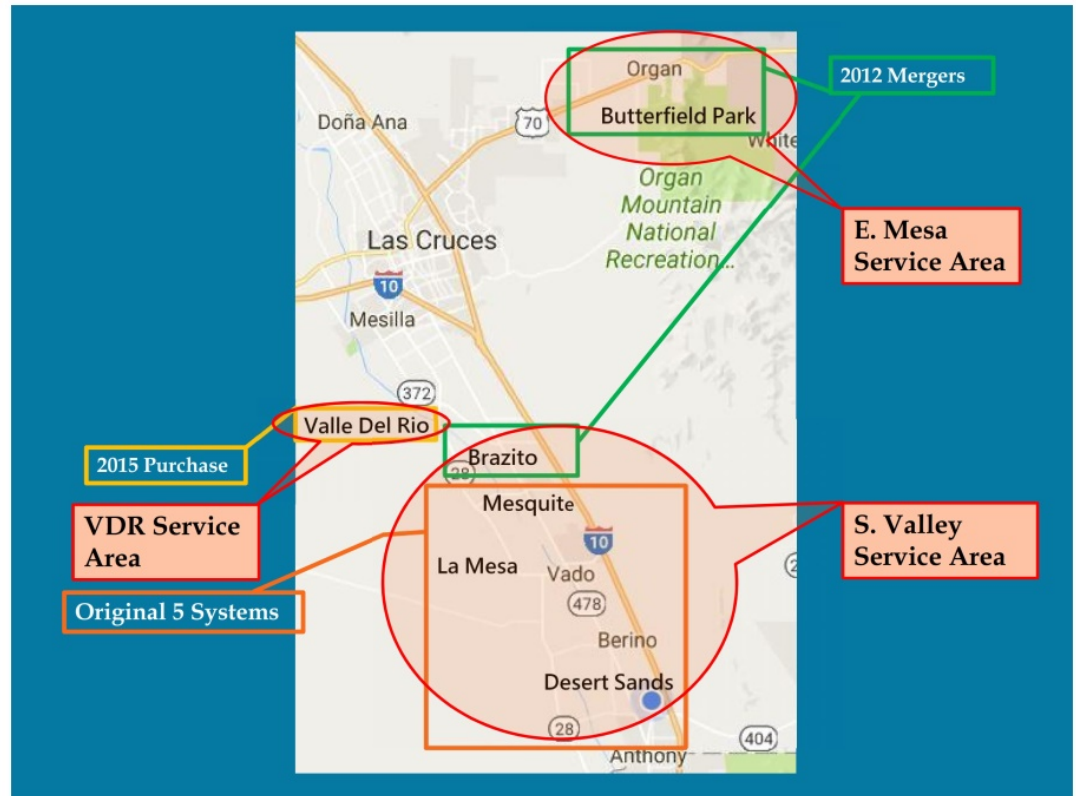




LOWER RIO GRANDE
Public Water Works Authority

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Regional Membership Based Water & Wastewater Utility



2005-2006 Regional South Central Mutual Domestic Group

Mesquite, Vado, Berino & Desert Sands Mutual Domestic

- Started with informal meetings
- 10 systems were invited, 4 came and stayed
- Discussed common Issues
- Informal Mutual Assistance
- Group Therapy
- Formalized with an MOU
- Developed a Regional Water Conservation Plan
- Approached Legislators about funding
- 2005 meeting with NM DFA set up by Sen. Papen & Rep. Garcia about regionalization
- Hosted an event to present projects to legislators
- Joined by La Mesa in 2006
- Van-pooled to the Legislature in 2006
- Jointly prioritized projects
- Joined the South Central Council of Governments



2006-2010 Lower Rio Grande Mutual Domestic Water Assoc.

