

Water Systems Regionalization Assistance Program Recommendations Report



Prepared by



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Photo by Mike McFadden.

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LIST OF ABBREVIATIONS

ADD	Area Development Districts
AWIA	America’s Water Infrastructure Act of 2018
AWRM	Active Water Resource Management
AWWA	American Water Works Association
BRIC	Building Resilient Infrastructure and Communities program
CA	California
CCR	Consumer Confidence Report
CDBG	Community Development Block Grant
COG	Council of Governments
CPB	New Mexico Environment Department Construction Programs Bureau
CWA	Clean Water Act
CWS	Community Water System
CWSRF	Clean Water State Revolving Fund
DDW	Division of Drinking Water
DEQ	Department of Environmental Quality
DFA	Department of Finance and Administration
DOD	U.S. Department of Defense
DOI	U.S. Department of the Interior
DST	Department of State Treasurer
DWAF	Drinking Water Assistance Fund

DWB	New Mexico Environment Department Drinking Water Bureau
DWINSA	Drinking Water Infrastructure Needs Survey and Assessment
DWSRF	Drinking Water State Revolving Fund
DWSRLF	Drinking Water State Revolving Loan Fund
ECP	New Mexico Environment Department Emerging Contaminants Program
EFAB	Environmental Financial Advisory Board
EFC	Environmental Finance Center
EMWT	Estancia, Moriarty, Willard, and Torrance Regional Water Association
EPA	U.S. Environmental Protection Agency
FEMA	Federal Emergency Management Agency
GWQB	New Mexico Environment Department Ground Water Quality Bureau
HMPG	Hazard Mitigation Grant Program
HB	House Bill
HUD	Housing and Urban Development
JPA	Joint Powers Agreement
KIA	Kentucky Infrastructure Authority
KY	Kentucky
LA	Louisiana
LCR	Lead and Copper Rule
LDH	Louisiana Department of Health
M/R	Monitoring and reporting
MCL	Maximum Contaminant Level
MDWCA	Mutual Domestic Water Consumers Association
MHI	Median household income
MOA	Memorandum of Agreement
MOU	Memorandum of Understanding
MRDL	Maximum Residual Disinfectant Level
NC	North Carolina
NMED	New Mexico Environment Department
NMFA	New Mexico Finance Authority
NMISC	New Mexico Interstate Stream Commission

NMRWA	New Mexico Rural Water Association
NMWWA	New Mexico Water and Wastewater Association
NTNCWS	Non-Transient Non-Community Water System
NWNMCOG	Northwest New Mexico Council of Governments
O&M	Operations and maintenance
ODW	Office of Drinking Water
OSE	New Mexico Office of the State Engineer
PER	Preliminary engineering report
PFAS	Per- and polyfluoroalkyl substances
PN	Public notice
PUCT	Public Utility Commission of Texas
PWS	Public water system
PWSS	New Mexico Environment Department Public Water System Supervision
RCAC	Rural Community Assistance Corporation
RCAP	Rural Community Assistance Partnership
RCW	Revised Code of Washington
RTCR	Revised Total Coliform Rule
SADW Fund	Safe and Affordable Drinking Water Fund
SAFER	Safe and Affordable Funding for Equity and Resilience
SB	Senate Bill
SDWA	Safe Drinking Water Act
SDWIS	Safe Drinking Water Information System
SL	Session Law
SLGFD	State and Local Government Finance Division
SPA	New Mexico Sanitary Projects Act
SRF	State Revolving Fund
SW EFC	Southwest Environmental Finance Center
SWIA	State Water Infrastructure Authority
SWIFT	State Water Implementation Fund for Texas
SWIG	New Mexico Environment Department Drinking Water Bureau Sustainable Water Infrastructure Group

SWQB	New Mexico Environment Department Surface Water Quality Bureau
TA	Technical assistance
TAP	New Mexico Finance Authority Technical Assistance Program
TCEQ	Texas Commission on Environmental Quality
TMF	Technical, managerial, and financial
TNCWS	Transient Non-Community Water System
TT	Treatment technique
TX	Texas
USDA	U.S. Department of Agriculture
VA	Virginia
VDH	Virginia Department of Health
VOC	Volatile organic compound
VUR	Viability Unit Reserve
WA	Washington
WDI	Water Data Initiative
WPCLF	Water Pollution Control Loan Fund
WPD	New Mexico Environment Department Water Protection Division
WRIS	Water Resource Information System
WWTP	Wastewater Treatment Plant

EXECUTIVE SUMMARY

More than two-thirds of community water systems – public water systems serving the same population year round – in New Mexico serve 500 people or fewer. In the state and across the country, these very small water systems face significant challenges in maintaining the technical, managerial, and financial capacity necessary to provide safe and sustainable drinking water to their customers. These challenges include complying with increasingly complex regulatory requirements, managing threats to water supply and infrastructure from climate change and new and emerging contaminants, maintaining a sufficient revenue base and obtaining external funding when needed, conducting long-term planning, hiring and retaining qualified staff, and more. Regionalization, which, for the purposes of this report, refers to activities that involve two or more utilities collaborating for mutual benefit, is one of several critical tools that water systems can apply to help address long-term, intractable problems that impede their ability to deliver safe drinking water – a fundamental and essential public health and human need.

The New Mexico Environment Department (NMED) and other state agencies, working closely with experienced technical assistance (TA) providers and other regional and local entities, have supported targeted and statewide water system regionalization efforts for more than two decades. In 2023, the state legislature enacted the Regional Water System Resiliency Act, establishing a formal process for water systems to form regional utility authorities, and NMED began the process of assessing opportunities and barriers to expand existing regionalization efforts led by the Regional Resiliency Team, within the Water Protection Division's (WPD's) Sustainable Water Infrastructure Group (SWIG).

NMED contracted with ERG, Inc. to develop recommendations for a new Water Systems Regionalization Assistance Program. This report provides these recommendations and a summary of research and outreach conducted to inform the recommendations, including stakeholder interviews, a workshop with WPD technical staff; research on historic and ongoing regionalization efforts in the state and related statutes, regulations, and programs; and an assessment of other state regionalization efforts and programs across the country.

NMED and its state, regional, and local partners have established a framework and pathway to success for regionalization efforts across the state. However, siloed efforts between state agencies, limited data-driven decision-making, competing priorities, and inconsistent and insufficient staff and other resources for NMED and TA providers, among other challenges, have limited the reach and pace of these efforts. The recommendations provided in this report and summarized below address key actions related to program management, collection and application of data, external partnerships, regionalization incentives, and outreach and communications needed to accelerate assessment of regionalization opportunities and, where appropriate, implementation, across the state.

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The recommendations include:

- **Baseline Program Component and Functions.** Designating NMED as the lead coordinating entity working collaboratively with state entities, TA providers, and other stakeholders to support regionalization across the state. The recommendations also identify the need for a comprehensive strategic plan that articulates Year 1 through 5 goals and metrics for a regionalization program, including establishing the core program design, purpose, and core functionalities, expanding and enhancing the existing Regional Resiliency Team, developing a framework for coordinating across stakeholders, establishing outreach and interagency coordinator positions, and implementing and continually evaluating and improving on the program.
- **Data Collection and Management.** A call for expanded and new data collection, management, analysis, and transparency efforts. This includes developing criteria and metrics to measure water system sustainability and identify failing systems and an associated assessment tool, conducting a statewide needs assessment of community water systems, generating quantitative and qualitative data on the short- and long-term outcomes of regionalization efforts, and building an internal- and external-facing dashboard to facilitate data-driven decision-making and transparency and information sharing with the public. These recommendations are intended to build on and enhance data collection and analysis efforts the Regional Resiliency Team and other programs are already conducting.
- **External Program Partners.** Expanding and further leveraging existing partnerships with local and regional entities (e.g., Councils of Government, municipal leagues, county governments) and TA providers to expand assessment and implementation of regionalization activities statewide, including expanding contracting funding and capacity for third-party entities facilitating regionalization efforts. Additionally, recommendations identify the need to develop standard but flexible resources and processes that stakeholders can apply in regionalization efforts across the state, and to provide regular training to support third parties.
- **Incentives.** Identifying potential incentives to encourage regionalization, including debt forgiveness and safe harbor provisions for subsuming entities in formal regionalization efforts, funding to establish new regional utility authorities, and no-cost support for planning activities, including legal support, feasibility studies, operations and maintenance and asset management planning, and similar needs. Additionally, these recommendations propose raising the bar for struggling or failing water systems to continue to operate, for example through additional required training, restrictions on funding, and required assessments to evaluate whether regionalization would be an appropriate next step. These proposed requirements would be triggered by sustainability scores proposed for development under Data Collection and Management recommendations.
- **Outreach and Communication.** Enhancing outreach, education, and engagement with public water systems, water system stakeholders, and the general public to make the concept, potential benefits of, and process for pursuing regionalization more understandable and accessible. NMED is also recommended to pursue a broader public education campaign to communicate the challenges that small systems face in providing long-term, sustainable services, and the benefits of local and regional collaboration across water systems for the long-term health and well-being of all New Mexicans.

These recommendations will serve as the starting point for NMED to evaluate next steps and action items to assess the need for and implement regionalization efforts across the state of New Mexico.



INTRODUCTION

In March 2023, New Mexico enacted the Regional Water System Resiliency Act, which established a formal framework for creating regional utility authorities. The New Mexico Environment Department (NMED) contracted with ERG, Inc., to conduct research on water system regionalization in New Mexico and to develop recommendations for NMED’s Water Protection Division (WPD). These recommendations are intended to guide the creation of a new Water Systems Regionalization Assistance Program (regionalization program) that NMED will administer to support water and wastewater systems in assessing and, if appropriate, pursuing regionalization activities. For the purposes of this effort, regionalization is defined as activities in the state that involve “any means of collaboration between two or more utilities for mutual benefit.”¹ To develop these recommendations for WPD, ERG analyzed the potential impacts of the 2023 Regional Water System Resiliency Act and other applicable New Mexico laws, existing barriers preventing the implementation of the act and regionalization activities in general, stakeholder concerns and goals and actions needed to address and achieve them, best practices for program implementation and other key factors.

Over the last 20 years, many state entities—including NMED, technical assistance (TA) providers, regional entities, and other stakeholders—have supported water and wastewater systems in evaluating and pursuing a form of regionalization to meet local capacity needs. Many utilities merged over the same period, which required standalone legislative approval until the authorization of the Regional Water System Resiliency Act. The act allows water and wastewater systems to form a regional authority without the need to request legislative approval and defines the requirements and authorities a water or wastewater utility must undertake to form a regional utility authority. The passage of the act has further accelerated NMED and other stakeholders’ actions to initiate and expand regionalization programs and TA for water and wastewater utilities that would benefit by using the authorities granted through the act or other partnership efforts.

(Note: While the Regional Water System Resiliency Act applies to both water and wastewater systems, this report and its recommendations primarily address regionalization efforts and program functions for drinking water utilities. It is NMED’s intention that these recommendations can serve as the foundation for a program that would expand to address regionalization across wastewater systems as well.)

Report Purpose and Content

This report details historic and ongoing regionalization efforts by NMED and other state, regional, local, and nongovernmental entities across New Mexico, as well as other national and state regionalization initiatives, that can serve as building blocks for a new regionalization program that expands upon existing efforts. The report also provides recommendations and a roadmap for NMED to use in designing and implementing the new program. The recommendations encompass the goals and functional components of the regionalization program, planning and implementation activities, and roles of and coordination across state and external entities, based on stakeholder feedback.

Additionally, the report describes the research methods and analysis, identifies the benefits and challenges of regionalization, profiles other states' regionalization efforts, articulates the landscape of and the challenges faced by New Mexico water systems, and highlights the needs for an expanded statewide regionalization program.

Research Methods, Process, and Analysis

To develop robust and informed program recommendations, ERG conducted a review of relevant resources and publications; interviewed key stakeholders across New Mexico, including state personnel and subject matter experts, representatives from water and wastewater utilities, and TA providers; and hosted a workshop with WPD technical staff to present and refine the draft recommendations. ERG also consulted with its internal subject matter experts to ensure information requests and interview questions aligned with the water and wastewater sectors' needs and functions. ERG synthesized and analyzed qualitative and quantitative data to identify key concerns, goals, trends, and best practices to inform the recommendations. Additionally, ERG met with key WPD technical staff on a regular basis to discuss program operations, components, functions, and needs.

Research and Document Review

ERG conducted an extensive review and analysis of over 135 resources from a diverse array of academic, nongovernmental, state, national, and other sources. This comprehensive evaluation encompassed existing state programs and regulations, academic publications, community meeting summaries, compliance reports, research reports, federal and state publications, and other pertinent resources. NMED and other stakeholders provided resources directly, and ERG collected additional documents through online research and input from internal subject matter experts. ERG catalogued all materials in a document inventory and conducted a thorough analysis of each document, identifying key information that would be applicable to the recommendations.

Analysis of National, State, and Regional Publications and Regulations

ERG reviewed regulations, policy, guidance, and other publications from federal agencies and leading national organizations focused on the relevant aspects of the water sector, including system operations and needs, infrastructure, policy, legislation, and more. These entities include the U.S. Environmental Protection Agency (EPA), Environmental Financial Advisory Board (EFAB), Rural Community Assistance Partnership (RCAP), Rural Community Assistance Corporation (RCAC), U.S. Water Alliance, American Water Works Association (AWWA), and Environmental Finance Centers (EFCs), such as the Southwest EFC

(SW EFC) and University of North Carolina EFC. These national sources provided broad context on best practices, water sector challenges, regulatory frameworks, and governance structures relevant to the spectrum of regionalization needs and activities across the United States.

ERG also thoroughly reviewed New Mexico-specific statutes, regulations, publications, and data (including water system compliance and inventory data) to ensure that the recommendations aligned with local needs, policies, and legal frameworks. ERG reviewed documents published by the Office of the Governor, NMED, the New Mexico Office of the State Engineer (OSE), and the New Mexico Water Policy and Infrastructure Task Force.

Review of State Regionalization and Capacity Development Programs

ERG reviewed a range of state water system regionalization and capacity development efforts from around the country to identify effective strategies and tools that could inform New Mexico's approach to capacity-building and regionalization. This included review of programs within the following state entities: California Water Board, Kentucky Division of Water, Louisiana Department of Health, North Carolina Department of Environmental Quality (DEQ), Texas Commission on Environmental Quality, Virginia Department of Health, and the State of Washington Department of Health. ERG's review of these programs focused in particular on guiding legislation and regulations, TA and organizational support, planning and assessment tools, funding mechanisms, and incentives used to encourage collaboration among water systems. The review also considered the internal capacity of each state agency to manage and support regionalization initiatives. For Virginia and California, ERG participated in discussions directly with state program staff that informed the summaries of their programs in this report.

In addition to the resources described above, ERG conducted reviews of recent reports developed in support of related New Mexico initiatives around water management, supply, infrastructure, and funding. These reports also included recommendations related to regionalization. These reports and their associated recommendations are summarized later in the document.

Finally, ERG conducted supplementary reviews of academic and other literature as needed.

Stakeholder Consultations and Interviews

ERG conducted interviews with representatives from local government, New Mexico state agencies, TA providers, and water and wastewater systems. Interviews addressed the types of regionalization efforts currently underway in the state and the necessary resources, policies, and programs needed to support long-term regionalization efforts.

Interviews with State of New Mexico Personnel

From April to June of 2024, ERG conducted 21 interviews with representatives of NMED and other state agencies. ERG selected interviewees based partly on recommendations from NMED and partly on ERG's review of NMED and other state entities that have historically been or are anticipated to be involved in regionalization or related activities.

ERG, with input and approval from WPD, developed interview questions that addressed topics highlighted below:

Interview Topics	
State of New Mexico Personnel	Current technical, managerial, and financial (TMF) capacity of water and wastewater systems
	Compliance with drinking water, surface water, and groundwater regulations
	Opportunities, barriers, and support needs for regionalization
	Experience supporting regionalization efforts

This report includes observations from representatives from NMED and the following State of New Mexico agencies:

- OSE and the New Mexico Interstate Stream Commission (NMISC)
- New Mexico Finance Authority (NMFA)
- New Mexico Department of Finance and Administration (DFA)
- New Mexico Legislative Finance Committee
- New Mexico Bureau of Geology and Mineral Resources

Interviews with Water and Wastewater Systems and Technical Assistance Providers

From May to June of 2024, ERG conducted 24 interviews with TA providers and water and wastewater system representatives. ERG selected interviewees based on recommendations from NMED, while also factoring in the need to include representatives from all regions of the state and from water and wastewater systems of different sizes.

ERG, with input and approval from WPD, developed interview questions that covered the following topics:

Interview Topics	
TA Providers	Roles, expertise, and landscape of TA providers
	Primary challenges and areas for improvement in assisting water and wastewater systems
	Common causes of system violations and related TA support strategies
	Managerial and financial capacity-building support and resource needs
	Barriers and incentives for regionalization

Interview Topics	
Large and Small Water and Wastewater Systems	Operator certification and staffing levels
	Collaboration and resource-sharing agreements among systems
	Capacity and challenges for system consolidation or regional service expansion
	Experience with regionalization
	Scalability of system operations and recommendations for incentivizing collaboration

This report includes observations from interviews conducted with six representatives from the following organizations:

- RCAC
- RCAP
- SW EFC
- Northwest New Mexico Council of Governments (NWNMCOG)
- New Mexico Water and Wastewater Association (NMWWA)
- New Mexico Rural Water Association (NMRWA)

The report also captures observations from interviews with 18 representatives from the following water and wastewater systems:

- Albuquerque Bernalillo County Water Utility Authority
- Camino Real Regional Utility Authority
- City of Grants Domestic Water System
- City of Las Cruces Municipal Water System
- City of Santa Fe Water System
- El Prado Water and Sanitation District
- El Santuario Church Mutual Domestic Water Consumers Association (MDWCA)
- El Valle de Los Ranchos
- El Valle Water Alliance
- Greater Glorieta MDWCA Regional System
- Lower Rio Grande Public Water Works Authority
- Lumberton MDWCA
- Peñasco MDWCA
- Rodarte MDWCA
- Roswell Municipal Water System
- San Jose MDWCA
- Santa Rosa Water Supply
- Silver City Water System
- Taos Municipal Water System
- Valley Estates Water and Sewer Association

For TA provider and system representative interviews, ERG conducted one-hour online interviews via Microsoft Teams and documented respondents' answers. Some respondents did not answer all the questions, either due to time limitations or because certain questions were not relevant. Additionally, some respondents provided information that was relevant but outside the scope of the approved questions or gave more than one answer to a question. ERG analyzed the interview responses for common themes and to identify completed or ongoing regionalization efforts; areas in which support and resources are most needed to facilitate successful regionalization and regulatory compliance; and state-level programs and activities needed to support regionalization efforts going forward. ERG developed detailed interview summaries that were delivered to NMED as separate reports.

Common Themes and Observations from Interviews

Across NMED and other state agency interviewees, key themes and observations included the following:

- Workforce constraints, including lack of training and necessary expertise, is the primary concern that water systems are facing, as well as regulatory compliance, failing infrastructure, and other concerns (e.g., climate change, water scarcity).
- Regionalization may be an appropriate tool to address resource constraints, workforce limitations, limited capacity, and challenges accessing external funding, among other challenges.
- Fear of losing local control and autonomy is the top barrier to regionalization. Additional barriers include the complex process required to pursue formal regionalization and limited capacity of state staff and TA providers to support regionalization efforts.
- NMED should serve in a leadership role in a statewide regionalization effort, and NMED activities supporting regionalization could include funding dedicated staff focused on regionalization, facilitating the regionalization process between systems, providing outreach and information, and offering financial incentives.
- NMED will require enhanced staff resources and a broader statewide presence to successfully expand regionalization efforts, and improved management, streamlining, and coordination between other state programs (e.g., NMFA's Capital Outlay program, OSE's water rights process) is also important.

Additionally, the majority of respondents supported the concept of the state being able to require regionalization under certain circumstances, and provided input on metrics that could be used to identify priority systems to assess opportunities to regionalize (e.g., capacity, compliance, water quality, and other factors).

Across TA providers and water and wastewater system staff, key themes and observations included the following:

- System capacity and staff experience are major contributors to regulatory violations. Long-term emergency response, asset management, capital improvement, and other planning is lacking.
- Limited financial capacity and workforce constraints are major concerns. Creating financial incentives for regionalization and enhancing workforce development efforts will be important for the state.
- Enhanced capacity and successful regionalization will require enhanced funding, improved communication, and workforce development.

- Key barriers to regionalization include cultural issues, fear of losing local autonomy, and administrative and structural challenges (e.g., transferring water rights, managing debt, merging databases and other administrative or managerial functions).
- TA providers are critical to supporting the state's small water systems, including for capacity building and assessment and implementation of regionalization options.

Regionalization Recommendations Workshop

In May 2025, ERG designed and facilitated a Water Systems Regionalization Assistance Program Recommendations Workshop, held at the NMED Springer Building in Albuquerque, New Mexico. Twelve NMED staff members participated, representing WPD's Director's Office, Drinking Water Bureau (DWB), Construction Programs Bureau (CPB), and Sustainable Water Infrastructure Group (SWIG), including SWIG's Regional Resiliency Team. The goals of the workshop were (1) to present and refine ERG's draft recommendations, and (2) to gather input from key WPD staff to further inform this report and its recommendations, as well as future program implementation.

At the workshop, ERG provided an overview of the research process, summarized key observations from stakeholder interviews and supporting research, and presented the initial draft recommendations. Attendees then participated in facilitated small-group discussions to review each recommendation. WPD staff reviewed the recommendations, identified recommendations to refine or remove, and rated recommendations based on importance and timing for implementation. The workshop also served as an opportunity to ensure that the recommendations aligned with NMED's strategic goals. Following the breakout sessions, ERG led a full-group discussion to gather additional input on how best to move forward with the draft recommendations. ERG used feedback collected during the workshop to further refine and strengthen the final list of 13 recommendations, ensuring they reflect both stakeholder input and NMED's operational priorities.



BACKGROUND

Defining Regionalization

In this report, “regionalization” refers to a spectrum of activities, all of which involve “collaboration between two or more utilities for mutual benefit.”¹ Figure 1 illustrates the range of forms that regionalization can take, from informal cooperation through formal ownership transfer. There is no consistent definition of “regionalization” across federal, state, regional, nonprofit, or other organizations who support or are engaged in the types of activities captured in Figure 1. Entities may use terms such as “partnership,” “collaboration,” or “consolidation” to refer to some or all of the activities across the regionalization spectrum.

