

# COMMUNITY WORKSHOP REPORT

## Water and Wastewater Infrastructure Opportunities in New Mexico

### Albuquerque, New Mexico

On October 3rd, 2023, representatives from New Mexico state and local government, the federal government, grassroots organizations, and academic institutions convened to discuss funding opportunities for water and wastewater infrastructure, as well as the challenges in advancing environmental and public health goals in small, rural, underserved communities. Attendees shared the successes and challenges their New Mexican communities and organizations face. The workshop included panel discussions, break-out sessions, and keynote presentations, empowering attendees to exchange ideas and share perspectives.

Water Finance Exchange (WFX) and the Southwest Environmental Finance Center (Southwest EFC) would like to thank the panelists and presenters, including representatives from:

- New Mexico Environment Department (NMED)
- United States Department of Agriculture (USDA)
- Rural Community Assistance Corporation (RCAC)
- New Mexico Finance Authority (NMFA)
- Local Community Leaders

Generous support for the workshop was provided by the Thornburg Foundation and Lyda Hill Philanthropies, with event space provided by the University of New Mexico.

WFX and the Southwest EFC are actively planning to host a similarly focused workshop on support systems and sustainable solutions for Tribal Nations in New Mexico in Spring 2024.

More than 50 representatives from across the state attended the workshop, including individuals from 12 communities. Below are summaries of the discussions, pathways to solutions identified by the participants, and ideas for productive collaboration to move these conversations forward.

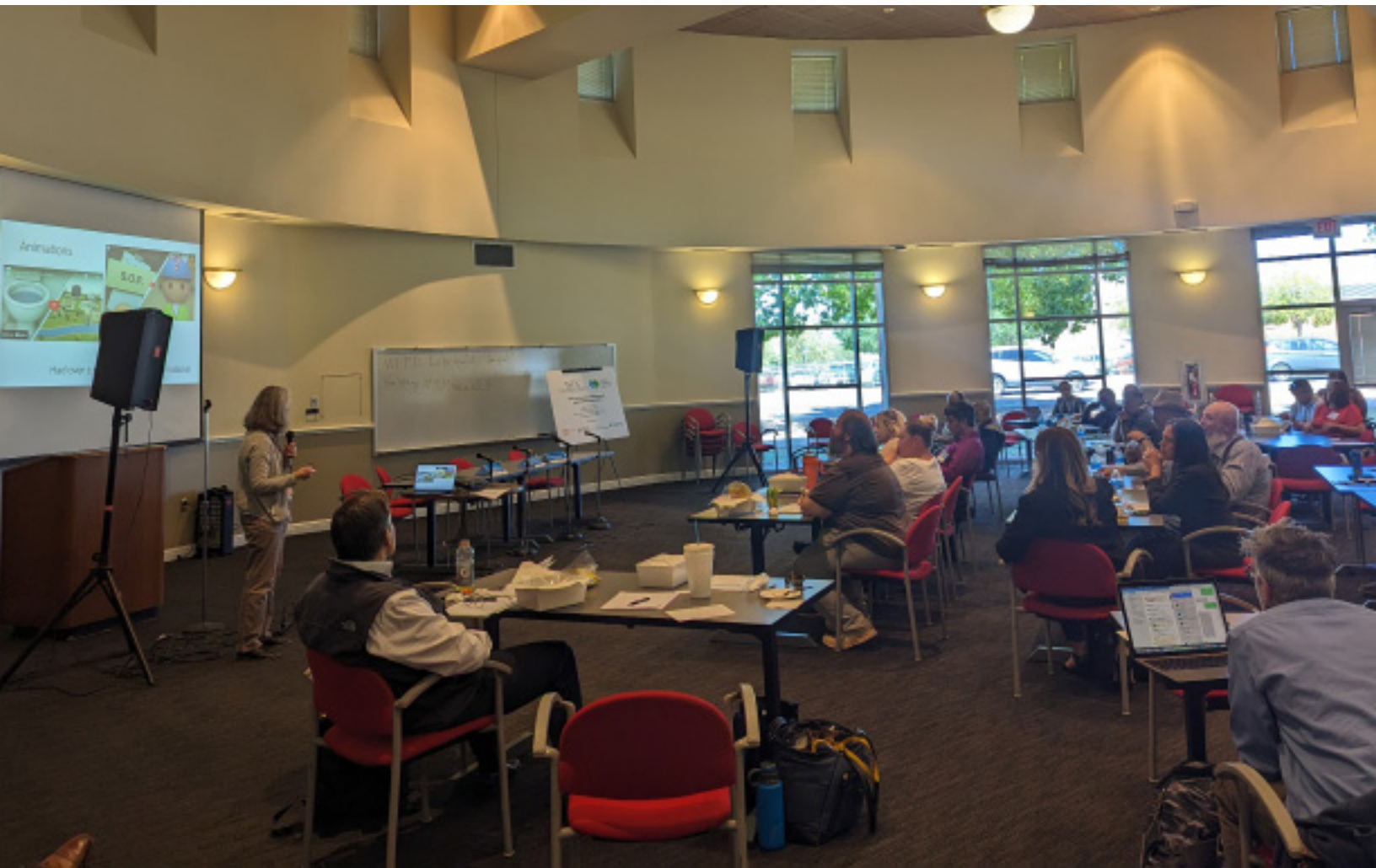
#### Water and Wastewater Funding in New Mexico

