

Alto Lakes Water & Sanitation District

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The Alto Lakes Water & Sanitation District is a quasi-municipal governmental subdivision of the State of New Mexico. It was created to provide water and wastewater-related services to the subdivisions of Alto Lakes. ALW&SD acquired the assets of the Alto Lakes Water Corporation (ALWC) on April 1, 2008 and now operates the community water, wastewater and solid waste systems for 1,275 customers in Lincoln County near Ruidoso. A Preliminary Engineering Report (PER) was completed on the water system by a professional engineering firm shortly after acquisition.

The District's current project to be funded by the Water Trust Board (Project #540 Distribution B) is one in the line of many, water quality, and infrastructure improvement/rehab/replacement projects recommended by the PER at a cost of well over \$16 million dollars. A map of the District, highlighting current project areas and costs is attached.

District works to fund needed projects mainly through state avenues of financing. We have used Drinking Water State Revolving Fund loans and Water Trust Fund monies through Water Trust Board loan/grant program to date.

Under Drinking Water State Revolving Fund loan, the District assumed a loan for \$4,090,500 which was used to purchase system assets, and build a water treatment plant for the removal of Iron and Manganese.

Under Water Trust Board, current project Distribution B will be the second use of the loan/grant process. District completed a prior project Distribution A, through the Water Trust Board loan/grant process. Costs of these projects; Distribution A - \$1.8 million and Distribution B - \$1.5 million.

The application process for either program is quite extensive and can be daunting, especially to small operations. District's selection of finance option normally boils down to three factors, time frame; cost of financing, and purchase power.

Time frames: If project is needed within a short time frame, the District would choose DWSRF loan because funds would be available sooner than through the WTB process. Although getting a DWSRF loan is not guaranteed, should you meet requirements and funds are available the loan is near a sure thing, while the WTB process is much different; you could meet all requirements and still not be selected for funding, either by project ranking or due to lack of funds available

through the WTB. You could have a project highly ranked by the WTB meeting all requirements and not be funded because WTB simply ran out of funds to distribute for that year, thus starting the process over again.

Cost of Financing: District would choose WTB option under this category because it is a loan/grant program with the loan component being up to 40% of request and the interest rate charged on loan which is one quarter of one percent basically no interest loan. While DWSRF loans are 100% loan with interest rates up to 4%, a million dollar project costs a lot less to finance at 40% loan and ¼ % interest than at 100% loan and 2% interest.

Purchase Power: Again district would choose WTB option under this category because dollars would go further. WTB monies are wholly state monies; whereas, DWSRF monies have a federal component which requires extra details in the design and specifications of a project which lead to more requirements for a contractor who accepts a contract for a project leading to higher overall project costs. These requirements are mostly administrative, taking funds that could otherwise go to construction; therefore it costs more to build 5,000 feet of pipeline with DWSRF monies than it does with WTB monies.