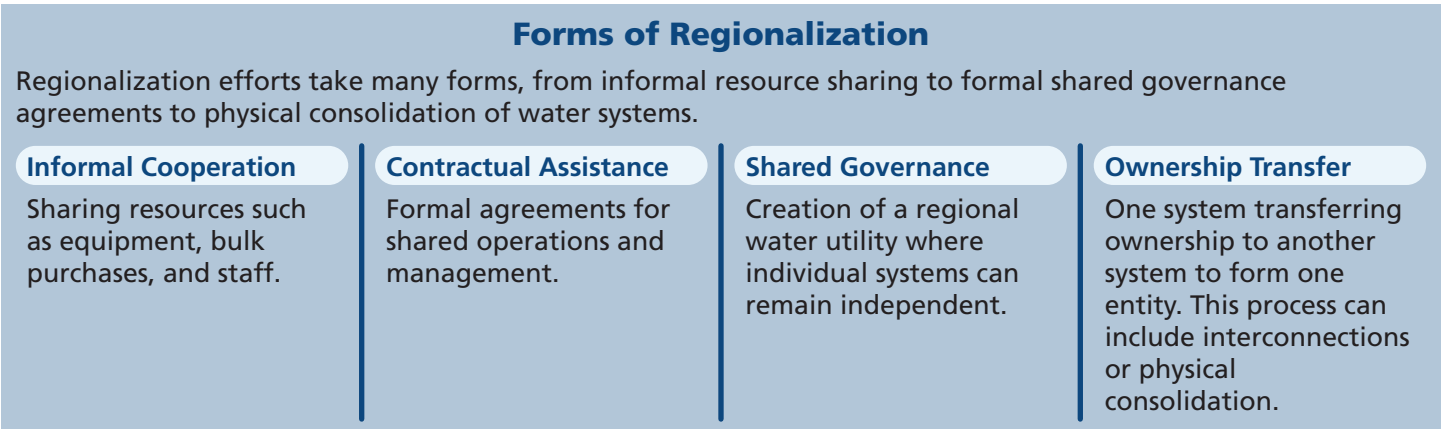


Figure 1. Forms of Regionalization (Graphic adapted by ERG from RCAP and RCAC resources.^{1,2})

Capacity Development and Water System Regionalization

In the 1996 amendments to the Safe Drinking Water Act (SDWA), EPA introduced the capacity development framework and requirements for states to establish and implement capacity development programs. Capacity development refers to the TMF capabilities of water systems. The ability of a water system to provide safe, sustainable, and affordable drinking water is dependent on its capacity in each of these three areas. Small water systems, in particular, face challenges in building and sustaining adequate TMF capacity.

Capacity Development Framework

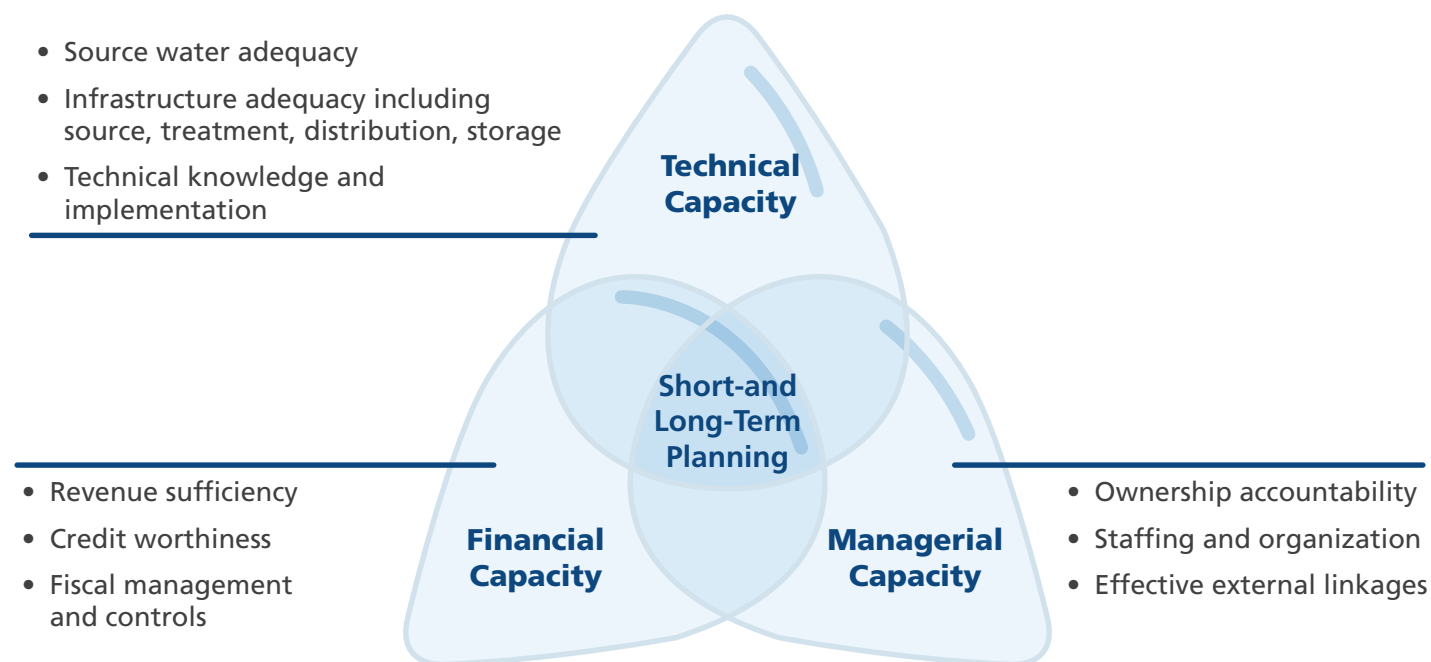


Figure 2. Capacity Development Framework. (Graphic adapted by ERG from EPA resources.³)

Through its Capacity Development Program, NMED's SWIG provides capacity-building support to existing water systems, ensures that any new water systems have adequate TMF capacity, supports area-wide optimization and process control efforts, and offers other support. Additionally, New Mexico's Drinking Water State Revolving Loan Fund (DWSRF) program requires that systems applying for DWSRF funding have adequate TMF capacity to undertake the proposed project.⁴

Regionalization activities can enhance and sustain system TMF capacity. Informal or formal sharing of technical, staff, and financial resources or assets can provide:^{1,4}

- Improved public health protection.
- Cost savings and greater economies of scale.
- Improved ability to hire qualified operators and managers.
- Eligibility for or enhanced access to infrastructure and other funding sources.
- Improved regulatory compliance and relationships with regulators.

- Greater opportunities for local and regional economic development.
- Enhanced resiliency and sustainability for communities facing long-term impacts of climate change, and improved ability to effectively respond to emergency scenarios and extreme events.

The specific benefits of regionalization will vary depending on the specific circumstances of the systems and communities involved and the form of regionalization implemented. There may also be tradeoffs to consider (e.g., for larger systems, increased distribution system costs, but improved regulatory compliance and public health).⁵

While the circumstances under which systems may need or want to consider any form of regionalization can vary, the following scenarios generally warrant consideration of options along the spectrum shown in Figure 1:^{1,6,7,8}

- History of regulatory non-compliance, or challenges remaining in compliance.
- Difficulty attracting and retaining a qualified operator or filling other key positions.
- Financial challenges, such as those related to:
 - Investing in required short- and long-term infrastructure and maintenance needs.
 - Eligibility for and access to funding for infrastructure, or receiving favorable rates for infrastructure funding.
 - Maintaining financial sustainability (particularly if revenue is historically unstable) and recovering the full costs of operation through water rates.
 - Setting adequate rates that are affordable for customers.
 - Excessive and unsustainable costs for services and supplies (e.g., chemicals).
 - A need for increased economic development locally and regionally.
- External risks, such as diminishing or unreliable water supply, wildfire risk, or other extreme weather or climate impacts.
- Declining customer base.
- Whether other water systems in the region are facing similar situations or are able to offer cooperative or other support.

Key Stakeholders and Roles

New Mexico's water system regionalization efforts involve a range of stakeholders who advance consolidation and collaboration for small and rural water systems.

Legislators and policymakers play a role by authoring and enacting legislation like the Regional Water System Resiliency Act to ensure continued funding and policy support for regionalization initiatives. They monitor implementation progress and may respond to challenges through further legislative action.

NMED oversees the planning and coordination of regionalization efforts across the state, including providing TA and regulatory oversight, facilitating connections among utilities and regional partners, and administering funding to support collaborative water system models. NMED's role in regionalization and capacity building is described further in the following section.

State and federal funding agencies, including the NMFA (which administers the DWSRLF), U.S. Department of Agriculture (USDA) Rural Development, EPA, and others provide financial resources through grants and low-interest loans. These programs and agencies can promote collaboration between systems by prioritizing or providing other incentives to projects that involve regionalization.

Additional state agencies, including OSE, DFA, NMFA and others have statutory and regulatory authority that water systems must comply with. These agencies support water system planning, resource development, and other activities that support or otherwise impact regionalization activities. Up to eight distinct state agencies and offices may need to be involved when two or more water systems consolidate, so close coordination across state agencies is necessary to maximize program effectiveness and resources.

TA providers deliver on the ground and remote training, guidance, and technical support for all aspects of water system operations, including day to day operations and maintenance, short- and long-term planning, infrastructure investments, regulatory compliance, resilience, emergency response, and more. TA providers also help facilitate relationship building and regionalization efforts across multiple water systems, in some cases over many years. TA providers are funded through contracts from the state and other sources, including other non-governmental organizations and the federal government. As non-regulatory entities, TA providers are often able to build local, trusted relationships that governmental entities cannot.

Local and Tribal governments engage in governance, infrastructure investment, and planning. These governments represent the interests of residents in regional planning efforts and may offer financial or technical support to facilitate system improvements or regionalization efforts. While there are some similarities between local and tribal governments, it is essential to recognize the fundamental distinctions. Tribal governments are sovereign nations with inherent authority over their lands and people and must be engaged in a manner that respects this sovereignty. In regionalization efforts and other intergovernmental initiatives, these distinctions require thoughtful and culturally informed approaches. In New Mexico, the State-Tribal Collaboration Act underscores the importance of honoring tribal self-governance and ensuring meaningful government-to-government consultation in all relevant matters.

Water systems, especially small, rural systems such as MDWCAs facing TMF capacity and other challenges can create regional partnerships by engaging in planning discussions, sharing equipment, personnel, resources, or operational services, and, in some cases, by fully consolidating.

The federal government and many states have initiatives that promote capacity-building through various forms of regionalization. Additionally, national organizations such as RCAP, U.S. Water Alliance, AWWA, and others, have identified regionalization as a potential solution to address persistent compliance and TMF capacity concerns. These organizations also provide tools and resources, coordinate collaborative workshops, and generate awareness of small system challenges and potential benefits of regionalization at the national level. These organizations provide TA and other resources to support water systems in pursuing regionalization. The examples below highlight key ongoing or recent efforts related to regionalization.

New Mexico Environment Department's Support for Water System Capacity Building

WPD has four bureaus: CPB, DWB, the Ground Water Quality Bureau (GWQB), and the Surface Water Quality Bureau (SWQB). WPD also includes the new Emerging Contaminants Program (ECP) that conducts and investigates the presence of PFAS and other emerging contaminants in finished drinking water and source water in small or disadvantaged communities by developing sampling protocols, collaborating with PWSs to conduct sampling, and providing outreach and education to meet monitoring requirements. Together, the four bureaus and ECP support water quality, water reuse, and water and wastewater infrastructure in New Mexico. DWB oversees public drinking water systems through regulatory and nonregulatory programs.

NMED Drinking Water Bureau Programs

The Drinking Water Bureau includes three groups: the Public Water System Supervision (PWSS) group, the Water Conservation Fund (WCF) group, and the Sustainable Water Infrastructure Group (SWIG). The PWSS Group oversees compliance (including sanitary surveys), enforcement, and data for all systems in the state. The WCF Group oversees water system sampling activity and requirements, laboratory certification, and DWB's Quality Assurance program.

SWIG implements DWB's Capacity Development Strategy and provides dedicated capacity building support for water systems, including support for regionalization. SWIG comprises six primary teams:⁹

- The Regional Resiliency Team supports regionalization, sustainability, and climate resilience by creating resource hubs and promoting system collaboration (e.g., through the training and outreach initiatives described below).
- The Assessment and Policy Team conducts capacity assessments and surveys to inform policy decisions and guides public water systems (PWSs) on compliance and regulations.
- The Capacity Support Team offers TA, training, emergency response support, and implementation of the Area Wide Optimization Program to enhance water system capacity and water quality.
- The Infrastructure Support Team reviews infrastructure designs for compliance, evaluates and scores water system DWSRLF funding applications, and develops the DWSRLF fundable list.
- The Source Water Protection Team provides technical help for source water assessments and plans, conducts contaminant studies, and supports climate resilience planning.
- The Utility Operator Certification Team oversees operator certification, testing, and renewals, as well as workforce development through training and internship programs.

SWIG Support for Regionalization

SWIG conducts capacity assessments to evaluate the TMF capacity of PWSs. These assessments inform tailored assistance work plans developed in collaboration with the PWSS group. SWIG reviews documentation submitted by water systems and works closely with them to develop action plans that address compliance challenges. Its primary methods of capacity assistance include training for operators and board members, offering direct TA, hosting regional outreach events, and resolving complaints for MDWCAs.

SWIG also supports evaluations of unregulated or new systems—often MDWCAs formed under New Mexico’s Sanitary Projects Act (SPA)—to identify and address infrastructure, SDWA compliance, and financial needs. SWIG works with regional entities in early planning stages to ensure they are prepared to meet compliance requirements and contributes to NMED policy development updates and enforcement strategies that aim to increase small system compliance.

SWIG has implemented a range of outreach initiatives across its programs to advance water system regionalization and build community capacity. These efforts reflect a strategic and diverse approach to increasing awareness of the potential benefits of regionalization, fostering collaboration, and providing resources to water systems statewide.

SWIG’s Regional Resiliency Team, in collaboration with RCAC, facilitates regional board trainings and working groups, such as the Greater Valle de Taos Water and Wastewater Alliance, that focus on strategic planning, funding efforts, TA, and opportunities for interconnections or other forms of collaboration. SWIG’s Regional Resiliency Team and RCAC also coordinate and host a statewide Water Leadership Institute workshops for board members and staff from small drinking water systems, focused on leadership and community development to promote regional collaboration.

In addition to NMED’s efforts, several external organizations, including national nonprofits, regional councils, and multistate policy groups, have supported water system regionalization in New Mexico. These initiatives have focused on strengthening interagency coordination, expanding community outreach, and promoting sustainable collaboration among small water systems. DWB has contracted with many of these organizations, collaborating with trusted, non-governmental experts who have built long-standing relationships with water system staff and local communities and further expanding program capacity across the state.

The recommendations in this report include actions that NMED could take to build and expand upon SWIG’s Regional Resiliency Team’s current program and regionalization efforts and enhance key partnerships with state and local entities and TA providers to expand assistance to water systems across the state to assess potential benefits of regionalization and, where appropriate, implement regionalization activities.

America’s Water Infrastructure Act of 2018

The America’s Water Infrastructure Act of 2018 (AWIA) aims to improve drinking water and water quality and increase water infrastructure investment to protect human health. AWIA provisions include more than 30 mandated programs, including community water system (CWS) risk and resiliency assessments and asset management and capacity development strategies.¹⁰

Under Section 2010(a) of the AWIA, Congress directed EPA to promulgate regulations authorizing EPA and states with SDWA primary enforcement authority (primacy) to require owners or operators of PWSs to conduct an assessment of options “for consolidation or transfer of ownership of the system.”¹⁰ On May 30, 2024, EPA published the proposed Water System Restructuring Assessment Rule.¹¹ EPA accepted public comments on the draft rule through July 29, 2024.

The draft rule is informed by three “guiding principles” for restructuring:¹¹

- Evaluate restructuring alternatives based on the needs of the community.
- Engage affected communities directly in restructuring decision-making.

- Ensure community capacity to make affordable investments in safe drinking water.

The rule was also developed to align with the goals of EPA's Water Technical Assistance (WaterTA) initiative, which include working closely with water systems and communities, developing tailored, appropriate solutions based on local needs, and supporting equitable access to available funding.¹¹

The draft rule proposes:¹¹

- Requiring states with primacy to “establish procedures to identify and notify PWSs that meet the statutory preconditions for a mandatory assessment; review and approve eligible assessors (state or third-party assessors, e.g., a TA provider); review and approve mandatory assessments; review restructuring plans to determine water system eligibility for enforcement relief or liability protection; and enforce mandatory assessment requirements.”¹¹
- Giving states the authority to require restructuring assessments for PWSs that meet specific criteria, including:
 - Repeated violations of health-based SDWA standards.
 - Inability or unwillingness to undertake restructuring activities, or history of prior, unsuccessful attempts to address compliance issues through restructuring.
 - Restructuring is possible and could lead to improved compliance.
- Required content for a restructuring assessment, as well as a process for developing the assessment (for example, data collection, feasibility assessments, developing a detailed report, and conducting public engagement).
- Incentives for restructuring (limited to “plans for managerial or physical consolidation, transfer of ownership, or contracts for managing or administering the water system to resolve violations”).¹¹ These incentives include:¹¹
 - Eligibility for DWSRF funding to implement activities identified in the approved restructuring plan.
 - Relief from enforcement actions for up to two years for violations included in the plan.
 - Liability protection for any compliant water system assuming control of the non-compliant system.

The scope of restructuring plans is limited to the four types of plans referenced in SDWA Section 1414(h) (1):¹¹

- Physical consolidation of a water system with one or more other water systems.
- Consolidation of significant management or administrative functions of a water system with one or more other water systems.
- Transfer of ownership of a water system to another water system for purposes of improving drinking water quality.
- Contractual agreement for significant management or administrative functions of a water system.

The rule emphasizes engagement with community members and stakeholders, and it encourages consideration of a number of factors when assessing restructuring options and developing plans.

These include water system size, type, and source water; community needs; affordability; system TMF capacity; geographic, cultural, and technical considerations; and other factors. EPA estimated the annual implementation burden to states at \$0.8 million to \$1 million per year at a 2 percent discount rate.¹¹

EPA ultimately received over 1,500 public comments on the proposed rule. As of May 2025, the rule had not been revised, finalized, or withdrawn, and EPA had not provided a status update on its disposition. If a final rule is issued, New Mexico will need to adopt, implement, and enforce the regulation.

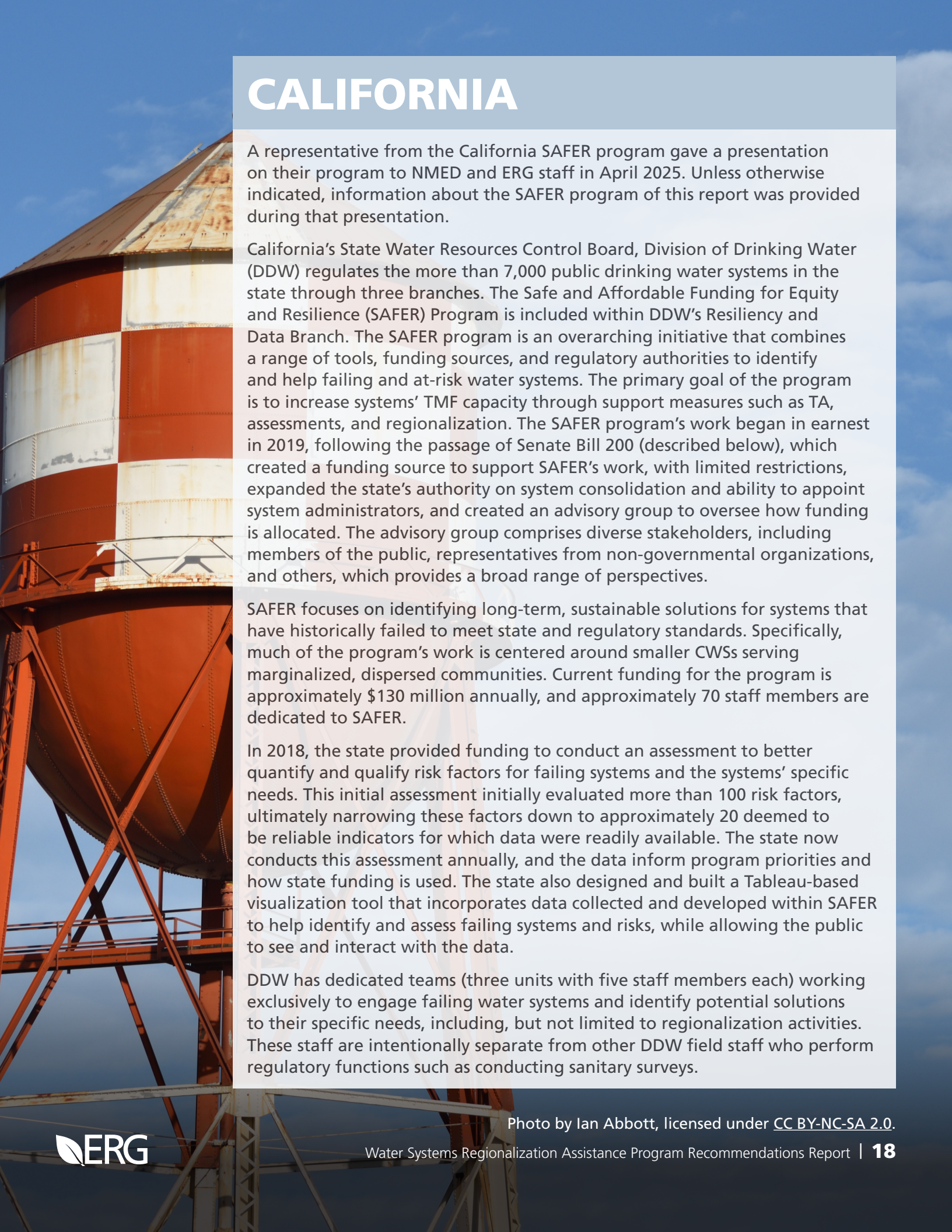
Profiles of State Regionalization Efforts

To better inform recommendations for a New Mexico regionalization program, ERG evaluated a range of state regionalization efforts, capacity building tools, and incentives from across the country. ERG reviewed publicly available information and identified best practices and program components that could help shape the design of New Mexico's new program. The review revealed a broad spectrum of regionalization and consolidation efforts varying in scope, resource intensiveness, and implementation approach. None of the states reviewed were found to have stand-alone regionalization programs, but many have integrated regionalization into existing drinking water or other core programs.

While their implementation methods may vary, state efforts around regionalization share a common goal—to increase and maintain water system resiliency and sustainability. States also use the DWSRF and Clean Water State Revolving Fund (CWSRF) programs to encourage regionalization through additional project priority ranking points and financial incentives (e.g., principal forgiveness).

The California (CA), Kentucky (KY), Louisiana (LA), North Carolina (NC), Texas (TX), Virginia (VA), and Washington (WA) programs summarized below all have elements that could be incorporated into New Mexico's blueprint for a statewide regionalization program. High level takeaways from states reviewed include the following:

- Regionalization actions are tools in a larger system resiliency toolbox and should be a part of a broader sustainable systems program. (CA)
- System needs and capacity assessments are critical elements of any program that supports regionalization efforts. (CA, KY, LA, TX, VA)
- A state network of planning, development, or assistance districts is a key component of supporting regionalization for systems state-wide. (CA, KY, NC)
- State-legislated funding sources or programs can be targeted and coordinated to better support regionalization and potentially fill gaps not addressed by or eligible under the SRFs. (CA, LA, NC, VA)
- States that can authorize mandatory consolidation or receiverships for public health reasons do not commonly use that authority, but the existence of such legislative authority can lead to more voluntary cooperation. (CA, LA, TX, VA, WA)



CALIFORNIA

A representative from the California SAFER program gave a presentation on their program to NMED and ERG staff in April 2025. Unless otherwise indicated, information about the SAFER program of this report was provided during that presentation.