Water infrastructure in New Mexico has many persistent challenges, including decaying infrastructure, intensifying droughts, failing decentralized water and wastewater systems, and financial hardship that limit funding solutions. Finance and government organizations like those represented by the panelists are drawing attention to state and federal funding opportunities, such as the Local Government Planning Fund, the New Mexico capital outlay funds, and USDA Water and Wastewater infrastructure funding that New Mexican communities can pursue to improve water and wastewater infrastructure. Additionally, the New Mexico Clean Water and Drinking Water State Revolving Funds (SRF), at 0-1% interest for public entities, continue to be a resource for these communities.

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However, attendees and panelists alike acknowledged the difficulties in applying for and executing various funding sources due to low technical and administrative capacity in many New Mexican communities, as well as financial challenges associated with providing matching funds, which may be required. The Albuquerque workshop highlighted both the existing and emerging challenges for New Mexican communities seeking water and wastewater infrastructure improvements.

Government organizations, local nonprofits, and experienced community leaders identified key themes in water and wastewater management, including affordability, sustainability, and monitoring and maintenance strategies. Innovative, collaborative, and forward-thinking strategies will enable New Mexican communities to implement the necessary water and wastewater infrastructure projects, while minimizing costs for low-income households and maximizing technical capacity.



*Heather Himmelberger of the Southwest Environmental Finance Center addresses attendees at the workshop.*

Persistent challenges include building technical capacity, maintaining consistent project oversight, expanding the job market in the local water sector, and establishing trust between communities and government actors. Small group and panel discussions enabled participants and panelists to expand upon these challenges and discuss potential solutions.

WFX and the Southwest EFC recognize the gap in support for communities navigating the difficult application and pre-development process. By convening various funders, community partners, and local representatives, the organizations strive to help communities identify the technical resources and expertise that will catalyze water infrastructure projects.

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WFX and the Southwest EFC believe that new, innovative models can create a path to safe and secure water infrastructure, as well as secure a sustainable future for local communities.

The keynote remarks, given by NMED Cabinet Secretary James Kenney, set the stage for collaborative discussion. Secretary Kenney acknowledged the importance of the on-the-ground work done by community leaders and emphasized the need for stronger collaboration between communities and the government, on both the federal and state levels, through open dialogues. He expressed his vision for communities to feel empowered to approach NMED with their specific water and wastewater difficulties and ask NMED for help to implement best sustainable solutions. Secretary Kenney, and many panelists in later sessions, articulated that this strategy is important as the government likely will be unaware of what issues communities are facing until community leaders explicitly advocate for ways to remedy these water infrastructure needs. Furthermore, Secretary Kenney discussed regionalization as a potential solution, and assured community leaders that NMED can help regional alliances look for operators. He also addressed concerns about the limited workforce in the New Mexico water and wastewater sector and noted that NMED is invested in expanding trainings and curricula for water professionals and finding innovative recruiting strategies to inspire more water professionals.

Following the keynotes, participants contributed to highly productive small group discussions followed by question-and-answer sessions with two panels of experts and a lunchtime presentation from Southwest EFC, during which the EFC's Director, Heather Himmelberger, outlined the tools and services that her team can offer, including asset management, technical assistance, and funding program research. The luncheon presentation shared the resources available for communities in New Mexico and across EPA Region 6 to access technical assistance services to implement sustainable infrastructure solutions.

The workshop conversations and presentations highlighted the following key priorities for overcoming barriers to water and wastewater development.

## **Opportunity 1 – Closing the Workforce Gap**

A common challenge that community leaders, government stakeholders, and nonprofit employees identified in both the small group and panel discussions is maintaining a sound, robust workforce in the water and wastewater sectors. Many small communities lack water operators and financial experts and struggle with finding information on how to find that expertise.

Furthermore, community water and wastewater management for small New Mexican communities is often managed by volunteer board members and leaders. Many of these leaders take on multiple responsibilities and can feel overwhelmed, especially when communities are lacking support from water and finance experts.

