureau of Reclamation ■ State of NM ■ ENMWUA

ENMWUA
EASTERN NEW MEXICO WATER UTILITY AUTHORITY

Orlando Ortega
July 18, 2022

ENMWUA 5 – Year Schedule



➤ USBR Grant Agreements with ENMWUA



➤ **USBR Grant Agreement R22AC00674** titled Eastern New Mexico Rural Water System Completion in the Amount of **\$672,365,830.00**

- The federal 75% amount is \$504,274,374.00
- The Non-federal amount is \$168,091,458.00

The IJA funding is to be appropriated over a five-year period beginning in FY2022. First year of appropriation is FY2022 and has entered **\$115,833,297.00** into the Eastern New Mexico Rural Water System Completion account and is available for use.

➤ **USBR FW1 Grant Agreement R21AC10443** in the amount of **\$77,019,247.33**

- Federal 75% amount is \$57,764,435.33
- 25% non-federal match is \$19,254,811.83

Total federal amount now in the account and is available for use.

Note: The non-federal match is close to being met with ENMWUA member and WTB funds.

➤ USBR Grant Agreements with ENMWUA



➤ **USBR FW3 Grant Agreement R20AC00022** in the Amount of **\$44,212,970.00**

- Federal 75% amount is \$33,159,727.00
- 25% Non-federal match is \$11,053,243.00

Total federal amount available. Please note that the ENMWUA has already expended some of the amount as the FW3 pipeline construction is currently underway.

Note: The non-federal match has been met with ENMWUA member and WTB funds.

➤ USBR Grant Agreements with ENMWUA



- Refer to ENMRWS Completion Spend Down Budget (Separate Spreadsheet)

➤ ENMWUA Finance Plan Overview

- ENMRWS Conceptual plan and design were completed in 2007 which followed with a detailed Finance Plan that was also required for federal authorization (H.R. 146), and NM State H.B. 15, and is a prudent management tool.
- **Finance Plan addressed:**
 - Federal; (75%), State (15%), and Local (10%) funding of project, with project completion in FY2031
 - Operation and Maintenance expenses before and after completion of the project.
 - Ute Reservoir related fees including reservation fee, water purchase cost, and annual ISC Reservoir fee.

Note: ENMWUA Finance Plan is updated every two years.

➤ ENMWUA 2022 Finance Plan Overview

➤ **Finance Plan addressed:** (continued)

- Debt Service, including Water Trust Board loans and NMFA Public Project Revolving Fund loans.
- Funding a repair and replacement fund
- Excess funds from member contributions was used to cash fund part of the local share cost.
- Remaining construction cost prior to update was estimated at \$666,770,000.00. Latest construction cost estimate now is \$814,608,064.00. * 2022 Finance Plan
- \$610.9 million – Federal Share
- \$122.2 million – State Share
- \$81.4 million – Local Share

➤ ENMWUA 2022 Finance Plan Highlights

➤ **Source Assumptions:**

- Federal appropriations to increase significantly due to passage of the Infrastructure Investment and Jobs Act.
- Pace of State and Local funds increased to match flow of federal funds.
 - Local match met through Water Trust Board (WTB) loans, DWSRLF Tier 2 loans, and local membership cash contributions.
 - Continuation of low cost WTB loans at similar levels.
 - Remaining portion of Local share funded with DWSRLF Tier 2 loans.

➤ ENMWUA 2022 Finance Plan Highlights

➤ **Source Assumptions:**

- Beginning in FY2023, Member contributions will increase at **13.6%** annually until 2028 when contributions level out.
 - Member contribution will decline once ENMRWS water sales are sufficient to cover O&M and debt service.
 - City of Clovis is injecting \$15 million up front to help with their financial obligation. This will lower their annual membership contribution as indicated in the 2022 Finance Plan.

Note:

City of Clovis membership contribution percentage begins to drop as early as fiscal year 2024 (from 76.3% to 72.7%) and declines annually until 2028 where it remains level at 63.4%. (This is subject to change/adjust when the actual debt service begins.

➤ ENMWUA 2022 Finance Plan Highlights

➤ **Source Assumptions:**

- Annual Operation and Maintenance expense projected at \$11 million in FY2031 based upon preliminary estimates in O&M costs once the project is complete and the Authority is delivering water to the member communities.
 - ENMWUA and Jacobs Engineering are in the process of updating projected O&M costs.
 - O&M expenditures represent the largest expense component to the Authority after completion of project and not debt service.
 - Cash flow assumes O&M costs funded through the sale of water to member communities.
 - Sale of water will reduce O&M costs for member communities.

