United We Stand
Comprehensive Community Development I

Phil Eide, HOPE Enterprise, Moderator
Ludy Biddle, NeighborWorks of Western Vermont
Stan Keasling, RCAC

#InvestInRural
Ludy Biddle, NW Western Vermont

Phil Eide, HOPE Enterprise

Stan Keasling, RCAC

#InvestInRural
**WORKSHOP NOTES - RECLAIMING APPALACHIA RURAL CONFERENCE**

<table>
<thead>
<tr>
<th>Title of Workshop:</th>
<th>United We Stand</th>
<th>Note Taker:</th>
<th>Judith Rose</th>
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<tbody>
<tr>
<td>Date:</td>
<td>September 10, 2019</td>
<td>Note Taker email:</td>
<td><a href="mailto:jrose@nw.org">jrose@nw.org</a></td>
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<tr>
<td>Presenters:</td>
<td>Phil Eide, HOPE Enterprise, (Moderator &amp; Presenter), Ludy Biddle, NeighborWorks of Western Vermont, Stan Keasling, Rural Community Assistance Corporation</td>
<td>Approx # of Attendees:</td>
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**Workshop Description:**

Intermunicipal Partnerships and related strategies to attract resources and achieve scale. Come to this session to learn about the specific benefits that small rural communities can realize when they band together for a common purpose.

**Key Discussion Points**

Economies of scale come with regionalization. Better ability to negotiate with state and raise funds. RCAC-Since water companies were the only government, they are working to bring in more community development. They merged multiple water companies physically and with management but able to expand management regionally.

NWVVT- Started with a countywide venture but had lots of success. Asked to go statewide- did it by expanding gaining more funds and more partners. Working with local officials. Now sharing program in entirely different region but expertise is transferable.

**Themes/Overall Impressions**

Economies of Scale  
Growth by aggregating resources  
Scaling up by building partners and collaborations. Strength in competition world.

Bringing resources and knowledge to local officials/towns in partnerships.

Don’t keep thinking small for projects- the only small is small town partnership work
October, 2019
United We Stand
Hope Enterprise Corporation
- Not-for-Profit 501(c3)
- Loan Fund
- Policy Institute
- Community Development Intermediary
- CDFI & CDE

Primary Sponsor

Hope Credit Union
- Federally Chartered, Insured Credit Union
- CDFI & CDE
- Member-owned

Mission:
Strengthen communities, build assets and improve lives in economically distressed areas in the Mid South by providing access to affordable, high-quality financial products and related services.

Creating opportunity where it is needed most. Arkansas Louisiana Mississippi Tennessee
Creating opportunity where it is needed most.

Arkansas: 
- College Station
- Little Rock
  - I-30 SW
  - Geyer Springs
- Pine Bluff
- West Memphis

Mississippi: 
- Biloxi
- Drew
- Greenville
- Itta Bena
- Jackson
  - Medical Mall
  - Old River Place
  - Provine High School
  - University Boulevard

Louisiana: 
- New Orleans
  - Central City
  - Elysian Fields
  - Michoud

Tennessee: 
- Jackson
- Memphis
  - Crosstown
  - Harvester Lane
  - Madison Avenue
  - Ridgeway

Alabama: 
- Montgomery
  - Arba Street
  - McGehee Road
$\frac{1}{4}$ of Nation’s Persistent Poverty Counties are Located in the Mid South

Source: U.S. Treasury CDFI Fund

Creating opportunity where it is needed most. Arkansas Louisiana Mississippi Tennessee
HOPE’S MEMBERS

Race:
- 19% White
- 73% African American
- 5% Other
- 1% Hispanic
- 2% Asian

Banking Status (Upon Joining HOPE):
- 63% Banked
- 37% Unbanked
Creating opportunity where it is needed most. Arkansas Louisiana Mississippi Tennessee
## COMMUNITY PROFILES

