

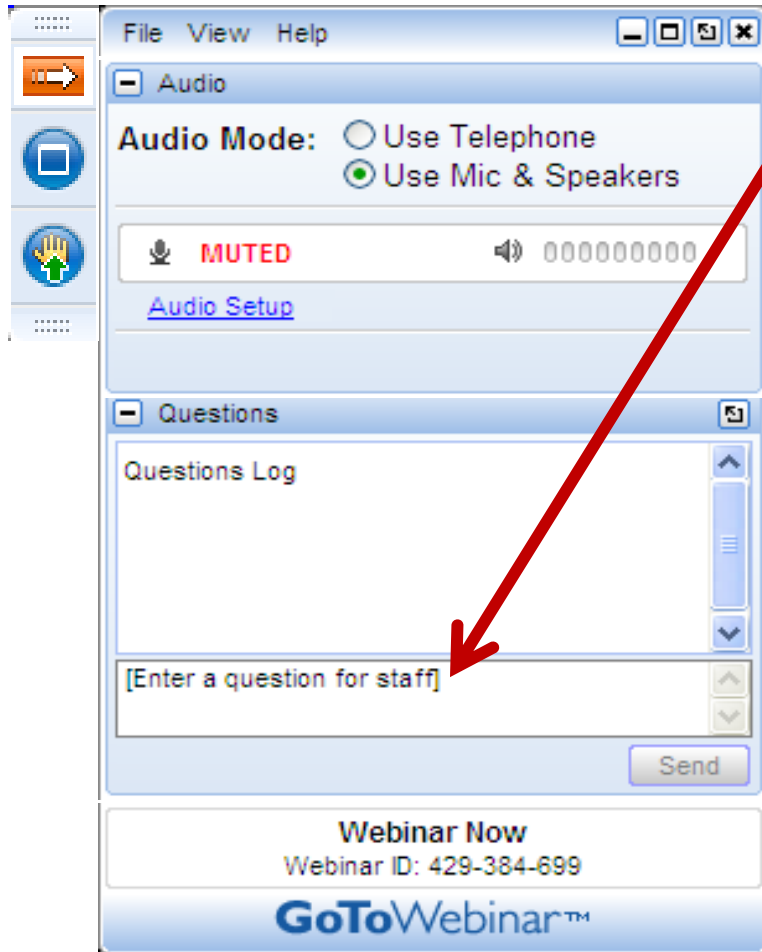
Troubleshooting the Partnership Process

The final webinar in a series of water system partnership webinars

Monday, November 5, 2012
1-3 pm (ET)

