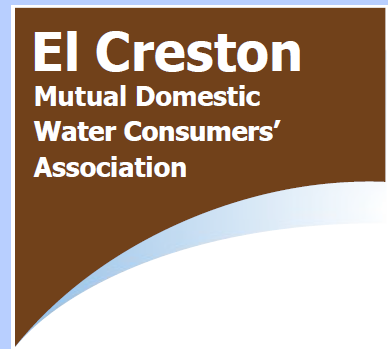


# El Creston MDWCA:

## 2012 in Review



2012 has been a year of quiet accomplishments in its efforts to bring a water system to our communities. Here's a brief summary of what we've accomplished over the past year and what we are looking to do in 2013.

**Who we are: a reminder.** El Creston is a non-profit, government regulated, cooperative utility, authorized under the Sanitary Projects Act and managed by an elected board accountable to members. Its only functions are water and wastewater. More importantly, we are your neighbors in the greater Sheridan, La Manga, Romeroville, Pine Ridge, Blue Ridge and Ojitos Frios Ranches area. We are private citizens concerned about the depletion our community's water supply and committed to finding a solution. The solution is the establishment of a community water system. That system will consist of community wells, storage tanks, and water lines that will bring safe drinking water to each member's home.

**What we've accomplished, 2009-2011.** In the late summer of 2009, when the wells in our area began to suddenly fail, we declared an emergency and promptly set to squaring away our status as a public utility so we could begin work with federal and state government on finding a solution. To meet the urgent needs of our neighbors, we obtained a loan from the State of New Mexico and started a water hauling service that is open to everyone in our community, regardless of membership status. Over 120 deliveries were made in 2010 - 2011 and we paid our first loan installment.

By mid 2010 we were fortunate enough to have secured \$75,000 in loans from the New Mexico Finance Authority and the U. S. Department of Agriculture, allowing us to hire Souder Miller and Associates to develop a Preliminary Engineering Report (PER) and Environmental Report (ER). These reports, completed in spring 2011, determined the water system is feasible. With that finding, our energies focused on the numerous steps needed to try and get the system funding. Most of that energy went toward developing a funding application to the New Mexico Water Trust Board. The requested funding was to cover design and construction of the first components of our community water system: the well, storage tank, some distribution line, and a water fill station. We developed our first Infrastructure Capital Improvement Plan (ICIP) and submitted it to the New Mexico Department of Finance and Administration. This is one of several administrative actions needed for us to receive construction funding from state sources.

## 2012 in review.

Early in the year, we learned that our Water Trust Board application passed numerous reviews and was recommended for funding by the legislature. The final Water Trust Board decision resulted in funding only for the design and construction, about \$100,000, including a \$10,000 loan we must repay. This was an enormous accomplishment for a first time applicant and a tribute to the effort El Creston Board Members and others made in preparing this application.

Additional funding resources were examined throughout the year. Several unsuccessful attempts were made to access emergency funding from state and federal sources. Despite the Governor's declaration of a drought emergency, it was determined that El Creston's emergency did not fit the criteria necessary for emergency assistance. We also sought planning funds through the Community Development Block Grant (CDBG) program, administered through the state's Department of Finance and Administration. Our request was denied due to perceived inadequacy of El Creston's public participation process. We attempted to obtain CDBG funds through San Miguel County. The county ranked El Creston in its top five fundable projects for its Infrastructure Capital Improvement Plan, but declined to submit our project to CDBG due to uncertainty that it could be completed within the prescribed two-year timeframe should the well prove unsuccessful. A funding application letter of interest was submitted to the Drinking Water State Revolving Fund, an Environmental Protection Agency loan fund administered by the New Mexico Finance Authority and New Mexico Environment Department. While our project rated high for its need and technical merits, it was deemed not fundable due to El Creston's lack of a current, rate-paying customer base.

With a better understanding of the funding realities, El Creston focused on a new application to the Water Trust Board (WTB), this time for construction funding. Using the same basic proposal that was so well regarded by the WTB application reviewers last year, and with planning and design effectively complete, we are asking for nearly \$1,000,000 to construct the well, storage tank, some distribution line with a few household connections, fire hydrants, and a water fill station to be located at the junction of Mirasol Road and County Road A20. If our funding request is approved, we will take on \$100,000 in debt and must contribute a further \$150,000 of match, in the form of in kind services and hard (cash) match. We are seeking assistance from the New Mexico Legislature for the match component and will cover the debt through water sales and, to a lesser extent, through assessments. The Water Trust Board will release its list of projects for funding in April, 2013.