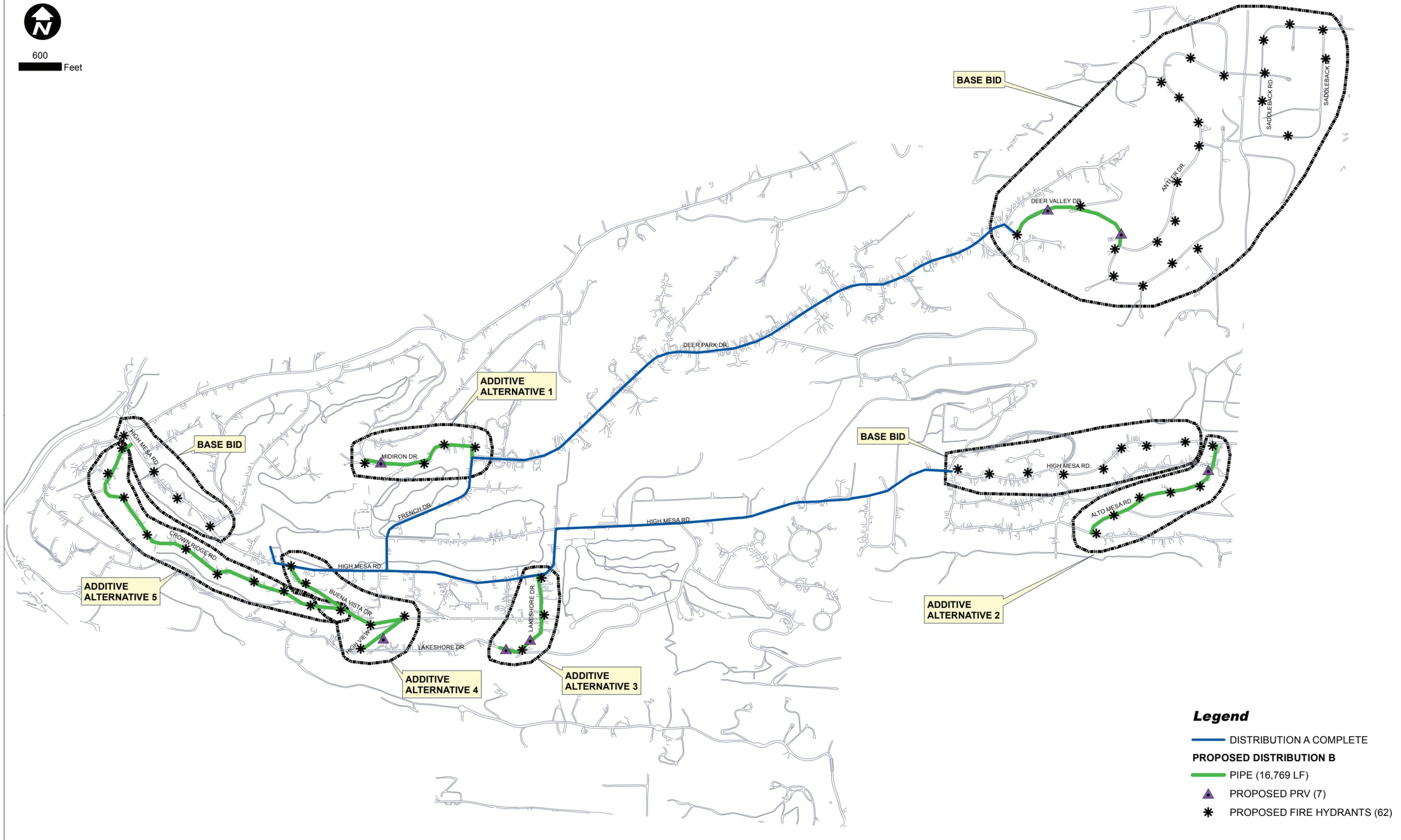
I have tried to present some idea of how the District shapes its use of these two funds; obviously there are other factors to be considered but by and large this is the thought process. I would also like to say as stated before both of these processes can be quite daunting and let the committee know that without the professional staff at NMFA a lot less would get done. In closing this section of your meeting is called “fountains of hope” I would characterize these funds as both fountains of hope and necessity and ask that as elected representatives that you do whatever you can to increase funding for these fountains.

Thank you for your time, and I am pleased to stand for questions.

David A. Edington
District Manager



600 Feet



Legend

- DISTRIBUTION A COMPLETE
- PROPOSED DISTRIBUTION B**
- PIPE (16,769 LF)
- ▲ PROPOSED PRV (7)
- * PROPOSED FIRE HYDRANTS (62)



David Edington
General Manager
Alto Lakes Water & Sanitation District
214 Lake Shore Dr.
Alto, NM 88312

Subject: Water System Improvements/Distribution B&C Project - 95% Cost Opinion

**95% Design Opinion of Probable Construction Cost Summary
3/6/2014**

Item	Description	Total Construction Cost
Base Bid	Deer Valley, Antler Dr., Saddleback Rd., High Mesa	\$ 1,252,550
Additive Alt 1	Midiron	\$ 445,177
Additive Alt 2	Alto Mesa	\$ 549,091
Additive Alt 3	Lake Shore	\$ 420,395
Additive Alt 4	Buena Vista & High View	\$ 544,706
Additive Alt 5	Crown Ridge	\$ 831,599
	Total	\$ 4,043,518

Note - Indicated Costs include 5% Contingency plus 5.6875% New Mexico Gross Receipts Tax

PARKHILL, SMITH & COOPER, INC

By 
Mark O. Sanchez, P.E.
Project Manager