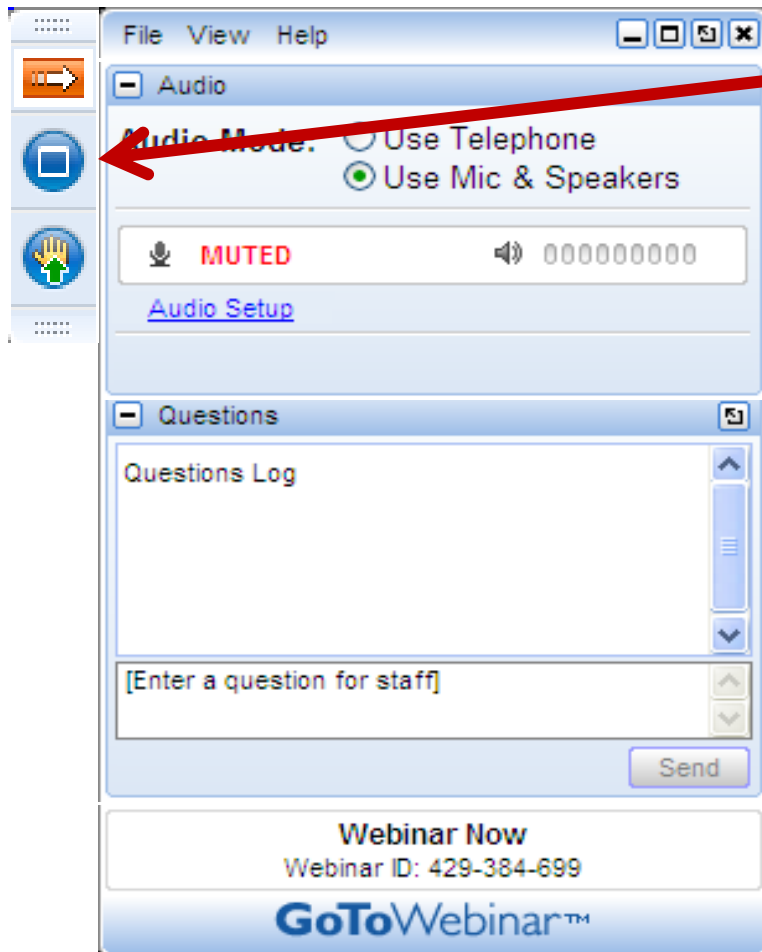


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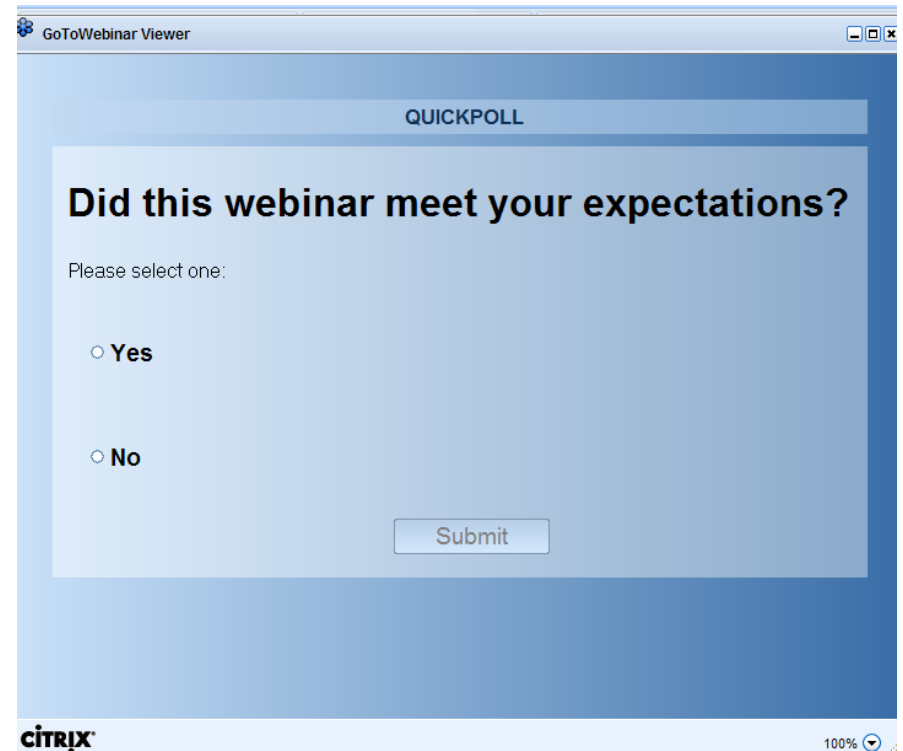
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- Polls will be launched during the presentation
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The screenshot shows a window titled "GoToWebinar Viewer" with a "QUICKPOLL" header. The poll question is "Did this webinar meet your expectations?". Below the question, it says "Please select one:" followed by two radio button options: "Yes" and "No". A "Submit" button is located at the bottom right of the poll area. The Citrix logo is visible in the bottom left corner, and a "100%" zoom level indicator is in the bottom right corner.

Quick Poll:

Who is joining us today?

Disclaimer

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Agenda 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
- Question and Answer Session

What are Water System Partnerships?



What are water system partnerships?

- It's a **tool** for building technical, managerial and financial capacity.



What are Water System Partnerships?

Do you know a system that faces these challenges?

