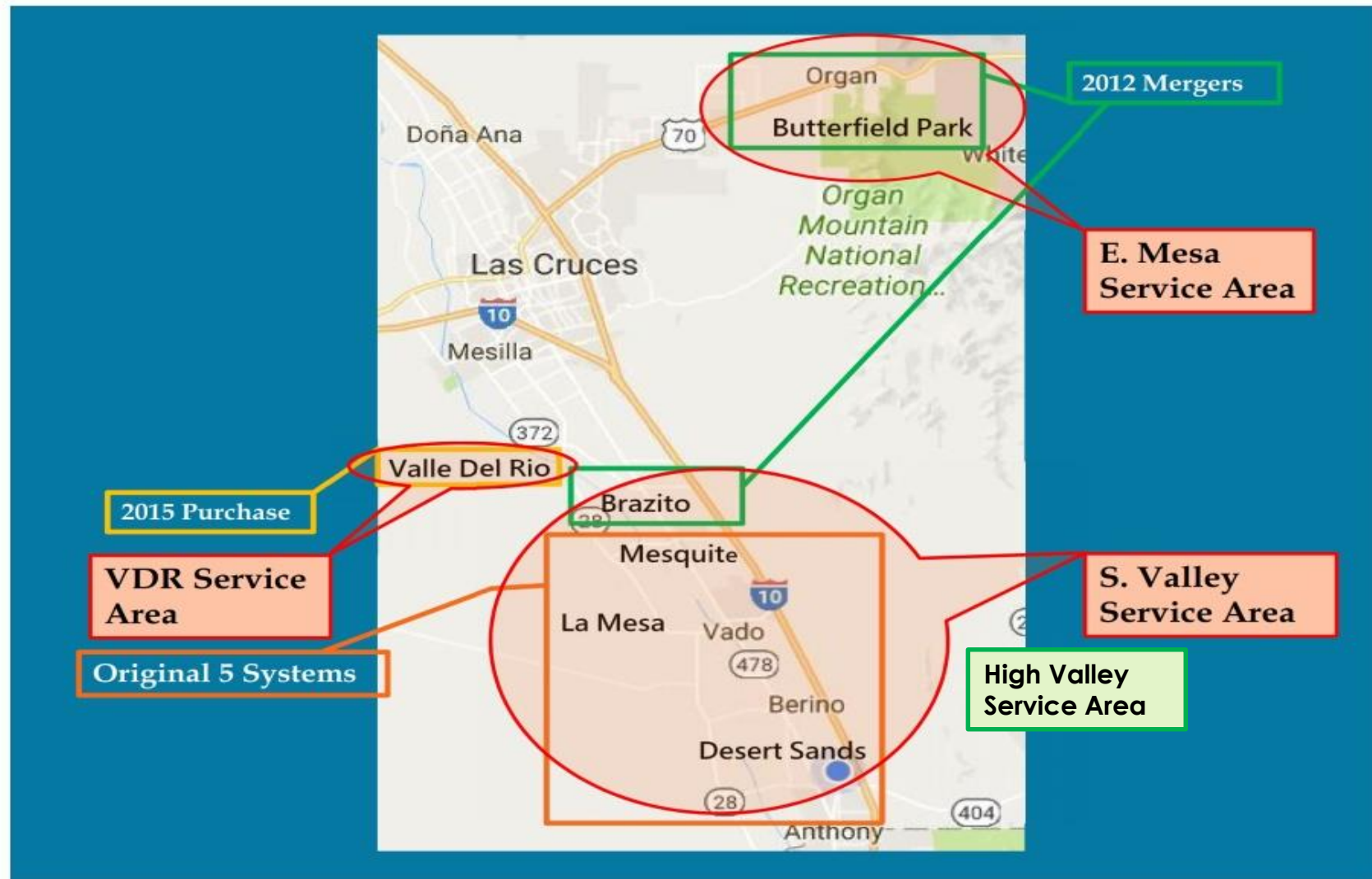


THE MERGER OF SMALL WATER SYSTEMS







WHAT DROVE 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

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
-
- ▶ All served unincorporated communities within Dona Ana County.



