

# Efficient Utilization of Water & Wastewater Infrastructure Funding

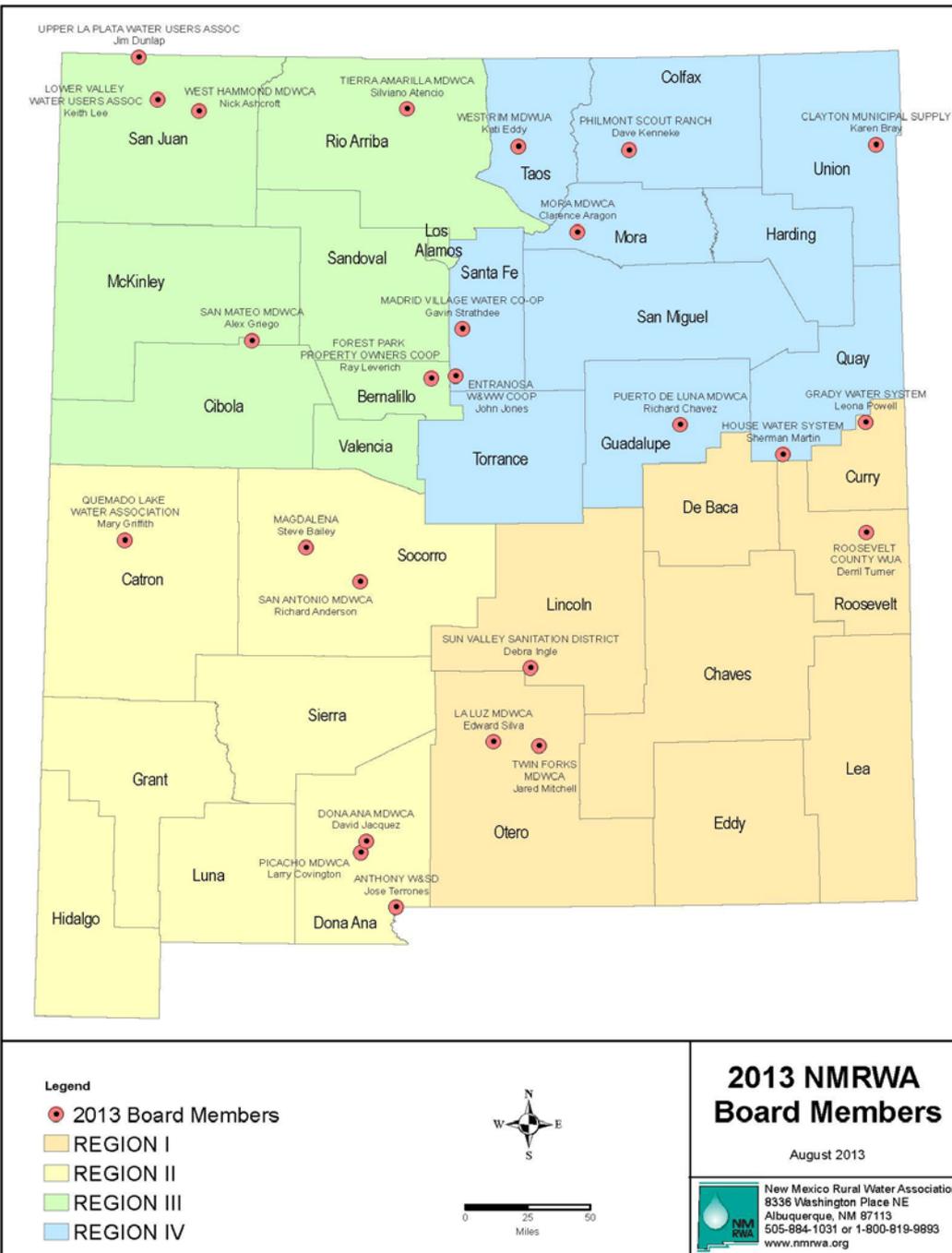
Matthew Holmes, Executive Director  
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# New Mexico Rural Water Association

- NMRWA is a nonprofit membership organization committed to helping communities provide safe drinking water and environmentally responsible wastewater services.
- NMRWA has 482 system members representing 1,183,000 New Mexicans.



