

# Regionalization Successes & Challenges



Lower Rio Grande Public  
Water Works Authority



# 2005-2006 Regional South Central Mutual Domestic Group

Mesquite, Vado, Berino & Desert Sands Mutual Domestics

Exploring How We Can Work Together For Mutual Aid and Benefit

- Started with informal meetings
- 10 systems were invited, 4 came and stayed
- Formalized with an MOU
- **Developed a Regional Water Conservation Plan**
- **Jointly prioritized projects**
- Van-pooled to the Legislature in 2006



# 2006-2010 Lower Rio Grande Mutual Domestic Water Assoc.

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

Exploring 'What We Want to Be When We Grow Up'

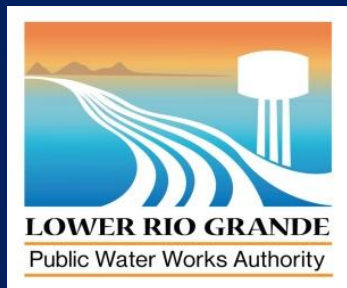


- Incorporated an umbrella MDWCA to fund & build regional projects
- Developed a Bill to create the Lower Rio Grande PWWA
- Worked in the 2009 Legislature to pass House Bill 185

# 2009 House Bill 185 NMSA 1978 73-26-1



**Passed March 16, 2009  
Unanimous in all  
committees, House &  
Senate floors  
Signed April 6, 2009**



**We became a  
regional authority,  
and then the REAL  
work began...**



# Lower Rio Grande PWWA

Five founding associations developed 2009 House Bill 185 (NMSA 1978 73-26-1) creating the LRGPWWA:

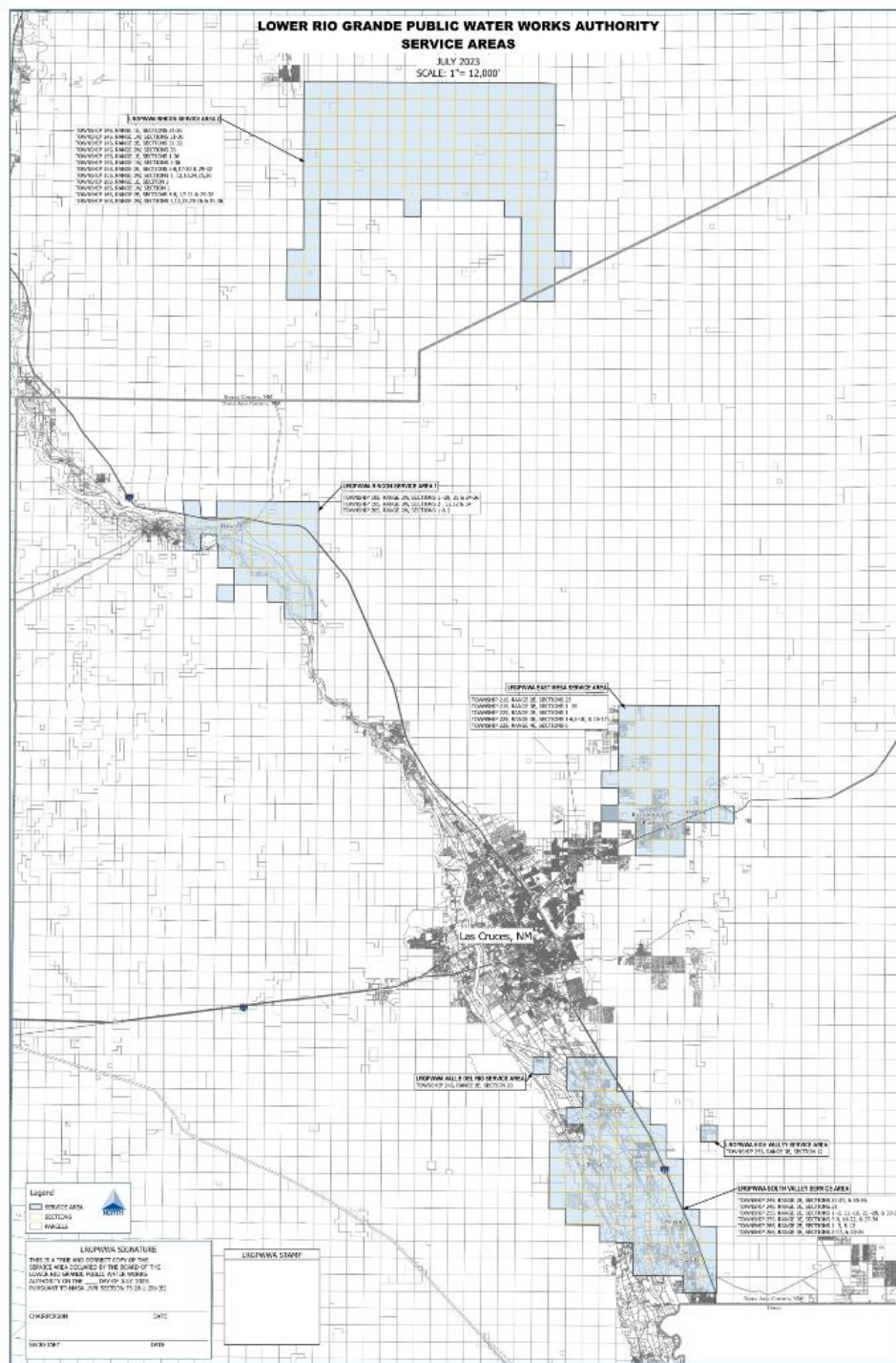
- Berino MDWC & MSWA
- Desert Sands MDWCA
- Vado MDWCA
- Mesquite MDWC & MSWA
- La Mesa MDWCA