Common challenges for small public water systems

Technical

- Inadequate or aging infrastructure
- Limited/poor source quality/quantity
- Lack or limited certified operator

Financial

- few households = high costs
- History of water rates that are too low/too high
- Limited knowledge of financing options

Managerial

- Volunteer decision makers
- Limited part-time management attention
- Lack of expertise in long-term water system planning or operations

Communication

- Limited community involvement
- Bilingual consumers

Reaping the Benefits of Regionalization

The LRGPWWA is

- a member-owned community water system
- a political subdivision of the State of NM
- a Special District
- an independent public body
- governed by a seven member Board of Directors elected by districts.



The initial board was appointed by the founding & merging association boards, and the first election was held on April 2, 2013.



LOWER RIO GRANDE
Public Water Works Authority

Lower Rio Grande Public Water Works Authority

<i>Issues</i>	<i>Berino MDWC & MSWA</i>	<i>Desert Sands MDWCA</i>	<i>La Mesa MDWCA</i>	<i>Mesquite MDWC & MSWA</i>	<i>Vado MDWCA</i>
<i>Number of Connections (meters)</i>	760	542	430	1500	203
<i>Population Served</i>	2280	1626	1290	4500	609
<i>Original Incorporation Date</i>	1967	1975	1989	1968	1960
<i>Regulatory Challenges</i>	Arsenic	Arsenic	None	Nitrate threat	Nitrate threat
<i>Water Rights</i>	483.9	340	73.62	875.42	0
<i>Miles of water line</i>	31.2	36	44.5	42.75	4.9
<i>Number of Wells</i>	2	2	2	4	0
<i>Storage Capacity</i>	250K	344K	250K	845K	150K
<i>Colonia(s) Served</i>	Berino	Las Palmeras, Montana Vista	La Mesa	Mesquite, Del Cerro, y Vado	Vado

GENERALLY, WHAT WERE THE ACTIONS THAT NEEDED TO HAPPEN ONCE THERE WAS THE AUTHORITY TO MERGE?

State regulatory agencies such as the Office of the State Engineer and the New Mexico Environment Department each had a role.