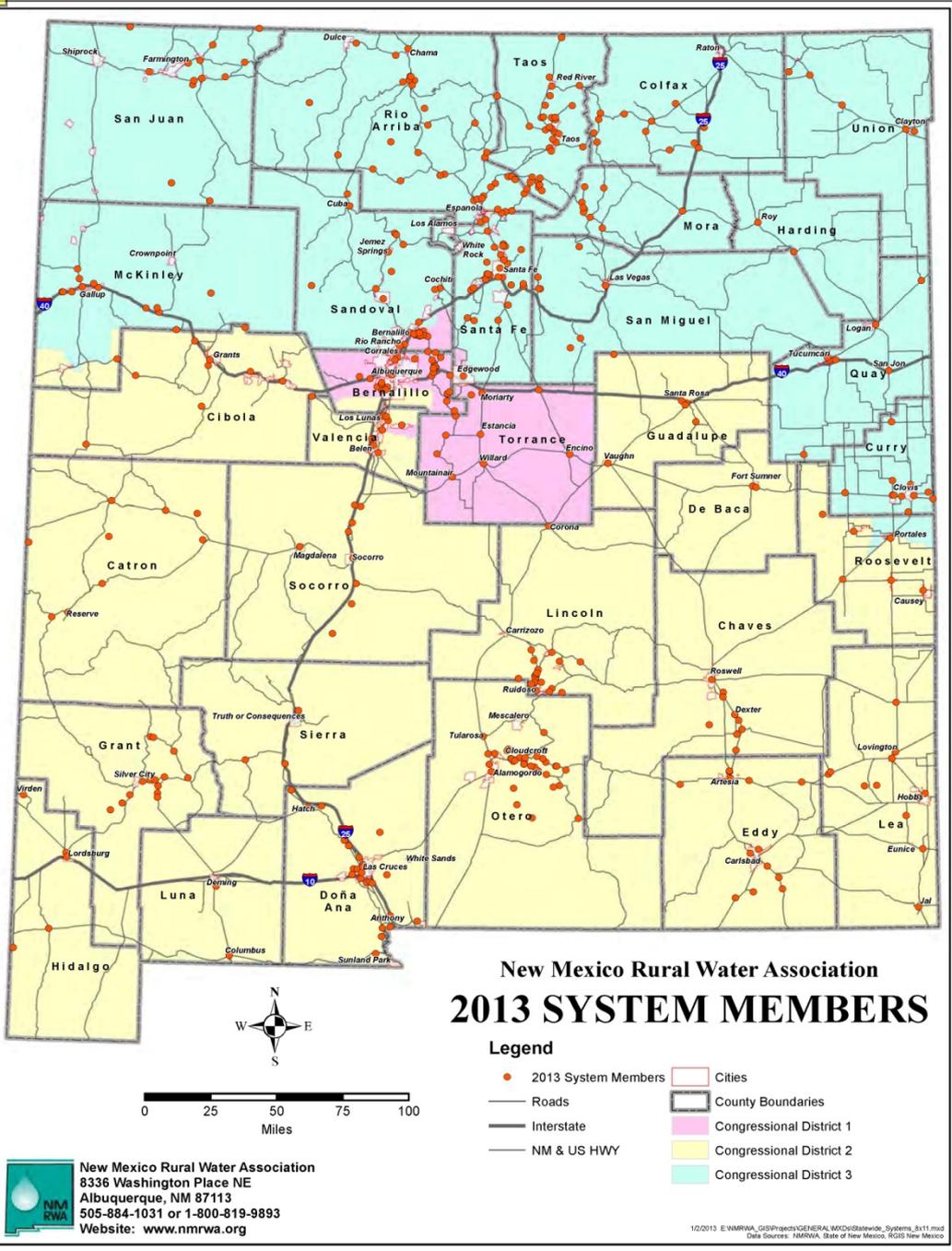


## NMRWA Executive Committee

David Kenneke, President  
 Gavin Strathdee, Vice-President  
 Clarence Aragon, Secretary/Treasurer  
 Jim T. Dunlap, National Director  
 John L. Jones, Legislative Chair  
 Debra Ingle, Sun Valley W&SD  
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## NM Water System Facts