– Technical

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

– Financial

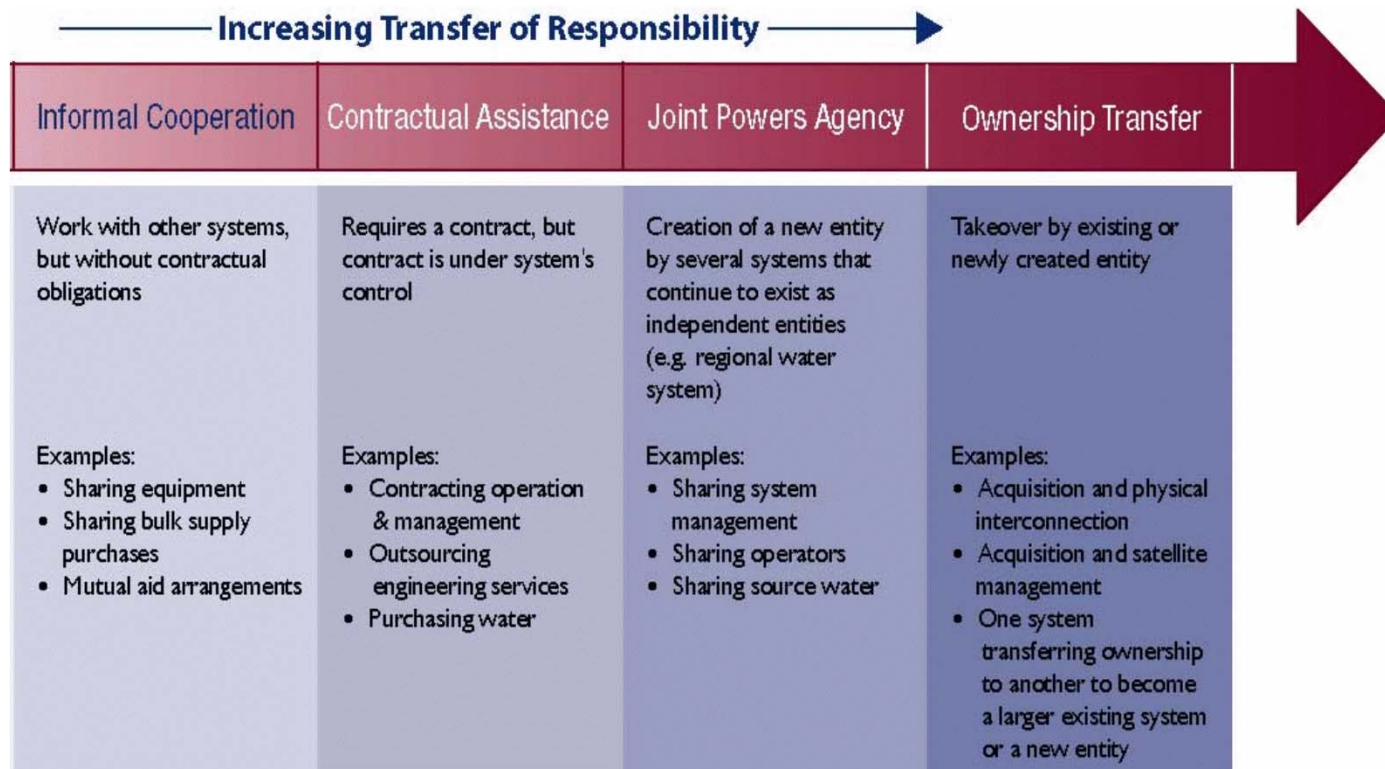
- Diseconomies of scale (few households = high costs)
- History of water rates that are too low/too high
- Limited knowledge of financing options