California's State Water Resources Control Board, Division of Drinking Water (DDW) regulates the more than 7,000 public drinking water systems in the state through three branches. The Safe and Affordable Funding for Equity and Resilience (SAFER) Program is included within DDW's Resiliency and Data Branch. The SAFER program is an overarching initiative that combines a range of tools, funding sources, and regulatory authorities to identify and help failing and at-risk water systems. The primary goal of the program is to increase systems' TMF capacity through support measures such as TA, assessments, and regionalization. The SAFER program's work began in earnest in 2019, following the passage of Senate Bill 200 (described below), which created a funding source to support SAFER's work, with limited restrictions, expanded the state's authority on system consolidation and ability to appoint system administrators, and created an advisory group to oversee how funding is allocated. The advisory group comprises diverse stakeholders, including members of the public, representatives from non-governmental organizations, and others, which provides a broad range of perspectives.

SAFER focuses on identifying long-term, sustainable solutions for systems that have historically failed to meet state and regulatory standards. Specifically, much of the program's work is centered around smaller CWSs serving marginalized, dispersed communities. Current funding for the program is approximately \$130 million annually, and approximately 70 staff members are dedicated to SAFER.

In 2018, the state provided funding to conduct an assessment to better quantify and qualify risk factors for failing systems and the systems' specific needs. This initial assessment initially evaluated more than 100 risk factors, ultimately narrowing these factors down to approximately 20 deemed to be reliable indicators for which data were readily available. The state now conducts this assessment annually, and the data inform program priorities and how state funding is used. The state also designed and built a Tableau-based visualization tool that incorporates data collected and developed within SAFER to help identify and assess failing systems and risks, while allowing the public to see and interact with the data.

DDW has dedicated teams (three units with five staff members each) working exclusively to engage failing water systems and identify potential solutions to their specific needs, including, but not limited to regionalization activities. These staff are intentionally separate from other DDW field staff who perform regulatory functions such as conducting sanitary surveys.

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Typically, California SAFER uses a combination of “Sustainable Drinking Water Solutions” including TA, technical solutions (e.g., installation of point-of-use or point-of-entry treatment to address drinking water contaminants), and other support described below to support varying forms of regionalization, which SAFER defines as follows:

- **Partnerships:** Formal and informal agreements between water systems and community partners for local resource sharing.
- **Consolidation:** The physical or managerial consolidation of two or more water systems.
- **Regionalization:** A project benefiting multiple water systems in one area.

This support is provided in multiple ways, depending on system and community needs and feasibility. The state recognizes that each system and community is unique, and understanding specific needs, dynamics, and workable solutions takes time. Generally, support includes:

- **SAFER Engagement Units:** DDW water resource engineers and specialists provide guidance and assistance to communities for all types of partnership, consolidation, and regionalization projects.
- **Receivership administrators:** Specialists may be appointed to an at-risk or failing water system during a limited receivership term to help the system through the consolidation process.
- **Online resources:** Extensive online tools, references, and resources are available to help communities explore various partnership types, including:
 - The “Partnership Toolbox” includes information on Memorandums of Understanding (MOUs), Joint Power Authorities, board trainings, funding, water rights, and state regulations, all of which is relevant to partnerships, consolidation, and regionalization.
 - A “Step by Step” guidance is available for both consolidation and regionalization.

Mandatory consolidation is a rarely used regulatory option that is only implemented when public health is at risk. While SAFER prioritizes collaborative, voluntary solutions, the number of voluntary consolidations increased significantly after the state obtained mandatory consolidation authority, as systems proactively sought to avoid forced consolidation. However, in the case of mandatory consolidations, the state assumes all associated costs to the subsuming system.

The state shared lessons learned from SAFER’s experience to date:

- Find technical staff (engineers) who also know how to communicate with the public and make use of engagement specialists who can build relationships with and be trusted sources of information to the local community.
- Recognize that every community and system is different, and willingness to engage with the state will also vary. Where there is wariness, work with trusted partners and be ready to invest considerable time to achieve solutions.

SAFER Accomplishments from 2019 to April 2024¹³

- Completed 142 consolidation projects, including one mandatory consolidation, benefiting approximately 100,000 people.
- SAFER Engagement Units provided consolidation assistance to support 298 systems.

- Identify and invest in key programmatic needs up front. At the outset of SAFER, the state recognized the need to have programming capabilities housed within the program and hired two staff who were able to build the custom data visualization tool.
- Develop clear and consistent priorities and focus efforts where the need is greatest. This does require establishing a baseline (e.g., through the needs assessment). The SAFER program established program goals last year for the first time, including: providing safe drinking water to communities that did not have it in 2019; getting all communities and schools that do not have access to safe drinking water on track to lasting solutions as quickly as possible; and, transitioning California's most vulnerable schools and communities to be resilient and avoid cycles of failure. Achieving the latter goal will require a greater focus on system consolidation to reduce the total number of CWSs.
- Regulating and comprehensively assessing system TMF capacity is challenging, and something the SAFER program is still working on.

Additionally, a recent assessment of water system consolidation trends in the state found that: most consolidations occurred between systems located on average 0.9 miles apart; the majority were “motivated by water quality concerns” and involved very small systems (median population served of 120); and 46% involved NTNCWSs or TNCWSs, such as gas stations or schools.¹²

Examples of Relevant Legislation



Senate Bill (SB) 88 (2015)—Mandatory consolidation, failing systems

Allows for mandatory consolidation for systems serving disadvantaged communities that consistently fail to provide safe drinking water. The State Water Board gained authorization to require such systems to consolidate with or receive an extension of service from another PWS. Consolidation can be physical or managerial.¹⁴

SB 552 (2016)—Receiverships

Expanded the mandatory consolidation authorities in SB 88, authorizing the State Water Board to contract with an administrator to provide administrative and managerial services to a designated water system (i.e., receivership).

SB 1263 (2016)—New system consolidation cost comparison

Requires entities submitting a new PWS application to first submit a preliminary technical report. In this report, systems must compare the costs of construction, operations and maintenance (O&M), and long-term sustainability of the proposed new system to the costs associated with securing a water supply through annexation by, consolidation with, or connection to an existing CWS.

SB 200 (2019)—Safe and Affordable Drinking Water (SADW) Fund

Establishes the SADW Fund (described below) and requires annual adoption of a Fund Expenditure Plan. SAFER was subsequently established from the SADW Fund.

SB 403 (2021)—Mandatory consolidation, at-risk systems

Authorizes the State Water Board to conduct mandatory consolidation of at-risk water systems serving disadvantaged communities. The authority also applies to disadvantaged communities that are substantially reliant on at-risk state small water systems or domestic wells.

Examples of Relevant Funding Options

The State Water Board's Division of Financial Assistance administers funding to support the SAFER program, and all funding applications are submitted through a single online financial assistance application tool. A document outlining guidelines for consolidation projects is available.



SADW Fund—State grant funding¹⁵

- Supported activities include:
- Interim and emergency assistance.
- TA (focused on failing systems, consolidation projects, state small systems, and domestic wells).
- Administrators (i.e., receiverships for failing systems).
- Planning and construction (focused on failing systems and consolidation projects involving failing systems).
- Direct O&M support.

KENTUCKY

The Kentucky Department of Environmental Protection's Division of Water and the Kentucky Infrastructure Authority (KIA) are the primary state agencies supporting regionalization in Kentucky. Together, the agencies developed regulations that promote regionalization as a strategic approach to addressing capacity and efficiency concerns. Rather than creating a stand-alone initiative, Kentucky has incorporated incentives like grants and low-interest loans into existing water infrastructure programs. While the state encourages regionalization, it does not mandate it.

Kentucky's 15 Area Development Districts (ADDs) covering all 120 counties provide additional regionalization support.¹⁶ Each ADD has a mandated Regional Water Management Council that coordinates with KIA to oversee regional water and wastewater management planning processes, including regionalization and consolidation. ADD councils are responsible for prioritizing drinking water and wastewater projects within their regions when allocating state funding appropriated by the legislature. They each have a full-time water management coordinator responsible for carrying out council activities and working with local utilities, state agencies, and elected officials. The coordinator is also available to support systems during SRF loan application processes and related administrative work.¹⁷

ADDs provide TA to local governments and drinking water and wastewater utilities through staff water management planners. ADDs also collect data and system information for KIA's Water Resource Information System (WRIS), which provides project profiles, system data, and mapping resources for all Kentucky PWSs and wastewater systems.¹⁸

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Examples of Relevant Legislation



SB 409 (2000)—Water and wastewater planning

- Requires each ADD to create Regional Water Management Councils and water management planning areas.
- Requires KIA to implement a water and wastewater management planning program, in part to support and promote regionalization.
- Establishes a structured planning process under which proposed water projects are reviewed, prioritized, and incorporated into regional water plans through the WRIS.

SB 263 (2023)—Promotion of regionalization

- Creates a process and a fund to assist public drinking water systems with detecting water loss, developing and maintaining asset management plans, and pursuing regionalization and consolidation.
- Each year, ADDs must review and rank water service plans for underserved and unserved areas. Rankings consider the number of people served, cost-effectiveness, reliability, and potential for merging systems. KIA gives priority to larger, regional water projects that align with the bill's overall goals.
- Promotes and encourages "...regionalization, consolidation, and partnerships among governmental agencies, and private parties when appropriate, with the goal of making public water and wastewater treatment secure for all Kentuckians. This is accomplished through the maximization of financial, managerial, and technical resources and the protection of source water of the Commonwealth."

LOUISIANA

As discussed previously, a strong assessment program is important to the success of a regionalization program and ultimately to the success of viable drinking water systems. Louisiana provides an example of a robust assessment process. The Louisiana Department of Health (LDH) oversees all public drinking water systems. The department's accountability program publishes annual water grade reports for each CWS in a two-page fact sheet available on the LDH website.¹⁹ Systems start with a 100-point score, from which points are deducted based on their performance across seven accountability standards.²⁰ This score is then converted into a letter grade, which must be included in the annual Consumer Confidence Report (CCR) required under SDWA. The seven factors that influence scores are:²⁰

1. **Federal water quality (30 points maximum):** Maximum Contaminant Level (MCL) violations, Lead and Copper Rule (LCR) violations, administrative order(s) non-compliance.
2. **State water quality (10 points maximum):** chlorine violations, whether the system has a certified operator, water outages and/or boil-water advisories.
3. **Financial sustainability (10 points maximum):** poor financial management, negative circumstances affecting fiscal control, submission of an acceptable audit, submission of an acceptable rate study or implementation of adequate rates.
4. **O&M (15 points maximum):** unresolved significant deficiencies.
5. **Infrastructure (20 points maximum):** unresolved significant deficiencies.
6. **Customer satisfaction (10 points maximum):** valid customer complaints.
7. **Secondary contaminants (5 points maximum):** manganese and/or iron levels over secondary MCL.

Additionally, systems can receive additional "extra credit" points (10 points maximum) for items such as asset management and other plans or capacity-development training.

Examples of Relevant Legislation

Act 98 (2001)—Annual grades for water systems

Authorizes LDH to develop grades for CWSs. The act requires LDH to "establish, adopt, and implement a letter grade schedule to grade community water systems to provide an accountability process to support drinking water sustainability for the citizens of Louisiana."²¹



Examples of Relevant Funding Options

Louisiana's Division of Administration offers a Sustainable Water Management Consolidation Planning Grant through the Louisiana Community Development Block Grant (CDBG) funds. These are small grants with an individual ceiling of \$40,000. Eligible costs include preliminary engineering report (PER) development, legal and recordation fees, and other administrative costs related to drinking water system consolidation.²²



NORTH CAROLINA

North Carolina's Department of Environmental Quality has two divisions overseeing drinking water compliance and support. The Water Resources Division is responsible for PWS regulation and TA while the Water Infrastructure Division (WID) provides financial assistance for all types of water infrastructure projects. The State Water Infrastructure Authority was created alongside WID but is an independent body responsible for awarding both federal and state funding.

The State's multi-agency 2017 Statewide Water and Wastewater Infrastructure Master Plan is central to North Carolina's approach to ensuring the viability of drinking water systems and wastewater systems. This framework sets evaluation criteria to determine whether drinking water and wastewater infrastructure utilities are considered distressed and lays out a roadmap for solutions. The backbone of this master plan is a vision to foster long-term viability of both drinking water and wastewater utilities across the state focusing on three key areas: Infrastructure Management, Organizational Management, and Financial Management. The comprehensive plan outlines a detailed roadmap for viability including statewide capacity and needs assessments, funding linked to those assessments, and a strengthening of state agency partnerships to provide a coordinated toolbox of utility resources, including regionalization.²³

The North Carolina DEQ's Viable Utility Program supports goals of the Master Plan and was developed to determine funding needs for long-term solutions at distressed water and wastewater units.²⁴ Program funding includes a variety of grants supporting regionalization efforts and feasibility studies. The State Water Infrastructure Authority and the Local Government Commission (within the NC Office of the Treasurer) developed criteria to determine how local government units should be assessed for need and eligibility under the Viable Utility Reserve. Identified distressed units must:²⁴

- Conduct an asset assessment and rate study
- Participate in a training and educational program
- Develop an action plan

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Examples of Relevant Legislation



HB 1087 (2020)—Viability of water and wastewater systems

- Supports goals of the 2017 Statewide Water and Wastewater Infrastructure Master Plan.
- Requires the Local Government Commission and the State Water Infrastructure Authority (SWIA) to review “local government units” (city, county, or water/sewer district) in the state to determine whether drinking water and wastewater infrastructure is considered distressed.
- SWIA determines whether projects are eligible for funding from a state Viable Utility Reserve (VUR) fund, and the DEQ Division of Water Infrastructure administers the grants from the VUR fund. Both SWIA and the Division of Water Infrastructure must approve the grant award and its terms before DEQ can administer VUR funds.

Examples of Relevant Funding Options



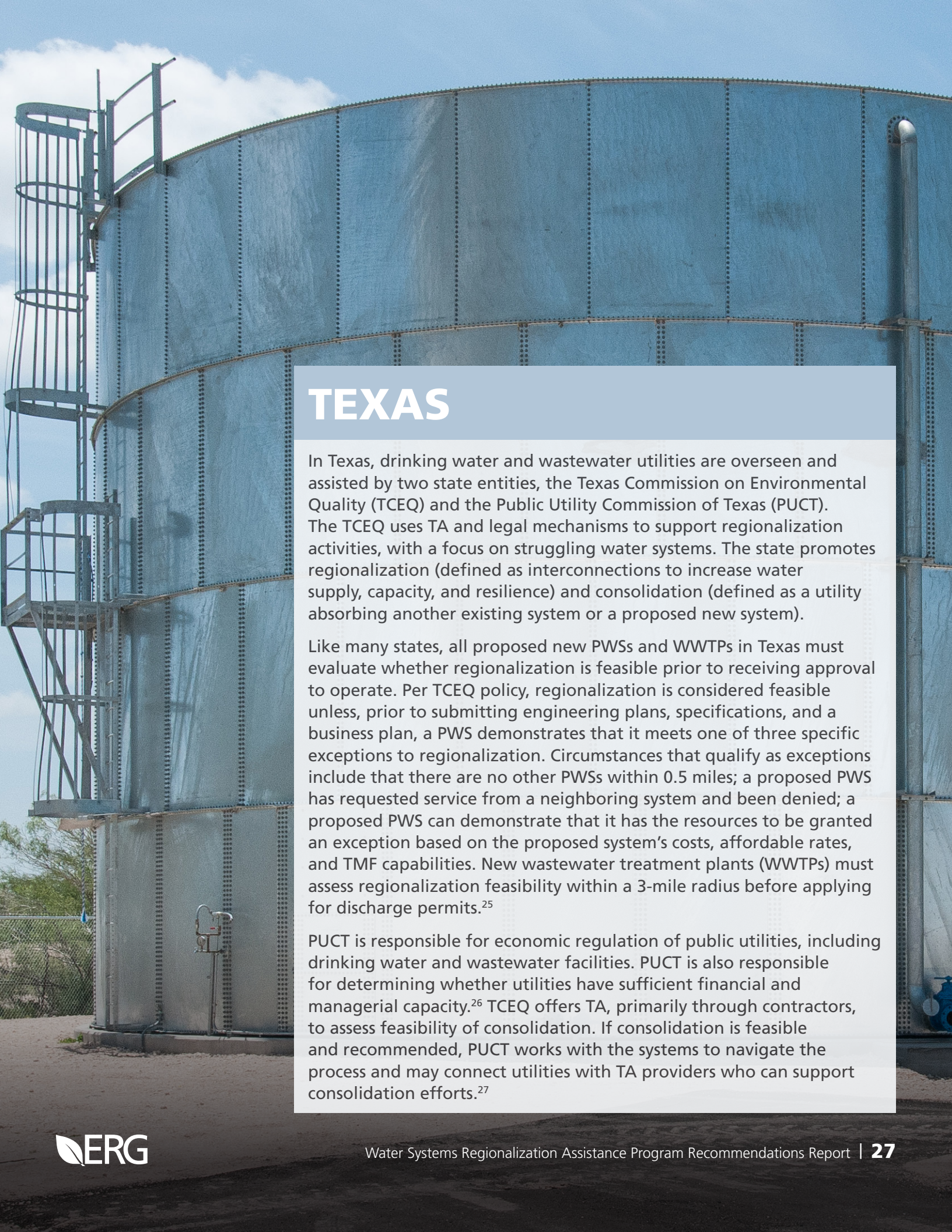
Viable Utility Reserve—Grant program for distressed drinking water and wastewater systems

HB 1087 established the Viable Utility Reserve, as an account in the Water Infrastructure Fund, to provide grant funding for drinking water and wastewater systems determined to be distressed as assessed by the Viable Utility Program. Supported activities include:

- Physically interconnecting and extending public water or wastewater infrastructure to provide regional service.
- Rehabilitating existing public water or wastewater infrastructure.
- Decentralizing existing public water or wastewater systems into smaller viable parts.
- Funding a study of one or more of the following: rates, asset inventory and assessment, merger, and regionalization options.

Merger/Regionalization Feasibility Grants

These grant funds are available from the Viability Reserve, established in HB 1087, to encourage water and wastewater utilities to become viable and more proactive in the management and financing of their systems. Grant funding of up to \$50,000 is available for local government units or nonprofit water corporations, over a period of three years.



TEXAS

In Texas, drinking water and wastewater utilities are overseen and assisted by two state entities, the Texas Commission on Environmental Quality (TCEQ) and the Public Utility Commission of Texas (PUCT). The TCEQ uses TA and legal mechanisms to support regionalization activities, with a focus on struggling water systems. The state promotes regionalization (defined as interconnections to increase water supply, capacity, and resilience) and consolidation (defined as a utility absorbing another existing system or a proposed new system).

Like many states, all proposed new PWSs and WWTPs in Texas must evaluate whether regionalization is feasible prior to receiving approval to operate. Per TCEQ policy, regionalization is considered feasible unless, prior to submitting engineering plans, specifications, and a business plan, a PWS demonstrates that it meets one of three specific exceptions to regionalization. Circumstances that qualify as exceptions include that there are no other PWSs within 0.5 miles; a proposed PWS has requested service from a neighboring system and been denied; a proposed PWS can demonstrate that it has the resources to be granted an exception based on the proposed system's costs, affordable rates, and TMF capabilities. New wastewater treatment plants (WWTPs) must assess regionalization feasibility within a 3-mile radius before applying for discharge permits.²⁵

PUCT is responsible for economic regulation of public utilities, including drinking water and wastewater facilities. PUCT is also responsible for determining whether utilities have sufficient financial and managerial capacity.²⁶ TCEQ offers TA, primarily through contractors, to assess feasibility of consolidation. If consolidation is feasible and recommended, PUCT works with the systems to navigate the process and may connect utilities with TA providers who can support consolidation efforts.²⁷

Additionally, the Texas Water Infrastructure Coordination Committee (TWICC) brings together 13 federal and state funding and regulatory agencies and technical assistance providers to offer a “one stop shopping” option for water and wastewater systems. Systems can participate in in-person or phone meetings with TWICC to obtain information on regionalization, funding, and other topics. TWICC’s website also provides centralized information on funders and funding opportunities.²⁸ This collaborative effort provides efficient access to information on building affordable, sustainable, and innovative funding strategies for water and wastewater infrastructure projects that protect public health.²⁹

Texas also has an active receivership program authorized under Texas Water Code Section 13.412. TCEQ will provide consolidation assessments to water systems determined to be at-risk. However, if determined necessary, TCEQ can request that the state attorney general appoint a receiver for an at-risk system. A system is considered at-risk if it violates a final order, fails to provide adequate service, poses a public health risk, or repeatedly fails to respond to TCEQ or its customers. The receiver must ensure fee collection and proper system management. The receivership can be dissolved through a court order if the system shows good cause.

Examples of Relevant Legislation

SB 1 (1997)—Mandatory regionalization

Amended Texas Administrative Code (Title 30) to mandate regionalization feasibility assessments for new PWSs.



Texas Water Code 13.253—Emergency connections

Authorized the state to issue emergency orders for struggling water and wastewater systems to make improvements or connect to another provider.

Texas Water Code 13.412—Receiverships

Authorized the water receivership program, under which the state attorney general may appoint a receiver through a court order to take over and manage a failing or at-risk water or sewer utility.

Examples of Relevant Funding Options

The Texas Water Development Board provides public funding for drinking and wastewater infrastructure projects in Texas. The bond-funded State Water Implementation Fund for Texas (SWIFT) offers additional prioritization points for regionalization projects. Five points are added for each additional political subdivision added, with a maximum of 30 points.³⁰



VIRGINIA

The Virginia Department of Health (VDH) integrated several tools into their Capacity Development Strategy to support water system assessment and resiliency. A representative of the VDH Division of Training, Capacity Development, and Outreach participated in a meeting with ERG to provide an overview of initiatives relevant to assessing system needs and regionalization:

Capacity Assessment Tool:

- Office of Drinking Water (ODW) staff conduct triennial reviews of all CWSs and Non-Transient Non-Community Water Systems (NTNCWSs) using an 18-question form.
 - The form questions were modified approximately 5 years ago to better calibrate responses and balance the number of questions across the TMF categories.
 - The questionnaire is intentionally simple to facilitate completion by staff members and to make it easy to generate scores that can be compared across systems and across years.
- ODW staff review the assessment questionnaires; every system receiving a score of 10 or below is offered direct TA.
- VDH has found that conducting an in-depth assessment is most productive *after* a system has been offered and accepted TA based on the initial review.
- It is typical for approximately 20 percent of assessed systems to have a score low enough to trigger an offer of TA. VDH also seeks to provide TA to PWSs identified through other processes beyond the triennial assessment. As part of this support, VDH staff engage with PWSs to determine whether they are interested in transferring control or continuing to operate their system (with access to the necessary resources).

Receivership:

- While Virginia can require receiverships, VDH rarely makes use of that authority.
- A receivership component was added to Virginia's Capacity Development Strategy in 2016. It stipulates that if a PWS enters receivership due to inability to deliver safe drinking water to customers, the Commonwealth will use the 15 percent DWSRF set-aside to cover the costs of managing the PWS. These costs may include hiring an acting manager, an executive director, or someone in a similar position.

VDH plays an intentionally limited role in facilitating regionalization and consolidation projects because the consolidating system is most often privately owned. Early in the regionalization process, VDH supports systems by identifying optimal options for the receiving water system and making introductions as needed, and then it allows the process to move forward without significant intervention from the Commonwealth. Virginia also provides education and outreach related to regionalization and consolidation through its existing education courses, particularly those designed for water system decision-makers.

