Troubleshooting the Partnership Process

The final presentation in a series of water system partnership presentations
This presentation was originally presented in 2012 as part of a four-part webinar series to promote system partnerships. The webinars were provided by the U.S. EPA and U.S. Department of Agriculture to jointly promote sustainable rural water and wastewater systems.
Presentation Topics:

• What are water system partnerships?
• What kind of challenges do systems face when forming partnerships and how do you troubleshoot through them?
  – The Lower Rio Grande Public Water Works Authority
  – The El Valle Water Alliance
What are Water System Partnerships?
A tool for building technical, managerial and financial capacity.
What are Water System Partnerships?

- Do you know a system that faces any of these challenges?
  - Technical
    - Inadequate or aging infrastructure
    - Limited/poor source quality/quantity
    - Lack certified operator
  - Financial
    - Diseconomies of scale (few households = high costs)
    - History of water rates that are too low
    - Limited knowledge of financing options
  - Managerial
    - Limited part time management attention
    - Lack of expertise in long-term water system planning or operations
Different Types of Partnerships

**Increasing Transfer of Responsibility**

**Joint Power Agency**
- Creation of a new entity by several systems that continue to exist as independent entities.
- Examples: shared system management, shared operators, shared source water.

**Ownership Transfer**
- Takeover by existing or newly created entity.
- Examples: acquisition and physical interconnection, acquisition and satellite management, transfer of privately-owned system to new or existing public entity.

**Contractual Assistance**
- Requires a contract, but contract is under system's control.
- Examples: O&M, engineering, purchasing water.

**Informal Cooperation**
- Work with other systems, but without contractual obligations.
- Examples: sharing equipment, sharing bulk supply purchases, mutual aid arrangements.

Water system partnerships encompass a range of opportunities for systems to work together in order to sustainably provide drinking water services.
Different Types of Partnerships

Increasing Transfer of Responsibility

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- **Examples**:
  - Sharing equipment
  - Sharing bulk supply purchases
  - Mutual aid arrangements

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- **Examples**:
  - O&M
  - Engineering
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- **Examples**:
  - Shared system management
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  - Shared source water

**Ownership Transfer**
- Takeover by existing or newly created entity.
- **Examples**:
  - Acquisition and physical interconnection
  - Acquisition and satellite management
  - Transfer of privately-owned system to new or existing public entity

Presentations

Technical Assistance Providers
• Olga Morales & Blanca Surgeon, Rural Community Assistance Corporation

System Representatives
• Martin Lopez & Karen Nichols, Lower Rio Grande Public Water Works Authority
• Ramon Lucero, El Valle Water Alliance

Government Agency Representatives
• Martha Torrez, USDA – New Mexico State Office
• Rick Martinez, New Mexico Finance Authority
• Ray Melendrez & Ernest Valenzuela, New Mexico Environment Department
• Cheryl Thacker, New Mexico Office of State Engineer
Partnership Examples

LOWER RIO GRANDE
Public Water Works Authority

EL VALLE
Water Alliance
Partnership Examples

- El Valle Water Alliance
- Lower Rio Grande Public Water Works Authority
Lower Rio Grande Public Water Works Authority

- The founding member associations of the Lower Rio Grande Public Water Works Authority are:

  - Berino MDWC & MSWA
  - Desert Sands MDWCA
  - Vado MDWCA
  - Mesquite MDWC & MSWA
  - La Mesa MDWCA
## Lower Rio Grande Public Water Works Authority

