

Challenges When  
Combining Mutual  
Domestic  
Organizations To  
Meet Community and  
Colonias Water Needs

Martin Lopez  
General Manager



Lower Rio Grande Public Water Works Authority



## The Mutual Domestics include:

1. Berino
2. Desert Sands
3. La Mesa
4. Mesquite
5. Vado

Serve about 8,000 people

# Common Problems:

1. Increased regulations such as arsenic restrictions
2. High operating costs
3. Aged and undersized infrastructure
4. Limited water rights
5. Lack of volunteer board members
6. Many others

## Forming the regional structure permits them to:

1. Share water rights
2. Declare a service area
3. Float revenue bonds
4. Retain their community autonomy



# Step 1

## NM House Bill 185 April 2009

Began the  
Process of  
Merging  
5 Individual  
Mutuals into  
the  
Authority



Karen Nichols, Desert Sands MDWCA; Olga Morales; Gov. Bill Richardson; Roberto "Marty" Nieto, Mesquite MDWC & MSWA; Martin Lopez, Mesquite MDWC & MSWA; Sen. Mary Kay Papen, and Gabriel Gutierrez, Berino MDWC & MSWA

Gave  
Authority  
Legal  
Standing  
to  
Discuss  
Merger  
with  
Agencies

## Step 2

# Service Area Plat Filed Dec 2009

Partnered with Office of State Engineer to

- Rectify “Point of Use” for individual mutuals
- Extended already existing “Point of Use”

Mutuals to establish Authority’s  
service area



- Filed “Service Area Plat” with Dona Ana County
- Lower Rio Grande Authority’s service area established

Challenges?



## Step 3

# Rural Community Assistance Corporation Contracted Feb 2010

- Received Community Development Block Planning Grant (HUD) to Develop Merger Plan with three components
  1. Regional Governance Structure and Documents
  2. Administrative and Managerial
  3. Operations & Implementation Strategy
- Contract Awarded February 2010
- Completed September 2010
- Challenges?



## Step 4

# Creation & Recognition of LRGPWWA Spring 2010

- Legal organizational requirements met
  - Duns Number acquired (federal grant money tracker)
  - Federal Tax ID number
  - State CRS number (Taxation & Revenue)
  - Permanent Address Established
  - Bank Accounts Opened
  - Initial Board of Directors Appointed (Sept 2009)



I'm from the government.  
I am here to help you!



## Step 5

# Application for Ownership Transfer, Combine & Commingle Water Rights Aug 2010

Submit “Transfer of Ownership” to Office of State Engineer

1. Mutuals approved Transfer of Ownership Aug 2010
2. Transfer documents submitted by LRGPPWA attorney to OSE - completed
3. LRGPPWA authorization to allow Mutuals’ use of water rights - completed
4. OSE Approval Pending
5. Challenges?



## Step 6

# Application for Ownership Transfer, Combine & Commingle Water Rights Continued... Aug 2010

Submit “Combine & Commingle Application”  
to OSE

- Coordinate Application with OSE Guidelines
- Pending OSE Approval



## Step 7

# Governance Docs, Policies & Procedures, Board Adoption and Authority Rates and Fees Sept 2010

- RCAC completes merger plan September 2010
    - Board for review
    - Legal review of recommended plan
    - Merger plan adoption by Board of Directors
  - Uniform rates and fees proposed
    - Pending final Board approval (December 2010)
- Challenges?



## Step 8

### File 40-Year Water Plan Oct 2010

- Coordination with Office of State Engineer
- Coordination with local government (Return Flow Credits)
- LRGPWWA attorney review
- Adoption by Board
- Complete in October 2010



## Step 9

# LRGPWWA Operational with Rates and Fees, Debt, Assets, and Liabilities Transferred Dec 2010

- Operational means
    - Public Water System ID Number issued by NMED
    - Hire staff with Human Resources policies and procedures in place
      - Salary Scales, Benefits, Position Descriptions,
      - Hours of operation, etc.
    - Fiduciary Policy and Procedures in Place
      - Taxes, Insurance, Risk Management, Bank Accounts, Bookkeeping, Procurement, etc
- Challenges?