VDH shared lessons learned from the Commonwealth's experience supporting capacity development, TA, and regionalization efforts:

- Take the time to develop a holistic, rather than piecemeal, approach and program.
- Ensure funding is available to cover the transition period between the time when a recalcitrant system agrees to be consolidated and the time when the connection to the receiving system is in place (whether it be a physical, operational, or managerial connection).
- Capture activities related to receivership or regionalization in the Capacity Development Strategy.

Examples of Relevant Funding Options

Equitable Access to Drinking Water Fund—O&M costs for consolidation



- VDH established the Equitable Access to Drinking Water Fund, which provides funds to cover O&M costs related to consolidation. To obtain support, the consolidating system and receiver system must submit a written mutual agreement and statement of consolidation intent to VDH, along with a funding application.
- VDH reimburses costs over the transitional consolidation period: 12 months of receivership costs and six months of operator support costs, with the potential for an additional six months of funding for expenses such as meters, minor pipe repairs, flow meters, and valves.
- The receiving system can also apply for DWSRF funding and can receive priority points for regionalization projects.

WASHINGTON

The Washington Department of Health uses both regionalization and receiverships to address failing systems. The state's capacity planning requirements for water systems help identify regionalization potential and opportunities.

The state requires all PWSs to develop and implement capacity plans that include TMF elements. The specific capacity plan requirements vary based on system type, size, demographics, and other factors. CWSs are encouraged, but not required, to evaluate potential opportunities for and potential benefits of consolidation within their plans. Systems can receive detailed planning assistance through the state's *Water System Planning Guidebook* and through consultations with state regional planners.³¹

Examples of Relevant Legislation

Revised Code of Washington (RCW) 43.70.195— **Receiverships**

Authorizes the state to place failed water systems into receiverships.



Examples of Relevant Funding Options

The Washington DWSRF program has promoted regionalization through two funding programs.³²



Consolidation Feasibility Study Grants

Larger water systems (e.g., systems operated by cities, towns, counties, public utility districts, water districts, and federally recognized Tribes) receive assistance to determine the feasibility of consolidating with smaller, struggling water systems in their area and the capital improvements that would be needed. Funding for these efforts is supported through DWSRF set-asides and loan origination fees.³²

Construction Loans

The DWSRF program awards bonus points to consolidation projects. Consolidation projects may be eligible for at least 50 percent principal forgiveness. Washington defines consolidation as physically connecting water systems and restructuring as changing the ownership of the water system and regionalization as sharing resources such as personnel, equipment, and services.³²

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THE NEW MEXICO DRINKING WATER LANDSCAPE

Water in New Mexico weaves through the history, identity, and survival of the state's communities. For centuries, Indigenous peoples, Hispanic settlers, and rural residents have cultivated a deep cultural, spiritual, and practical connection to water, shaped by the region's arid climate, seasonal variability, and limited water supplies. These relationships continue to influence local governance, land use, and agriculture.

New Mexico's acequia systems, introduced by Spanish settlers and influenced by Indigenous practices, represent some of the oldest community-managed water systems in the United States. Acequias embody a cultural ethic of mutual aid, linking land, water, and community in a shared governance framework that emphasizes sustainability.^{33,34}

Indigenous communities in New Mexico maintain a sacred relationship with water. For many Pueblo, Navajo, and Apache groups, water is considered a living entity essential not only to agriculture and health but also to ceremonial and spiritual life. Communities have passed down traditional ecological knowledge for generations, using it to govern the sustainable use of water in ways that are often not captured in Western legal frameworks.^{34,35}

Efforts to regionalize or consolidate water systems, while offering potential benefits such as improved efficiency and regulatory compliance, have also prompted discussion among some communities regarding the importance of maintaining local input and oversight. Communities have expressed concern that regionalization actions may not always fully reflect local conditions, cultural values, or historical patterns of water use.^{35,36,37}

The relationship between New Mexico communities and water is shaped by long-standing cultural, spiritual, and ecological ties. As water systems evolve, regionalization and modernization initiatives can benefit from an approach that acknowledges this context. Considering cultural perspectives alongside technical and legal factors may help ensure that local priorities are meaningfully incorporated into planning and decision-making about New Mexico's water future.

Regulated Public Water Systems in New Mexico

The SDWA, originally enacted in 1974 and substantially amended in 1986 and 1996, is the main federal law that protects public health by regulating public drinking water supplies across the United States and its territories. Under the SDWA, states may seek primacy, or authority, to implement their own drinking water programs if they meet federal requirements.³⁸ Primacy includes responsibility for implementing the PWSS program, which ensures compliance with the SDWA and national primary drinking water regulations.

New Mexico has held drinking water primacy since 1976, with NMED’s DWB serving as the lead entity responsible for New Mexico’s PWSS program. Through this program, DWB currently enforces drinking water regulations, although the compliance and enforcement functions, such as conducting sanitary surveys, and staff will transition to NMED’s new Compliance and Enforcement Division in July 2025. DWB currently conducts sanitary surveys, reviews system plans, certifies laboratories, provides TA, and maintains oversight of all PWSs to ensure the safety and quality of drinking water across the state.⁹

A PWS is a system that provides water for human consumption and has at least 15 service connections or regularly serves at least 25 individuals for at least 60 days out of the year.³⁹ PWSs are distinct from private water sources, such as individual wells, in that they are subject to federal and state drinking water regulations under the SDWA. PWSs are responsible for complying with all applicable regulatory requirements, including monitoring, reporting, meeting health-based standards for regulated contaminants, public notification, and record keeping.⁹

PWSs are classified as CWSs, NTNCWSs, and Transient Non-Community Water Systems (TNCWSs). These system types are defined in the table below, along with total inventory in New Mexico as of March 31, 2025, by system type (active systems only).^{9,40} Systems serving the same populations year-round have different regulatory requirements due to the potential for long-term exposure to drinking water contaminants.

Public Water System Types and Definitions ³⁹		
Type	Number ⁴⁰	Definition
Community Water System	559	A PWS that serves the same population year-round.
Non-Transient Non-Community Water System	128	A PWS that regularly serves at least 25 of the same people at least six months per year.
Transient Non-Community Water System	363	A PWS that serves water at a location where people do not stay for extended periods of time.

As of March 31, 2025, there are 1,050 active PWSs including 559 CWSs serving 2,015,408 New Mexicans. The majority of CWSs (92 percent, or 514 systems) use groundwater drinking water sources as their primary source, although systems using surface water as their primary source serve nearly half (49.4 percent) of all CWS customers. Approximately 80 percent of New Mexico’s CWSs serve fewer than 1,000 people.⁴⁰

Public Water Systems in New Mexico

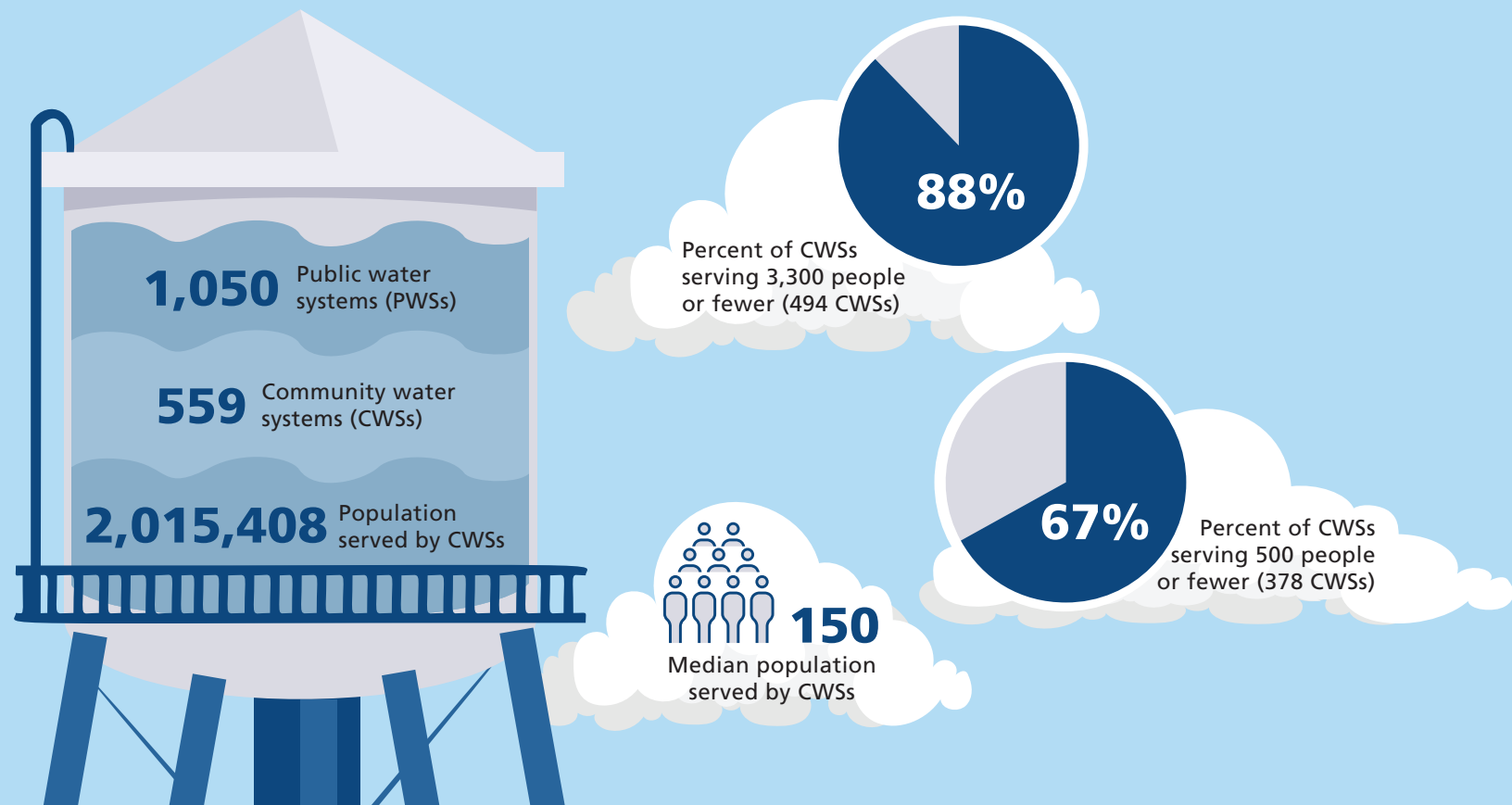


Figure 3. Public Water Systems in New Mexico

All PWSs in New Mexico are subject to health-based, monitoring and reporting, public notification, and other requirements established under existing drinking water regulations. New Mexico uses the state Safe Drinking Water Information System (SDWIS) to track system inventory, compliance monitoring data, violations, and enforcement actions and status. New Mexico also makes much of this information publicly available through the Drinking Water Watch on-line platform.

Water Rights in New Mexico

New Mexico's legal framework governing water rights is rooted in the Doctrine of Prior Appropriation, which allocates water based on the principle of "first in time, first in right." The state recognizes both surface water and groundwater in its water rights, applying different regulations to each. Water systems pursuing informal or formal forms of regionalization such as shared governance, resources, and staff, will not typically need to apply for any new water rights or apply for a change in water rights. However, water systems pursuing a merger of physical consolidation and ownership transfer may need to understand and navigate this legal structure because any changes to water service areas, infrastructure,

or utility partnerships may affect existing water rights or require their transfer, and changes to a water right can be protested if an impairment to an existing right is possible.

Water Rights Challenges in Regionalization Efforts

Regionalization can involve merging or coordinating water services across jurisdictions, which may require changes to the places of use, points of diversion, or ownership of existing water rights (all of which can potentially be protested). New Mexico's legal structure around water rights creates a rigid system that ties rights to specific uses, locations, and users, making it challenging to move or reassign those rights across communities and systems.^{41,42,43,44}

▪ Legal Complexity and Permitting Requirements

Transferring or modifying water rights (e.g., change in place of use) requires formal applications, technical documentation, and legal approval from OSE; this process can take months to years to complete. Delays in the application and permitting process can cause uncertainty around investments in infrastructure and regional agreements, reduce efficiency in water management, and discourage the community in their regionalization efforts.

▪ Over-Appropriation and Water Scarcity

Basins in New Mexico are fully or over-appropriated, meaning new rights are not available and any changes to current appropriations may involve legal challenges.⁴⁵ This limitation can delay or inhibit the expansion of service areas or system consolidation.

▪ Unclear or Unadjudicated Rights

Some communities, especially small, rural, or Tribal systems, may operate with unadjudicated or informal water rights, which can create uncertainty during regional planning and infrastructure investments.

▪ Incompatibility of Water Use

Water rights are designed for specific uses (e.g., irrigation versus municipal). Repurposing the use for regional public systems may not be legally permissible without a formal change of use.

▪ Local Control and Community Trust

In some communities, especially acequias or Tribal lands, water rights carry a deep cultural and historical significance. Efforts to regionalize services may cause concern regarding local control or traditional rights.

Doctrine of Prior Appropriation

New Mexico law states that all groundwater and surface water belongs to the public, and that individuals or entities must appropriate water under the Doctrine of Prior Appropriation. This doctrine is not limited to New Mexico; during the mid-19th century gold rush era, many western states adopted the saying "first in time, first in rights."^{46,47} The doctrine grants water rights based on the first person or entity that puts water from a particular source to beneficial use (e.g., agriculture, industry, municipal), rather than ownership of land adjacent to the water source. These priority users secure a priority right to continue using the water, even as additional water users enter the watershed.^{48,49,50} Users who access the

same source later may use the remaining water for their own beneficial purpose but cannot impinge on the rights of prior appropriation.

Under the doctrine, the governing authority grants priority, or senior water rights. These senior water rights holders have priority to use water over junior water rights holders in times of water scarcity. In New Mexico, senior water rights holders typically include Native Americans, acequias, and agricultural water users. Junior water rights holders typically include municipalities, as well as industrial, residential, and recreational water users.⁴⁷

The doctrine awards water rights to the person actually putting the water to a designated beneficial use, meaning that the oldest water rights have priority over newer rights.⁵¹ If there is not enough water to satisfy all water users' needs, those with senior water rights receive their full allocation before any water is allocated to junior rights holders, resulting in the latter receiving less or no water during droughts or low-flow periods.⁵²

In New Mexico, water users have either fully or over-appropriated the groundwater and surface water supply. If all the water right permits, licenses, and declarations exercised their full entitlements today, the current supply would not meet the demand. The State Engineer encourages voluntary agreements among water users, such as shortage sharing, rotation, and water banking.⁴⁵

Groundwater Declarations

The Water Code, established in 1907, authorizes the State Engineer to assert jurisdiction over any groundwater basin in New Mexico by issuing a basin declaration.⁴⁴ The Doctrine of Prior Appropriation also governs groundwater declarations in New Mexico, which fall under the pre-basin groundwater rights. These rights are similar to pre-1907 surface water rights: they were created simply by drilling a well and putting the water to beneficial use.⁵³ A declaration is used to declare water rights for a well or underground diversion constructed before the year permits became a requirement for that particular underground basin. These dates vary from basin to basin but are always from 1931 or later.⁵⁴ Once a basin is declared, new appropriations must be submitted by application to OSE.⁵³ Regulations for surface water and groundwater are located in different sections of New Mexico's Water Code, but New Mexico courts recognize the two as part of the same overall system for prior appropriation purposes.⁵⁵

As of 2005, all groundwater in New Mexico has been identified as part of a declared basin.^{43,55} New Mexico groundwater accounts for almost 100 percent of individual household water use and 75 percent of municipal supplies.⁵⁵ Informal regional collaboration in groundwater planning can and does occur, the regulatory nature of declared basins means that any coordinated management of groundwater use at scale—particularly involving infrastructure, permitting, or shared governance—requires formal regionalization. Groundwater is a shared resource, communities must coordinate planning and management of groundwater use to address over-extraction and mitigate water security issues arising from climate change and population growth, underscoring the importance of regional collaboration in water resource management.^{55,56}

Adjudication Process

An adjudication of water rights is a type of lawsuit that identifies all details of water rights, including the amount of water and priority date of each right.⁴² The statute requires the adjudication process to address all water right claims in a stream or basin system. Before adjudication, a water right holder can acquire rights through OSE permitting or by declaring a water right before OSE had authority to issue

permits. An adjudication is a four-step process that OSE conducts and is supported by other specialists. The four steps are hydrographic survey phase, stream system issues phase, subfile phase, and inter se phase. The process of adjudication is often ongoing, with many regions having adjudications in process.⁵⁷ The State Engineer is responsible for initiating and maintaining these adjudications working with the courts to ensure proper execution.

An adjudication is a four-step process that OSE conducts and is supported by other specialists. The four steps are hydrographic survey phase, stream system issues phase, subfile phase, and inter se phase.

Transferability and Change Applications

Water rights in New Mexico are often tied to the property or land where the water is being used. The process for transferring water rights differs for surface water versus groundwater. Lawmakers established statutory and regulatory frameworks to ensure these transfers do not impair existing water rights. When transferring water rights, the application records only the portion of water being consumptively used, not the entirety of the allotment, at the time of the transfer application.⁴²

Water rights change applications allow water rights holders to modify the use, location, or point of diversion of their water while ensuring such changes do not impair existing water rights or violate public interest. Change applications provide a legal mechanism to adapt to evolving water needs, such as population growth, agricultural shifts, or conservation efforts without undermining established rights. OSE reviews water rights change applications to ensure any proposed change promotes beneficial use, maintains water resource sustainability, and aligns with statutory requirements.⁴⁹

Water Rights Application Process

Applying for surface water rights in New Mexico requires a detailed application be filed with OSE with supporting documentation, an understanding of the water availability at the proposed source, and compliance with the prior appropriation system.

The process for groundwater rights involves filing an application with OSE, demonstrating that groundwater is available, and ensuring the use is reasonable, beneficial, and won't interfere with existing rights. If the desired area is over-appropriated, there may be additional restrictions such as limiting water use, prioritizing certain rights, and restricting transfers.⁴⁹ The applicant will also need to meet specific well construction and reporting requirements. Regulatory authorities impose more complex rules and monitoring on groundwater rights than surface water rights, especially in areas with limited water availability.

Individuals or entities seeking to purchase or transfer existing water rights must submit a separate application to OSE, including for changes in place of use, purpose of use, or point of diversion. These applications are distinct from those used for new appropriations. OSE requires a separate filing to ensure the proposed changes do not impair existing water rights or conflict with public interest. OSE conducts a legal and technical review to confirm the transfer complies with state water laws.⁴²

Water rights change applications include a protest period, which can create further uncertainties for water systems pursuing regionalization.

Water Rights Application Process

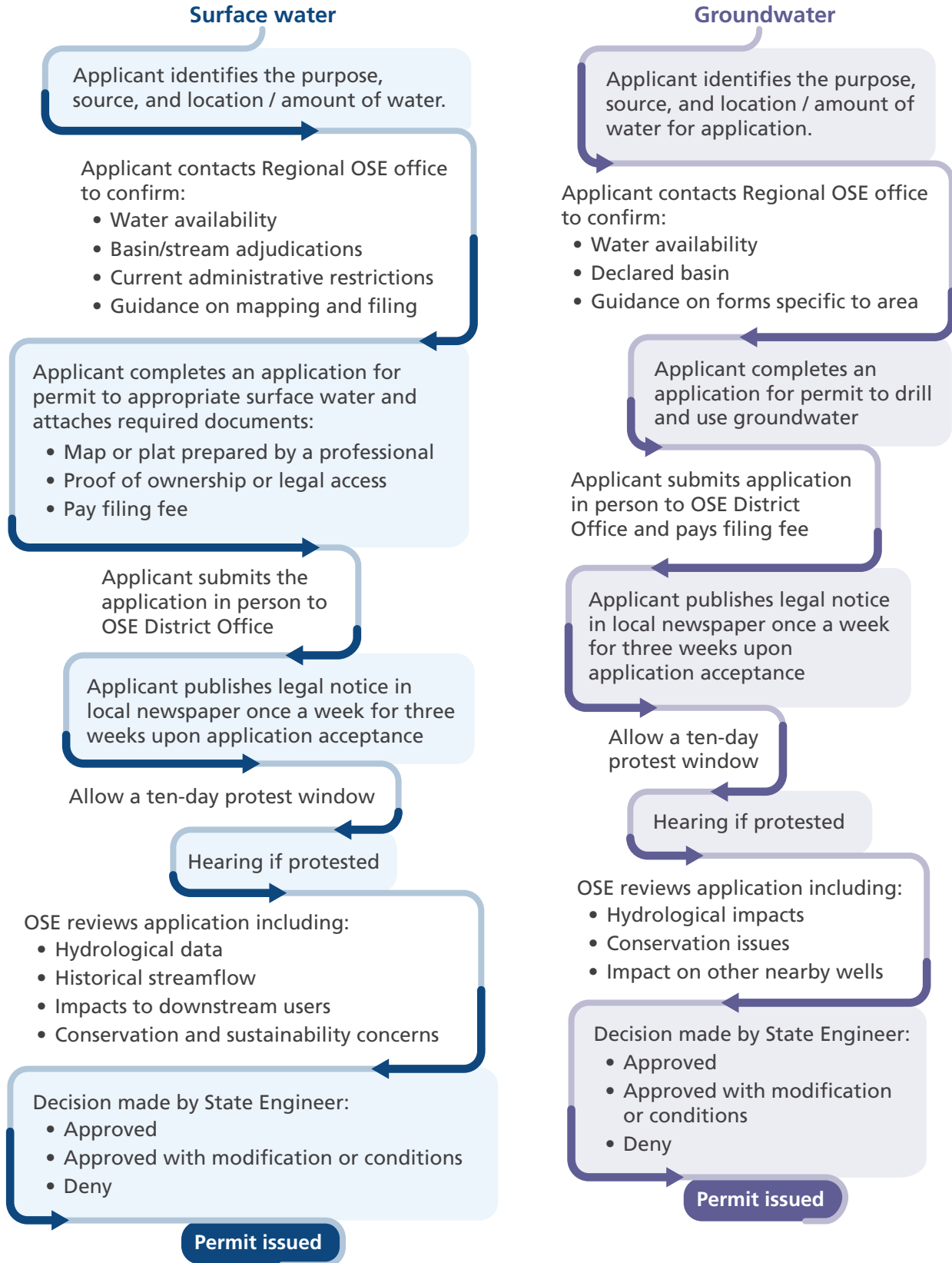


Figure 4. Water Rights Application Process^{58,59,60}

New Mexico Regionalization Initiatives

For more than 20 years, New Mexico has been actively engaged in supporting water system sustainability and resiliency through legislation, TA, and outreach. ERG's review of documents provided by NMED and RCAC identified approximately 171 individual water systems engaged in some form of regionalization across 36 distinct efforts, in this timeframe. These efforts include fully consolidated systems, new MDWCAs, collaborative service agreements, joint powers agreements, and other partnerships. Some efforts are completed, some are in early feasibility study planning phases, and others have failed to advance and have been abandoned. Efforts span urban areas (e.g., Albuquerque) to remote rural regions (e.g., Rio Arriba County). RCAC provided a catalog of New Mexico regionalization projects that is included as an [Appendix](#) to this report. The catalog summarizes the scope and scale of regionalization efforts to date.