<table>
<thead>
<tr>
<th>Issues</th>
<th>Berino MDWC &amp; MSWA</th>
<th>Desert Sands MDWCA</th>
<th>La Mesa MDWCA</th>
<th>Mesquite MDWC &amp; MSWA</th>
<th>Vado MDWCA</th>
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<tbody>
<tr>
<td>Number of Connections (meters)</td>
<td>760</td>
<td>542</td>
<td>430</td>
<td>1,500</td>
<td>203</td>
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<tr>
<td>Population Served</td>
<td>2,280</td>
<td>1,626</td>
<td>1,290</td>
<td>4,500</td>
<td>609</td>
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<td>Original Incorporation Date</td>
<td>1967</td>
<td>1975</td>
<td>1989</td>
<td>1968</td>
<td>1960</td>
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<td>Regulatory Challenges</td>
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<td>None</td>
<td>Nitrate</td>
<td>Nitrate</td>
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<td>Water Rights</td>
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<td>340</td>
<td>73.62</td>
<td>875.42</td>
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<td>Miles of water line</td>
<td>31.2</td>
<td>36</td>
<td>44.5</td>
<td>42.75</td>
<td>4.9</td>
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<tr>
<td>Number of wells</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>0</td>
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<tr>
<td>Storage capacity</td>
<td>250K</td>
<td>344K</td>
<td>250K</td>
<td>845K</td>
<td>150K</td>
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<td>Colonia(s) served</td>
<td>Berino</td>
<td>Las Palmeras, Montana Vista</td>
<td>La Mesa</td>
<td>Mesquite, Del Cerro y Vado</td>
<td>Vado</td>
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</tbody>
</table>


Lower Rio Grande Public Water Works Authority

Drivers behind the partnership:

• Duplication of efforts
  – 5 of everything
• Regulatory requirements
  – New arsenic rule
  – Mandatory board training
  – New funding/reporting/audit requirements
• Inability to declare service area
  – Threat by larger entities
Lower Rio Grande Public Water Works Authority

Current Status:

• Fully integrated the five founding entities
• Declared service area
• Incorporating additional two Mutual Domestic water systems
• Increased operational capacity
• Created ability to sustain planned growth, including commercial and industrial
El Valle Water Alliance

The founding members of El Valle Water Alliance were:

- Ilfeld
- San Juan
- El Ancon
- El Coruco
- San Miguel del Bado
- Villanueva
- La Sacatosa
- North San Isidro
- San Jose
- Gonzales Ranch
- El Cerrito
- South San Ysidro
El Valle Water Alliance

Legend
- El Valle Water Alliance
- Pecos River
- Upper Pecos Basin
- San Miguel County
- Interstate

Last Update: 8/2/12
Projection: NAD_1983_UTM_Zone_13N
# El Valle Water Alliance

<table>
<thead>
<tr>
<th>Association</th>
<th>Connections</th>
<th>Population</th>
<th>Storage Capacity</th>
<th>Original Incorporation</th>
<th>Water Rights</th>
<th>Wells</th>
<th>Line/ft</th>
<th>Regulatory Challenges</th>
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<td>Villanueva</td>
<td>96</td>
<td>201</td>
<td>50,500</td>
<td>1949</td>
<td>24.2</td>
<td>2</td>
<td>10,053</td>
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<td>El Coruco</td>
<td>52</td>
<td>89</td>
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<td>1965</td>
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<td>1</td>
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<td>79</td>
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<td>1965</td>
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<td>125</td>
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<td>1955</td>
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<td>S. San Ysidro</td>
<td>24</td>
<td>31</td>
<td>20,000</td>
<td>1961</td>
<td>19.4</td>
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<td>Ilfeld</td>
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<td>16</td>
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<td>1</td>
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<td>San Miguel</td>
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<td>74</td>
<td>45,000</td>
<td>1959</td>
<td>7.7</td>
<td>1</td>
<td>7,350</td>
<td>Fluoride</td>
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<td>Lower Colonias</td>
<td>15</td>
<td>12</td>
<td>5,000</td>
<td>1957</td>
<td>4.8</td>
<td>1</td>
<td>2,762</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>431</strong></td>
<td><strong>820</strong></td>
<td><strong>221,000</strong></td>
<td><strong>149.9</strong></td>
<td><strong>11</strong></td>
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<td><strong>69,449</strong></td>
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</table>
El Valle Water Alliance

Drivers of the Partnership:

• Protection and preservation of water rights
• Regional water conservation
• Long term compliance
• Managerial capacity through:
  – Combining administration fees
  – Contracting services
  – Source management
• Governance
  – 9 member board
El Valle Water Alliance

Current Status:

• Operates as a Management and Ownership Entity
• Two systems are fully merged; others in the process of merging; others under contract
• In the process of completing a 40 Year Plan
• Continue seeking funding to address aging infrastructure challenges
Troubleshooting the Partnership Process

How can a water system build credibility to gain the support of its members and customers?
Third Party Partner – Building Support

RCAC was contracted to assist the Lower Rio Grande Public Water Works Authority with:

• Regional governance structure and documents
  – Developed with public input
    • Held public meetings throughout the process

• Make process transparent
  – Post everything on a website
  – Make it easy for the community to participate
How do you establish a service area to reduce vulnerability?