– Managerial

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

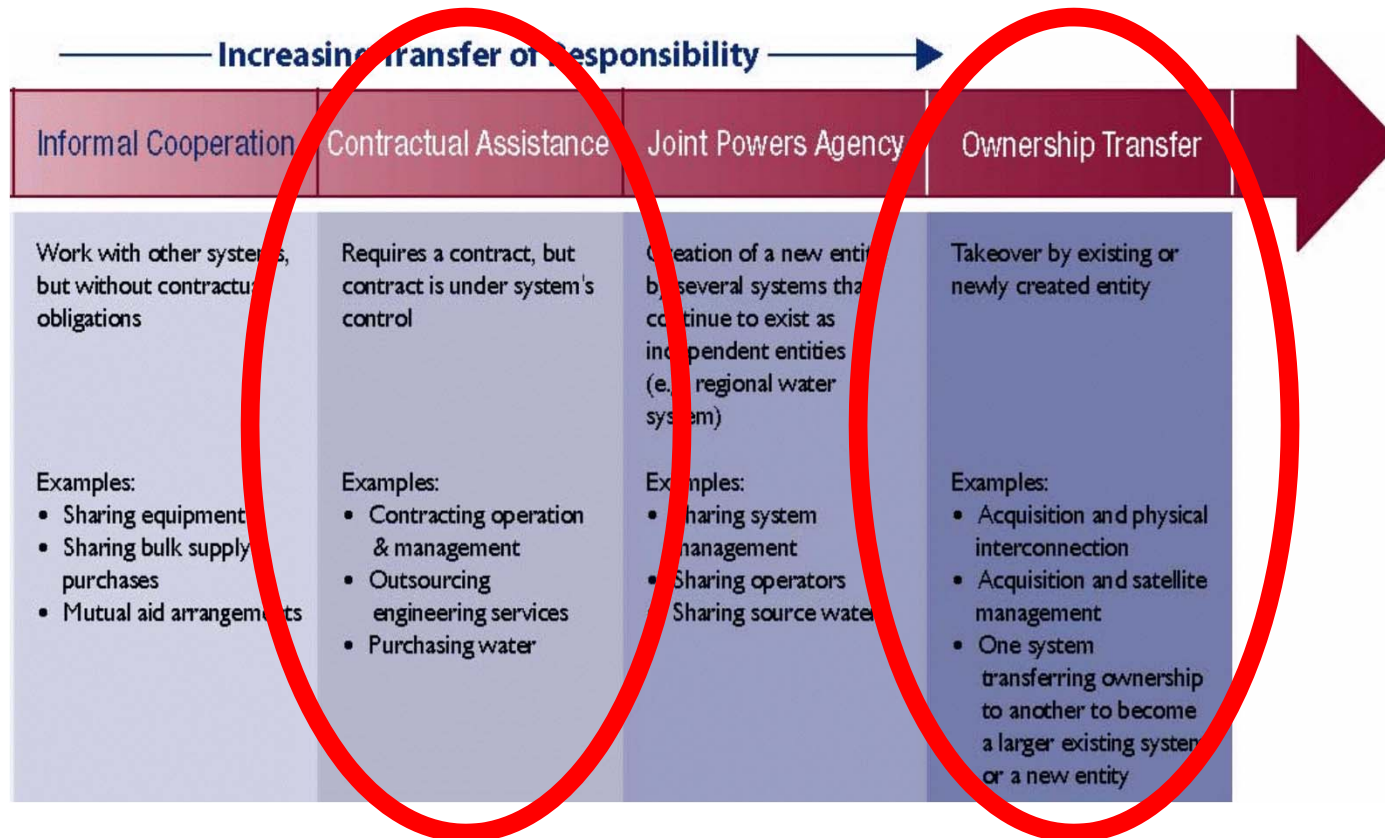
What are water system partnerships?

The range of different types of partnerships



Range of Partnerships

The range of different types of partnerships



Today's Panel

System Representatives:

- Martin Lopez, Lower Rio Grande Public Water Works Authority
- Karen Nichols, Lower Rio Grande Public Water Works Authority

- Ramon Lucero, El Valle Water Alliance



Today's Panel

Government Agency Representatives:

- Martha Torrez,
USDA – New Mexico State Office
- Rick Martinez,
New Mexico Finance
Authority
- Ray Melendrez & Ernest Valenzuela,
New Mexico Environment
Department – Drinking Water Bureau
- Cheryl Thacker,
New Mexico Office of State Engineer



Today's Panel

Technical Assistance Providers:

- Olga Morales, Rural Community Assistance Corporation
- Blanca Surgeon, Rural Community Assistance Corporation



Partnership Examples



LOWER RIO GRANDE

Public Water Works Authority



UT

COLORADO

El Valle Water Alliance

ARIZONA



Lower Rio Grande Public Water Works Authority

TEXAS

MEXICO

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



note: photos were removed

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	Nitrate
<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

Lower Rio Grande Public Water Works Authority

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

Current Status:

- Fully integrated the five founding entities
- Declared service area
- In the process of incorporating additional two Mutual Domestic water systems
- Increased operational capacity
- Created ability to sustain planned growth, including commercial and industrial