In the breakout sessions, nearly every group highlighted the importance of developing succession and transition plans for experts and community volunteers alike to preserve institutional knowledge and avoid gaps in management and leadership. Participants also noted that the learning curve for system management and operation can be difficult to surmount for community volunteers and even sector experts. This can cause new hires or volunteers to quit, further contributing to the cycle of institutional knowledge loss and onboarding challenges. Many community leaders acknowledged digital file storage as a potential solution to preserve institutional knowledge.

Another related concern that community leaders raised throughout the workshop was the political aspect of volunteers working in and with small communities. Some expressed that enforcing federal and state regulations can yield difficult discussions and outcomes in their small communities, which has negatively impacted both their professional and personal relationships in such small communities. Heather Himmelberger of Southwest EFC assured attendees that governmental agencies like EPA understand the importance of getting community buy-in and that working in and with small communities can breed fraught discussions. Community leader and panelist Shawn Jeffrey from the Village of Cimarron followed up by encouraging community leaders to bring these concerns forward so the government and their elected officials can assist and advocate for them and noted that her community has had success in working with their representatives to solve water-related problems.

Participants and panelists discussed additional solutions to workforce challenges during the question-and-answer sessions. Ramón Lucero, Regional Field Manager at RCAC, noted that his organization can provide a list of contacts that include water operators, financial experts, and other personnel who are ready and willing to provide funding support, technical assistance, and support for regionalization efforts. Lucero also identified RCAC, among other nonprofits and public service entities, as a resource in providing a roadmap to navigate the pre-development process and see projects through. In addition to helping establish relationships for communities and developing a roadmap, Lucero acknowledged the Water Leadership Institute's program that provides management training and leadership development as an opportunity for education. Local organizations can also inform communities of training and leadership development opportunities.

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Many attendees noted the importance of creating educational opportunities to encourage more New Mexicans to enter the water and wastewater sectors, such as the possibility of an apprenticeship opportunity for high school students and/or soon-to-be graduates to build a pipeline for future water professionals. Secretary Kenney introduced the topic in his keynote remarks, noting that “water is a noble profession” and innovative recruitment strategies, such as through social media, can make the water and wastewater sectors an attractive profession that allow young people to help their communities while maintaining a living wage and work-life balance. Panelists and community leaders noted their agreement throughout the course of the workshop.

Workforce challenges also yielded discussions about another common theme from the workshop: regionalization. Forming regional entities would allow communities to share resources like knowledge and contacts, but also key personnel like water operators and auditors. Sharing expertise can help communities coordinate and compound their knowledge, expertise, and resources also has the potential to make meeting state regulations.

## **Opportunity 2 - Identifying the Right Technical and Funding Resources for Each Community**

Water infrastructure is a long-term investment that requires solutions that consider the current needs and sustainability strategies of communities. Affordability is a challenge that came up repeatedly during breakout sessions and panel discussions. Striking a balance between finding the technical improvements that a community needs and the funding mechanisms a community can afford can be difficult.

During the small group discussions, several community leaders acknowledged that successfully pursuing funding can be a slow process. Some noted that by the time water systems receive funding, both the capital and operational costs of the project in question may have increased and even doubled, which can feel like a waste of time for many communities. While raising water rates is often touted as a solution to water and wastewater infrastructure challenges, this can be difficult for small, fixed-income communities that must work within budget constraints, and many community leaders assert that they have raised water rates to the maximum amount and cannot take on additional debt burdens.

Aside from affordability, community leaders discussed the issue of distrust for the water and wastewater sectors and government bodies among small communities. Community members may find it difficult to confide in outside engineers, state and federal regulators, and nonprofits and public service entities due to negative past experiences with water and wastewater projects. Several participants also expressed that small, rural community leaders may struggle to be taken seriously by engineers, and thus struggle to design appropriate solutions for their unique needs. Understanding these doubts and building transparency into project development can enable communities to increase trust in intermediaries and, thereby, advance infrastructure solutions.



*Panelists discuss resources available to communities. Panelists include Melanie Delgado (NMED), Christine Griego (USDA), Todd Johansen (NMFA), Elizabeth Ybarra (USDA), and Andrea Telmo (NMED).*

Nonprofit and public service organizations possess the necessary insight and community connections to develop effective communication strategies for the rollout of new projects.

Throughout the panel discussions, community leaders learned about state and federal funding options that are available for their unique needs and brainstormed ways to combat the challenges in receiving technical and funding assistance. Community leader and panelist Jason Sánchez of Ya-ta-heh Water District acknowledged that “we need more civic education to learn about representation,” so communities can work with governments and elected officials on receiving the best assistance. Regarding affordability, participants addressed the possibility of water systems receiving help in creating a funding package that pulls from multiple sources to limit the debt burden, which nonprofits and public service entities in the water and wastewater space can help support.