Relevant Legislation

Enacted in 1947, New Mexico's SPA laid the groundwork for rural water governance by authorizing the formation of MDWCAs. These associations are defined as subdivisions of the state, governed by a board of directors, and are required to operate under a significant set of regulations. The SPA's 2006 amendment strengthened oversight of MDWCAs by granting NMED enforcement authority and restricting the formation of new associations in areas already served by utilities. The amended SPA also allowed mergers between MDWCAs, which prompted mergers across many of these systems. A period of severe to extreme drought from in the early 2000s further catalyzed regionalization efforts in New Mexico. In 2001, the Water Project Finance Act (and its 2024 amendment) created the Water Project Fund within NMFA to promote efficient water use, conservation, and TMF capacity. In 2004, Governor Bill Richardson's budget noted the lack of "an effective approach for ensuring sustainable management of local water supplies" and recommended funding for creation of additional positions and programs to support TA and regionalization, among other activities.⁶¹

As noted previously, the 2023 Regional Water System Resiliency Act established a formal process for water and wastewater utilities to form regional utility authorities with support from state agencies.⁶² These authorities allow systems to pool resources, operate more efficiently, and scale their operations to better meet shared needs. They can elect leadership, manage water facilities, and develop fee structures to support ongoing maintenance, including necessary infrastructure like access roads to facilities. Regional utility authorities can also hire staff to handle administrative responsibilities across multiple systems, improving their capacity to apply for state or federal funding.



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The act provides clear statutory guidelines that allow the formation of regional utility authorities without requiring legislative action. Until the act's passage, entities were limited to a few methods for regionalization efforts. These methods included MOUs and Memorandums of Agreement (MOAs), which are informal mutual aid agreements, and Joint Powers Agreements (JPAs), which are more formal but still require all parties to remain independent while exercising joint authority. Under the act, water

entities must be recognized by the New Mexico State Engineer and formally approved by the Secretary of State. NMFA will further incentivize MDWCAs that choose to regionalize or join these authorities by offering increased DWSRLF subsidies and project priority scores for their regionalization projects to help offset costs.

The Regional Water System Resiliency Act represents a major step forward in water governance for New Mexico. By reducing barriers to formation of regional entities, the act enhances the ability of communities to sustainably manage water resources, improve infrastructure, and increase resilience in the face of environmental and administrative challenges.⁶²

Additional legislative actions spurring regionalization activities include the 2019 New Mexico Water Data Act, which created a coordinated framework to improve the collection, sharing, and accessibility of water data across state agencies; and the 2023 Water Security Planning Act, which requires regional water security plans and supports interagency collaboration, TA, and funding.

Community Outreach and Technical Assistance

Community outreach and TA efforts are essential to advance water system regionalization in New Mexico. These activities increase system capacity, facilitate relationship-building between water systems, and ensure local needs and priorities are reflected in regional planning and implementation. Additionally, each community has unique challenges and needs. Involving communities in the regionalization process fosters trust between residents and policymakers. When communities are actively engaged in decision-making processes, they are more likely to support and participate in regionalization initiatives.^{63,64} Community engagement also helps communities access resources and funding.

In addition to the work that NMED undertakes directly through the SWIG Regional Resiliency Team, NMED partners with and works alongside other organizations providing outreach, TA and other support to water systems across the state. Several of these key partners are summarized briefly below.

Rural Community Assistance Corporation

RCAC is a nonprofit organization that provides water and wastewater infrastructure assistance, among other support, in rural and Tribal communities in over a dozen states, including New Mexico. While

RCAC's water sector services are broader than regionalization, the organization has been at the center of regionalization efforts in New Mexico for more than two decades. RCAC has facilitated informal and formal regionalization initiatives between systems through training for water system boards, operators, and managers and TA to support technical, managerial and financial capacity (e.g., strategic planning support, affordability assessments, grant and loan management, financial planning). RCAC also helps systems transition to becoming MDWCAs.⁶⁵

Stakeholders shared that RCAC collaborates with SWIG's Regional Resiliency Team to deliver regional board trainings, facilitate partnerships between systems, and host statewide Water Leadership Institute workshops for board members and staff from small drinking water systems. RCAC's support is designed to build capacity, foster collaboration, and encourage shared problem-solving around regulatory compliance, infrastructure planning, and financial sustainability.



Northwest New Mexico Council of Governments

NWNMCOG is one of seven regional planning districts or Councils of Government (COGs) that provides TA to local entities across many sectors, including water planning and development, in San Juan, McKinley, and Cibola counties. NWNMCOG provides TA for water systems and special districts, support with project development, funding applications, and organizational capacity, and overall coordination of water system regionalization services. The COG also coordinates the Regional Water Commons meetings, a monthly outreach initiative focused on continuous engagement with small and rural water systems. Through the Commons' virtual and in-person meetings, NWNMCOG facilitates shared learning, peer support, and updates on training, funding opportunities, and technical resources. The Commons also serves as a trusted forum for open dialogue between communities, service providers, and policymakers.⁶⁶



Southwest Environmental Finance Center

The SW EFC, housed at the University of New Mexico, provides TMF assistance to water and wastewater systems across the state and beyond New Mexico, specifically supporting resources for improving the capacity of small water systems. The SW EFC supports regionalization efforts by conducting feasibility studies, helping systems understand their infrastructure needs, and advising on collaborative governance models. The organization offers trainings specifically focused on water regionalization and provides broader TA and training to support system capacity building, including on asset management, regulatory compliance, source water protection, drought preparedness, and leak detection.^{67,68}

Additionally, SW EFC partners with SWIG's Regional Resiliency Team to lead the Aguas del Norte Regional Water Forum. Through the Forum, SW EFC offers training and brings together PWSs in Rio Arriba County to discuss common challenges.



SOUTHWEST
ENVIRONMENTAL
FINANCE CENTER

New Mexico Rural Water Association

The NMRWA is a nonprofit organization that delivers hands-on TA, training, and advocacy for small and rural wastewater systems throughout the state. Their circuit riders and technical specialists work directly with system operators to address compliance challenges, emergency response planning, leak detection, and infrastructure maintenance. NMRWA helps systems navigate funding applications, offering operator training, and facilitating intersystem collaboration when shared services or joint governance could improve service delivery and sustainability.⁶⁹



NEW MEXICO
RURAL WATER
ASSOCIATION

New Mexico Finance Authority Technical Assistance Program



NMFA is standing up a new Technical Assistance Program (TAP) that will connect water and wastewater systems to TA providers to support capacity development and regionalization efforts. This program is expected to start in July 2025. Free services will include:⁷⁰

Engineering or technical and hydrologic services. Developing reports to improve water systems infrastructure or identify potential connections for regionalization, managing infrastructure projects, creating and implementing Asset Management Plans, and identifying timelines and funding requirements.

Geospatial mapping services. Mapping system services to compile a regional service area map, inventorying and mapping water system components, and compiling this information into a report on all water uses in the service area.

Accounting services. Developing financial plans, exploring options for debt consolidation or forgiveness, establishing or reviewing financial policies, and identifying funding strategies for short-term assets and ongoing maintenance.

Legal services. Developing organizational documents (e.g., Articles of Incorporation or Bylaws); reviewing debts, assets, and legal easements in support of regionalization; assessing system compliance with water rights; and developing or reviewing contracts.

Facilitator services. Supporting the formation of a regional entity, coordinating meetings of board members or other decision-makers, and ensuring a transparent and inclusive decision-making process.



Photo by Mike McFadden.

DRIVERS TO ACCELERATE BUILDING A STATEWIDE WATER SYSTEMS REGIONALIZATION ASSISTANCE PROGRAM

The number of small water systems in the country and the seemingly intractable problems that many of them face has been one of the core challenges facing state drinking water programs for decades. While the 1996 SDWA amendments and other state and national actions have sought to focus technical, funding, and other resources to comprehensively address the small system challenge, the problems persist and increase in urgency. While regionalization is one of many tools that states can employ to move small systems towards a sustainable future, the goal of resource sharing, community partnerships, and, where feasible, true consolidation, is one of the most direct ways to reduce the number of small systems in the state and across the country, and thereby reduce the disproportionate burden and risk that small systems face every day with operations, compliance, and supply and service reliability. The sections below articulate some of the most critical stressors that small systems in particular face in New Mexico, which justify enhanced investment in regionalization efforts statewide.

It is important to note that source water quality and quantity issues will not necessarily be resolved through regionalization. However, regionalization may be one of several important tools that water systems can use to build capacity to address those issues, meet SDWA compliance requirements, and foster resiliency in the face of evolving challenges such as wildfires, emerging contaminants, dwindling water supplies, and a changing regulatory landscape.

Drinking Water System Challenges in New Mexico

Regulatory Compliance

The passage of the SDWA has led to significant improvements in public health, and overall SDWA compliance has also improved over time.⁷¹ Since the passage of the SDWA over 50 years ago the number of federally regulated contaminants has increased from 22 to 94.⁷¹ EPA also anticipates regulating at least two PFAS, though changes to and final outcome of the draft PFAS rule (which proposed regulation of six PFAS) published in December 2024 are still uncertain.⁷² However, communities of color and low-income populations are still more likely to be receiving water from a CWS that has incurred a health-based violation.⁷³

The number of contaminants that regulated PWSs must monitor, and for which they must comply with health-based limits, varies by size, source water type, violation history, and other factors (e.g., geologic setting). However, all systems have experienced an increase in the number of regulated contaminants they are responsible for managing. With new regulatory requirements comes the need for system staff education, revised monitoring schedules and requirements, additional cost investments, and potentially new infrastructure (e.g., treatment). Simultaneous compliance can be another complex challenge, as mitigation measures for one contaminant can inadvertently impact levels of other contaminants in treated water. Furthermore, systems may face water quality and technical or operational challenges from unregulated contaminants (e.g., unregulated PFAS, cyanobacteria, microplastics, pharmaceuticals) for which monitoring, analysis, treatment, and management approaches may still be evolving and for which funding may not be readily available.

Over the past several years, water systems have also been working toward compliance with the 2021 LCR Revisions and the 2024 LCR Improvements, which replaced most LCR Revisions requirements. While lead and copper have been regulated in drinking water since 1991, these more recent requirements seek to accelerate the reduction of lead and copper in drinking water through enhanced identification and removal of potential sources of lead, public notification, and other measures.⁷⁴ As with all regulatory changes, these new requirements place additional responsibilities on system staff.

In addition to federal regulations, in New Mexico, MDWCAs must comply with state regulations specific to local governments and SPA regulations specific to MDWCAs. Among the activities and documentation required for compliance, MDWCA board members must attend training in at least eight topic areas on all regulatory requirements applicable to MDWCA's. Compliance and training requirements mandate that association board members, who are primarily community volunteers and are often senior citizens, have sufficient time available and technical understanding because trainings are time intensive. Rural communities in New Mexico with older and declining populations are also challenged to find younger community members willing to volunteer and take on civic responsibilities such as being a board member responsible for managing an MDWCA.

Based on data submitted by New Mexico to the federal SDWIS database in Quarter 1 of 2025, for required monitoring between January 1, 2020 and December 31, 2024, CWSs in the state incurred a total of 2,676 SDWA violations, including 586 health-based (21.9 percent) and 2,060 non-health-based violations. Eighty-six percent of non-health-based violations and 83.5 percent of health-based violations were incurred by CWSs serving 3,300 people or fewer. Additionally, 56.0 percent of total health-based

violations and 57.0 percent of non-health-based violations were incurred by CWSs serving 500 people or fewer. The 2,260 violations attributable to systems 3,300 people or fewer were incurred by a total of 398 unique CWSs.⁴⁰

Financial Challenges

Profile of Service Populations

The five largest CWSs in New Mexico serve 44.7 percent of the state's total population, and the majority of New Mexicans live in three largely urban counties representing 6 percent of total land area.^{75,76} In contrast, 67.3 percent of active CWSs (as of May 2025) serve 500 people or fewer. These very small water systems serve a customer base that represents just 3.2 percent of the state's total population.⁷⁵ New Mexico has one of the lowest population densities in the country (ranked 47th in the 2020 Census), underscoring the geographic challenges that water systems face in serving their customers and building relationships with neighboring water systems and communities.⁷⁷ Across the state, 18.1 percent of the population is living below federal poverty thresholds, as are 13.7 percent of families—both higher than the national averages (12.4 percent and 8.7 percent, respectively).⁷⁸ The disproportionate number of small, rural water systems in the state, and financial challenges facing both water systems and customers, underscores the need for proactive, forward-thinking investment to ensure long-term sustainability and affordability.

Infrastructure Needs

EPA's most recent Drinking Water Infrastructure Needs Survey and Assessment (DWINSA), which is conducted every four years, estimated a total of \$1.62 billion (in January 2021 U.S. dollars) in infrastructure needs for New Mexico PWSs. One billion dollars of that was associated with the needs of small systems (serving fewer than 3,300 people).⁷⁹ Additionally, the DWINSA only captures needs associated with treatment, pipe replacement, storage, and other DWSRF-eligible water infrastructure needs, and does not reflect investments needed for long-term O&M, planning, or other activities essential to a sustainably managed water system.

The scale of infrastructure and other needs significantly exceeds systems' abilities to recover their full costs of operation and be equipped to meet emergency or other unanticipated needs. As noted in a 2021 study of rural infrastructure needs in New Mexico, "rural water systems often do not generate enough revenue through their rate structures to adequately cover their costs, including staff, insurance, legal and financial services, certified operators, expansion, scheduled or emergency repairs, and technology upgrades. Insufficient financial capacity can also prevent water systems from accessing the credit that they need to expand, which is especially significant given the expected growth of the state's population in the coming decades."⁸⁰

Unsustainable Water Rates

In addition to having adequate technical and managerial capacity, water system self-sufficiency also requires robust financial health. Systems must have sufficient revenue, as well as the ability to obtain external funding, to cover routine operating expenses, longer-term capital investments, and unanticipated emergency needs. At the same time, the rates charged to customers should not exceed their ability to pay or jeopardize their access to safe and reliable drinking water—a fundamental public

health need and right. There are numerous ways to assess water system financial health. For example, the University of North Carolina's Environmental Finance Center has articulated key financial indicators:⁸¹

- System self-sufficiency (operating ratio).
- Ability to cover debt service and pay for day-to-day operations (debt service coverage ratio).
- Ability to maintain operations if customers no longer pay bills (days cash on hand).
- Ability to meet short-term obligations (current ratio).
- Remaining useful life of system (asset depreciation).

Additionally, a system's ability to assess its financial health requires being able to maintain and regularly access financial, asset, and other data, consistently collect revenue through customer bills, and conduct long-term financial, asset management, and other key planning activities. For systems with limited staff capacity, a small customer base, and many high-priority, competing demands, these requirements can be a considerable challenge and might not be completed adequately, or at all.

For the purposes of assessing project priority and terms for DWSRLF funding, the state has established affordability criteria to define disadvantaged and severely disadvantaged systems, based on median household income.⁸² More recent literature has proposed alternative and nuanced approaches to quantifying affordability—for example, through using an affordability ratio that considers cost for water and sewer services relative to disposable income, the 20th percentile income in the system's service population, and monthly water and sewer bills in terms of hours of labor at minimum wage.⁸³

Where regionalization can generate economies of scale, systems and customers may be better positioned to implement sustainable, affordable service, with rates designed to allow cost recovery and customer control over their bills.

Workforce

Eighteen out of 20 state employees interviewed by ERG identified workforce constraints as a key issue facing drinking water systems in New Mexico. Respondents noted that many system operators and system board members are volunteers and many are retired community members who lack the necessary expertise, ability, and training to ensure drinking water systems are operated and managed sustainably and in compliance with applicable regulations. One stakeholder noted that non-volunteer water system operators often do not earn a living wage or receive employer paid benefits. TA providers and water system representatives provided similar input, noting both workforce capacity and skill level as top concerns. These interviewees also highlighted difficulties retaining operators in small communities of fewer than 100 people and noted that smaller systems have typically become training grounds, with operators leaving to work for larger water systems that offer better financial compensation and benefits once they have sufficient experience.

In the process of supporting regionalization efforts across New Mexico, TA providers and consultants have also noted specific workforce challenges contributing to the need for regionalization. Cited challenges include a lack of volunteer board members, succession planning, and institutional knowledge; an inability to fill vacancies; a lack of certified operators; volunteers' inability to manage complex regulatory requirements; and lack of adequate training for board members.^{84,85} The SW EFC noted similar concerns in a 2022 report on infrastructure funding for drinking water systems in the state, stating

“volunteer board members feel overworked by having to take on other duties such as operation and maintenance tasks and applying for funding; overwhelmed by responsibilities including finding, hiring, and retaining water operators; and some members are ageing out of their roles.”³⁷

Workforce challenges in the water sector are not exclusive to New Mexico; similar challenges are being felt across the country. A 2020 EPA report noted that in the next decade, about “one-third of drinking water and wastewater operators in the U.S. will be eligible to retire.”⁸⁶ A 2018 Brookings Institution report also emphasized the challenges that demographics and education in the water workforce pose, noting that water sector workers “require more extensive on-the-job training and familiarity with a variety of tools and technologies,” and that in 2016, almost 85 percent of water workers were male and water treatment operators “are significantly older than the national median.”⁸⁷ Finally, the U.S. Water Alliance notes that while there are some case-specific examples of best practices to addressing workforce issues, “the current solutions lack scale and coverage and do not amount to a sectoral, systemic, and sustainable approach that can address water’s workforce challenges.”⁸⁸

Climate Change

Underlying the longstanding challenges that water systems face in maintaining adequate capacity are unprecedented impacts from climate change, including rising temperatures, lower precipitation, and more intense drought. The average temperature in New Mexico is projected to increase around 5–7°F in the next 50 years.⁸⁹ In addition, the period of 2000 to 2021 “was the driest 22 [year] period since at least 800 [A.D.]” in the southwestern United States,⁹⁰ drier and hotter than any other 22 year stretch “since at least 1901.”⁹⁰

The combined “observed and projected impacts” of “warmer temperatures, decreased water supply (partly driven by thinner snowpacks and earlier spring melting), lower soil moisture levels, increased frequency and intensity of wildfires, and increased competition and demand for scarce water resources,” particularly groundwater resources, further compound the challenges water systems face to maintain adequate, affordable supplies of safe drinking water long term.⁸⁹ These challenges are even more pronounced where alternative supplies are difficult or cost-prohibitive to access, or do not exist. Water quality impacts may also be a concern for surface water supplies or in “locations with shallow groundwater depth and where surface water recharges an aquifer.”⁸⁹ Additionally, New Mexico has experienced significant impacts to watersheds and drinking water sources from post-wildfire debris flows.⁸⁹

Furthermore, long-term planning to address the impacts of climate change may not be feasible or be a priority for many water systems facing numerous, short-term competing demands. A 2021 survey and interview effort focused on CWSs in the state noted that “drought was something that people seemed to think about only in moments of crisis (e.g., when a well runs dry)” and that water system “managers were focused, as they are in most small system operations, on day-to-day realities. Thinking about drought appears to be a year-to-year consideration for many small systems because they do not have the workforce to attend to things beyond the immediate horizon.”³⁷

Stakeholder Goals and Concerns

To better understand stakeholder perspectives on water system regionalization in New Mexico, ERG conducted interviews with representatives from NMED, other state agencies, TA organizations, and water and wastewater systems. As noted previously, ERG provided NMED the detailed results of these interviews in two standalone reports.

Across these groups, stakeholders identified several shared goals for regionalization, with the most frequently cited being the need to address workforce shortages, improve access to funding, and secure shared resources such as staff and equipment. Many participants emphasized the importance of building technical and managerial capacity through expanded training, certification programs, and improved system coordination. TA providers, in particular, highlighted the need to enhance workforce development, increase the number and capacity of contract operators, and improve communication and coordination between all stakeholders involved in regionalization efforts to meet the needs of small and rural systems.

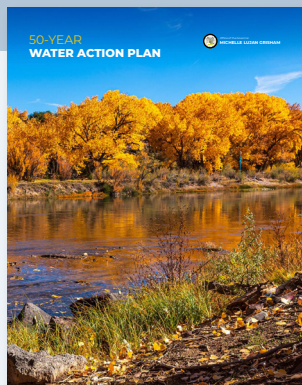
Stakeholders also described a range of barriers to regionalization. State personnel pointed to communities' fear of losing local autonomy; complex and overlapping regulatory processes, especially those related to water rights; and a lack of staff capacity at the local and state levels to support regionalization. Fragmented agency responsibilities and limited interagency collaboration were also noted as persistent challenges. Many state interviewees supported the idea of enabling legislation to require or incentivize regionalization under certain conditions, such as persistent noncompliance or environmental stressors.

TA providers and system representatives shared many of these concerns, while also identifying additional cultural and operational challenges. Mistrust between systems, limited understanding of regionalization, and planning gaps—such as the absence of emergency response plans or O&M plans—were seen as significant hurdles. TA providers highlighted their role in bridging these gaps by supporting cooperation and navigating the technical and political complexities of shared service models. They emphasized the importance of voluntary, well-supported regionalization initiatives backed by outreach, funding incentives, and tools that streamline agreements and capacity assessments.

Across all groups, stakeholders agreed that successful regionalization in New Mexico will depend on increased staff and funding for NMED, simplified regulatory and funding pathways, enhanced interagency collaboration, and investment in local capacity-building to ensure systems are prepared to engage in regional solutions.

Existing Recommendations Reports

Several state-level reports and planning efforts have identified regionalization as a key strategy for improving the sustainability, efficiency, and equity of water and wastewater systems in New Mexico. To inform the development of a new regionalization program, ERG reviewed existing recommendations and planning efforts for NMED to build upon.



New Mexico 50-Year Action Plan (2024)

This strategic planning document outlines New Mexico's long-term vision for sustainable water management through 2074. It identifies cross-sector actions needed to address water scarcity, climate impacts, and infrastructure challenges across the state, including strategic investments, advanced technology, collaboration between government and communities, modern water resource policies, and integration of cultural knowledge. The Action Plan reports the scientific consensus that New Mexico's rivers and aquifers will have 25 percent less water available in the coming decades. Recommendations include implementing the Water Security Planning Act of 2023, which supports

regional water security planning starting in 2025, and the previously discussed Regional Water System Resiliency Act.⁵⁶

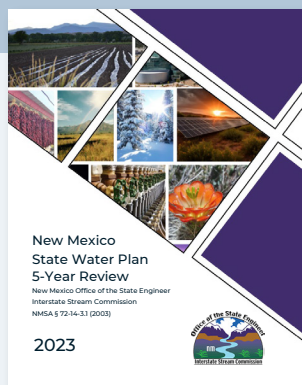
New Mexico Water Policy and Infrastructure Task Force's Facing New Mexico's 21st Century Water Challenges (2022)

This report presents recommendations from a stakeholder task force formed to address the state's water crisis. The task force's work, conducted from June to November 2022, identifies ways to promote regional collaboration and strengthen drinking water and wastewater systems. Strategies include:⁹¹

- Prioritize and incentivize regional collaboration for drinking water and wastewater systems through legislative direction and existing funding programs.
- Enable NMED to prepare and distribute an annual list of drinking water and wastewater systems that could benefit from regionalization feasibility studies, using objective criteria like drought and wildfire risk.
- Use targeted legislation to eliminate barriers to regionalization, including granting authority to regional systems and addressing liability concerns (e.g., through safe harbor provisions) while maintaining flexibility for local needs.
- Fund needed resources at state agencies, such as recurring funding for a Regionalization Coordinator at NMED, to support capacity-building and collaboration strategies.