Our water hauling continues to provide a vital service to the community. We made over 120 deliveries to 25 different families in 2012, thanks to the efforts of our water hauling director, Ricardo Valenzuela, and our driver, David Rivas. We are on track to

make our next loan installment in February, 2013. Our recruitment of new members has stalled a bit, though we now have over 50 members from all parts of our community.

We had our first membership assessment in 2012. All members were assessed \$60 for the year to help cover El Creston's operating costs and to establish a small fund that could be used toward grant/loan match or loan payments. Unfortunately, there are a significant number of delinquent payments. We are grateful, however, to those members who contributed a little (sometimes a lot) extra. We set the assessment to be the smallest level possible to cover our needs and show funding agencies that community members are buying into this project. Participation in the assessment is required for all members desiring to retain their membership and we hope to see their payments soon.

We had few reports of new well failures in 2012. At least 70 homes are now assessed to have been impacted by this situation. Numerous homes with dry wells remain vacant and, in some cases abandoned by their owners. No new home sales have occurred. Fortunately there were fewer fires in our community last year. That said, we are continuing to experience drought the fact that the fire station's water source is five miles distant is still a cause for concern.

The El Creston Board of Directors also successfully navigated an important transition. Our treasurer, Jim Peters, left the board and handed the financial reign to Crystal Gallegos. We are fortunate to have had Jim's tremendous financial expertise at hand during this critical phase of our efforts. We are equally fortunate to have Crystal on board. She brings excellent small business experience and a fantastic eye for detail. The successful transition of important responsibilities is an important indication of El Creston's resiliency and managerial capability.

### **Looking ahead to 2013.**

2013 will be an important year for El Creston. If our Water Trust Board funding application is successful, we will be poised to begin construction of our community water system. Due to all the different steps involved in releasing the funds, construction is unlikely to begin until early 2014, but should be completed fairly quickly. Once we know the status of this funding, we will also be able to do more focused planning on funding the extension of the system to the fire station and the adjacent communities. We will also continue to pursue options to get a well in the Sheridan area, as outlined in our Preliminary Engineering Report.

If we are to succeed, we will need a stronger membership base. Though at over 50 members we are larger than some other mutual domestics, our service area is quite large and relatively disconnected. We need to get the rest of the property owners along the route of our first distribution line enrolled. This is our first, but not our only membership priority. We also need the interest and enthusiasm of new members throughout the community in order to give funding agencies the confidence that this

project is desired and feasible. **Only members enrolled at the time of construction will have their water meters paid for through the grants and loans we obtain.** Each meter will cost at least \$1,200 and there will likely be other cost associated with connecting households that were not members at the time of construction. We strongly encourage all local residents, members and non-members to learn about our activities and provide input and feedback. Of course we also encourage all property owners to join El Creston.

We will make our second of five annual \$4,000 payments on our water truck loan. We anticipate continued strong demand for this service. We will probably call for another assessment this year. Until we have water lines and household connections in place, we will have to rely on assessments to cover our operating costs and some of our debt. We will ask for input from all members on this and it will be discussed at the annual meeting.

Our community has been dealing with these water troubles for over three years now. We are all coping in a variety of ways. Many of us have crafted ingenious responses to the loss of well water, such as installation of rainwater catchment systems and extreme water conservation. Sadly, others have been forced to leave, often abandoning their mortgages. Even those who have become completely self-sufficient in managing their water situation have experienced a dramatic decline in their property value and have been unable to sell their homes. A community water system will make safe water readily available to our homes, restore property values, cut insurance rates, and improve fire protection. It will restore the livability of our community and make it a more welcoming place for friends, family, and new arrivals.

**We are grateful** for the assistance so many of our neighbors are providing in keeping this project going. It is difficult work. We are also very grateful to the many state, federal, and local government officials who have shared their knowledge with us and advised us on so many technical and administrative details associated with this project. This is an extraordinary team effort.

***The El Creston Board of Directors***

### Proposed El Creston Service Area

