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By Suzanne Star

Meeting with John L. Jones

Committee member for 2006 Sanitary Projects Act revisions
Legislative chairman for the NM Rural Water Association
Vice President, Past Chair of the Estancia Basin Regional Water Planning Committee
Board Member National Rural Water
Former Chief Operating Officer of Entranosa Water & Wastewater Association

Step Process for Efficient Water System Management

1. **Evaluate system status** *(where we are)*
    a. Engineering inspection and analysis
        i. Small independent contractor - less cost- can help with paperwork and procurement of money, but you get what you pay for.
        ii. Bohannan Huston (recommended) or Souder Miller - larger firms - more cost. Caution - some engineering firms will provide a solution that will fit the amount of money, not necessarily the need of the system, even if you don't need it.
        iii. NM Rural Water - possible free services through circuit riders who are highly experienced in rural water operations and engineering principals.
    b. Self assessment tools
        i. EPA system management evaluation sheet (Appendix A)
        ii. SWOT analysis (strength, weakness, opportunity, threats)

2. **Develop an action plan** *(where we need/want to go)*
    a. Break it down into manageable pieces.

3. **Identify financial/managerial resource** *(how are we going to get there)*
    a. What form of legal entity fits the character, culture and the goals of the community.
        i. Mutual Domestic - political subdivision of the state
        ii. Cooperative - nonprofit non government entity
        iii. Homeowner Association - nonprofit non government entity

4. **Consistency/dedication to administer the plan** *(how we monitor progress)*
    a. Records management/documentation - archiving for future reference
        i. Manual input - time/coordination required
        ii. Software programs available (Diamond Maps / ERSI)
        iii. Transition of responsibilities between volunteers

Brief Overview of Financial Resources

What best fits the community based on the risk and involvement?

MUTUAL DOMESTIC

PROS	CONS
2% - 20 yrs loans some req. small matched funds. Drinking Water Revolving Loan Fund through NMFA, access to Rural Improvement Program money through NMED Construction Programs, Water Trust Board funding	Money subject to state budget availability
Legislative awards thru capital outlay funds at the discretion of your legislator.	Onerous legal burden with no guarantee of money.
Various funding opportunity-- subject to individual lender qualifications	Criminal penalties for rules/regs. violations
Monthly billing, reserves and an audit are qualifiers for funding opportunities	Small volunteer boards have difficulty meeting compliance with the Audit, Open Meetings and Public Inspections.
Regulations require communities to be better stewards of health and safety standards.	Associations (SLP) in the upper middle income bracket won't qualify for grants.
	Cannot disband once formed
	Administrative person needed to ensure timely compliance with regs.
	Certified procurement officer required
	D & O doesn't cover Board personal liability illegal actions
	EPA -3 system capacity for funding Managerial, Technical, Financial
	Small communities incur violations due to administrative issues not sanitary rules.

COOPERATIVE

PROS	CONS
3% - 20 yrs loans with small state matching fund through NMFA Drinking Water Revolving Loan Funds	Audit is required for government money
Access to Federal funding through USDA and private loans	Loans dependant on grantors conditions..
No government oversight/intervention.	

HOMEOWNER ASSOCIATION

PROS	CONS
Commercial loans available but not guaranteed.	Loans dependent on grantors conditions-collateral, higher interest rates and smaller size loans.
No government oversight/intervention	Anti-donation clause prohibits state monies granted to private entities
	Audit is required for government money

Private non government water management examples:

Vista de Mañana - a nonprofit homeowner association with 25 connections and private roads. They are a robust system with high upper middle class income and they assess annual dues for roads and other projects. Water management has been removed from that funding stream. They run everything through their private homeowners association. Once meters were installed, they started to publish a list of usage to non attributed addresses but eventually the membership tired of paying for high usage of others, and paying for unbilled water loss due to leaks in the system mains and they pushed the issue and proceeded to billing.

Vista de Mañana set a minimum of 4000 gal/mon. included in a flat fee. They have an escalating rate structure for amounts above 4000 gals/mon. in 1000 gallon increments. Water billing works as a conservation tool as well as an income tool.

Forest Park Property Owners Cooperative with 75 connections. They charge an annual fee for community maintenance support but water is an enterprise entity that supports itself. Flat fee for up to 6,000 gallons and thereafter billed in 100 gallon increments in excess of that amount with escalating rates.

Important point --stakeholder understanding and support is a critical issue for successful water system management. (Appendix A)

APPENDIX A

EPA -10 Key Water System Management Areas		
Key Management Area	**Management Area Description**	*How does SLPPOA rate?* **Rate Achievement (Low - High)**
Water Resource Adequacy (e.g., water quantity)	• My system is able to meet the water or sanitation needs of its customers now and for the reasonable future. • My system or community has performed a long-term water supply and demand analysis. • My system understands its relationship to local water availability.	
Product Quality (e.g., clean & safe water)	• My system is in compliance with permit requirements and other regulatory or reliability requirements. • My system meets local community expectations for potable water.	
Customer Satisfaction	• Customers are satisfied with the services the system provides. • My system has procedures in place to receive and respond to customer feedback in a timely fashion.	
Community Sustainability & Economic Development	• My system is aware of and participating in local and regional community and economic development planning activities. • My system's goals also help to support overall watershed and source water protection, and community economic goals.	
Employee & Leadership Development	• Training programs are in place to retain and improve institutional knowledge. • Opportunities exist for employee skills development and career enhancement. • Job descriptions, performance expectations, and codes of conduct are established.	

Financial Viability	• The rates that my system charges are adequate to pay our bills, put some funds away for the future, and maintain, repair, and replace our equipment and infrastructure as needed. • My system discusses rate requirements with our customers.	
Operational Optimization (e.g., energy/water efficiency)	• My system has assessed its current energy usage and performed an energy audit. • My system has maximized resource use and resource loss (e.g., water loss, treatment chemical use). • My system understands, has documented, and monitors key operational aspects of the system (e.g., pressure, flow, quality).	
Infrastructure Stability(e.g., asset management practice)	• My system has inventoried its current system components, condition, and cost. • My system has a plan in place for repair and replacement of system components.	
Operational Resiliency	• My system has conducted an all hazards vulnerability assessment (safety, natural disasters, environmental risks, etc.). • My utility has prepared an all hazards emergency response plan.	
Stakeholder Understanding & Support	• My system actively engages with local decision makers, community, watershed (where relevant), and regulatory representatives to build support for its goals, resources, and the value of the services it provides. • My system performs active customer and stakeholder outreach and education to understand concerns and promote the value of clean and safe water.	