Mesquite, Vado, Berino, Desert Sands & La Mesa Mutual Domestics

- Incorporated to act as an umbrella organization
- Purpose was to be able to apply for and administer funding for regional projects
- Acquired funding for two Interconnection Projects as well as regional planning
- Joint Board Retreat for member associations in 2007
 - SWOT Analysis
 - What Do We Want To Be When We Grow Up?
 - Economy of Scale vs. Duplication of Effort & Dilution of Results
 - No Revolving Door/Hokey Pokey
- Developed a Bill to create the Lower Rio Grande PWWA
- Member Associations held Member Meetings to authorize
- Member Association Boards adopted Merger Plan Joint Resolution
- Worked in the 2009 Legislature to pass House Bill 185





2009 House Bill 185 NMSA 1978 73-26-1

**Passed March 16, 2009
Signed April 6, 2009**



**And then the
REAL work
began...**





**We just could not find that
magical Merger Switch!**

HB 185 Transition from MDWCA's to Water Authority

HB 185 Passed 4/6/2009

The Transition Began

December, 2009
Service Area Plat
Filed with County

Spring, 2010

Creation &
Recognition of the
Lower Rio Grande
Water Authority

September, 2010

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

October, 2010

File 40 Year Water Plan

July, 2011
First Board
Election

December, 2011

*Dissolution of
Partnering MDWCA's

2009

2010

2011 & Beyond

February, 2010

RCAC Contracted to
Develop a Governance
Plan, Policies & Procedures

August, 2010

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

Goal: December, 2010

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

Regionalize System
Continue Short & Long
Term Infrastructure
Projects



Lower Rio Grande Public Water Works Authority

House Bill 185 4/2009

- Began the Process of Merging 5 Individual Mutuals into the LRGPWWA
 - Legal Structure of Authority Created by Statute
 - Merger had to commence after effective date of legislation
 - During some of this time, we had 6 Mutuals plus the the LRGPWWA boards meeting monthly!
- Gave LRGPWWA Legal Standing with Agencies



Lower Rio Grande Public Water Works Authority

Service Area Plat Filed 12/2009

- Worked with Office of State Engineer to
 - Rectify Place of Use for Individual Mutuals
 - Extended Place of Use Already Existing Mutuals to Establish LRGPWWA's Service Area
 - Filed Service Area Plat with Dona Ana County
 - LRG Authority's Service Area Established



Lower Rio Grande Public Water Works Authority

RCAC Contracted 2/2010

- Received CDBG Planning Grant to Develop Merger Plan with three Components
 - Regional Governance Structure and Documents
 - Administrative and Managerial
 - Operations & Implementation Strategy
- Contract Awarded February, 2010
- Completion September, 2010



Lower Rio Grande Public Water Works Authority

Creation & Recognition of LRGPWWA

Spring 2010

- Legal organizational requirements met
 - Duns Number acquired
 - Federal Tax ID number
 - State CRS number
 - Permanent Address Established
 - Bank Accounts Opened
 - Initial Board of Directors Appointed (Sept, 2009)



Lower Rio Grande Public Water Works Authority

Application for Ownership Transfer, Combine & Commingle Water Rights 8/2010

- Submit Transfer of Ownership to OSE
 - Mutuals Approved Transfer of Ownership 8/2010
 - Transfer Documents Submitted by LRGPWWA Attorney to OSE
 - LRGPWWA Authorization to Allow Mutuals' Use of Water Rights - completed
 - OSE Approval Obtained



Lower Rio Grande Public Water Works Authority

Application for Ownership Transfer, Combine & Commingle Water Rights 8/2010

- Submit Combine & Commingle Application to OSE
 - Coordinate Application with OSE Guidelines
 - OSE Approval in the form of a permit



Lower Rio Grande Public Water Works Authority

Governance Docs, Policies & Procedures, Board Adoption and Authority Rates and Fees 9/2010

- RCAC Completes Merger Plan September, 2010
 - Board Review
 - Legal Review Recommended Plan
 - Merger Plan Adoption by Board of Directors
- Uniform Rates and Fees Proposed
 - Final Board Approval December 2010



Lower Rio Grande Public Water Works Authority

File 40 Year Water Plan 10/2010

- Coordination with Office of State Engineer
- Coordination with Local Government (Return Flow Credits)
- LRGPWWA Attorney Review
- Adoption by Board
- Complete in October, 2010
- NM OSE files without approval or comment



Lower Rio Grande Public Water Works Authority

LRGPWWA Operational with Rates and Fees, Debt, Assets, and Liabilities Transferred 12/2010

- “Operational” Means:
 - Public Water System ID Number-Issued by NMED
 - Staff hired with HR Policy and Procedure in Place
 - Salary Scales, Benefits, Position Descriptions, Hours of Operation, etc.
 - Fiduciary Policy and Procedure in Place
 - Taxes, Insurance, Risk Management, Bank Accounts, Bookkeeping, Procurement, etc.