- Increase funding to the NMFA Local Government Planning Fund to support regionalization studies and the implementation of their findings.
- Update the SPA to better support mutual domestic associations and enable NMED to assist community volunteers in operating and maintaining water or wastewater systems.
- Develop guidance to help local governments and legislators use Capital Outlay to repay outstanding debts for water and wastewater systems facing financial hardship.
- Use state funds to cover increased project costs associated with federal program requirements, like domestic preference provisions, to leverage federal infrastructure funds.
- Provide small grants or contracts to communities needing administrative and legal support to establish a regional authority, potentially through NMED, the New Mexico DFA, or NMFA.
- Expedite the water rights application process at OSE to support creating or expanding regional authorities.
- Establish Water Infrastructure Projects Authority to address local capacity challenges and improve the predictability of state funding for water infrastructure projects.
- Expand TA and strategic actions through predictable state funding to grow the workforce needed to address local water infrastructure challenges.



New Mexico OSE's State Water Plan 5-Year Review (2023)

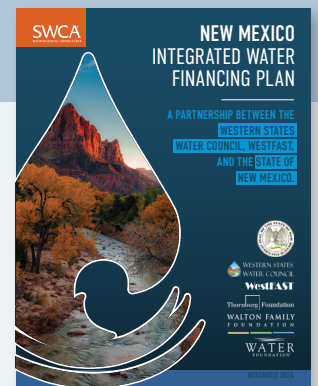
This review assesses the progress made under the 2018 State Water Plan, which documents and identifies legal frameworks, available support, priorities, and strategies for managing state water resources (including infrastructure, supply and demand, and other topics), and lays out updated priorities for 2023–2028. It serves as a guide for how the NMISC will support and align regional water planning efforts with broader state goals, including advancing the terms of the 2023 Water Security Planning Act. The document emphasizes equity, climate resilience, and community capacity-building, recommending a set of nine strategies:⁹²

1. **Reassess water planning region boundaries.** In 2024, reassess the 16 water planning region boundaries with public engagement, considering factors like climate change, watersheds, governance, and cultural relevance.
2. **Secure initial funding for regional water planning.** NMISC will help regions identify and secure funding, leveraging increased state funds to attract federal funding.
3. **Provide clear regional water planning guidelines.** NMISC will establish guidelines that include water conservation, resilience, sustainability, equity, and capacity-building criteria.
4. **Align regional plans with state priorities.** NMISC will gather input from regional planning entities to ensure plans meet local needs, address underserved communities, and align with state priorities.

5. **Provide funding opportunity guidance.** NMISC will assign a liaison to each water planning region to offer funding guidance, with regional entities assisting rural communities in securing funding.
6. **Offer TA and promote dialogue.** Facilitate workshops and public outreach and provide clear guidelines to help regional entities develop plans that align with local and state priorities.
7. **Collaborate with the New Mexico Water Data Initiative (WDI).** NMISC and other state departments will collaborate with the New Mexico WDI to ensure effective data sharing for regional planning needs.
8. **Promote the Active Water Resource Management (AWRM) initiative.** Integrate AWRM into regional plans and develop tools like shortage-sharing agreements and water banking, informed by community input.
9. **Address water rights adjudications and well inventories.** Provide a status report on water rights adjudications and inventory existing wells, with strategies to determine the appropriate disposition of unused wells.

Western States Water Council's New Mexico Integrated Water Financing Plan (2024)

This plan analyzes the state's water financing landscape and identifies barriers and opportunities for integrating funding sources to support water infrastructure improvements. It highlights issues such as difficulty financing regional water projects, especially for small communities that struggle to find affordable financing. The document identifies several funding challenges, such as the underutilization of loan programs due to aversion to taking on debt, limited grant and loan forgiveness options, and inadequate federal funding for key initiatives like aquifer mapping. It also addresses community resistance to consolidation efforts, administrative challenges in navigating legal and policy issues, and a shortage of skilled labor. To address these challenges, the plan suggests the following incentives:⁹³



- **Financing.** Pair grants with loans to increase accessibility to federal and state infrastructure funds. Recommended grants include the WaterSMART Drought Response Program, Environmental Infrastructure Program (Section 595 of the Water Resources Development Act), the Federal Emergency Management Agency's (FEMA's) Building Resilient Infrastructure and Communities (BRIC) program and Hazard Mitigation Grant Program (HMPG), which was canceled in 2025 and Sentinel Landscapes (a coalition between the U.S. Department of Defense [DOD], USDA, and the U.S. Department of the Interior [DOI]).
- **Financial incentives.** Offer conditional grants and subsidies, provide favorable financing options, and establish performance-based incentives to encourage system participation in regionalization.
- **TA.** Provide support through feasibility studies, expert consultation, legal and administrative assistance, and training and capacity-building programs.

- **Regulatory and policy support.** Introduce policy flexibility, require feasibility studies for consolidation as a condition for funding eligibility, and streamline state policy and administrative processes to reduce barriers.
- **Community engagement and support.** Launch public education campaigns and implement stakeholder involvement and customer support programs to build awareness of and trust in regional solutions.
- **Collaboration and networking.** Promote the formation of regional networks and partnerships to facilitate knowledge sharing and joint planning efforts.



Photo by Leah Tevis.

REGIONALIZATION PROGRAM RECOMMENDATIONS

As noted previously, ERG developed the recommendations below based on research of national and state best practices, stakeholder interviews, a review of SWIG's current regionalization efforts and program structure, and consultations with NMED's WPD staff.

The 13 recommendations encompass five categories: baseline program components and functions, data collection and management, external program partners, incentives, and outreach and communications. Recommendations are designed to support a significant expansion and acceleration of regionalization activities conducted to date, including overcoming barriers that may have prevented or slowed regionalization activities in the past; facilitate closer collaboration between WPD, NMED, and other key state agencies and programs involved in regionalization activities; sustain and enhance the use of external partners to support regionalization efforts; build a robust data collection and analysis effort to support and inform regionalization activities; and improve water system, public, and other stakeholder understanding of the challenges facing New Mexico's water systems and the role regionalization activities may play in ensuring the sustainability of water supplies and systems into the future.

ERG worked directly with WPD technical staff to refine the recommendations, with the goal of initiating planning activities for the statewide regionalization program in State Fiscal Year 2026.

Baseline Program Components and Functions

1

Designate NMED as the lead coordinating entity statewide that works collaboratively across the state with other state departments and offices, TA providers, and other stakeholders to streamline and support regionalization efforts.

Stakeholder input underscored the critical roles and authorities that many entities across state governments have in facilitating all forms of regionalization. Additionally, stakeholders concurred that NMED should serve as the lead entity for regionalization efforts, particularly as regulatory authority for the SDWA, as well as the Clean Water Act (CWA), rests with the department. Currently, water systems that may want to form a regional utility authority have to consult with up to eight state entities: Taxation and Revenue New Mexico, NM 811, the New Mexico Office of the State Auditor, the New Mexico DFA, the New Mexico Attorney General's Office, the New Mexico Secretary of State, OSE, and NMED. Feedback indicated that current and historical coordination between these programs and WPD has been ad hoc, or otherwise limited. Additionally, other state entities, such as OSE and NMISC, are undertaking regional-scale planning activities that may impact or otherwise be relevant to regionalization initiatives, but in which NMED currently has limited or no involvement. Success of future regionalization efforts requires a lead entity that can ensure all state stakeholders are aligned and coordinated, are aware of each other's efforts, and are working as efficiently as possible. By serving as a "regionalization hub," NMED, through WPD, can also help point water systems to the appropriate state entity or individual to answer their questions or meet specific needs. Because the program will eventually support wastewater utilities, NMED could consider keeping the program in WPD but housed outside of DWB, where it currently resides.

2

Develop a strategic plan with short- and long-term program goals and annual performance metrics (statewide and regional) to address the goals of Years 1–5.

Year 1: Establish the program design, purpose, core functionalities (e.g., management, outreach, engineering, data analysis, information technology, programming), goals, and organizational placement within NMED. Initiate planning for a statewide needs assessment to prioritize water systems and regionalization activities.

- The proposed program purpose is to continually assess New Mexico water system sustainability, capacity, risk, and needs; identify and prioritize systems to pursue partnerships for regional collaboration; identify and lead implementation of opportunities for the full spectrum of system partnership opportunities, from informal to formal (including establishing regional utility authorities); and coordinate with internal and external partners to facilitate successful partnerships.

- The program represents an expansion of the current regionalization team within DWB's SWIG.
- Additional program-related activities include:
 - Establish metrics for annual program performance and process for continual review.
 - Develop a framework for coordination and collaboration across state programs (e.g., workforce and operator certification programs/initiatives), agencies, and with external partners.
 - Establish and hire an outreach manager and interagency coordinator position to support external communication on regionalization with partners (e.g., TA providers), communities, and water systems, as well as coordination and planning across state programs and agencies involved in regionalization (e.g., OSE, NMFA).

Years 2–5: Continue program implementation and improvement, including program design upgrades and expansions based on lessons learned and best practices. Enhance coordination across state agencies, particularly OSE and NMFA (as TAP is established).

- Develop a long-term vision and goals for Years 6–10.

The new regionalization program will build and expand upon the DWB's SWIG regionalization efforts and will closely coordinate with WPD's new ECP. A strategic plan that articulates program purpose, goals, roles and responsibilities, timelines, and performance metrics will serve as the foundation for NMED in creating a functioning program that can expand and improve over time. By establishing the program purpose and functionalities, NMED can assess the program resources needed for base program funding to expand internal staff capacity and determine the number of additional NMED full-time equivalent positions needed to implement the program statewide. The strategic plan also serves as a collaborative guiding document for state and external partners to ensure all stakeholders supporting regionalization activities in the state share collective goals, understand and adhere to specified roles and responsibilities, and participate in continual evaluation of program achievements. The timing of activities represented in the recommendation reflects feedback provided by WPD during the May 2025 workshop on program priorities and timing of implementation.

Data Collection and Management

3

Develop an assessment tool with evaluation criteria and metrics to assess water system sustainability (e.g., system capacity, source water quality, risk, opportunities for regionalization) at an individual and regional scale. Establish thresholds to designate systems at risk, as well as criteria that would designate a system as a “failing system.” Assign individual scores on water system sustainability and make the scores publicly available to increase transparency and awareness of system capacity and compliance status.

As illustrated through the state program examples presented previously, data collection and analysis has been at the core of the most recent, robust regionalization efforts. To date, there have been limited efforts to conduct a qualitative or quantitative assessment of New Mexico’s water systems specifically to identify those that could be assessed for regionalization opportunities. Implementing this recommendation will require NMED to identify core metrics for water system sustainability, identify data sources, and design a process and tool for data collection and analysis. This tool can draw from existing data and databases—such as the state’s SDWIS database, historical DWSRLF data, and other sources—but may also require original data collection through existing mechanisms (e.g., sanitary surveys, TA provider site visits) or other means. Developing and applying statewide criteria for failing systems—coupled with input from WPD, other state programs, and TA providers in the field—will also be important for facilitating a more rapid scaling up of regionalization efforts. Finally, water system scores can be made publicly available, as Louisiana has done under a similar framework, to communicate to the general public, local elected officials, and other stakeholders how well their system is performing, and convey in an understandable manner the risks of allowing a failing system to operate without intervention or change.

4

Conduct a statewide needs assessment of CWSs, addressing system compliance status, demographics, affordability of service, sustainability, and funding needs versus available funding (initial assessment and regular annual updates).

While data collection associated with EPA’s DWINSA quantifies infrastructure needs on a routine basis, needs are limited to those eligible for DWSRLF, and the survey instrument is designed by EPA for their specific needs. There is currently no estimate of, or centralized process for estimating, holistic water system needs reflecting the full scope of challenges that systems are facing (e.g., workforce constraints, resilience, emergency response capabilities, revenue adequacy). Coupled with Recommendation 3, assessing system needs will provide a complete statewide picture to inform the regionalization program’s needs and priorities. Other state programs (e.g., Capacity Development, DWSRLF, compliance assistance) are also anticipated to benefit from this program. Utilizing an assessment tool, a needs assessment will assist NMED in quantifying the statewide needs and the cost associated with providing TA and coordination support.

5

Establish quantitative and qualitative goals and metrics, specific to systems involved in ongoing regionalization efforts, to track and evaluate water system success before and after regionalization efforts.

The results of regionalization efforts are unlikely to be immediately apparent. Additionally, given the spectrum of regionalization activities, systems may gradually move across the spectrum over time, from informal to formal efforts, or may stop participating. While regionalization efforts have been ongoing in the state for more than two decades, the outcomes from these efforts have only recently been documented and are based in part on longstanding institutional knowledge among WPD staff and TA providers. There is currently no established process through which NMED independently evaluates the outcomes of regionalization efforts over time. Measuring success is key in identifying potential improvements, best practices, challenges, or lessons learned while regionalization efforts are ongoing or after they conclude. Continually measuring outcomes will be critical for an expanded program to ensure resources are effectively and strategically targeted, justify continued investment in the program, and inform program focus and priorities over time. Measurement can also help build accountability across stakeholders and mitigate or track impacts from staff turnover at utilities, TA providers, or NMED—providing a consistent baseline and yardstick for success regardless of individuals involved. Because the circumstances and needs of systems and communities participating in regionalization efforts can be unique, these goals and metrics will likely need to be tailored to specific projects. However, the program is expected to have core metrics (e.g., SDWA compliance, affordability of service) relevant to all efforts.

6

Develop a comprehensive database or tool with an internal and external-facing dashboard to capture outcomes of assessments, communicate water system sustainability scores, and measure regionalization activities and results over time (or determine if an existing state data system can be used for this purpose).

Integrating the data needed for collection efforts under Recommendations 3, 4, and 5 into a central location is essential for resource efficiency, timely information sharing, and informed decision-making. In addition, the data collection efforts articulated under the three prior recommendations will likely draw on some of the same sources of information, and outcomes from one assessment (e.g., system sustainability) will directly inform another (e.g., success of regionalization efforts). A comprehensive database with an accessible dashboard will help facilitate data collection and sharing and will make data available to all stakeholders uniformly in real time. Additionally, building a public-facing dashboard to share all or selected information improves program transparency, accountability, and recognition.

External Program Partners

7

Expand partnerships with and leverage municipal leagues, counties, COGs, and other regional and local entities across the state to function as regional coordination bodies and fiscal agents to support water systems in regionalization efforts through an MOU. Example coordination support includes:

- Hosting regular (e.g., monthly or quarterly) leadership trainings.
- Providing direct TA in partnership with RCAC, SW EFC, and NMRWA to support business management, governance, finance, and operations capacity improvements.
- Serving as a regional hub for pursuing, managing, and dispersing funding to support regionalization at the water system level.

Expanding regionalization efforts across the state will require a corresponding increase in coordination with and leveraging of entities that can promote and facilitate regionalization efforts where appropriate. NMED is already working with several COGs in this capacity, and the strategy has been successful in other states profiled for this report. For example, Kentucky's state agencies providing water system oversight coordinate with statewide ADDs to gather and assess water system data and provide TA. In many cases, these regional organizations have existing, trusted relationships with water systems and communities and have an established reputation for providing successful support.

8

Develop standardized resources and processes for delivering partnership/regionalization support services that can be customized or enhanced as needed to account for the diverse forms that regionalization can take and the unique challenges and circumstances of individual water systems and communities.

- Provide standard toolkits, templates, and other resources (e.g., contracts or cost or resource sharing agreements) for partners and contractors to use with water systems across the state to establish consistency as regionalization efforts expand.
- Develop a training program for third-party providers to prepare them to assist with all forms and aspects of regionalization, including interconnections.

Feedback received during stakeholder interviews indicated a need for water system and community stakeholders to better understand what regionalization is, the process for establishing partnerships with other systems, who to reach out to for help and support, and other services. Some stakeholders also noted that they receive different information from different sources. By creating some standardized resources and processes, NMED will assist stakeholders in moving through the regionalization process more uniformly and will ensure a consistent standard of services and support across the network of external partners. Because all regionalization efforts must meet unique system and community needs and circumstances, these products must be customizable and will serve as a foundation rather than rigid guidelines.

9

Expand contracting funding and capacity to enhance the reach of third-party facilitators to assist with regionalization efforts across the state.

As with Recommendation 7, this recommendation emphasizes the need to expand NMED's capacity for assessment and support through external partners. TA providers have been at the center of regionalization efforts in the state for more than 20 years and have deep, longstanding relationships with many water systems across the state. Much of the institutional knowledge around regionalization activities to date lies with TA providers, and they have developed processes, trainings, and other resources that form the playbook for regionalization in the state. Expanding the capacity and number of TA providers and other third-party facilitators to assist water systems throughout the state will be necessary to expand regionalization efforts, conduct data collection, and build standard resources and tools for program implementation and will require recurring resource investment to make a lasting impact.

Incentives

10

Provide new or expanded funding and other incentives to reduce barriers to partnerships or regionalization, such as:

- Grants or TA provider services at no cost to the water system to support planning activities (e.g., legal costs, O&M plans, feasibility studies, asset management, other capacity-building plans).
- Funding for setting up new regional utility authorities.
- Debt forgiveness and safe harbor provisions for subsuming entities.

Stakeholder interviews identified costs and the lack of available funding as major barriers to systems achieving sufficient TMF capacity, meeting current and future needs, and pursuing regionalization efforts. While NMFA does provide additional priority points to DWSRLF applicants pursuing regionalization projects, funding that specifically incentivizes regionalization and disincentivizes continued, independent operation of failing systems was identified as a continued need. Additionally, more funding is needed to support activities that precede and follow a defined project, such as planning, feasibility studies, and O&M. Stakeholder interviews and literature review also emphasized the importance of incentivizing water systems that take over struggling systems—for example, through debt forgiveness or safe harbor provisions.

11

Raise the bar for small water systems to continue operating independently, including by:

- Requiring capacity-building training on topics such as business management, finance, budgeting, maintenance, and operations as prerequisites for receiving funding, and/or triggered by a specific sustainability score or grade.
- Prohibiting infrastructure grants and funding from going to systems with sustainability scores below a certain threshold.
- Developing a process for requiring systems with sustainability scores below a certain threshold to conduct assessment of risks and challenges, develop solutions plans, and enter a regionalization assessment or process if appropriate based on a solutions plan.

Stakeholders stated that continuing to allow small systems with low or no TMF capacity to operate is unsustainable and perpetuates problems that these systems and communities may never be in a position to address. While TA support is beneficial, NMED needs to expand its available tools to require systems to consider longer term, constructive operational and managerial changes. As research of other state programs has shown, in some cases, the mere existence of these tools, rather than the use of them, has compelled systems to voluntarily participate in regionalization or other initiatives. In addition to the specific actions incorporated into the recommendation, NMED can also assess MDWCA compliance and whether there are alternative options to the creation of new MDWCAs that would be protective of public health, be more resource efficient, and provide a more sustainable governance structure.

Outreach and Communications

12

Develop an interactive NMED website that includes all resources and state departments involved in regionalization efforts. Ensure the website has dedicated landing pages—one specifically for water systems and one for the general public and New Mexico communities. Resources can include:

- Documented benefits of regionalization (including video testimonials).
- Clearly defined user-friendly steps, required documentation, and application timeline for water rights.
- Outreach materials on the interaction between water rights and regionalization.
- Information on how to access TA for regionalization support.

As the proposed lead for regionalization efforts, NMED can provide enhanced resources on regionalization for water systems, local decision-makers, and the general public. These resources can serve multiple functions, including building awareness of the many forms regionalization can take, identifying the benefits regionalization can provide, articulating the circumstances under which systems or communities may want to consider regionalization, and providing information on the process for exploring regionalization options and who to contact for help and additional information. This website can also serve as a single location to house resources from and links to other state and external entities engaged in regionalization.

13

Design and launch an awareness campaign on the cost and challenges of operating small systems, the landscape of small systems in New Mexico, the value of water and the steps for delivering clean, safe, and sustainable water services, and the benefits of collaboration and partnerships across water systems.

Public support is central to any successful regionalization effort, and members of the public serve in critical decision-making capacities for water systems, for example as system board members, elected local officials, and most critically, as ratepayers. Water system noncompliance, service interruptions, or other challenges can have broad and devastating consequences to public health and the economic and social wellbeing of communities, yet concerns over loss of local control or rate increases – driven largely by a concerned public – are some of the biggest obstacles to the success of regionalization in any form. A statewide campaign that focuses specifically on public education around small system challenges and the benefits of regionalization is an appropriate complement to ongoing and expanded efforts to build support for regionalization among water system stakeholders. Additionally, experience from other states like California points to the need for and value of public outreach, and the need for public outreach strategies and efforts to be distinct from system outreach.



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CONCLUSION

The state’s water systems, and very small, rural water systems in particular, face unprecedented challenges in delivering safe and sustainable drinking water services to New Mexicans. Regionalization is one of multiple tools that water systems can deploy to address long-standing and in some cases intractable issues retaining and adequately compensating qualified staff, meeting current and future regulatory requirements, managing the increasingly intense impacts of climate change on water infrastructure, supply, and emergency response capabilities, and continually investing in needed infrastructure and services into the future. Building on the last two decades of work by state agencies including NMED, TA providers, regional and local partners, and other stakeholders to support informal to formal regionalization efforts across the state, NMED is well-positioned to lead and support a significant expansion in the use of water system partnerships to ensure all New Mexicans have access to clean and safe drinking water. In Fiscal Year 2026, NMED will evaluate the outcomes and recommendations from this report and research effort, and identify a path forward for implementation of desired actions.

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APPENDIX: RCAC's Catalog of New Mexico Regionalization Projects

The Appendix was developed by RCAC under a separate contract with NMED. It is reprinted here in its original form as submitted to NMED, without further modification.

Appendix: RCAC's Catalog of New Mexico Regionalization Projects



Prepared by:
Rural Community Assistance Corporation



Appendix: RCAC's Catalog of New Mexico Regionalization Projects

Catalog of New Mexico Water System Regionalization Projects:

This catalog tells the story, drawn from several decades of related work by the Rural Community Assistance Corporation (RCAC), of why many water systems in the state have used regionalization as one of their tools to build resilience. Although regionalization has been guided and facilitated, it is the communities that ultimately have made the decision to move toward regional collaboration.

The catalog lists regionalization projects in New Mexico that RCAC either worked on or is aware of going from the present to about 2006. The projects that have not been facilitated by RCAC are indicated with an asterisk (*). The catalog does not include the multiple interconnections that have been completed in the state throughout the years, as many of these projects were only in-directly connected to regionalization projects.

Key drivers for regionalization include the severe drought of the 2000s when many wells were productionless or going completely dry, funding programs and policies, state wide regionalization initiative in 2005, and the New Mexico Water Policy and Infrastructure Task Force in 2022.

Regionalization is categorized in this Catalog as any collaboration between two or more systems, typically using mechanisms exemplified below:

- **Memorandum of Understanding/Memorandum of Agreement (MOU/MOA)** are often an informal way to form a mutual aid agreement. Collaboration examples include the case of Valdez and Lower Des Montes Mutual Domestic Water Consumers Association's (MDWCA) who used an MOU to start holding joint meetings, seeking funding to complete a Preliminary Engineering Report (PER) for both MDWCAs, and seeking funding to complete infrastructure improvements.
- **Joint Powers Authority (JPA)** is a formal agreement that allows entities that have joint powers that can relate to providing water service through a JPA entity. This type of agreement typically does not allow for a merger to happen. All entities need to remain partners that exercise jointly executed powers. An example of using the JPA approach is seen in the case of the Grant County Water Commission who, for water planning

purposes, established multiple JPAs in Grant County for planning and interconnections. The Camino Real Regional Utility Authority (CRRUA) used JPAs to improve water system operation and management.