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

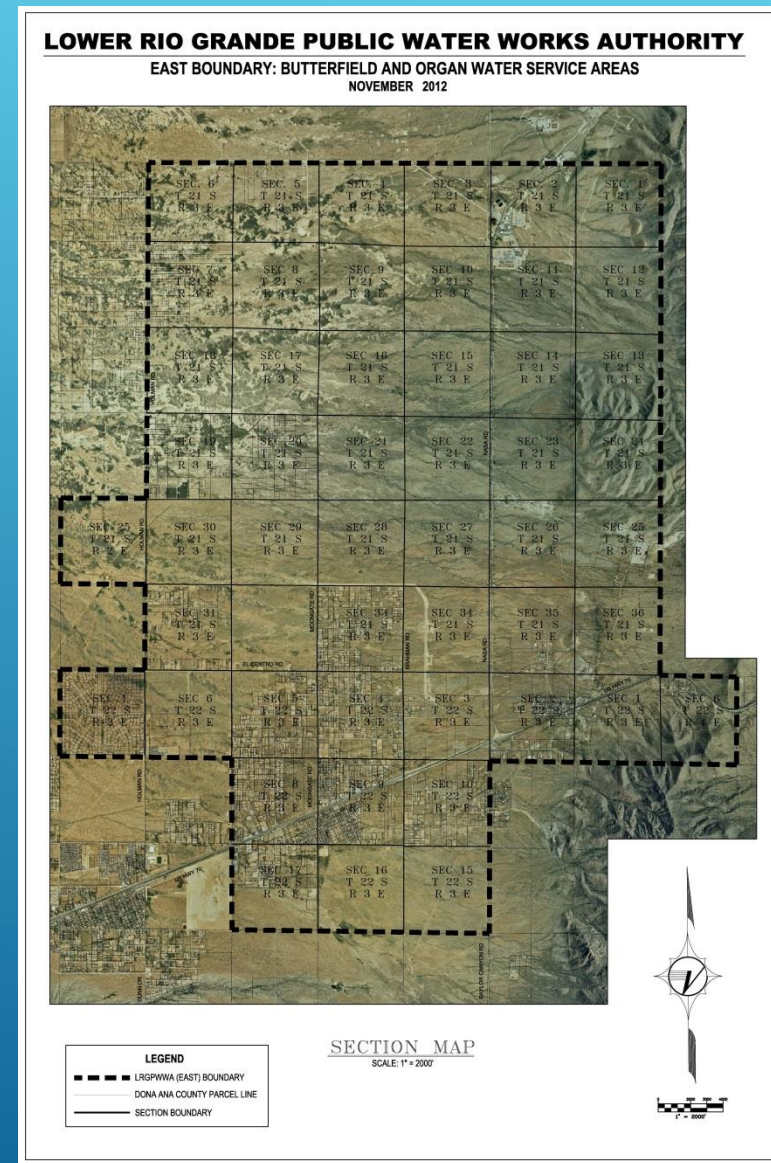
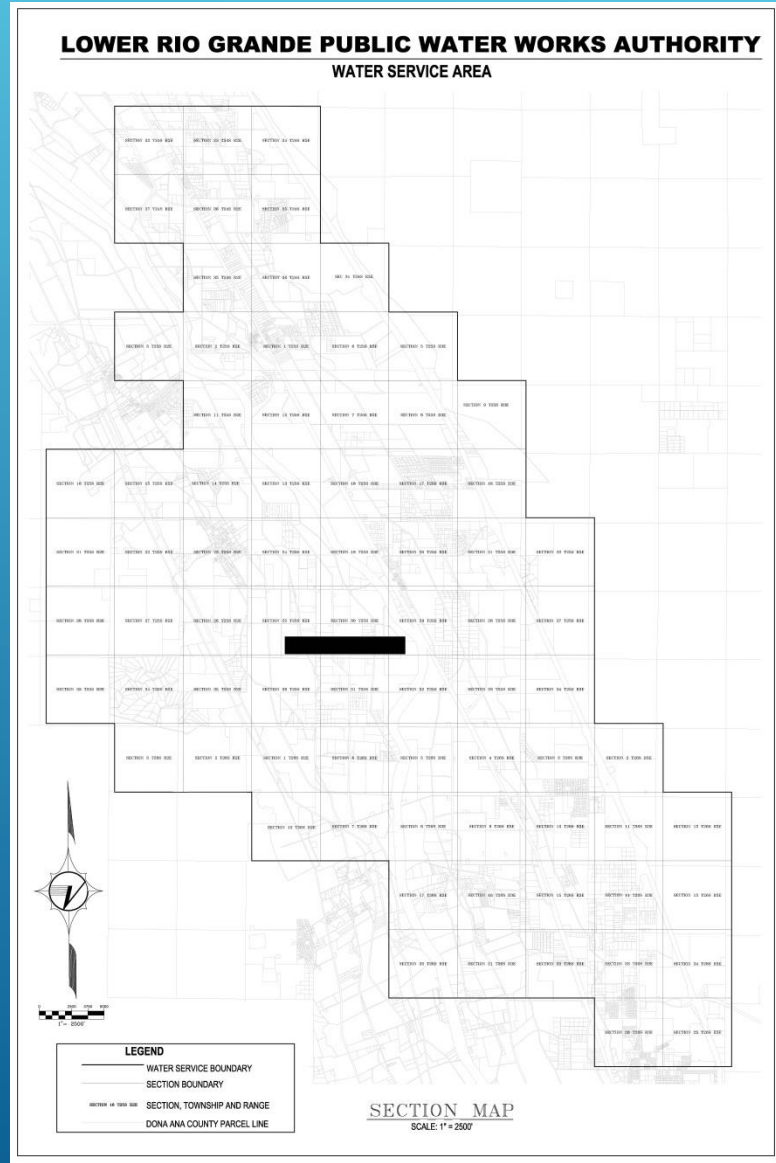
- Enlarge Service Areas – Mutual Domestics were serving areas beyond service area described on original Declaration
- Change Location of Existing Wells & Add Supplemental Wells