Community Water Systems	588
Non-Transient Non-Community	144
Non Community Systems	408
Systems >25,000 population	11
Groundwater Systems	95%

*Source: NM Drinking Water Watch*

## NMRWA 2013 Members

Systems < 500 taps	392
Cooperatives	56
Government	32
MDWCAs	154
Municipal	73
Tribal Systems	13
Water & Sanitation Districts	15
Other Organization Types	139

# What We Do...

Lobby in Washington D.C. for federal funding



Compete for USDA, EPA and other programs



Deliver grassroots programs that benefit NM systems and show real results

*Since 1978*



# On-Site Technical Assistance

NMRWA *Circuit Riders* are certified operators with over 120 years of combined experience, and made 1,875 onsite contacts last year

We provide trusted, non-regulatory technical assistance that focuses on teaching operators practical ways to solve and prevent problems



# Operator, Manager & Board Training

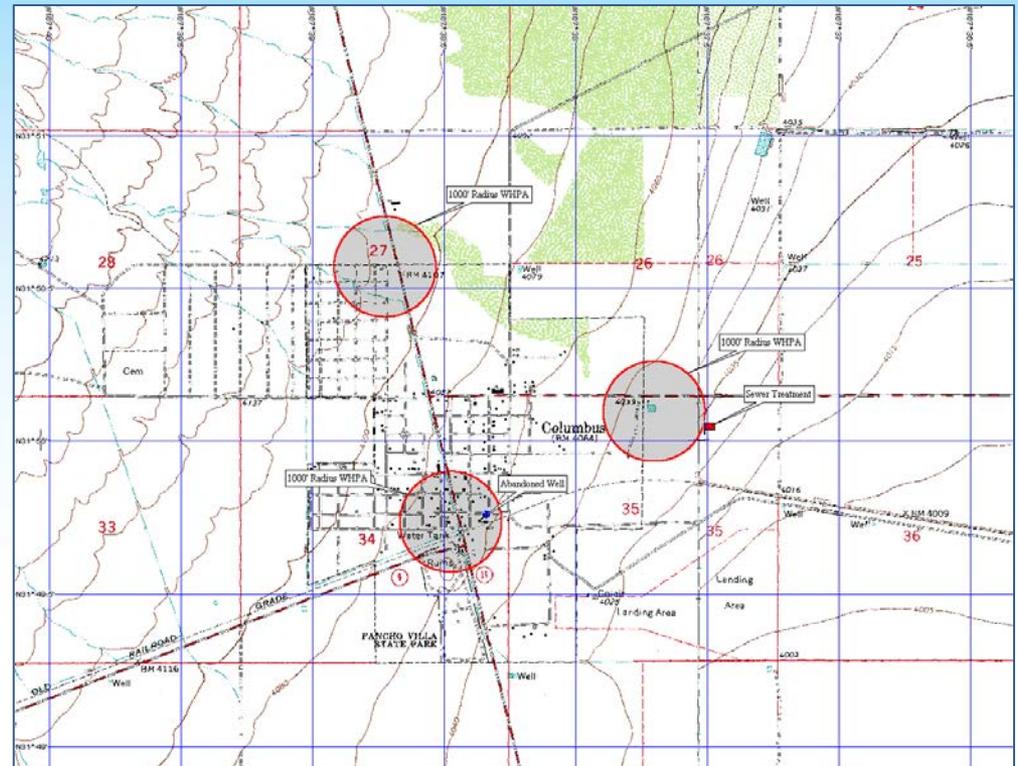
NMRWA staff trained 972 people last year and awarded 11,406 certification credits