<table>
<thead>
<tr>
<th></th>
<th>SMALL TOWNS AVERAGE</th>
<th>MISSISSIPPI</th>
<th>UNITED STATES</th>
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<tbody>
<tr>
<td>2014 Population</td>
<td>3,824</td>
<td>2,994,079</td>
<td>318,857,056</td>
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<tr>
<td>Percent Below Poverty Level</td>
<td>48%</td>
<td>22%</td>
<td>16%</td>
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<tr>
<td>Percent Below 150% of the Poverty Level</td>
<td>81%</td>
<td>64%</td>
<td>62%</td>
</tr>
<tr>
<td>Percent Bachelor’s Degree or Higher</td>
<td>15%</td>
<td>21%</td>
<td>30%</td>
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<tr>
<td>Uninsured Rate</td>
<td>21%</td>
<td>17%</td>
<td>14%</td>
</tr>
<tr>
<td>Obesity rate</td>
<td>45%</td>
<td>35%</td>
<td>28%</td>
</tr>
<tr>
<td>County Unemployment Rate</td>
<td>9%</td>
<td>7%</td>
<td>5%</td>
</tr>
</tbody>
</table>
Creating opportunity where it is needed most. Arkansas Louisiana Mississippi Tennessee
Creating opportunity where it is needed most. Arkansas Louisiana Mississippi Tennessee
Creating opportunity where it is needed most. Arkansas Louisiana Mississippi Tennessee
Creating opportunity where it is needed most. Arkansas Louisiana Mississippi Tennessee
“This is where you belong. This is Moorhead...This is our bank!”
- Barbara Gayle Oswalt describing HOPE

Creating opportunity where it is needed most. Arkansas Louisiana Mississippi Tennessee
Nearly half of Delta Cluster Households Served by HOPE

Creating opportunity where it is needed most. Arkansas  Louisiana  Mississippi  Tennessee
PERMANENT PARTNERSHIP
THE MERGER APPROACH
Enacted in 2009 (House Bill 185)

Merged five mutual domestic associations to form the Lower Rio Grande PWWA

3 more mutual domestics merged in 2012

Privately owned Valle Del Rio Water System was purchased in 2015
What drove the partnership?

• Duplication of efforts
  – 5 of everything
• Regulatory requirements
  – Arsenic rule
  – Mandatory board training
  – New funding/reporting/audit requirements
• Inability to declare service area
  – Threat by larger entities
In order to truly benefit from economies of scale, it is necessary to achieve a significant increase in number of connections served.
Regionalization $$ Benefits – Economies of Scale

Adequate staffing
No duplicate expenses
More in-house functions
Fewer contract services
More efficient use of equipment, staff and materials
Board can focus on governance, not management or operations
<table>
<thead>
<tr>
<th>Issues</th>
<th>Berino MDWC &amp; MSWA</th>
<th>Desert Sands MDWCA</th>
<th>La Mesa MDWCA</th>
<th>Mesquite MDWC &amp; MSWA</th>
<th>Vado MDWCA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Connections (meters)</td>
<td>760</td>
<td>542</td>
<td>430</td>
<td>1500</td>
<td>203</td>
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<tr>
<td>Population Served</td>
<td>2280</td>
<td>1626</td>
<td>1290</td>
<td>4500</td>
<td>609</td>
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<tr>
<td>Original Incorporation Date</td>
<td>1967</td>
<td>1975</td>
<td>1989</td>
<td>1968</td>
<td>1960</td>
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<tr>
<td>Regulatory Challenges</td>
<td>Arsenic</td>
<td>Arsenic</td>
<td>None</td>
<td>Nitrate threat</td>
<td>Nitrate threat</td>
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<tr>
<td>Water Rights</td>
<td>483.9</td>
<td>340</td>
<td>73.62</td>
<td>875.42</td>
<td>0</td>
</tr>
<tr>
<td>Miles of water line</td>
<td>31.2</td>
<td>36</td>
<td>44.5</td>
<td>42.75</td>
<td>4.9</td>
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<tr>
<td>Number of Wells</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>0</td>
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<tr>
<td>Storage Capacity</td>
<td>250K</td>
<td>344K</td>
<td>250K</td>
<td>845K</td>
<td>150K</td>
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<tr>
<td>Colonia(s) Served</td>
<td>Berino</td>
<td>Las Palmeras, Montana Vista</td>
<td>La Mesa</td>
<td>Mesquite, Del Cerro, y Vado</td>
<td>Vado</td>
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The Initial Transition Period

HB 185 Passed 4/6/2009
The Transition Began

December, 2009
Service Area Plat Filed with County

Spring, 2010
Creation & Recognition of the Lower Rio Grande Water Authority

Goal: September, 2010
1. Governance Documents, Policies & Procedures Complete
2. Board Adoption
3. Authority Rates & Fees Developed

October, 2010
File 40 Year Water Plan

July, 2011
First Board Election

Regionalize System
Continue Short & Long Term Infrastructure Projects

December, 2011
Dissolution of Partnering MDWCA’s

Goal: December, 2010
1. Fully Operational with Rates & Fees Implemented
2. Debt, Assets, and Liabilities Transferred

August, 2010
1. Application for Ownership Transfer
2. Combine & Comingle Water Rights Application

Goal: September, 2010
1. Governance Documents, Policies & Procedures Complete
2. Board Adoption
3. Authority Rates & Fees Developed

