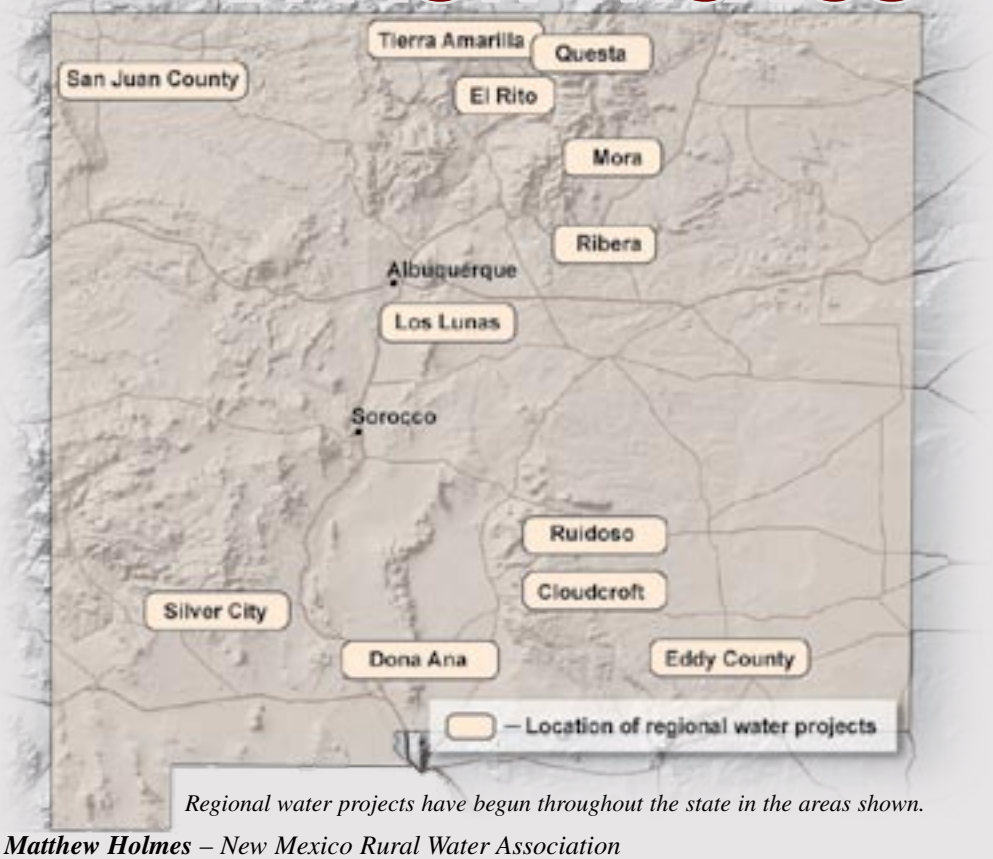
Regionalization of Rural Water Systems in New Mexico



Regional water projects have begun throughout the state in the areas shown.

Matthew Holmes *– New Mexico Rural Water Association*

The challenges of managing a drinking water system are many and ever-increasing; principal among them are stringent regulations, rapid growth, and escalating costs. Small systems in New Mexico have additional problems. Most are managed by volunteer board members who have served their community for many years. It is hard work with little recognition for the time spent. Raising water rates is difficult when your neighbors can complain to you in the post office, the grocery store, and on the phone at night. Rural water systems have trouble acquiring and retaining a certified operator —nearly 40 percent of public water systems do not have an operator certified at the appropriate level. Paying a sufficient salary to keep someone employed in a small town is challenging, and even if the system commits the financial resources, operators can often make more money by increasing their level of certification and working for the nearest municipality down the road. Economics ultimately determine the quality of drinking water in rural New Mexico, despite extraordinary efforts of the federal government to regulate a baseline standard.

State officials are well acquainted with these problems; in fact, they are sympathetic nearly to a fault. Examination of New Mexico's 2006 legislative appropriations shows around $66.7 million in capital outlay and other grant funding given to water and wastewater projects (the communities requested $544 million). Much of this money is being used to replace aging infrastructure and failing water sources in small communities around the state. Unfortunately, this type of funding is not awarded through any kind of rational methodology, being more a function of political connections than sustainable planning. Most projects are only partially funded, requiring systems to break engineering plans into smaller and smaller phases. Some systems replace infrastructure only as it is about to fail, leaving themselves in perpetual emergency status. In 2004, state officials were faced with an ongoing drought and an estimated $5 billion infrastructure investment requirement for water projects over the next ten years. It was time for a new approach.