El Valle Water Alliance

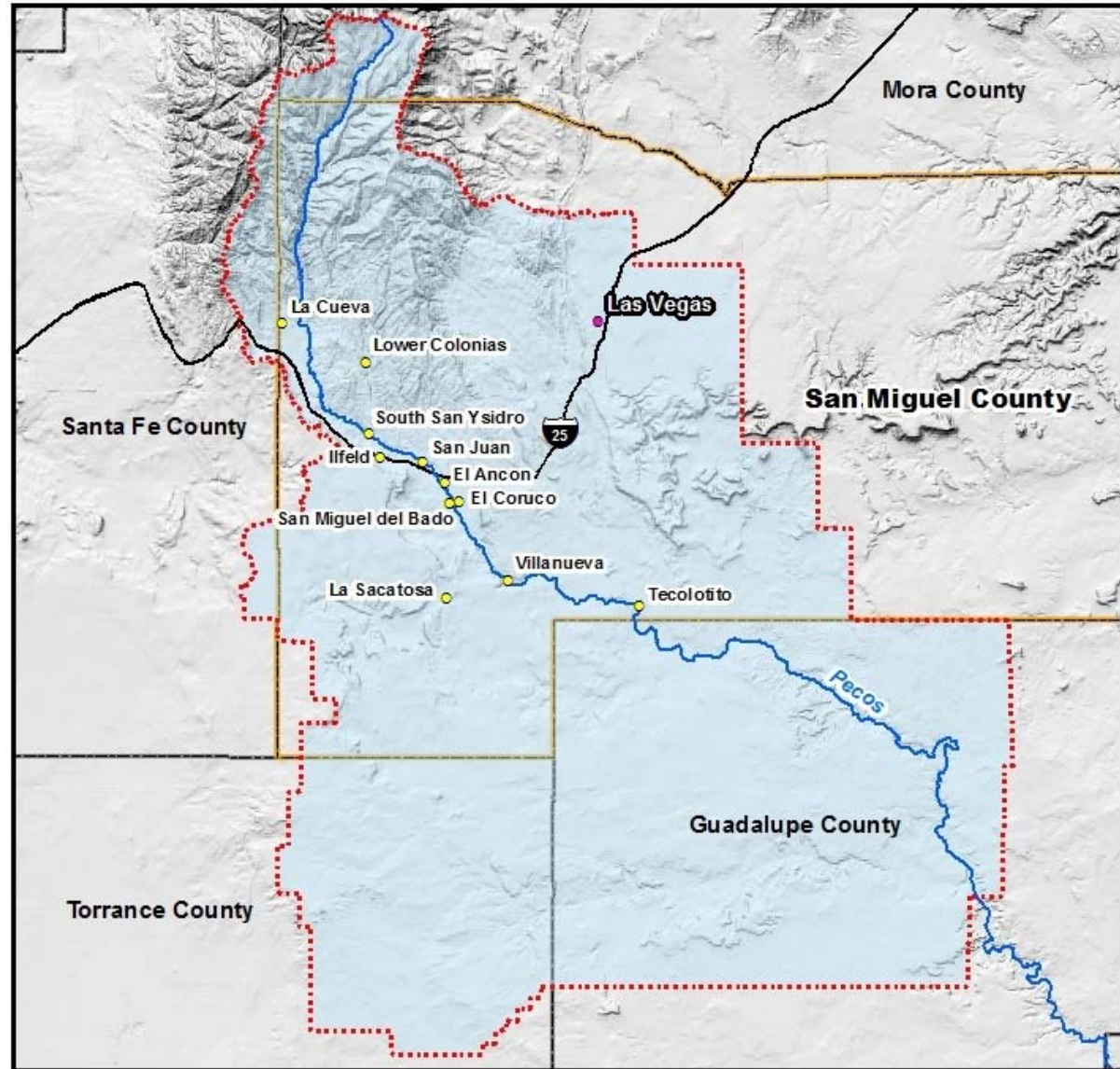
The founding members of El Valle Water Alliance were:

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





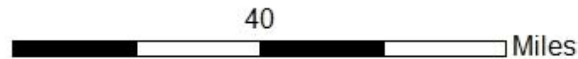
~El Valle Water Alliance~



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



Association	Connections	Population	Storage Capacity	Original Incorporation	Water Rights	Wells	Line/ft	Regulatory Challenges
Villanueva	96	201	50,500	1949	24.2	2	10,053	Iron/ Aluminum
El Coruco	52	89	10,000	1965	9.7	1	9,459	
El Ancon	44	79	45,500	1965	23	1	3,860	
San Juan	53	125	10,000	1955	38.7	1	7,906	
S. San Ysidro	24	31	20,000	1961	19.4	1	4,510	
Ilfeld	100	193	25,000	1962	19.4	2	15,750	
La Sacatosa	14	16	10,000	1968	3	1	7,799	
San Miguel	33	74	45,000	1959	7.7	1	7,350	Flouride
Lower Colonias	15	12	5,000	1957	4.8	1	2,762	
Total	431	820	221,000		149.9	11	69,449	

El Valle Water Alliance

What drove the partnership?

