

COMMUNITY PROFILE

Pairing Regionalization with Local Control

Lubbock County, Texas

BY THE NUMBERS

\$3.3M

State support for system rehabilitation

3232

House Bill that helped provide a solution

283

Number of water connections affected by poor water quality across the systems

15

Number of water connections needed to constitute a public water systems

7

Locally-appointed board members of the South Plains WSC

4

Number of systems consolidated into the South Plains WSC



Across four small clusters of homes in the Texas panhandle, residents were seeing dirty, contaminated water in their taps. Nearly 300 households were dutifully paying their monthly water bill, but the water was so contaminated they couldn't drink it. The residents of the four systems came together and collaborated to find a solution. With the help of a management company, non-governmental organizations (NGOs), and the Water Finance Exchange, those residents created the South Plains Water Supply Corporation (SPWSC), a quasi-governmental entity which could take control of the four systems and empower the residents to address the issues. The residents were able to embrace a regional approach to water infrastructure while maintaining – even expanding – local control. Their story demonstrates the importance in creating the appropriate legal and financial framework that can empower communities and offer a pathway to funding. Their efforts will benefit from the recent passage of Texas House Bill 3232. The “Safe Harbor Bill” allows community groups like the SPWSC to consolidate failing systems without immediately facing insurmountable regulatory challenges. HB 3232 specifically assists in putting these communities on a path toward compliant operation while setting aside the threat of fines from the state environmental regulatory agency, which allows all efforts and investments go towards compliance and sustainable operation of an improved water utility.

The Need

Residents in four clusters of homes on the outskirts of the City of Lubbock – Plott Acres, Cox Addition, Town North Estates, and Town North Village – each had water systems that were owned and operated by the same private management company. Succession challenges at the company led to a lack of reinvestment into the infrastructure across the four systems. Water quality continued to deteriorate and residents began calling attention to the fact they were paying between \$50 to \$100 per month for water that was so contaminated with fluoride, arsenic, nitrate and selenium that they couldn't use it, even between the boil notices and service shutoffs. The state also noted several water quality violations.

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The state ultimately intervened and placed the four systems under temporary management – a step just before placing the systems under receivership. Around this time, residents began mobilizing to consider taking over management of the water systems themselves, which called for action and collaboration among partners to assist in developing a strategy.

A Partial History of Small Water Systems in Texas

In Texas, small clusters of homes in the deep rural parts of the state, such as the four communities that now comprise the South Plains Water Supply Corporation, are remnant of old ranches that operated large agricultural wells. These ranchers realized they could connect a few homes and sell water to supplement the difficult, and often volatile, commodity price fluctuations. But in Texas, when more than 15 homes are connected, the Texas Commission on Environmental Quality (TCEQ) considers that well and its connections as a public water system, making it liable for water testing and other regulatory oversight. The agency is working to identify these systems, which are among the smallest in the state, and bring them into compliance to ensure all Texans have safe and reliable water.

The Process

Water Finance Exchange (WFX), in partnership with Communities Unlimited, the Texas Section of the American Water Works Association (AWWA) and Anser Advisory, worked with residents to take ownership of their water system. Initial exploration into connections with nearby City of Lubbock or City of Shallowater didn't materialize. Instead, WFX and its partners helped the residents organize a Water Supply Corporation (WSC), which did not require approvals from other nearby local governments, but rather the support of the residents within the system itself.

After several months building trust and transparency among residents through community meetings, a majority agreed to create the South Plains Water Supply Corporation in July 2023. The residents appointed a seven-member board consisting of residents of those four systems and they are now in position to return local control to the four defunct, noncompliant water systems.

The Outcome

Before the creation of the SPWSC, residents across these four systems had no recourse to correct the failing water system. Without the entity that is the SPWSC, they couldn't own the system's assets, levy water rates, compete and get loans, contract with engineers, or receive funding to rehabilitate the infrastructure. Now, the local residents comprising the board of the SPWSC can do all of the above. In the time between the creation of the SPWSC and the point in the near future when it receives the system's assets and can begin running the water system on its own, WFX is continuing to support SPWSC by providing a pre-development loan from the WFX Texas Pre-Development Fund.



When the system is in the hands of the SPWSC, one of its first tasks will be to receive approximately \$3.3 million in funding from the Drinking Water State Revolving Fund administered by the Texas Water Development Board. That funding will bring the systems up to compliance and help deliver safe water to the nearly 300 homes in Texas.

For more information, read an article on the South Plains Water Supply Corporation from The Texas Tribune [here](#).