Goal: December, 2010
1. Fully Operational with Rates & Fees Implemented
2. Debt, Assets, and Liabilities Transferred

Regionalize System
Continue Short & Long Term Infrastructure Projects

December, 2011
Dissolution of Partnering MDWCA’s
April 2009 – NM House Bill 185

- Began the Process of Merging 5 Individual Mutuals into the Authority
  - Legal Structure of Authority Created by Statute
  - Merger had to commence after effective date of legislation
- Gave Authority Legal Standing to Discuss Merger with Agencies
December 2009 - Service Area Plat Filed

Partnered with NM Office of State Engineer to

- Rectify Point of Use for Individual Systems
- Extend Point of Use of Existing Systems to Establish Authority’s Service Area
- File Service Area Plat with Doña Ana County
- Establish LRG Authority’s Service Area
February 2010 – Rural Community Assistance Corporation Contract

Received CDBG Planning Grant to Develop Merger Plan with three Components

- Regional Governance Structure and Documents
- Administrative and Managerial
- Operations & Implementation Strategy
Spring 2010 - Creation & Recognition of Lower Rio Grande Public Water Works Authority

Legal organizational requirements met
- Duns Number acquired
- Federal Tax ID number
- State CRS number
- Permanent Address Established
- Bank Accounts Opened
- Initial Board of Directors Appointed (Sept, 2009)
Submit Transfer of Ownership to OSE

- Mutuals Approved Transfer of Ownership 8/2010
- Transfer Documents Submitted by LRGPPWA Attorney to OSE - completed
- LRGPPWA Authorization to Allow Mutuals’ Use of Water Rights – completed

Submit Combine/Commingle Application to OSE

- Coordinate Application with OSE Guidelines
RCAC Completes Draft Merger Plan
  o Board Review
  o Legal Review
  o Adoption by Board of Directors

• Uniform Rates & Fees Proposed
  o Board Review
  o Adopted December 2010
October 2010 - 40 Year Water Plan

- Coordination with Office of State Engineer
- Coordination with Local Government (Return Flow Credits)
- LRGPWWA Attorney Review
- Adoption by Board
December 2010 – Lower Rio Grande PWWA Fully Operational

- Public Water System ID Number-Issued by NMED
- Staff hired w/HR Policy & Procedures in Place
  - Salary Scales, Benefits, Position Descriptions, Hours of Operation, etc.
- Fiduciary Policy and Procedure in Place
  - Taxes, Insurance, Risk Management, Bank Accounts, Bookkeeping, Procurement, etc.
- Rates and Fees
  - Full System Cost Analysis (Technical, Managerial, and Financial)
  - Uniform Water and Waste Water Rate Structure
  - Uniform User Fees and Charges Policy
LRGPWWA Operational cont’d

Debt Options Considerations

- Refinance Existing Long Term Infrastructure Debt OR Transfer & Assumption
  - Preferred Method: Refinancing
    - Expedient and Consolidates Debt
    - Eliminate Need for Large Reserve

- Current & Future Project Debt
  - Both the Mutual and Successor (LRGPWWA) Are Debtors Until LRGPWWA assumes fiscal responsibility

- Other Liabilities
  - Vehicle Loans, Maintenance Contracts, Small Debt, Vendor Obligations
LRGPWWA Operational cont’d

○ Assets:
  ○ Property, Wells, Buildings, Easements, Lines, Meters, Vehicles and Equipment, Liquid Assets, etc.
  ○ Use of Quit Claim Deeds to Transfer Wherever Possible
  ○ Title Transfer for Vehicles and Equipment
  ○ Consolidate Bank Accounts and Other Liquid Assets
LRGPWWA Operational cont’d

July 2011 – Preparations For First Board Election
- Established Membership Eligibility Criteria
- Determine District Election Boundaries and Criteria for Voting Eligibility
- Establish Election Code for Board Candidacy
  - Includes Cut-Off Dates for Candidacy
- Issue Proclamations and Legal Notifications
- Canvass the Election
- 1st Election held in April, 2013
LRGPWWA Operational cont’d

December 2011 - Dissolution of Founding Mutual Domestic Water Associations

• Membership votes
• Settle Outstanding Liabilities
• Agency Closed -- out: IRS, USDA RD, Treasury Dept., Tax & Revenue, PRC, NMED, DFA, State Auditor, etc.
• Tax IDs, Corporation Numbers, System ID, Business Licenses need closure
• Budget, Audit, etc. finalized
Regionalization - 2011 & Beyond