Training sessions are held statewide to minimize travel costs for small systems

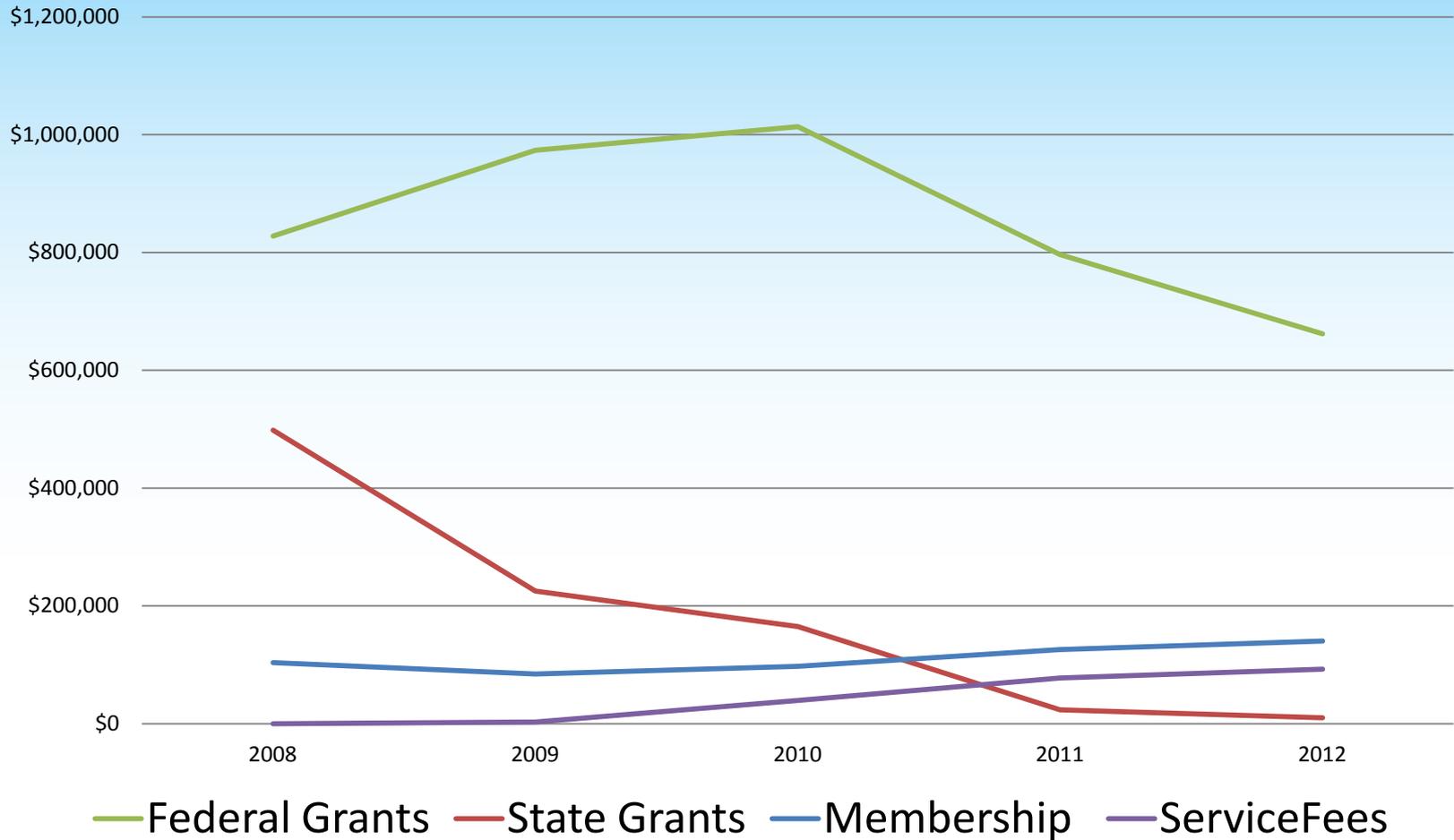


# Other Programs & Services

- Source Water Protection Planning
- GIS Utility Mapping
- Water Audits & Leak Detection Surveys
- Rate Studies
- Strategic Planning & Group Facilitation
- Regulatory Assistance
- NM WARN



# Technical Assistance Funding



Source: NMRWA Audited Financial Statements

# A Short History of Funding Reform

- Current Infrastructure Needs & Funding Sources
- Utilization Rates of Federal and State Funds
- Technical Assistance (Capacity Development)
- Results of Efforts to Establish State Standards for Water System Funding (HJM 86)
- Recommendations for Sustainable Infrastructure