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Participants and panelists also distinguished operational expenses from capital outlay, noting the importance of understanding the different funding opportunities for each. Additionally, in response to community concerns about repaying their debts, Todd Johansen, Senior Program Administrator at NFMA, noted that although repayments are typically due on an annual basis, communities can request financial hardship status and have their repayments paused for one year.

With so many disconnected water systems and neighboring communities with similar issues, there are opportunities to share costs through the adoption of regional solutions. Regional solutions create scale and allow for entities with complementary missions to work collaboratively on projects including billing, operations, management, or purchasing services together.

Collaborating with regional organizations is not just important for gaining additional technical expertise, it is also a key strategy for conserving limited financial resources. Technical assistance providers, as well as Environmental Finance Centers, nonprofits, and local government actors, can be key partners in building comprehensive project plans to tackle water and wastewater needs concurrently with other initiatives such as environmental health improvements.

Furthermore, during the breakout sessions, community leaders addressed the disconnect between communities and their county, and maximizing regional knowledge, expertise, and skills can help bridge this gap in communication. Technical Assistance providers discussed a county-level or broader water strategy as potential approaches to spread cost burdens and share resources for resource-constrained communities.

These strategies can help address shared regional issues such as drought conditions. Participants also noted that there are a handful of New Mexican communities that have successfully regionalized and formed water system associations, such as the Lower Rio Grande Public Water Works Authority in the southern part of the state. These groups can share their experiences with the process, challenges, successes, and timeline for regionalization. Panelists included community leaders of systems that persevered through challenges to achieve multi-community approaches to shared problems utilizing multiple pathways to collaboration, such as working with private companies to handle billing while community leaders focus on the technical assistance aspect.

Panelists also encouraged community leaders to let the NMED Drinking Water Bureau know whether their water system association personnel and contact info is up to date on [drinkingwaterwatch.org](http://drinkingwaterwatch.org), so communities can find neighboring water leaders to collaborate with on regional solutions. Local organizations are also available to help with this process and foster collaborations.



*NMED Secretary James Kenney addresses attendees.*

Johansen, as well as Beth Ybarra, Community Programs Loan Specialist with USDA, and Melanie Delgado, Community Services Coordinator with USDA, acknowledged that a single document does not necessarily define a community's financial status, and thus it is imperative to communicate nuanced finances and therefore work to build the best water and wastewater plan – which third party actors are ready and willing to help with. Delgado also emphasized that the state and federal government shares community concerns about affordability and funding the best technical and financial assistance and highlighted the importance of communities being thorough in their communications with state and government actors.

### **Opportunity 3 – Exploring Regionalization and Sharing Resources**

As discussed throughout the workshop, infrastructure costs can be an obstacle for individual households as well as local governments. Centralized traditional wastewater treatment plants can cost tens of millions of dollars and are not feasible in many rural areas.

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New management and governance models are needed to address rural, small water infrastructure needs. Funding and financing alone will not fix these long-standing problems. To be sustainable, this management structure will need a regional approach, which can allow for economy-of-scale opportunities, while increasing the viability and sustainability of long-term operations and maintenance. As noted throughout the workshop, these new models require community ownership and participation to address community trust concerns and build local agency.

## Proposed Action Steps

### **Building on lessons learned. Collaboration, workforce development, and government transparency.**

The attendees in Albuquerque shared a sense of urgency for action-oriented collaboration among key organizations. These workshops continue to highlight the critical importance of remaining connected across organizations.

As one opportunity for collaboration, WFX and Southwest EFC will continue to serve small, rural, and underserved communities across New Mexico and work with other technical assistance partners to implement suitable solutions. The lessons learned from these projects can help drive the large-scale policy and standard practices necessary to serve the thousands of communities in need.

The discussions in Albuquerque yielded several ideas for achieving change at scale, including:

- *Community Collaboration and Technical Assistance* – Engage grassroots organizations and government agencies, such as NMED, working in the New Mexican communities to develop a water education initiative. Additionally, leverage connections made through the workshop and other regional organizations, such as Southwest EFC, RCAC, and WFX, to provide local technical assistance and advance financing and engineering solutions to local needs.

- *Training and Education Development* – Identify workforce gaps and barriers to entry, build partnerships with universities, corporations, and schools to build the pipeline, and prescribe structural opportunities for scaled training. Tap into resources discussed during the workshop to build work opportunities and register apprenticeships.
- *Advancing Governance Solutions for Regional Challenges* – Identify regional actors and partners to begin building regional governance models for decentralized water and wastewater improvement solutions. Assess opportunities for implementing other success stories from similar contexts around the country.

The discussions held during the workshop continue to build momentum and action for supporting communities across New Mexico to access sustainable infrastructure solutions. WFX and Southwest EFC believe that water and wastewater infrastructure is about more than pipes and pumps. Instead, it serves as a catalyst for and foundation of sustainable economic growth, public health, and environmental outcomes.