Ownership Change-Combine & Commingle

- Change of Ownership from Individual Mutual Domestics to Lower Rio Grande Water Public Works Authority
- Combine and Commingle Water Rights – Permit by end 2012
- OSE assisted in getting Bill passed by NM Legislature to create Authority
- OSE assisted the Authority with drafting 40-year water plan



REAPING THE BENEFITS OF REGIONALIZATION



- ▶ As a political subdivision of the state and a member-owned community water system the Authority is subject to the rules of the New Mexico Environment Department regarding:

OPERATIONS AND GOVERNANCE

CERTIFIED WATER OPERATORS

COMPLIANCE WITH SAFE DRINKING
WATER ACT AND STATE REGULATIONS

FUNDING REVIEW AND APPROVAL FOR
INFRASTRUCTURE, TREATMENT AND
LEAKS

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RURAL COMMUNITY ASSISTANCE CORPORATION

Exercising powers to provide for water
and wastewater services

Contracting

Board governance

Fees



Rural Community Assistance Corporation Contract

Received Community Development Block Grants (GDBG) to develop Merger Plan with three components

- Regional Governance Structure and Documents
- Administrative and Managerial
- Operations & Implementation Strategy



The Initial Transition Period

**HB 185 Passed
4/6/2009**

The Transition Began

December, 2009

Service Area
Plat Filed with
County

2009

February, 2010
RCAC Contracted to
Develop a
Governance Plan,
Policies & Procedures

Spring, 2010

Creation &
Recognition of
the Lower Rio
Grande Water
Authority

**Goal: September ,
2010**

1. Governance
Documents, Policies
& Procedures
Complete
2. Board Adoption
3. Authority Rates &
Fees Developed

2010

August, 2010
1. Application for
Ownership Transfer
2. Combine &
Comingle Water
Rights Application

October, 2010

File 40 Year Water
Plan

July, 2011

First Board
Election

2011 & Beyond

Goal: December, 2010

1. Fully Operational
with Rates & Fees
Implemented
2. Debt, Assets, and
Liabilities Transferred

December, 2011

Dissolution of
Partnering
MDWCA's

Regionalize System

Continue Short &
Long Term
Infrastructure
Projects

July 2011 – Preparations For First Board Election

- Established Membership Eligibility Criteria
- Determine District Election Boundaries and Criteria for Voting Eligibility
- Establish Election Code for Board Candidacy
 - Includes Cut-Off Dates for Candidacy
- Issue Proclamations and Legal Notifications
- Canvass the Election
- 1st Election held in April, 2013





**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 addresses that by accepting the single entities audit and/or financial statement information until the Regional Authority is formed and is audited under one entity.
- ▶ In some cases when regionalizing multiple entities some have stronger financial information than others and some may lack financial information. The NMFA will move forward with funding however requires a signed agreement that outlines a plan of action that will bring the newly formed authority or regional entity into financial compliance.



NEW MEXICO FINANCE AUTHORITY

- ▶ Budget information within the financial statements of a regional entity is also crucial to awards made when considering Loan/Grant awards. This plays further into the importance of financial strength of the entity.
- ▶ 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.




NEW MEXICO
FINANCE AUTHORITY

IN ADDITION TO NMFA PLANNING GRANT MONEY,
THERE IS ADDITIONAL FUNDING SOURCES:

WATER TRUST BOARD MONEY,
DRINKING WATER REVOLVING LOAN FUND
MONEY,
AND COLONIAS INFRASTRUCTURE FUND MONEY

CPB- REVIEWS THE DESIGN AND CONSTRUCTION
FOR FUNDED PROJECTS FROM DRINKING WATER
REVOLVING LOAN MONEY AND COLONIAS
INFRASTRUCTURE FUND MONEY

Several white lines of varying lengths and angles are positioned on the right side of the slide, extending from the middle to the bottom right corner.