➤ ENMWUA 2022 Finance Plan Highlights

➤ **Source Assumptions:**

- Debt service on WTB loans and revenue bonds (DWSRLF) with minimum annual debt service coverage of 1.30x
This means that net revenues (Member Contribution plus Water sales (if any), less operating expenses is 130% of annual debt service. This is a minimum threshold.
- Ute Reservoir water fee of \$25 per acre foot and ISC Reservoir fee factored into cash flow once project is operational.
- Minimum ending balance of 3/12th of operating expenditures maintained throughout life of Finance Plan.
Authority maintains at a minimum 3/12th or 3 months of operating expenses in cash as fund balance carry over to the next fiscal year.

➤ ENMWUA Debt Reduction

- **“Pay as you Go”** program adopted by ENMWUA in 2019 to pay off existing WTB loans ahead of scheduled payoff in addition to the WTB/NMFA annual payments.

- WPF-656 (WTB-56) - \$51,408.00
- WPF-684 (WTB-84) - \$186,827.00
- WPF-744 (WTB-144) - \$224,012.00
- WPF-813 (WTB-213) - \$221,474.23
- WPF-787 (WTB-187) - \$132,493.00

Total amount paid off = \$816,214.23

- **Intergovernmental Agreement** Loan between City of Clovis and ENMWUA for FW2 project. Total loan amount paid off = \$1,372,596.72

- Debt reduction between 2019 through 2022:
\$2,188,810.95

* Does not include WTB/NMFA annual payments

ENMWUA 2022 Finance Plan Highlights

8-year glance 2022-2029

Detailed Cash Flow – Water Costs

Contribution To Debt Service	2022	2023	2024	2025	2026	2027	2028	2029
Clovis	\$ 181,716	\$ 414,108	\$ 414,108	\$ 414,110	\$ 848,309	\$ 1,122,800	\$ 1,459,427	\$ 1,436,434
Texico	3,625	16,774	16,774	16,774	42,668	59,037	79,111	78,653
Elida	725	3,355	3,355	3,355	8,534	11,807	15,822	15,731
Portales	51,954	240,408	240,408	240,409	611,512	846,115	1,133,824	1,127,250
Member Contributions	238,020	674,645	674,645	674,648	1,511,023	2,039,760	2,688,184	2,658,067
Contribution To Operations/Capital	2022	2023	2024	2025	2026	2027	2028	2029
Clovis	\$ 1,443,814	\$ 1,331,545	\$ 1,582,682	\$ 1,867,973	\$ 1,553,537	\$ 1,518,042	\$ 1,441,243	\$ 1,464,237
Texico	28,803	26,563	31,573	37,264	30,991	30,283	28,751	29,210
Elida	5,761	5,313	6,315	7,453	6,198	6,057	5,750	5,842
Portales	412,798	380,699	452,502	534,069	444,169	434,020	412,063	418,637
Member Contributions	1,891,175	1,744,120	2,073,072	2,446,758	2,034,895	1,988,402	1,887,808	1,917,926
Total Member Contribution	2022	2023	2024	2025	2026	2027	2028	2029
Clovis	\$ 1,625,529	\$ 1,745,653	\$ 1,996,790	\$ 2,282,083	\$ 2,401,846	\$ 2,640,842	\$ 2,900,670	\$ 2,900,670
Texico	32,428	43,337	48,347	54,038	73,659	89,320	107,863	107,863
Elida	6,486	8,667	9,669	10,808	14,732	17,864	21,573	21,573
Portales	464,752	621,108	692,910	774,477	1,055,681	1,280,136	1,545,887	1,545,887
Member Contributions	2,129,194	2,418,765	2,747,717	3,121,406	3,545,918	4,028,162	4,575,992	4,575,992
Clovis	76.3%	72.2%	72.7%	73.1%	67.7%	65.6%	63.4%	63.4%
Texico	1.5%	1.8%	1.8%	1.7%	2.1%	2.2%	2.4%	2.4%
Elida	0.3%	0.4%	0.4%	0.3%	0.4%	0.4%	0.5%	0.5%
Portales	21.8%	25.7%	25.2%	24.8%	29.8%	31.8%	33.8%	33.8%
Member Contributions	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	2022	2023	2024	2025	2026	2027	2028	2029
Water Sales	-	-	-	-	-	-	-	-
Clovis	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Texico	-	-	-	-	-	-	-	-
Elida	-	-	-	-	-	-	-	-
Portales	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

Contribution to Debt Service

Contribution to Operations/Capital

Membership contributions

Note:
Membership contributions peak in 2028

ENMWUA 2022 Finance Plan Highlights

Water Sales begin (2031)

Overall Membership contributions begin to decrease (2037)