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Regionalization Revisited

Regionalization of small water systems is certainly not a new idea, but previous efforts to promote this concept in the state met with dismal failure, with few exceptions. The reason lies in cultural history: in New Mexico, *agua es vida*. Water is life. Water also is power. Rural communities are well aware of others' interest in their watersheds and their senior water rights. Mutual domestic water associations (public bodies governed by elected volunteers) are the only form of government in many important, historic, and unincorporated communities. The concept of regionalization could be perceived to lead to increased state control of the precious water resource and a loss of autonomy by rural communities. Technical feasibility also presented obstacles: rural water systems are often remote, surrounded by mountainous terrain, with few options for good supply sources.

However, regionalization does offer potential solutions to the many problems plaguing small water systems. Simple collaboration with their neighbors can offer systems greater water security in times of emergencies and reduced costs through sharing of equipment, personnel, and bookkeeping. Larger problems such as inadequate water

supplies or water rights can be tackled by consolidating management, authority, and infrastructure. Economies of scale can make regional systems financially sustainable through a larger rate base. Many problems facing rural water systems are eliminated if the system can afford to hire professional employees to operate and manage their assets.

A Partnership Project

A partnership of state agencies and technical assistance providers was created to find a way to encourage regional collaboration among rural water systems while maintaining their community identities and the right to control their own futures. The Office of the Governor and the New Mexico State Legislature provided funding for a pilot project through the Local Governments Division of the Department of Finance and Administration. The project was supported by the Office of the State Engineer, the New Mexico Environment Department, and the New Mexico Finance Authority. These entities formed a management team and enlisted the help of the New Mexico Rural Water Association, the Rural Community Assistance Corporation, and the Environmental Finance Center to provide technical and facilitation resources.

Water systems were selected for the pilot project based on geographic location, common water issues, and perceived interest in collaboration. Three areas were initially selected, and nine more added the following year (see map). System representatives were told that their participation in this process would assist them in creating area-wide collaborative solutions to meet current and future drinking water needs, and might increase their opportunity to seek funding for planning and implementing these solutions. A range of potential collaborative options was presented, with the understanding that systems could choose to implement some or none of the options.

Stakeholders from the project area met and identified critical water issues and developed goals for their individual regions. Participants included a wide variety of representatives from municipalities, public and private small water systems, federal and state agencies (such as the U.S. Forest Service, Bureau of Land Management, and New Mexico Department of Game and Fish), county governments, tribal governments, and acequias (irrigation groups). Regions typically formed a steering committee, and were asked to consider developing a formal agreement via a memorandum of understanding or a joint powers agreement.

Building Trust

While the identified needs and the political dynamics were unique to each region, similar challenges were encountered by all the groups across the state. The first barrier to overcome was the issue of trust: communities had to be comfortable with each other, and perhaps a bigger challenge, had to trust the intentions of the state. Technical assistance providers had established relationships with local entities, and placed their credibility on the line when communicating the objectives of the state agencies. This led to intense

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Regional Water Collaborative Options

(Least to Most Collaborative)

- Complete a planning document together
- Initiate a limited working relationship such as ability to call another system in time of emergency, or a call system to discuss issues
- Share inventory or equipment
- Share an operator
- Create some type of joint management of the system; could include one management entity over several systems or joint bookkeeping or billing
- Interconnect system for emergency purposes only
- Share water rights or water resources without actually completely tying systems together
- Tie systems together, but with separate operations
- Tie systems together, dissolve current systems, and form a new entity

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discussions with the project management team, with all parties eventually reaching a common (more or less) viewpoint about the project. This allowed the technical assistance providers to clearly communicate project objectives to the regional groups, and created an open and honest dialogue with all parties.

Perhaps the most surprising outcome was the regional groups' willingness to work together and consider collaborative approaches that had been previously rejected; it seemed that the time had come for a new approach at the local level as well. No one was ready to commit to regional consolidation, but no one rejected the idea outright, either. Communities were willing to talk to their neighbors and found more shared interests than differences. Unfortunately, the next barrier became immediately apparent: just how do rural entities collaborate with the state in this new program? How do public and private entities agree to work together, and even to merge? Where will the money originate to fund the projects that result from communities working together?

Future Challenges

New Mexico is still developing the answers to these questions. A review by the Utton Transboundary Resources Center at the University of New Mexico revealed that there are no less than twenty-seven statutes under which a water system can be organized. But none are suitable for regional rural water systems. It is apparent that the legislature will have to consider updating our statutes to provide rural water systems with the tools that they need. The biggest challenge will come in the form of reforming the funding process itself: giving priority to well-planned, regional projects will require the cooperation of all of the region's legislators and the governor. Without this key component, all of this work will fall apart.

We are aware that other states, probably most, have addressed these problems already. But, as civil war hero and former governor of New Mexico Lew Wallace stated, "All calculations based on our experiences elsewhere fail in New Mexico." That is, after all, part of the charm of the Land of Enchantment!

Contact Matthew Holmes at matt@nmrwa.org

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