Was merging all the systems worth it?

- Yes, more people served: approximately 5,000 water connections nearly 500 sewer connections
- Yes, larger water & sewer budget to upgrade existing systems
- Yes, more capital outlay and specialized funding
- Yes, more storage capacity
- Yes, more ability to extend services to un-served areas
- Yes, better networking for large transmission lines
- Yes, better ability to explore alternative water sources

Challenges

- ▶ Loss of local power & decision making
- ▶ The amount of time it takes to obtain funding, permission, agency approval.....
- ▶ Uncertainty in process
- ▶ Lack of trust in process and maybe each other.....

Opportunities

- ▶ Larger pool of resources: human, equipment, water rights and reserves
- ▶ Ability to provide employees with benefits, adequate pay
- ▶ Larger service area and customer base provided for increased representation in the county and state

UNDERLYING ALL THE LOGISTICS
WERE THE PROS AND CONS OF MERGER

One annual audit
covering all
systems instead of
multiple audits

One accountant
on staff instead of
multiple
bookkeepers

One Consumer
Confidence
Report instead of
multiple

Increased
purchasing power
and volume
discounts

Ability to use
existing statewide
purchasing
agreements

SOME OF THE POSITIVE OUTCOMES

A series of white lines of varying lengths and angles, located in the bottom right corner of the slide, creating a modern, abstract graphic element.

Regionalization \$\$ Benefits – Project Funding

Lower Rio Grande Public Water Works Authority Project Funds			
\$\$\$	Sources	Type	Project
\$ 790,914.00	NMFA-PPRF	Water & Wastewater	Refinance USDA-RD loans to facilitate initial merger
\$ 612,850.00	NM-Colonias Initiative, NM-SAP	Building	New office building
\$ 86,400.00	NM-Colonias Initiative	Water	Water system interconnect for emergency backup water supply
\$ 10,604,032.08	USDA-RD, NM-WTB, NM-SAPs, NM-Colonias Initiative, NMFA-PG	Water	Berino/Mesquite-Del Cerro Water System Improvements
\$ 739,400.00	NM-CITF	Water	Brazito Water System Improvements Project
\$ 127,500.00	NM-SAP	Equipment	SCADA & IT Equipment
\$ 130,000.00	NM-SAP	Equipment	SCADA
\$ 175,000.00	NM-SAP	Software	SAP Billing Software
\$ 2,040,346.00	USDA-RD	Water	La Mesa Well & Tank Project
\$ 87,500.00	NMFA-PG, CDBG-PG	Water	Preliminary Engineering Report
\$ 8,846,086.42	USDA-RD, NM-CITF, NM-SAPs	Wastewater	Mesquite-Brazito Sewer Project
\$ 8,932,338.00	USDA-RD, NM-CITF	Wastewater	Mesquite Wastewater System Project
\$ 3,091,381.00	USDA-RD	Water & Wastewater	Organ Water & Wastewater Improvements Project
\$ 595,000.00	NM-DWSRLF	Water	Radio Read Meter Project
\$ 750,000.00	NM-WTB	Water	Surface Water/Brackish Water/Berino Well & Treatment Project
\$ 150,000.00	USDA-RD-CF	Equipment	Vehicle Replacement
\$ 1,211,515.64	NMFA-PG, NM-DWSRLF	Water	Water System Purchase & Improvements Project
\$ 1,034,580.00	NM-CITF	Water	Waterline Extension Project
\$ 40,004,843.14	Total LRGPWWA Project Funds		

\$40,034,580 – 16 Projects + Consolidation Loan

Current Status



- Ten Water Systems
- Serving 16 Communities (Incl. 14 Colonias)
- Four Service Areas Covering 100 Square Miles
- Two Wastewater Collection Systems
- One Wastewater Treatment Facility
- Approximately 5,000 Water Connections
- Approximately 500 Wastewater Connections
- Approximately 15,000 Population Served
- Full & Part-time Staff of 30
- Providing O&M Assistance to Neighboring System

► Any questions?