- **Sanitary Projects Act (SPA) Regional Entities.** The SPA Act did not allow mergers until it was amended in 2006. This prompted the mergers of many MDWCAs, although it only applied to MDWCAs so Water and Sanitation Districts and cities or other entities could not merge using this vehicle. Several MDWCAs formed under the SPA coming together to merge as in the case of El Rito Regional, Greater Chimayo, Greater Glorieta, El Valle Water Alliance, Lower Rio Grande MDWCA, which later became an authority, and many more as listed in the Catalog.
- **Legislation.** Prior to 2023, many entities who wanted to merge did the hard work to pass their own legislation to form a new entity that would allow utilities organized under different laws to come together. Two prominent examples of stand-alone legislation can be found in the creation of the Albuquerque Bernalillo County Water Utility Authority (ABCWUA) and the Lower Rio Grande Public Water Works Authority (LRGPWWA). Note that the Lower Rio Grande started as the Lower Rio Grande MDWCA. When they formed the authority under their own legislation, the five original MDWCAs and the LRG MDWCA merged to form one authority. It is important to mention that El Valle Water Alliance, which was formed under the SPA, attempted unsuccessfully to pass its own legislation. Others also tried to pass their own legislation but were not successful.
- **SB1 the Regional Water System Resiliency Act.** There are several regional entities currently forming under the Regional Water System Resiliency Act. They are Peñasco MDWCA and Rodarte MDWCA, which formed the La Jicarita Domestic Water Alliance, and Llano Quemado MDWCA and El Valle de Los Ranchos Water and Sanitation District. In addition, several water systems outside of Gallup are working to become a Regional Entity, including the Gamarco and Ya-Ta-Hey water and sanitation districts.

Disclaimer: This is solely a RCAC work product, included within the ERG Regionalization Recommendations report to NMED to provide valuable grass-roots level input.

County: Bernalillo

Regional entity: Albuquerque Bernalillo County WUA*¹

Number of systems: two systems and growing

Public water system participants	Population	Connections	Year regionalization started
City of Albuquerque	650,000	214,000	2003
Bernalillo County	671,747	unknown	

¹ First authority in the state, created through its own legislation.

* RCAC did not work in this regionalization.

Why regionalization (drivers)

- Ongoing drought
- Water quantity issues and more

Support for regionalization

Overwhelming support from the ratepayers and transformative political leaders.

Regionalization incentives

Water Trust Board (WTB) Funding for Regional Projects has a higher grant loan ratio.

Regionalization obstacles

Opposition from local leaders.

Regionalization challenges

It took five years for the transfer of assets and liabilities.

Regional entity: Albuquerque Bernalillo County WUA* (continued)

Public water system participants	Population	Connections	Year regionalization started
Carnuel MDWCA	1,019	unknown	2001

Why regionalization (drivers)

Volunteers organized to bring water service to their community. Individual wells were going dry and nitrate/nitrite concerns from antiquated septic tanks.

Support for regionalization

Once the MDWCA was organized they were successful in getting funding. Funders brought up regionalization.

Regionalization incentives

Funding from legislature, congressional delegation, WTB. Address water quality concerns.

Regionalization obstacles

The ABCWUA was brand new but they were open to it. Carnuel had to build its own distribution system.

Regionalization challenges

Merging with the ABCWUA is a challenge for small systems due to the high standard of infrastructure development.

Public water system participants	Population	Connections	Year regionalization started
Paakwaree	117	50	Negotiations for Regionalization with the ABCWUA commenced in 2019

Why regionalization (drivers)

To provide sewer services to Paakwaree.

Support for regionalization

Currently in negotiations with the ABCWUA for interconnection to mitigate arsenic issues in Paakwaree's water source.

Regionalization incentives

Regional water resource management

Regionalization obstacles

ABCWUA has a complex administrative interconnection process.

Regionalization challenges

Merging with the ABCWUA is a challenge due to the cost of upgrading existing infrastructure to meet ABCWUA standards.

County: Cibola

Regional entity: Seboyeta Regional MDWCA supported through the Cebolleta Land Grant Water Systems Regionalization.

Number of systems: three

Public water system participants	Population	Connections	Year regionalization started
Bibo Water System (WS)	263	70	2012
Moquino WS	50	35	
Seboyeta WS	263	67	

Why regionalization (drivers)

- Non compliance, non reporting, aging infrastructure.
- Financial support is a hardship for the Cebolleta Land Grant.
- The land grant became fiscal agent.
- Drought conditions.

Support for regionalization

Not successful. Did not go through.

Regionalization incentives

RCAC provided assistance and developed a work plan to create a Seboyeta Regional Entity. Several documents were created.

Regionalization obstacles

Organized in 1949, board members have deep attachment to their own system. They voted no to a merger. No local transformative leadership.

Regionalization challenges

No local transformative leadership. Systems continue to receive TA and funding individually.

County: Curry / Roosevelt

Regional entity: Eastern NM Water Utility Authority (JPA)*

Number of systems: originally seven, however it was reduced to four in 2020

Public water system participants	Population	Connections	Year regionalization started
Clovis (EPCORE)	41,331	15,917	JPA 1987
Texico	1,331	510	
Grady	127	50	
Portales	14,284	5,431	

* RCAC did not work in this regionalization.

Why regionalization (drivers)

- Protect and utilize existing and future water rights.
- Mitigate groundwater declines in the Ogallala Aquifer.
- Provide mechanism to plan, design and construct water supply and distribution systems.

Support for regionalization

Canadian River Compact signed in 1952 and 1959 New Mexico Legislative Act authorizing the Office of the State Engineer (OSE) to construct a dam.

Regionalization incentives

Protect and utilize existing and future water rights. Provide mechanism to plan, design and construct water supply and distribution systems.

Regionalization obstacles

Secure funding in an efficient manner to complete the project.

Regionalization challenges

Three communities pulled out of the agreement due to challenges from securing funding for the entire project (region).

County: Dona Ana

Regional entity: Camino Real Regional Utility Authority (JPA)*

Number of systems: two

Public water system participants	Population	Connections	Year regionalization started
Sunland Park / Santa Teresa	19,466	7,318	2009

* RCAC did not work in this regionalization.

Why regionalization (drivers)

Economic development and combined water and wastewater services.

Support for regionalization

Initial MOU between the two entities in 2004.

Regionalization incentives

Economic development and increased level of service.

Regionalization challenges

Finding a manager with experience.

Regional entity: Lower Rio Grande PWUA¹

Number of systems: five at the beginning, now 16 and growing

Public water system participants	Population	Connections	Year regionalization started
La Mesa MDWCA	1,290	430	2010 under the SPA & 2012 created its own legislation
Mesquite MDWCA	4,500	1,500	
Berino MDWCA	2,280	760	
Vado MDWCA	690	203	
Desert Sands	1,626	542	
Butterfield Park MDWCA	1,132	343	
Organ W&S (previously merged with Mountain View)	825	251	
Brazito MDWCA	485	170	
Valle del Rio	252	96	
High Valley MDWCA	63	24	
Rincon Co-op	582	213	

¹ Created by its own legislation.

Why regionalization (drivers)

- Arsenic contaminants.
- Drought impact.

Support for regionalization

Transformative local board leaders and systems staff. Great support from the community (well documented process which was challenged in court).

Regionalization incentives

WTB Funding for Regional Projects has a higher grant loan ratio. Workforce development. Long-term planning. Economies of scale.

Regionalization obstacles

Opposition from a few local board members but not from the community.

Regional entity: Lower Rio Grande PWUA* (continued)

Regionalization challenges

USDA Loan/Grant Agreements with each of the systems. They borrowed from the NMFA to pay USDA since USDA Transfer and Assumption process to a new entity is resource intensive.

Regional entity: Dona Ana MDWCA*

Number of systems: unknown

Public water system participants	Population	Connections	Year regionalization started
Dona Ana MDWCA	17,067	6,514	Ongoing

* RCAC did not work in this regionalization.

Why regionalization (drivers)

Proximity to each other.

Support for regionalization

Dona Ana MDWCA wants to remain a MDWCA.

Regionalization incentives

Economies of scale.

Regionalization obstacles

Dona Ana MDWCA opposed the Regional Water System Resiliency Act of 2023 (SB1) legislation, however they are an entity which has regionalized several water systems.

Regionalization challenges

USDA loans transfer and assumption.

County: Grant

Regional entity: Grant County Water Commission (JPA)

Number of systems: four cities and Grant County representing all the other systems in the region

Public water system participants	Population	Connections	Year regionalization started
Tyrone MDWCA	70	30	2006 and 2023
Tyrone Townsite	782	326	
Arenas Valley MDWCA	1,204	502	
Pinos Altos MDWCA	348	145	
Sanctuary WA	28	14	
Rosedale MDWCA	254	110	
North Hurley MDWCA	365	130	
Santa Clara WS (Village of Santa Clara)	1,682	741	
Town of Silver City WS	14,400	7,445	
Town of Hurley WS	1577	644	
Bayard Municipal WS (City of Bayard)	2,616	1090	

Why regionalization (drivers)

Drought impact in the region and the interconnection of the systems in the area. Water Rights utilization is major driver. Some communities have water rights others do not. Recharge Credits. In 2006 Grant County, City of

Bayard, Town of Hurley, Town of Silver City and the Village of Santa Clara entered into a JPA to form the Grant County Water Commission. It was amended in 2023.

Support for regionalization

The transformative leadership and support of Priscilla Lucero from the Southwest New Mexico Council of Governments (COG). Support from the local mines Freeport McMoRan who is at the table attending meetings, providing key funding and water rights. Grant County is at the table. The City of Silver City develops a Water Model. Preliminary Engineering Report (PER) completed in 2013/2014 for the \$18.6 regional project. A second PER was completed in 2024 and the project cost increased over \$90M.

Regionalization incentives

Funding. Phase 1 - received \$9.5 (2006-2017) from different funders: NM Capital Outlay,

Capital Development Block Grant (CDBG), WTB, Colonias Infrastructure Fund, Interstate Stream Commission, Freeport McMoRan, USDA, and local funds. Water scarcity. They all need water. The region sees themselves as one for economic development and success.

Regionalization obstacles

The selected vehicle for the regionalization is a JPA. There is reluctance about consolidation by independent cities, towns, and villages. The MDWCAs seem more willing to a merger.

Regionalization challenges

USDA Transfer and Assumption process is resource intensive.

Regional entity: Hannover MDWCA merger into Santa Clara Water System

Number of systems: two

Public water system participants	Population	Connections	Year regionalization started
Hanover MDWCA	203	88	2025
Santa Clara WS (Village of Santa Clara)	1,682	741	

Why regionalization (drivers)

The Village of Santa Clara already operates and manages the Hannover MDWCA.

Support for regionalization

The transformative leadership and support of Priscilla Lucero (Southwest New Mexico Council of Government, SWNMCOG), Village of Santa Clara, TA by RCAC's Indira Aguirre, and the support from Freeport McMoRan.

Regionalization incentives

Funding from Freeport McMoRan, Colonias,

Rural Infrastructure Program (RIP), State Appropriation.

Regionalization obstacles

At first the board of Hanover was shocked and expressed opposition, however after several additional meetings they decided to move forward.

Regionalization challenges

Hannover has a USDA loan/grant funding. USDA Transfer and Assumption process is resource intensive.

County: Guadalupe

Regional entity: Sangre de Cristo Regional MDWCA (SPA)

Number of systems: seven

Public water system participants	Population	Connections	Year regionalization started
Anton Chico MDWCA	365	84	2006
Dilia Mutual Domestic Water Consumers Association and Sewage Mutual Community (MDWCA SMC)	102	33	
La Loma MDWCA	140	35	
Los Sisneros	300	76	
Sangre de Cristo MDWCA	180	72	
Upper Dilia MDWCA	42	13	
Llano del Medio	30	15	

Why regionalization (drivers)

- Drought impact in the region.
- Non compliance.
- Infrastructure improvements needed by each system.
- Aging board members.
- Lack of volunteers.

Support for regionalization

The transformative leadership of Guadalupe County Commissioners and planning and zoning staff.

Regionalization incentives

Funding: almost \$5M for the region from USDA, New Mexico Finance Authority (NMFA), Capital

Outlay, RIP, CDBG, WTB. Guadalupe County applied to CDBG and for state approp. for the region. Also, funding application assistance provided by Souder Miller & Associates (SMA).

Regionalization obstacles

At first there was confusion but leaders kept coming and overcame their obstacles of fear and resistance to change. Peer pressure kept bringing them to the meetings plus the presence of the county.

Regionalization challenges

Los Sisneros had USDA loan/grant funding. USDA Transfer and Assumption process is resource intensive.

County: McKinley

Regional entity: Northwest New Mexico Utility Authority (JPA)

Number of systems: three

Public water system participants	Population	Connections	Year regionalization started
Gamerco W&S	1,744	513	2022
White Cliffs MDWCA	323	95	
Yah-Ta-Hey W&SD	435	128	

Why regionalization (drivers)

Since 2008 the Northwest New Mexico Council of Governments (NWNMCOG) held meetings with about 22 public water systems (PWS) in the region to encourage regional collaboration due to non compliance issues, receivership is common in the county.

Support for regionalization

McKinley County committed funding to pay for planning and improvements of PWS in the county. Transformative leaders from three PWS decided to move forward with a JPA with assistance from the NWNMCOG and the county. McKinley County provided funding for the administration of the regional entity.

Regionalization incentives

Funding from NMED for the NWNMCOG and for RCAC to facilitate the process. The NWNMCOG hired Angelina Grey to help seek funding and she is very successful in bringing funding.

Regionalization obstacles

Lack of time from leaders to recruit, train and retain a manager who would operate the regional systems, and not approving policies and plans to be implemented by the manager.

Regionalization challenges

Being a JPA poses a challenge because Gamerco provides solid waste services, which means that the accounting has to be separated. White Cliffs is a MDWCA which means they may have issues consolidating with a Water & Sanitation District.

County: Mora

Regional entity: Mora Water Alliance (SPA)

Number of systems: five and more coming (the five are in color)

Public water system participants	Population	Connections	Year regionalization started
Agua Negra MDWCA	242	83	2018
Agua Pura MDWCA	357	127	
Buena Vista MDWCA	225	74	
Cleveland MDWCA	270	92	
Guadalupita MDWCA	82	62	
North Cleveland MDWCA	82	29	
Ojo Feliz MDWCA	60	24	
San Antonio de Cleveland MDWCA	269	94	
Rainsville W&S	177	88	
South Holman MDWCA	35	38	
Upper Holman MDWCA	325	74	
Watrous MDWCA	135	67	

Why regionalization (drivers)

- Systems are not getting volunteers to the board.
- Each doing compliance reporting.
- Aging infrastructure.
- Non compliance.
- High demand for technical assistance.

Support for regionalization

- Workforce challenges.
- Finding a certified operator and office clerk in the area has been challenging.
- Difficult to find board members.

Regional entity: Mora Water Alliance (SPA) (continued)

Regionalization incentives

Funding from the state legislature to pay for contractors to establish the alliance. Several positions are paid with state funds. But the systems pay for operator and sampling.

Regionalization obstacles

The fear of losing autonomy and control of water systems which have been managed by families for generations. Reaching an economy of scale which makes the regional entity self-sufficient.

Regionalization challenges

Finding transformation leadership to help region transition from single community water systems to a regional entity.

Regional entity: Del Rio and El Alto merge into Mora MDWCA

Number of systems: three

Public water system participants	Population	Connections	Year regionalization started
Mora MDWCA	1,100	375	2006
Del Rio MDWCA	145	40	
El Alto MDWCA	160	47	

Why regionalization (drivers)

- Drought impact.
- Sewer system issue in El Alto and Del Rio.
- Capacity building.

Support for regionalization

The Mora board recognized El Alto and Del Rio as their close neighbors. Interconnection made sense.

Regionalization incentives

Funding for infrastructure improvements to El Alto and Del Rio. USDA provided 90% grant.

Regionalization obstacles

Others systems in the area came to the Mora board but the Mora manager/operator and the board opposed to adding more systems mostly because of the USDA loans.

Regionalization challenges

Both El Alto and Del Rio had USDA loans. Mora decided to use reserve funds to pay for the loans and have the customers of El Alto and Del Rio pay for their loan.

County: Rio Arriba

Regional entity: El Rito Regional MDWCA (SPA)

Number of systems: three (the one that did not merge is in color)

Public water system participants	Population	Connections	Year regionalization started
El Rito MDWCA	363	110	2006
Las Placitas MDWCA	320	79	
El Rito Canyon MDWCA	300	101	
N. NM Community College, El Rito Campus	Transient Community	1	

Why regionalization (drivers)

- Drought impact.
- Wells were going dry.

Support for regionalization

NMFA noticed that all three systems were seeking funding and their PER showed that they were next to each other. The leadership at the college was instrumental in bringing the boards of the three MDWCA and the college discussed the pros and cons of merging. The college hosted the meetings and attended actively pro regionalization.

Regionalization incentives

Funding. NMFA provided funding for systems improvements for the entire region. Some had RIP loans. RIP was supportive of the merger process as well as the OSE for water rights.

Regionalization obstacles

El Rito Canyon has a loan with USDA, which prompted them to discontinue their participation in the regional entity . This occurred even after all three systems were interconnected and water rights were transferred to the regional system.

Regionalization challenges

Lack of transformative leaders. United States Department of Agriculture – Rural Development loan.

Regional entity: Agua Sana MDWCA

Number of systems: Developed a public water system in communities who previously obtained their water from private wells.

Public water system participants	Population	Connections	Year regionalization started
Hernandez	1,514	490	2000
Mendenales			
Chili			
And other 10 communities			
Agua Sana MDWCA			

Why regionalization (drivers)

Agua Sana was born out of the dreams and visions of a community leader, the late Regino Salazar. He convinced the communities from the end of Espanola's north western boundary to just north of the US84-285 interchange to form one MDWCA. Regino convinced funders to fund one entity.

Support for regionalization

The growth potential of the area from Hernandez to Abiquiu along US-84 N. The vision of Regino Salazar for a system that would provide fire protection and would allow for growth and economic development for the region.

Regionalization incentives

Funding. Rio Arriba County kicked off funding for planning with a \$3,000 seed grant. The New Mexico Legislature awarded a \$300,000 planning grant. And a grant/loan was received from USDA, RIP, NMFA, and the US Congress through the EPA.

Regionalization obstacles

Not having sufficient water rights has stopped Agua Sana from growing. Also there is arsenic in the water.

Regionalization challenges

A huge challenge is the amount of loans Agua Sana has in their books. A revenue analysis could provide recommendations to increase financial capacity. There is currently a design to interconnect Agua Sana and Chamita.

Regional entity: Los Ojos MDWCA & La Asociacion de Agua de Los Brazos MDWCA

Number of systems: two

Public water system participants	Population	Connections	Year regionalization started
La Asociacion de Agua de Los Brazos	46	17	2010
Los Ojos MDWCA	237	83	

Why regionalization (drivers)

La Asociacion was a surface water system that was long non compliant. Los Ojos was looking for a back up well because of drought impact concerns.

Support for regionalization

Funding was secured to drill a well in Los Ojos to benefit both communities. Although the interconnection occurred, they didn't proceed forward with the merger.

Regionalization incentives

Funding for the interconnection of the two systems. Both systems are USDA borrowers.

Regionalization obstacles

Although the community of Los Ojos voted to have La Asociacion merge into them. The board decided not to because La Asociacion system needs a new distribution system and has too many loans.

Regionalization challenges

La Asociacion has a loan with multiple funders in the state of NM. Their system is old and aging. Los Ojos board president at the time felt that all the work to get La Asociacion new infrastructure would fall to him. But La Asociacion has good board members that could help.

Regional entity: Tierra Amarilla Group (Water Leadership Institute (WLI), 2024)

Number of systems: 12 invited (six attended, see in color)

Public water system participants	Population	Connections	Year regionalization started
Tierra Amarilla MDWCA	470	134	2024
Brazos MDWCA	389	136	
La Association de Agua de Los Brazos	32	15	
Rutheron MWA	90	100	
Parkview State Fish Hatchery	Transient Community	1	
Canjilon MDWCA	469	175	
Lumberton MDWCA	223	78	
Chama West WUA	92	28	
Chama WS	1,573	550	
Ensenada MDWCA	300	80	
Cebolla MDWCA	350	116	
Plaza Blanca WS	25	13	

Why regionalization (drivers)

The proximity of the systems to each other. The Escalante High School could be a reliable customer. Lack of volunteers to the board. And the most urgent is that the operator that most systems use is about to retire and they cannot find anyone. The Park View State Hatchery has

several operators but they are not sure that they can help their neighboring small systems. Agency regulations have to be investigated.

Support for regionalization

Not successful. Did not go through. But we continue to bring training/workshops to the

Regional entity: Tierra Amarilla Group (WLI 2024) (continued)

region. The goal is to continue to build trust and encourage them to work together.

Regionalization incentives

They all need funding for infrastructure improvements and project management. They also need help with project management. Los Ojos expressed interest on a merger with La Asociacion. However, no board members from La Asociacion attended the WLI.

Regionalization obstacles

There are too many systems to reach consensus. The Village of Chama WS did not attend the WLI. The Village of Chama could play a leadership role but they are understaff and overwhelmed with their own issues.

Regionalization challenges

Lack of transformative leadership in the region. Lumberton and the Village of Chama are both surface water systems which feel overwhelmed with all the work that comes with being a surface water system. Sick elderly board members who are on the board because they cannot find a replacement. But they do have a hired bookkeeper who does the reporting compliance, billing and bookkeeping.

Regional entity: Rio Embudo MDWCA (SPA)

Number of systems: two merged and two did not merge, these are in color

Public water system participants	Population	Connections	Year regionalization started
Montecito MDWCA	60	40	2009
Upper Cañoncito MDWCA	80	30	
Apodaca MDWCA	129	45	
Dixon MDWCA	500	206	

Why regionalization (drivers)

- Aging infrastructure.
- Non Compliance.
- Aging board volunteers.
- Proximity to each other.

Support for regionalization

Local transformative leaders of two MDWCAs went through with it. Merging the two associations reduced the number of board members. Together they were able to seek funding.

Regionalization incentives

Funding from CDBG and the state.

Regionalization obstacles

Local board members from Dixon, the largest MDWCA, opposed because of their own emotional ties to the water systems. They received funding individually.

Regionalization challenges

They are still too small for economies of scale. (Note that Upper Canoncito MDWCA has a loan with USDA but this did not stop the regionalization. The regional system is paying on that loan). Dixon also has a loan with USDA.

Regional entity: Ancones (Rio Vallecitos Regional) MDWCA

Number of systems: two merged and two did not merge, these are in color

Public water system participants	Population	Connections	Year regionalization started
El Llanito MDWCA	32	12	2012
La Madera MDWCA	124	40	
Vallecitos MDWCA	92	30	
Ancones MDWCA (Las Tablas and Petaca communities)	60	24	

Why regionalization (drivers)

The communities of Ancones, Las Tablas and Petaca were hauling water. After they formed the Ancones MDWCA, they learned about the funding incentives for regional projects and they went to talk to their neighbors. We had meetings and draft Articles of Incorporation for the Rio Vallecitos Regional MDWCA. But the neighbors were not interested.

Support for regionalization

Local transformative leadership by one board member from Ancones (Stacey) who received support from her board and the community to seek regionalization with other systems in order to get more grants for their project and the other communities.