# 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



# LRGPWWA Operational cont'd

- Debt Options Consideration
  - Refinance existing long term infrastructure debt OR transfer & assumption
    - Preferred method: Refinancing
      - Expedient and consolidates debt
      - Eliminate need for large reserve
  - Current & Future Project Debt
    - Both the Mutual and Successor (LRGPWWA) Are Debtors Until LRGPPWA assumes fiscal responsibility



# LRGPWWA Operational cont'd

- Other Liabilities:
  - Vehicle loans, maintenance contracts, small debt, vendor obligations
- 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





# Step 10

## First Board Election July 2011

- 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



## Step 11

# December 2011 Dissolution of Founding Mutual Domestics

- Membership vote
- Settle outstanding liabilities
- Agency closed out: IRS, USDA RD, Treasury Dept., Tax & Revenue, PRC, NMED, DFA, State Auditor, etc.
- Tax IDs, Corporation Numbers, System ID, Business Licenses need closure
- Budget, Audit, etc. finalized



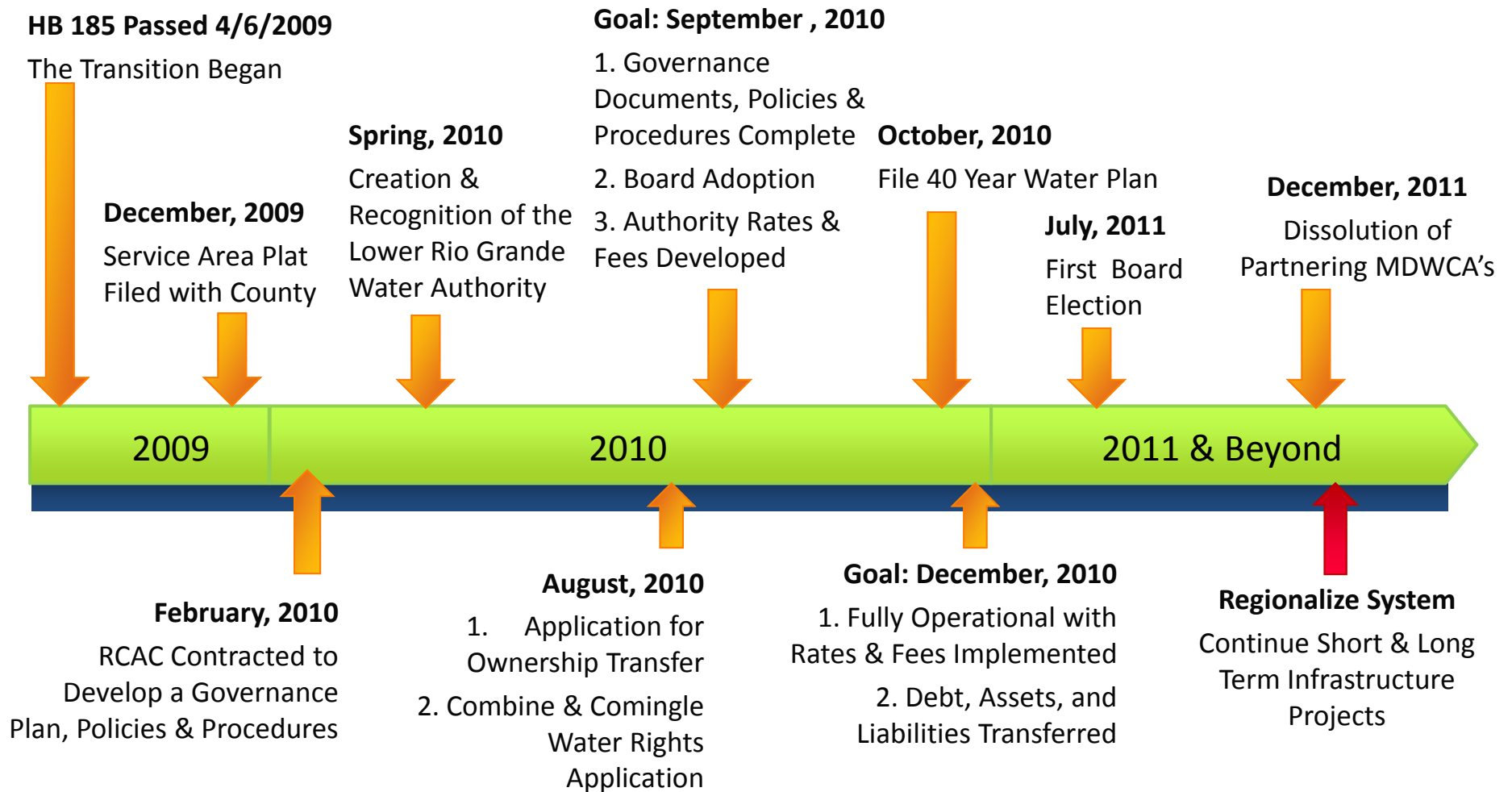
## Step 12

# Regionalize System 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
- Challenges?



# Summary: HB 185 Transition from MDWCA's to Water Authority



RCAC= Rural Community Assistance Corporation

Lower Rio Grande Public Water Works Authority

Conclusions?

This is a sunrise, not a sunset!

Questions?