Lower Rio Grande Public Water Works Authority

LRGPWWA Operational cont'd

- Rates and Fees
 - Full System Cost Analysis (Technical, Managerial, and Financial)
 - Uniform Water and Waste Water Rate Structure
 - Uniform User Fees and Charges Policy



Lower Rio Grande Public Water Works Authority

LRGPWWA Operational cont'd

- Debt Options Consideration
 - Refinance Existing Long Term Infrastructure Debt
OR Transfer & Assumption of USDA RD debt
 - Preferred Method: Refinancing
 - Expedient and Consolidates Debt
 - Eliminate Need for Large Reserve
 - Current & Future Project Debt
 - Both the Mutuels and Successor (LRGPWWA) were Debtors Until LRGPWWA assumed fiscal responsibility



Lower Rio Grande Public Water Works Authority

LRGPWWA Operational cont'd

- Other Liabilities:
 - Vehicle Loans, Maintenance Contracts, Small Debt, Vendor Obligations, etc. transferred to LRGPWWA
- Assets:
 - Property, Wells, Buildings, Easements, Lines, Meters, Vehicles and Equipment, Liquid Assets, etc.
 - Use of Quit Claim Deeds to Transfer Wherever Possible
 - Title Transfer for Vehicles and Equipment
 - Consolidate Bank Accounts and Other Liquid Assets



Lower Rio Grande Public Water Works Authority

First Board Election 7/2011

- Established Membership Eligibility Criteria
- Determine District Election Boundaries and Criteria for Voting Eligibility (5 Districts)
- Establish Election Code for Board Candidacy
 - Includes Cut-Off Dates for Candidacy
- Issue Proclamations and Legal Notifications
- Canvass the Election



Lower Rio Grande Public Water Works Authority

December 2011 *Dissolution of Founding Mutual Domestics

*We did NOT formally dissolve the mutuals (thank goodness!)

- Allowed incorporation to lapse eventually
- Settled Outstanding Liabilities
- Agency Close-out: IRS, USDA RD, Treasury Dept., Tax & Revenue, PRC, NMED, DFA, State Auditor, etc.
- Tax IDs, Corporation Numbers, System ID, Business Licenses
- Budget, Audit, etc. finalized



Lower Rio Grande Public Water Works Authority

Regional Plans for 2011 & Beyond

- Rehab/Upgrade Existing Systems
- Networking Large Transmission Lines
- Establish Adequate Storage Capacity
- Extend Services to Un-Served Areas
- Integrate & Upgrade Operations Software & Hardware
- Explore Alternative Water Sources



Lower Rio Grande Public Water Works Authority

And THEN.....

In 2012 THREE more Mutuals requested to join

- Two of these had already combined & commingled water rights and they became a separate East Mesa Service Area
 - Butterfield Park
 - Organ (previously merged with Mountain View)
- Brazito became part of our S. Valley Service Area, and we expanded to 7 voting districts



Lower Rio Grande Public Water Works Authority

And THEN continued.....

In 2013 we were approached by the owner of a small private water system

- Purchase of Valle Del Rio Water System was concluded in 2015
- About 95 new customers, Property owners became Members and were assigned to a voting district
- Valle Del Rio became a separate Service Area