- Rehab/Upgrade Existing Systems
- Networking Large Transmission Lines
- Establish Adequate Storage Capacity
- Extend Services to Un-Served Areas
- Integrate & Upgrade Operations Software & Hardware
- Explore Alternative Water Sources
Benefits Realized

- Larger customer base to share costs
- One annual audit (not 8)
- Accounting Staff
- Increased purchasing power
- Volume discounts and ability to use statewide purchasing agreements
- Specialized staff instead of trying to do it all

- Larger pool of resources—staff, equipment, water rights, reserves
- Ability to provide employees with benefits, adequate pay, retention, and oversight
- Larger service area and customer base resulting in increased representation at the county commission and state legislature
Current Status

- Nine Water Systems
- Serving 16 Communities (Incl. 14 Colonias)
- Three Service Areas Covering 100 Square Miles
- Two Wastewater Collection Systems
- One Wastewater Treatment Facility
- Approximately 5,000 Water Connections
- Approximately 500 Wastewater Connections
- Approximately 15,000 Population Served
- Full & Part-time Staff of 28
- Providing O&M Assistance to Neighboring System
Regionalization Community Benefits

LRGPWWA Interconnect Projects
### Regionalization $\$ $ Benefits – Project Funding

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<tr>
<th>$$</th>
<th>Sources</th>
<th>Type</th>
<th>Project</th>
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<tbody>
<tr>
<td>$ 790,914.00</td>
<td>NMFA-PPRF</td>
<td>Water &amp; Wastewater</td>
<td>Refinance USDA-RD loans to facilitate initial merger</td>
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<td>$ 612,850.00</td>
<td>NM-Colonias Initiative, NM-SAP</td>
<td>Building</td>
<td>New office building</td>
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<td>$ 86,400.00</td>
<td>NM-Colonias Initiative</td>
<td>Water</td>
<td>Water system interconnect for emergency backup water supply</td>
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<td>$ 10,604,032.08</td>
<td>USDA-RD, NM-WTB, NM-SAPs, NM-Colonias Initiative, NMFA-PG</td>
<td>Water</td>
<td>Berino/Mesquite-Del Cerro Water System Improvements</td>
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<td>$ 739,400.00</td>
<td>NM-CITF</td>
<td>Water</td>
<td>Brazito Water System Improvements Project</td>
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<td>$ 127,500.00</td>
<td>NM-SAP</td>
<td>Equipment</td>
<td>SCADA &amp; IT Equipment</td>
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<td>$ 130,000.00</td>
<td>NM-SAP</td>
<td>Equipment</td>
<td>SCADA</td>
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<tr>
<td>$ 175,000.00</td>
<td>NM-SAP</td>
<td>Software</td>
<td>SAP Billing Software</td>
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<td>$ 2,040,346.00</td>
<td>USDA-RD</td>
<td>Water</td>
<td>La Mesa Well &amp; Tank Project</td>
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<td>$ 87,500.00</td>
<td>NMFA-PG, CDBG-PG</td>
<td>Water</td>
<td>Preliminary Engineering Report</td>
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<td>$ 8,846,086.42</td>
<td>USDA-RD, NM-CITF, NM-SAPs</td>
<td>Wastewater</td>
<td>Mesquite-Brazito Sewer Project</td>
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<td>$ 8,932,338.00</td>
<td>USDA-RD, NM-CITF</td>
<td>Wastewater</td>
<td>Mesquite Wastewater System Project</td>
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<td>$ 3,091,381.00</td>
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<td>Water &amp; Wastewater</td>
<td>Organ Water &amp; Wastewater Improvements Project</td>
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<td>$ 595,000.00</td>
<td>NM-DWSRLF</td>
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<td>Radio Read Meter Project</td>
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<td>$ 750,000.00</td>
<td>NM-WTB</td>
<td>Water</td>
<td>Surface Water/Brackish Water/Berino Well &amp; Treatment Project</td>
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<td>$ 150,000.00</td>
<td>USDA-RD-CF</td>
<td>Equipment</td>
<td>Vehicle Replacement</td>
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<td>$ 1,211,515.64</td>
<td>NMFA-PG, NM-DWSRLF</td>
<td>Water</td>
<td>Water System Purchase &amp; Improvements Project</td>
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<td>$ 1,034,580.00</td>
<td>NM-CITF</td>
<td>Water</td>
<td>Waterline Extension Project</td>
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<tr>
<td>$ 40,004,843.14</td>
<td>Total LRGPWWA Project Funds</td>
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<td>$40,034,580 – 16 Projects + Consolidation Loan</td>
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THANK YOU!

Martin Lopez, General Manager
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www.LRGauthority.org