- Protection and preservation of water rights
- Regional water conservation
- Long term compliance
- Managerial capacity through:
 - Combining administration fees
 - Contracting services
 - Source management



El Valle Water Alliance

note: photos were removed



El Valle Water Alliance

Current Status:

- Operates as a Management and Ownership Entity
- 2 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 do you build credibility to
gain support of your
members/ 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



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Questions?

Quick Poll:

Do you have systems that are not able to establish service boundary lines in your state?



How do you establish a service area to reduce vulnerability?

Mutual Domestic Systems

vs.

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 & 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



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Questions?

**How does the regulatory
agency merge system
information?**

New Water 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



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Questions?

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.



New Mexico Finance Authority

- 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.



USDA Loans and Grants

General Process:

- Eligible participant submits:
 - Application for Federal Assistance (SF-424)
 - Preliminary Engineering Report
 - Environmental Information
 - Financial Statements
 - 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 (loans only)
 - Useful life of the facility, or
 - 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
 - Dona Ana
 - Luna
 - Grant
 - Hidalgo
 - Catron
 - Eddy
 - Otero
 - Sierra
- USDA Rural Development can offer 100% grant
 - Colonia must take a loan if it can afford it



Committed to the future of rural communities.

USDA Loans and Grants

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!



Committed to the future of rural communities.

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Questions?



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

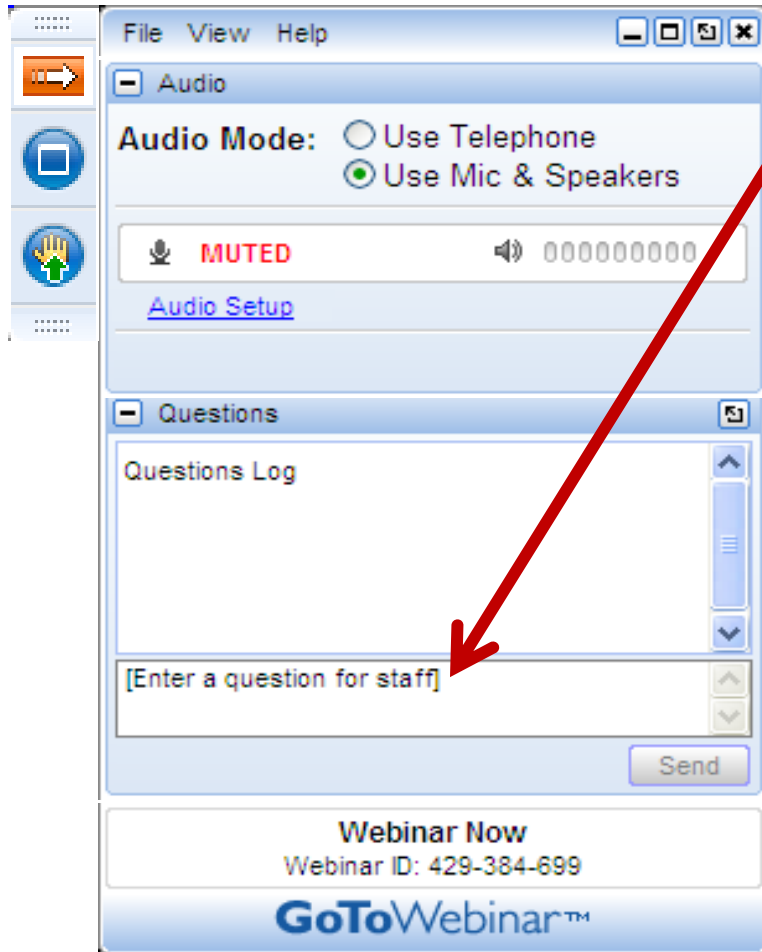


El Valle Water Alliance

- 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



Question and Answer



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