La Jicarita Domestic Water Alliance

Presentation to the Water & Natural Resources Committee

Of the New Mexico State Legislature

Regarding La Jicarita's Regionalization Experience

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Status:

- La Jicarita Domestic Water Alliance (La Jicarita or LJDWA) was created in 2025.
- It was one of the first, if not the first, regional water system created under the Regional Water System Resiliency Act.
- LJDWA merged the Peñasco MDWCA (~250 service connections) and the Rodarte MDWCA (~50 service connections).
- Both water systems are now being operated and managed by the La Jicarita Board.
- The Peñasco and Rodarte water systems were originally within about 100 yards of one another, and the two systems have now been physically interconnected.
- We are not done yet; we are continuing to take the necessary steps to fully transition from two MDWCAs to a single entity.
- There are at least six other independent MDWCAs in our area that could chose to join La Jicarita in the future if they are so inclined.

Background:

- Discussions about a potential merger began over 20 years ago.
  - Those early discussions did not progress due primarily to concerns about the differing rates and indebtedness of the two systems.
- Recent discussions began in 2022 and included not only Peñasco and Rodarte, but Rio Lucio MDWCA as well.
- After several meetings, Rio Lucio dropped out, but Peñasco and Rodarte continued.
- We became aware of SB1 the Regional Water System Resilience Act and by 2025 began holding hearings with the members of both systems with assistance from RCAC.
- As required by the Act, both founding entities passed a resolution stating our intent to establish the Alliance.

- We adopted articles of incorporation and bylaws for the new authority.
- The Secretary of State has approved those articles of incorporation.
- We have sent letters to all the state agencies that we interact with, letting them know of our merger and asking them for guidance as to how to continue our interactions with them.
- We have established a bank account for La Jicarita.
- We are noticing our meetings as La Jicarita and conducting most of our business as La Jicarita.

Assistance Received:

- The choice to regionalize results in numerous additional requirements and challenges above and beyond the challenges of simply operating and managing a small system.
- Thankfully, several agencies have gone out of their way to assist in these efforts
  - NMFA has established a Technical Assistance Program, a pilot program designed in part to assist and incentivize regionalization of small water systems.
  - RCAC has assisted us throughout the process, including in our preliminary meetings to explore the possibilities of regionalization and also as one of the service providers under the TAP.
  - NMED has provide technical and financial assistance to complete the necessary regionalization tasks.
  - NMFA has modified its policies to allow consideration of debt forgiveness for entities that embark on regionalization.

LJDWA's Observations and Recommendations

- Routine operation of a MDWCA is challenging and time consuming for the volunteer boards that govern and operate them.
- The decision to regionalize triggered many additional administrative actions, some foreseen and others unforeseen.
- These additional actions are burdensome in the short run, but we believe will yield benefits in the long run.
- The assistance received from NMFA, NMED and RCAC has helped mitigate some of the additional burden as well as offsetting the cost of those additional necessary actions.
- Debt forgiveness can be a significant incentive for entities to undertake regionalization.
- I believe that if we are successful, other MDWCAs in our area will want to join us.
- The Regional Water System Resiliency Act has provided us a template for how to get that done.
- **I commend the NM Legislature, and this Committee in particular, for its continued emphasis on thoughtful regionalization by small domestic water providers.**
- **I thank you for having provided tools and the assistance for entities like ours that want to undertake this challenge.**
- **I urge you to continue to emphasize the importance of this effort to all the state agencies that interact with or regulate water providers.**
- **I further urge that you challenge those agencies to streamline their processes and to assist entities like ours that are trying to get this done.**