# Buried No Longer: 2011 AWWA Report

**The needs are large:** Drinking water system infrastructure needs total more than \$1 trillion nationwide over the next 25 years. *This estimate only includes costs to maintain our existing level of service – additional costs due to failing supplies are unknown.*

**Household water bills will go up:** Regardless of allocation methods, the total cost that must be borne by every community will rise

# Buried No Longer: 2011 AWWA Report

**There are important regional differences:** the western and southern US face steeper investment challenges, over ½ the total costs

**Small communities face the greatest costs:** fewer people to spread costs over leads to higher bills, as much as a \$550/year increase

**The costs keep coming:** postponing water infrastructure investment only makes the problem worse when the bill comes due

# Infrastructure Funding Needs

2012 ASCE Drinking Water Report Card	
Drinking Water Needs - 20 years	\$ 933M
Capacity	C
Condition	D+
Funding	D+
Operation & Maintenance	D+
Public Safety	C
Resilience	C+
Overall Grade	C-

“Many of New Mexico’s potable water systems are deteriorating at an ever-increasing rate due to the age of the systems. The systems have been serving their communities very well over the years with safe reliable water, but routine maintenance and rehabilitation must be increased for there to be any chance of keeping up with the sustainability goal for future generations.”



Drinking Water  
State Revolving  
Loan Fund (NMFA)

Public Project  
Revolving Fund  
(NMFA)

USDA Rural  
Development  
Loans & Grants

Community  
Development Block  
Grant (DFA)

Water Project  
Fund (Water Trust  
Board / NMFA)

Rural Infrastructure  
Program (NMED)

Capital Outlay

State Board of  
Finance

Interim  
Funding  
(NRWA)