Detailed Cash Flow - Revenues

	2030	2031	2032	2033	2034	2035	2036	2037
Revenues								
Water Sales	\$ -	\$ 11,000,000	\$ 11,385,000	\$ 11,783,475	\$ 12,195,897	\$ 12,622,753	\$ 13,064,549	\$ 15,000,000
Surface Water Sales	-	-	-	-	-	-	-	-
Member Contributions	4,575,992	4,575,992	4,575,992	4,575,992	4,575,992	4,575,992	4,575,992	3,203,195
Member Contribution Increase	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-30.0%
Operating Grants	-	-	-	-	-	-	-	-
Fund Transfers	-	-	-	-	-	-	-	-
Surface / Ground Water Sale Revenues	-	-	-	-	-	-	-	-
Total Revenues	\$ 4,575,992	\$ 15,575,992	\$ 15,960,992	\$ 16,359,467	\$ 16,771,889	\$ 17,198,745	\$ 17,640,542	\$ 18,203,195
% Growth in Revenue	0.00%	240.39%	2.47%	2.50%	2.52%	2.55%	2.57%	3.19%
Expenses								
Operation and Maintenance (3.0%)	\$ 1,289,007	\$ 11,600,281	\$ 12,010,645	\$ 12,437,997	\$ 12,883,197	\$ 13,347,157	\$ 13,830,846	\$ 14,335,291
Ute Water Reservation (\$1.5 per acre foot)	-	-	-	-	-	-	-	-
Ute Water Annual Fee (\$25 per acre foot)	-	411,250	411,250	411,250	411,250	411,250	411,250	411,250
ISC Ute Reservoir	-	92,120	92,120	92,120	92,120	92,120	92,120	92,120
Total Expenses	\$ 1,289,007	\$ 12,103,651	\$ 12,514,015	\$ 12,941,367	\$ 13,386,567	\$ 13,850,527	\$ 14,334,216	\$ 14,838,661
Revenues vs. Expenditures	\$ 3,286,985	\$ 3,472,341	\$ 3,446,977	\$ 3,418,100	\$ 3,385,322	\$ 3,348,218	\$ 3,306,326	\$ 3,364,533
Bond Debt Service								
WTB Loans	\$ 2,611,608	\$ 2,588,895	\$ 2,551,576	\$ 2,531,374	\$ 2,531,374	\$ 2,510,844	\$ 2,494,333	\$ 2,494,333
Revenue Bonds	-	-	-	-	-	-	-	-
Total Debt Service	\$ 2,611,608	\$ 2,588,895	\$ 2,551,576	\$ 2,531,374	\$ 2,531,374	\$ 2,510,844	\$ 2,494,333	\$ 2,494,333
Debt Service Coverage	1.26	1.34	1.35	1.35	1.34	1.33	1.33	1.37
Net Revenues After Debt Service	\$ 675,377	\$ 883,446	\$ 895,401	\$ 886,727	\$ 853,948	\$ 837,374	\$ 811,993	\$ 870,200

➤ ENMWUA 2022 Finance Plan Highlights

2041	2042	2043	2044	2022-2044
\$ 19,800,000	\$ 20,600,000	\$ 21,400,000	\$ 22,200,000	
769,087	538,361	376,853	263,797	69,236,884
-30.0%	-30.0%	-30.0%	-30.0%	
-	-	-	-	-
-	-	-	-	-
\$ 20,569,087	\$ 21,138,361	\$ 21,776,853	\$ 22,463,797	\$ 293,688,558
2.85%	2.77%	3.02%	3.15%	
\$ 16,583,502	\$ 17,209,524	\$ 17,863,966	\$ 18,548,403	\$ 216,951,044
411,250	411,250	411,250	411,250	5,757,500
92,120	92,120	92,120	92,120	1,289,680
\$ 17,086,872	\$ 17,712,894	\$ 18,367,336	\$ 19,051,773	223,998,224
\$ 3,482,215	\$ 3,425,466	\$ 3,409,517	\$ 3,412,024	73,769,445
\$ 2,464,928	\$ 2,450,162	\$ 2,426,746	\$ 2,426,746	49,142,012
-	-	-	-	-
\$ 2,464,928	\$ 2,450,162	\$ 2,426,746	\$ 2,426,746	49,142,012
1.41	1.40	1.40	1.41	
\$ 1,017,287	\$ 975,305	\$ 982,771	\$ 985,278	24,627,434

ENMRWS water sales (2044)

Minimal annual Membership Contributions by 2044.

Clovis - \$167,218.00

Texico - \$6,218.00

Elida - \$1,244.00

Portales - \$89,117.00

Net revenues after O&M, Ute water annual fee, ISC O&M, and debt service. (2044)



Thank You!

ENMWUA
EASTERN NEW MEXICO WATER UTILITY AUTHORITY

Michael A, Morris, Chairman
Ron Jackson, Vice-Chairman
Chris Bryant, Secretary

Orlando Ortega
ENMWUA Administrator
oortega@enmwua.com
575-935-4262