Regionalization incentives

WTB Funding for Regional Projects has a higher grant loan ratio. They ended up funding the Ancones MDWCA because they serve multiple small communities.

Regionalization obstacles

La Madera board voted against it. Note that when the board votes against it they do it without asking the community. Vallecitos did not have board leadership to take it to the community.

Regionalization challenges

They are still too small for economies of scale. Vallecitos is now interested in regionalization.

Regional entity: Lybrook MDWCA to merge into the Navajo Tribal Utility Authority (NTUA)

Number of systems: one system to merge

Public water system participants	Population	Connections	Year regionalization started
Lybrook MDWCA	175	69	2018
Navajo Tribal Utility Authority (NTUA)	unknown	unknown	

Why regionalization (drivers)

The Navajo Gallup Pipeline project goes very near Lybrook. The majority of the population in Lybrook are Navajos. And they provide water for two Navajo Chapters. Both systems hired the same engineer who pointed to them the benefits of regionalization.

Support for regionalization

Navajo Nation is paying for the interconnection and once they are interconnected they decided that the system will be assumed by NTUA and Lybrook will be dissolved.

Regionalization incentives

Having the same engineering firm SMA. Serving the same population. Lybrook is in compliance with state regs and they have been acquiring funding to improve Lybrook's infrastructure.

Regionalization obstacles

At the beginning Lybrook was not in agreement because of the cost of purchasing water but then when it was decided that NTUA will own and manage the system the community agreed.

Regionalization challenges

The time that has taken to do the infrastructure improvements in Lybrook and for the pipeline to be build.

Regional entity: Santa Cruz Group (SPA)

Number of systems: three but only two merged - did not merge in color

Public water system participants	Population	Connections	Year regionalization started
Santa Cruz MDWCA	394	167	2011
El Llano MDWCA	105	53	
Valley Estates MDWCA	194	68	
Espanola WS	12,012	3,930	

Why regionalization (drivers)

Water contaminants and treatment needed. Treatment is very expensive. Each system would need its own treatment plant. Thus it made sense for them to share one. All of them were interested in discussing collaboration.

Support for regionalization

NMED staff both from Construction Program Bureau (CPB) and Drinking Water Bureau (DWB) were very supportive in providing information at meetings. The utility director for the City of Espanola attended all meetings and was very supportive. The agreement was that the three MDWCAs would merge and they will partner with the City of Espanola. This was agreeable to everyone. Articles of Incorporation for the regional MDWCA were completed and filed.

Regionalization incentives

Funding. Building compliance together.

Regionalization obstacles

Personal conflicts between community members.

Regionalization challenges

The inability to create trust amongst neighboring community water systems.

County: Sandoval

Regional entity: Jemez Valley Group (WLI 2024)

Number of systems: Five

Public water system participants	Population	Connections	Year regionalization started
Jemez Springs Drinking Water Community Association (DWCA) and Drinking Water Users Association (DWUA)	1,385	412	2007 and 2024
Canon MDWCA	320	135	
San Ysidro WS	166	96	
Ponderosa MDWCA	567	204	
Sierra del Los Pinos HOA	300	150	

Why regionalization (drivers)

- Fire danger.
- Emerging contaminants.
- Difficulty finding an operator.

Support for regionalization

Sandoval County paid for the effort in 2007 and paid for a PER for each water system. Leaders from the area worked with NMRW to form the Jemez Alliance of Water Systems to work on source water protection and emergency planning.

Regionalization incentives

Funding by Sandoval County in 2007 and in 2024 concerns about fire danger.

Regionalization obstacles

Not enough of a common need for regional leaders to work together. Lack of transformative leadership.

Regionalization challenges

The regional leaders are not coming to the table for regional collaboration. There is not a clear understanding of what regionalization is. They do not want a merger. Conversations are continuing and RCAC is facilitating. But there is no energy for collaboration in the region.

Regional entity: Pena Blanca MDWCA merged into the Pena Blanca W&SD*

Number of systems: two

Public water system participants	Population	Connections	Year regionalization started
Pena Blanca MDWCA	700	165	2011
Pena Blanca W&SD	700	165	

* RCAC did not work in this regionalization.

Why regionalization (drivers)

The MDWCA provided drinking water service and the water and sanitation district provided sewer services. (There are several like this in the state).

Support for regionalization

Local leaders recognized the challenges of finding board members, cost to each and ultimately cost to the community.

Regionalization incentives

Reducing operating costs and seeking funding.

Regionalization obstacles

None this was quick and easy.

Regionalization challenges

They are still small to reach greater economies of scale.

County: San Juan

Regional entity: Agua para los Vecinos Regionalization effort (One of many in San Juan County)

Number of systems: three with the intention to grow it. And it has grown.

Public water system participants	Population	Connections	Year regionalization started
Blanco MDWCA absorbed Turley WUA and Blanco Elementary	1,148	393	2011
Bloomfield WSS	9,536	3,200	
Navajo Dam Drinking Water Consumers INC	545	183	

Why regionalization (drivers)

Bloomfield's long-term vision is to connect with nearby water systems creating a regional system where backup water could be provided between the various water systems in emergency conditions and communities without a reliable water system in place could connect to the regional system and receive water.

Support for regionalization

San Juan County is a great supporter. They have the San Juan County Water Commission as a strong regional leader. They basically manage the water resources for the entire county. Bloomfield has been a local leader for water management. They named the regional system Agua Para los Vecinos and has taken steps through the years to make their water system compatible with a regional system.

Regionalization incentives

Bloomfield has built a new expandable water treatment plant, is developing a second raw-water source for the plant for redundancy, and has modeled its distribution system to determine what improvements are needed for interfacing with a regional system. Funding is a big incentive. The region receives funding annually.

Regionalization obstacles

Mergers have been and are happening in San Juan County but they are still viewed as losing autonomy by many local leaders of the small water systems.

Regionalization challenges

There is an innumerable number of JPAs in San Juan County. Each entity keeps track of its own.

Regional entity: Navajo Gallup Water Supply Project (NGWSP)*

Number of systems: Navajo Nation Chapters, Jicarilla Apache and Gallup

Public water system participants	Population	Connections	Year regionalization started
Multiple Navajo Nation Chapters, the Jicarilla Apache Tribe and the City of Gallup	250,000	unknown	1971

* RCAC did not work in this regionalization.

Why regionalization (drivers)

Provide a reliable supply of drinking water to Navajo Nation Chapters, the Jicarilla Apache Tribe and the City of Gallup.

Support for regionalization

New Mexico Public Law 92-199.

Regionalization incentives

Provide a reliable supply of drinking water to Navajo Nation Chapters, the Jicarilla Apache Tribe and the City of Gallup.

Regionalization obstacles

Secure funding in an efficient manner to complete the project.

Regionalization challenges

Securing funding to complete the project in a timely manner.

Regional entity: San Juan Water Commission

Number of systems: five

Public water system participants	Population	Connections	Year regionalization started
San Juan County	121,661	unknown	2011
City of Aztec	9,673	3,246	
City of Bloomfield	9,356	3,200	
City of Farmington	47,655	16,780	
San Juan County Rural Water Association			
Lower Valley WUA	7,615	2,940	
Upper La Plata WUA	2,265	755	
Lee Hammond Water	8,817	2,673	
Flora Vista Mutual Domestic	3,276	1,276	
Navajo Dam DWCI	545	183	
Blanco MDWCA	1,148	393	
Northstar MDWCA	3,784	1,296	
Southside Mutual Domestic Water	1,609	551	

Why regionalization (drivers)

The San Juan Water Commission was formed with the goal of managing water resources regionally. The drives were water systems who were struggling through compliance issues.

1. Riverside WUA and Dutchmans Hill Water Company were absorbed by Northstar MDWCA. Northstar also recently absorbed the East Cullpepper Flats area that was not previously a PWS.

Regional entity: San Juan Water Commission (continued)

2. Turley WUA and Blanco Elementary School were absorbed by Blanco MDWCA.
3. Lee Acres WUA and West Hammond MDWCA combined to form Lee Hammond Water. These systems previously shared a treatment plant and are now one entity.
4. East Aztec Water Users was absorbed by Aztec Domestic Water System.
5. North Heights Bloomfield Water Assoc was absorbed by Bloomfield Water Supply System.
2. Aztec Domestic Water System is connected to Northstar MDWCA, Flora Vista Mutual Domestic, Bloomfield Water Supply System, and Southside Mutual Domestic Water. Southside Mutual Domestic Water purchases all of their water from Aztec.
3. Lower Valley WUA is connected to Farmington Water System and Upper La Plata WUA. Upper La Plata WUA purchases all of their water from Lower Valley WUA.
4. Bloomfield Water Supply System is connected to Aztec Domestic Water System, Lee Hammond Water, Blanco MDWCA, and Apple Orchard MDWCA. Blanco MDWCA and Apple Orchard MDWCA purchase all of their water from Bloomfield.
5. Funding to interconnect the Lagoon system to Lower Valley and eliminate the lagoon which was too close to the river.

Support for regionalization

San Juan County is a great supporter. They have the San Juan County Water Commission which was at the table at all times. Transformative and relentless leadership by Lagoon Board President Paula Digby. She asked her friends for help and rally the community to solve this issue. Lagoon provided sewer service. Lower Valley provided drinking water service to the Kirtland community. Lagoon was out of compliance; spills into the river were happening often. This issue was raised all the way to the Governor's office.

Regionalization incentives

1. Farmington Water System is connected to Upper La Plata WUA, Lower Valley WUA, Flora Vista Mutual Domestic, and Morningstar Water System. Morningstar Water System purchases all of their water from Farmington.

Regionalization obstacles

Individuals from the community who were opposed to the regionalization project.

Regionalization challenges

Lagoon had to be reorganized, board had to be trained, the association had to be in compliance. All viewed as an opportunity and achieved.

County: San Miguel

Regional entity: El Valle Water Alliance (SPA)

Number of systems: 15 but three decided not to join - these are in color.

Public water system participants	Population	Connections	Year regionalization started
Ribera MDWCA	113	50	2006 and mergers began in 2012
San Jose MDWCA	200	55	
El Ancon MDWCA	112	45	
Sacatosa Water	37	11	
El Cerrito MDWCA	18	11	
San Miguel MDWCA	79	34	
El Coruco MDWCA	93	37	
Lower Colonias MDWCA	40	13	
Sena MDWCA	180	42	
Villanueva MDWCA	268	111	
Gonzales Ranch MDWCA	114	49	
Ilfeld MDWCA	400	110	
South San Ysidro MDWCA	35	16	
North San Ysidro MDWCA	110	45	
San Juan (Soham) MDWCA	136	54	

Regional entity: El Valle Water Alliance (SPA)

Why regionalization (drivers)

- Drought impact.
- Lack of compliance.
- Aging infrastructure.

The alliance mission statement states they formed the alliance of independent and autonomous mutual domestic water consumer's associations "who seek to develop a management structure and the necessary infrastructure improvements to sustain the health of our communities, water table, and water shed for current and future generations."

Support for regionalization

The initial gathering of the local PWS was done under then Governor Richardson's pilot project to gather communities in nine regions of the state to discuss collaboration. Leaders from each of the MDWCA came to the first meeting held in 2004. They continued to come. The local transformative leaders made it possible for them to form the Regional Alliance in 2006 once the SPA was amended to allow mergers.

Regionalization incentives

Start up funding and continued funding for infrastructure improvements. Through the years El Valle has become a technical assistance center for community water systems around San Miguel County.

Regionalization obstacles

El Valle could be fully merged but some of the local boards want to maintain autonomy. Some systems date back to 1959. El Valle could reach more economies of scale and resiliency if it was fully merged. But the board of El Valle respects the systems that want to retain autonomy and helps them provide services for a fee.

Regionalization challenges

USDA loans for several of the systems was a challenge because of the USDA transfer and assumption.

County: Santa Fe

Regional entity: Greater Glorieta MDWCA (SPA)

Number of systems: three

Public water system participants	Population	Connections	Year regionalization started
Glorieta Estates WC (Santa Fe County)	61	35	2012
Glorieta East WS (Santa Fe County)	59	25	
Glorieta MDWCA (Santa Fe County)	200	87	

Why regionalization (drivers)

- Aging infrastructure.
- Radium appearing in the water.
- Aging board volunteers.
- Proximity to each other.

Support for regionalization

Transformative local leaders like Anna Hamilton and others in the board who follow her lead and trusted her. Funders were encouraging and offering incentives. Santa Fe County was very supportive.

Regionalization incentives

Funding for infrastructure improvements.
Funding for an Asset Management Plan.

Regionalization obstacles

None; this process was quick and easy because there was local leadership.

Regionalization challenges

One of the biggest challenges was the time needed for community members to understand the vision of regionalization.

Regional entity: Cuatro Villas MDWCA (SPA)

Number of systems: four

Public water system participants	Population	Connections	Year regionalization started
La Puebla MDWCA	180	68	2009
Quarteles Community	455	unknown	
El Valle de Arroyo Seco Community	1,431	unknown	
Sombrillo Community	347	unknown	

Why regionalization (drivers)

Local leaders were concerned about water contamination in individual wells. They collected data that demonstrated that water from the existing wells in and surrounding the Cuatro Villas area were contaminated with elevated levels of one or more contaminants. The contaminants encountered in these wells include: fluoride, arsenic, nitrates, radionuclides, and uranium.

Support for regionalization

Leaders of the proposed Cuatro Villas Mutual Domestic Water Users Association (MDWUA) envision that the system would serve approximately 3,400 residents in four communities in northern Santa Fe County, NM: El Valle de Arroyo Seco, Cuarteles, La Puebla and Sombrillo.

Regionalization incentives

Funding for the regional system. Technical assistance to Cuatro Villas. And the relentless help of Ron Romero from the NMED DWB who

kept visiting La Puebla to merge with Cuatro Villas. The board of La Puebla eventually said yes to Ron and only worked with him to do the merger and transfer of assets and liabilities.

Regionalization obstacles

La Puebla's refusal to be part of the regional system was at first an obstacle. After forming Cuatro Villas MDWCA, obtaining water rights and finding water have been obstacles/challenges that the board must constantly overcome.

Regionalization challenges

La Puebla MDWCA was the only PWS in the area. Local leaders concerned about the contamination found in individual wells went to the board of La Puebla to help them get bigger and serve the entire area. La Puebla board refused. The leaders then formed the Cuatro Villas MDWCA and included La Puebla knowing that the families in that community were at risk. Eventually the NMED DWB and funders strongly encouraged La Puebla to merge into Cuatro Villas MDWCA.

Regional entity: Chimayo MDWCA (SPA)

Number of systems: three

Public water system participants	Population	Connections	Year regionalization started
Llano Chimayo MDWCA	30	24	2000
Chimayo MDWCA	150	56	
Greater Chimayo DWCA	1,050	350	

Why regionalization (drivers)

Similar to the Cuatro Villas story, the Greater Chimayo was formed in 2001 to serve a population of over 1,000 people and about 400 households. The majority of families had individual wells which were experiencing contamination. There two small MDWCAs in the area who were not interested in growing. Chimayo MDWCA started in 1949 right after the SPA passed in NM.

Support for regionalization

Transformative local leadership. Local leaders rallied the community into forming the Greater Chimayo MDWCA knowing that eventually this entity would serve the entire community. Local leaders talked and received support from all political leaders from county to state to the congressional delegation, communities and agencies. Local leaders held multiple community meetings and were transparent and highly organized.

Regionalization incentives

Funding from multiple funders for a large sustainable system. Funders agreed that funding Greater Chimayo was the best investment for the region. Local legislators agreed also and they stopped providing capital outlay to the other systems.

Regionalization obstacles

The board member from Chimayo who was opposed to regionalization quit the board after local political leaders talked with him. The remaining board members took the regionalization to a community vote. The communities of both MDWCAs voted unanimously for the merger/regionalization.

Regionalization challenges

Finding water rights and finding a certified operator were challenges. These were hard but not impossible for Ilean. The hardest challenge was finding another transformative leader in the community to take her place. Eventually the NMED DWB and funders strongly encouraged La Puebla to merge into Cuatro Villas MDWCA.

Regional entity: Santa Fe County Water Utilities (Agreement)*

Number of systems: unknown

Public water system participants	Population	Connections	Year regionalization started
Sunlit Hills WS	1,018	433	2015 to the present
Cañoncito at Apache Canyon - RCAC Involvement	250	82	
Canada de los Alamos MDWCA - RCAC Involvement	68	23	
Rio en Medio MCWCA	130	53	
Chupadero MDWCA	131	54	
Juniper Hills MHP	56	24	
Juniper Hills Ranch	65	18	

* RCAC did not work in this regionalization.

Why regionalization (drivers)

In 2012 Santa Fe Commissioners approved Resolution 2012-58 which states that the county would provide funding for community systems either private, quasi- private, or public but only if the county takes control of the water system (system merges into the county) or the county is the source of water for the system and the system becomes a wholesale customer of the county. For small systems the drivers are contaminants in their wells, lack of water, drought impact, and aging infrastructure.

Support for regionalization

Santa Fe County has a great amount of water rights, access to a source of water, access to funding, and political support. When a community like Canoncito at Apache Canyon has contaminated water that is too costly to treat. When a community like Canada de los Alamos runs out of water. etc.

Regionalization incentives

Funding for regional projects. Even if it takes years to get all the funding for interconnection to the county system, it is still the best alternative so communities wait for the funding. And the county works alongside with them.

Regionalization obstacles

Small communities that are not in an emergency situation do not participate in the county's regionalization. They want to keep their communities character and they are afraid of growth. PWS that are in close proximity to the county WS still are able to obtain funding individually so there is no incentive for them to regionalize.

Regionalization challenges

Board members retain control and they do not go to the greater community to discuss the pros and cons of regionalization. Fear of uncontrolled growth remain. They do not trust that the county would control growth around the communities.

County: Taos

Regional entity: El Valle de los Ranchos Water and Sanitation Authority (SB1 entity)

Number of systems: two but could be four

Public water system participants	Population	Connections	Year regionalization started
Llano Quemado MDWCA	800	240	2025
El Valle WSD	48	19	
Ranchos de Taos MDWCA	750	236	
Talpa MDWCA	700	275	

Why regionalization (drivers)

Llano Quemado MWCA provides drinking water services and El Valle de los Ranchos provides sewer services. Combining to be one entity makes sense to the leadership. Reducing the number of board members needed, eliminating redundancy, building resiliency.

Support for regionalization

The transformative leadership of Andrew Chaves and other board members and of Melene Montano, the office manager for El Valle.

Regionalization incentives

Seeking funding together. Grow the region.

Regionalization obstacles

Building economies of scale when other small water systems in the area do not want to join. Funding for individual water systems may be an obstacle. If we want to support regionalization then funders should fund the regional system.

Regionalization challenges

USDA loan transfer and assumption.

Regional entity: La Jicarita Mutual Domestic Alliance (SB1 entity)

Number of systems: three but only two merged

Public water system participants	Population	Connections	Year regionalization started
Rio Lucio MDWCA	342	140	2025
Peñasco MDWCA	549	200	
Rodarte MDWCA	115	47	

Why regionalization (drivers)

Building economies of scale. Building resiliency, reducing the need for so many board members, eliminating redundancies.

Support for regionalization

The transformative leadership of board members and staff who continually promoted the benefits of regionalization within the community.

Regionalization incentives

Seeking funding together. Grow the region.

Regionalization obstacles

Building economies of scale when other small water systems in the area do not want to join. Funding for individual water systems may be an obstacle. If we want to support regionalization then funders should fund the regional system.

Regionalization challenges

USDA loan transfer and assumption.

Regional entity: Union del Llano MDWCA (SPA)

Number of systems: two

Public water system participants	Population	Connections	Year regionalization started
Cuchilla del Llano	300	55	2010
Llano San Juan MDWCA	84	21	

Why regionalization (drivers)

The NMFA funding made them do it. Both systems were looking for funding to do basically the same thing. They both had aging infrastructure, lack board members, lack compliance with reporting.

Support for regionalization

NMFA reviewed their funding application and strongly recommended consolidation. They were using the same engineering firm and same attorney.

Regionalization incentives

Funding. They received a higher percentage grant if they consolidated.

Regionalization obstacles

Lack of trust. Even today they cannot find board members or any help but they still dislike the fact that they were “forced” to regionalize.

Regionalization challenges

Too small still to reach economies of scale. One board member is doing everything. She is also the certified operator. She does billing collections compliance.

Regional entity: Cerro Regional MDWCA (SPA)

Number of systems: three

Public water system participants	Population	Connections	Year regionalization started
Cerro East	81	25	2006
El Rito MDWCA	12	3	
Cerro West	130	40	

Why regionalization (drivers)

- Aging infrastructure
- Non compliance
- Hard time finding funding

Support for regionalization

NMFA reviewed their funding application and strongly recommended consolidation. Transformative leaders went to work on getting the associations to merge. They contacted RCAC, called community meetings, and talked to local and state leaders to obtain support.

Regionalization incentives

Funding. They received a higher percentage grant if they consolidated.

Regionalization obstacles

There were none This regionalization project was completed seamlessly due to local leadership.

Regionalization challenges

Too small still to reach economies of scale.

Regional entity: Ojo Caliente Group

Number of systems: two

Public water system participants	Population	Connections	Year regionalization started
Ojo Caliente MDWCA	226	103	
Duranes	215	88	

Why regionalization (drivers)

- Uranium
- Aging infrastructure

Support for regionalization

Not successful.

Regionalization incentives

Regional conversations were facilitated by RCAC. TA offered.

Regionalization obstacles

No local transformative leadership. Local board members opposed because of their own emotional ties to the water systems. They received funding individually

Regionalization challenges

USDA loan transfer and assumption.

Regional entity: Greater Valley de Taos Group

Number of systems: seven

Public water system participants	Population	Connections	Year regionalization started
Upper Des Montes MDWCA	222	78	2025
Lower Des Montes MDWCA	319	112	
Valdez MDWCA	100	37	
El Prado W&SD	1,076	422	
El Valle de los Ranchos W&SD	48	19	
Llano Quemado MDWCA	800	240	
Arroyo Seco MDWCA	444	182	

Why regionalization (drivers)

For emergency purposes only.

Support for regionalization

The WLI held in 2023 motivated most of the PWS in Taos county to collaborate with each other.

Regionalization incentives

Funding for interconnection. Trust and collaboration between the board members from Lower Des Montes and Upper Des Montes. They are now considering merging and forming the Des Montes MDWCA.

Regionalization obstacles

No local transformative leadership. Local Board Members opposed because of their own emotional ties to the water systems. They received funding individually.

Regionalization challenges

USDA loan transfer and assumption.

Regional entity: Lower Des Montes MDWCA, Upper Des Montes, and Valdez MDWCA (MOA)

Number of systems: two

Public water system participants	Population	Connections	Year regionalization started
Lower Des Montes MDWCA	319	112	2011
Upper Des Montes MDWCA	222	78	
Valdez MDWCA	100	37	

Why regionalization (drivers)

Aging infrastructure, both seeking funding to NMFA.

Support for regionalization

NMFA funded the PER and infrastructure improvements.

Regionalization incentives

Both boards got along well. They started having joint meetings. They hired the same engineer. They shared information and built trust. The collaboration is still continuing.

Regionalization obstacles

Valdez has a community center. The donor stated that if the MDWCA gets dissolved the land where the community center is located must revert to the owner. So Valdez did not want to go for full consolidation.

Regionalization challenges

Valdez would like to be interconnected with Lower Des Montes but technically it is a big challenge and expensive according to the PER.