CoBank

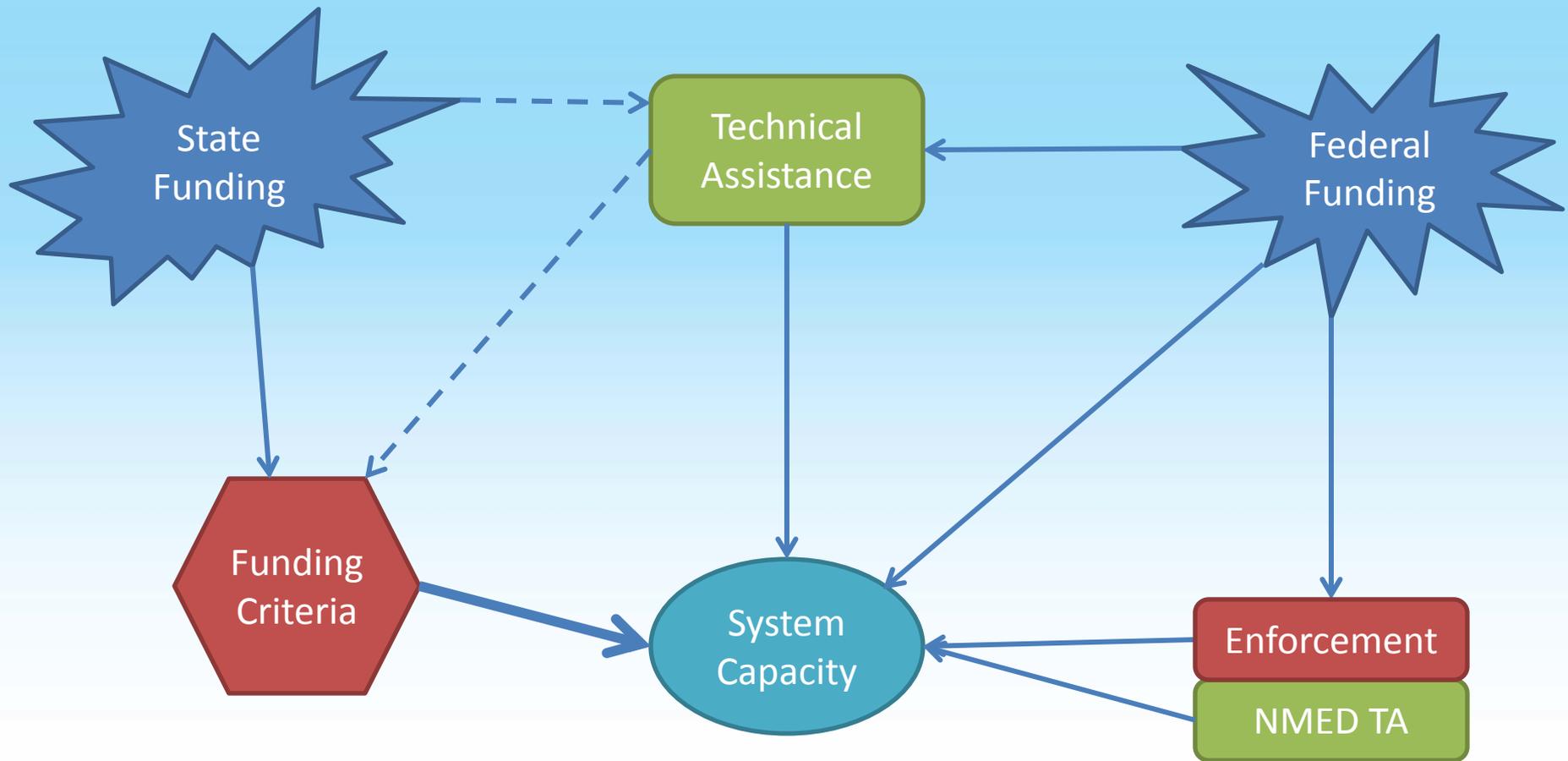


# Federal Funding – Taken for Granted?

- DWSRF currently has a carryover of \$17.2 million and the pace of expenditures is being audited by the EPA IG (July 2013)
- The Safe Drinking Water Act (SDWA) allows set-asides out of the DWSRF to support the drinking water program & small systems
  - Current Unliquidated Obligation of \$5.9 million
  - EPA IG has recommended disallowing and recovering \$3 million of expended set-aside funds

# Federal Funding – Taken for Granted?

- USDA RD returned millions of unspent funds for federal fiscal year 2013
- House Appropriations Committee severely decreased the DWSRF to \$350 million in July
- AWWA & large water interests are lobbying forcefully to create the Water Infrastructure Finance and Innovation Authority (WIFIA)
  - Federal subsidies would be available for large projects (> \$20m) in competition with the SRF



# HJM 86 Report: Criteria for Water System Planning, Performance, and Conservation as a Condition for State Funding (2005)

- Set state standards with clear guidelines
- Provide “free and easy” technical assistance and training
- Enforce regulatory compliance

# HJM 86: Criteria for Water System Planning

- Create incentives through funding programs
- Encourage development of regional entities
- Package grant/loans to extend benefits
- Require better project construction oversight

# Funding Criteria – WTB & Others

- Financial Plan / Adequate Rate Structure
- Sufficient Project Governance Structures
- Asset Management Plan
- Water Accounting System with Full Metering
- Regulatory Compliance (OSE, NMED & SDWA)
- Technical Capacity – new addition for WTB
  - Cross-Connection Control Program
  - Source Water Protection Plan



# Missing Pieces

- Technical Assistance – provide state funding for third-party, non-regulatory assistance
- Enforce existing regulations fairly and consistently – keep EPA out of NM affairs
- Planning & Preliminary Design – separate project engineers from funding applications
- Require Competent Project Inspection – don't “fund it and forget it”

# Failed Projects Cost Everyone





## More Missing Pieces

- Prioritize grant funding for true emergencies and hardship
- Educate systems on the coming costs and the need to operate as a business
- Simplify funding applications and align economic incentives to policy goals
- Fully utilize federal funding and leverage regional solutions where possible



# Final Missing Pieces

- Involve the real stakeholders – the systems
- Legislature should take a leadership role to ensure consistent water policy
- Hold agencies accountable to mission
- Evaluate all policies based on their capability to produce measureable, sustainable improvement in water resource management