• Mutual Domestic Systems
• District Municipalities and privately owned systems
Partnership with Office of the State Engineer

Declaration of Water Right

- Filed by each Individual Mutual Domestic
- Describes claimed Ownership, Service Area, Amount of Water, Well Locations, Purpose of Use, Priority Date

Applications Filed/Permits Issued

- Enlarge Service Areas – Mutual Domestics were serving areas beyond service area described on original Declaration
- Change Location of Existing Wells & Add Supplemental Wells

Ownership Change – Combine & Comingle

- Change of Ownership from Individual Mutual Domestics to Lower Rio Grande Water Public Works Authority
- Combine and Comingle Water Rights – Permit by end 2012
Partnership with the Office of the State Engineer

- OSE assisted in getting Bill passed by NM Legislature to create Authority
- OSE assisted the Authority with drafting 40-year water plan
How does the regulatory agency merge system information?

- Protect historical sampling data and compliance information
- Tie in historical source information to new source
- Conduct sanitary survey to create new water system
- Creating a new sampling plan for the new system
How do you merge financial information together to approve funding for a regionalization project?
New Mexico Finance Authority

- Multiple entities forming a regional authority have the issue of presenting financial information that’s acceptable to the funding agencies.
- The NMFA works around that by accepting individual entity audits and/or financial statement information until the Regional Authority is formed and is audited under one entity.
- When regionalizing multiple entities, some have stronger financial information than others and some may lack financial information.
- Moving forward with funding requires a signed agreement that outlines a plan of action that will bring the newly formed authority or regional entity into financial compliance.
• Budget information within the financial statements of a regional entity is also crucial to awards made when considering loans and grants.

• When a regional incorporation is being considered, an in-depth review of the individual entities considering regionalizing is crucial and there should be some efforts made to correct any deficiencies before merging. This helps the effort move forward with funding support without major obstacles.
**General Process:**

- Eligible participant submits: Application for Federal Assistance (SF-424), Preliminary Engineering Report, Environmental Information, Financial Statements, and Organizational Documents

- Predevelopment and Planning Grants assist in paying costs associated with developing the application.
  - In order to be eligible, the community’s Median Household Income (MHI) must be less than $31,526
  - The grant can be for up to $30,000

- Repayment Terms (for loans only) are for the useful life of the facility or for up to 40 years.
USDA Loans and Grants

About Colonias:

• To qualify, a Colonia must be located in a county where over 50% of the county is within 150 miles of the Mexican border. Eligible counties are Dona Ana, Catron, Luna, Eddy, Grant, Otero, Hidalgo, and Sierra.

• USDA Rural Development can offer 100% grant, but the colonia must take a loan if it can afford it.
Transfer and Assumption:

- Borrowers may transfer a project to another owner.
- Rural Development may approve a transfer if the transferee and the project meet certain criteria.
- Rural Development must ensure that the transferee meets applicable eligibility criteria and has the financial capacity and management experience to own and manage the project successfully.
- Rural Development must verify that the project and the use of the property continue to meet the program’s purpose.
- Get USDA involved early in the process.
What have we learned?
Lower Rio Grande Public Water Works Authority

• It takes a Team!
• Developing leadership up front is KEY!
• Short and long term goals must be established by consensus
• It all starts with a shared vision
• Everyone has to be on board
• The process MUST be facilitated by someone impartial to the outcome
What have we learned?
El Valle Water Alliance

• It takes a community
  – Local communities
  – Technical Assistance Providers
  – Funding Agencies
  – Regulatory Agencies
  – County Government
• Identify common needs
• Develop vision and mission
• Overly communicate
• Paid staff
Additional Information

• For more information on the benefits of Water System Partnerships, please visit: https://www.epa.gov/ground-water-and-drinking-water/water-system-partnerships-meeting