As a result of our successes, more systems asked to join:

- Butterfield Park MDWCA in 2012
- Organ WSA (previously merged w/Mountainview) in 2012
- Brazito MDWCA in 2012
- Purchased Valle Del Rio Water System in 2015
- High Valley MDWCA in 2018
- Rincon Co-op converted to MDWCA , joined in 2022



# Lower Rio Grande PWWA Service Area as filed with the County Clerk



# Service Areas – Connections - Budget

## The LRGPWWA

- service area is not contiguous:
  - covers about 50 square miles south of Las Cruces, 50 on the east mesa and 100 in Rincon;
  - includes 15 designated Colonias communities.
- serves approximately 5,500 water connections and
- serves about 855 sewer connections
- FY-2024 Total combined (water & sewer) budget is about \$4.3 million
- 2022 Total Water Production 583 million gallons



# 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 the illusion of control
- Unrealistic expectations – mergers take time & effort!



# Key Benefits from the Lower Rio Grande PWWA Regionalization experience

## Benefits – Economies of Scale

Finances and Rates

Establishment of a Service Area

Division of Duties

Board governs, not operate/manage

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!**





# Realizations



In order to truly benefit from economies of scale, it is necessary to grow your scale, and the benefits are surprisingly HUGE!.



Regionalizing governance, administration, & operations pays off in financial benefits. Regionalizing infrastructure requires investment and pays off in resilience, reliability, and water security.

# Reaping the Benefits of Regionalization:

## ECONOMIES OF SCALE

- ✓ We recruit directors for 1 board, not 11
- ✓ Board does policy & governance, not management
- ✓ Larger customer base to share costs results in lower rates and the same rates for all communities
- ✓ One annual audit covering all 12 water systems instead of 12 audits (just one example!)
- ✓ Accountant on staff instead of contract accounting firms/bookkeepers
- ✓ Increased purchasing power
  - ❖ Ability to take advantage of volume discounts and statewide purchasing agreements
  - ❖ Less inventory needed than for 11 small systems
- ✓ Ability to develop, plan & construct large projects and/or multiple smaller projects simultaneously

# ECONOMIES OF SCALE

- ✓ Larger pool of resources—staff, equipment, water rights, reserve funds
- ✓ Staff can focus in specific areas vs. doing it all
- ✓ Larger staff provides redundancy in most positions and lets us provide employees with benefits, adequate pay and oversight resulting in better retention
- ✓ Larger service area and customer base results in increased representation at the county & state level - Six State Representatives, Five Senators
- ✓ **Improved customer service**
- ✓ Increased ability to access to funding for improvements
  - ❖ Application Points for Regionalization
  - ❖ In-house accounting staff
  - ❖ **Over \$89 million project funding since our founding**

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

**The Founding Mutual Domestic Associations each had different strengths & weaknesses and assets & liabilities, and each contributed and benefited from the merger**

**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**



# Lessons Learned

- ✓ Pick your partners
  - ❖ Invite all the neighbors, and work with the willing
- ✓ Build trust
  - ❖ Avoid any perception of a 'take-over'
  - ❖ Working together on planning & joint projects before moving ahead with a formal arrangement helps with buy-in
  - ❖ Work with Technical Assistance – outside party
- ✓ Research and build consensus for what form your regionalization should take
- ✓ Communicate intentions & benefits to get buy-in from internal & external stakeholders
  - ❖ Public meetings
  - ❖ Meetings with funding & regulatory agencies & other stakeholders

## Roadmap for Regional Collaboration

**LOWER RIO GRANDE  
PUBLIC WATER WORKS  
AUTHORITY  
LRGauthority.org**

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