Lower Rio Grande Public Water Works Authority

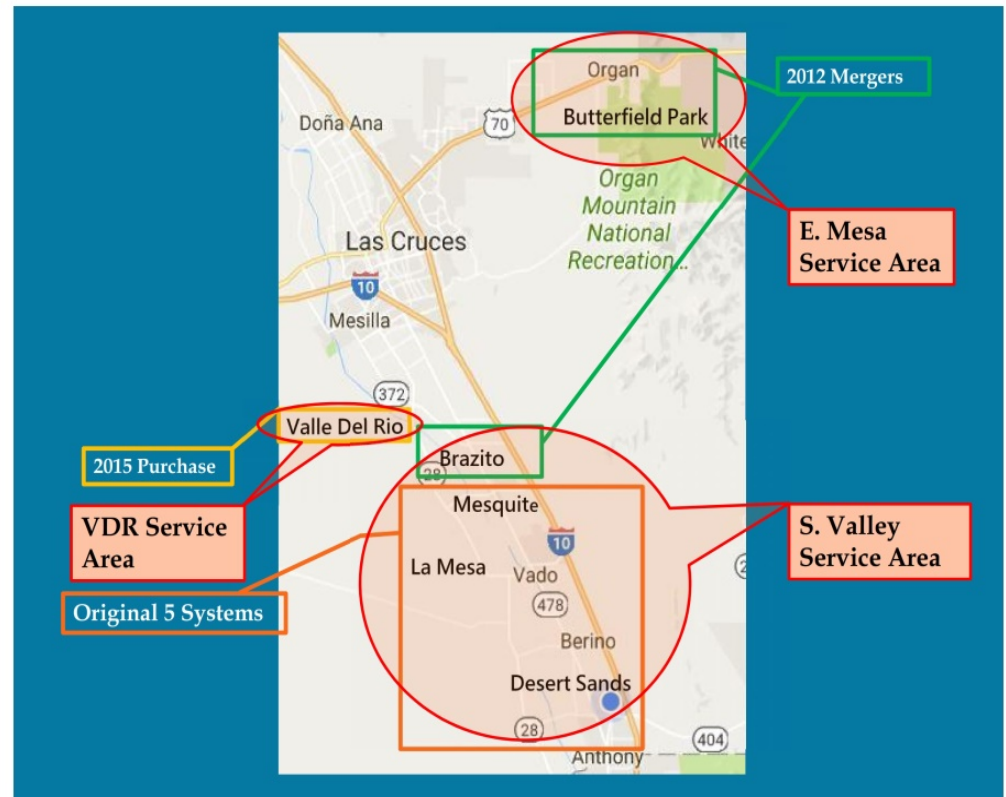


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Currently:

- 3 Separate Service Areas
 - 100 Square Miles
 - 14 Colonias served
- 10 water systems
- 2 wastewater systems
- 7 Voting Districts
- 31 Employees
 - 4 Management
 - 17 Operations
 - 8 Finance
 - 2 Projects
- ± 5,000 Water Connections
- ± 500 Sewer Connections



Key Take-Aways from the Lower Rio Grande PWWA Regionalization experience:

CHALLENGES

- Breaking new ground
- **OVERWHELM!**
- Opposition from a few who felt threatened
- Surprise obstacles from allies



- Getting over old paradigms
- Moving from “Mine” to “Ours”
- **TRUST!**
- Letting go of perceived control



Key Take-Aways from the Lower Rio Grande PWWA Regionalization experience:

Benefits – Economies of Scale

Finances and Rates

Establishment of a Service Area

Division of Duties

Board does governance, not operations

Staffing: number, roles, pay & benefits

Customer Service – 24 hour on-call

Larger pool of consultants

Expanded Political Representation

Expanded Governmental Powers

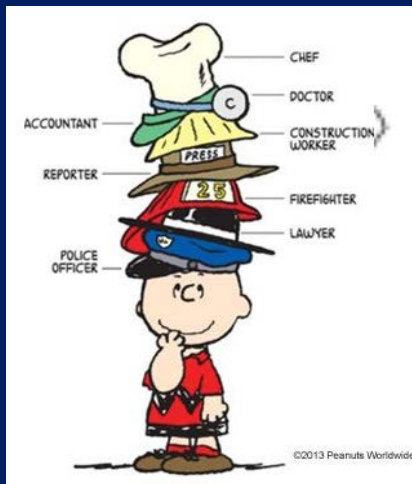
Expanded Potential for Partnerships

Greater Accountability

Purchasing power and efficiencies

Control of inventory & equipment

NO MORE MEMBER MEETINGS!



Key Take-Aways from the Lower Rio Grande PWWA Regionalization experience:

Each Founding Mutual Domestic Association had different strengths & weaknesses, assets and liabilities, and each contributed and benefited

Some had large cash reserves

Some had low debt

Some owned equipment & vehicles

Some had low customer rates

Some had staff

Some had done system upgrades, and some needed them badly

Some had compliance issues

Some had addressed compliance

Some had high rates

Some had little to no staff

