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FISCAL IMPACT REPORT

ORIGINAL DATE 03/07/15

SPONSOR SCONC LAST UPDATED _____ HB _____

SHORT TITLE Regional Water Utility Authority Act SB 550/SCONCS

ANALYST Sanogo

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY15	FY16	FY17	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	NFI	NFI	NFI			

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files
Office of the State Engineer (OSE)
NM Public Regulation Commission (PRC)

SUMMARY

The Senate Conservation Committee (SCONC) substitute for SB 550 would allow the creation of a new statutory entity – a Regional Water Utility Authority (RWUA) – that may be incorporated through the cooperation of two or more entities that provide water or wastewater treatment services:

- An RWUA may be created to construct or acquire water supply works or wastewater treatment systems; to manage or maintain such regional facilities; to develop renewable energy projects integral to such facilities; to implement storm water management strategies; and to advance strategies and technologies to reduce solid waste disposal. The bill would provide for the transfer of assets and liabilities from the incorporating entities to the RWUA.
- RWUAs would be incorporated, under the supervision of the Secretary of State, by the cooperating entities and would be governed by a board of directors elected from within the RWUA’s service area.
- RWUAs would have the power to borrow money, issue bonds, encumber revenues and mortgage property; to establish rates, assessments and fees for service, and to enforce them with shut-off notices, collection suits and liens; to acquire water rights from willing sellers; to acquire real property; to condemn property, through eminent domain, only for infrastructure maintenance; to compel connection within the service area; and to undertake regional water planning.

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- SB 550 would provide detailed procedures for the predecessor entities to give notice and proceed with incorporation; for electing the RWUA’s board of directors, oversight of board activities, and succession of board members. The board would have the authority to hire employees.
- An RWUA would have the exclusive right to provide service within its service area, subject to the right of existing providers to continue service to their existing customers and subject to the RWUA’s ability to provide service promptly.
- An RWUA would be authorized, within its service area, to restrict new domestic wells, and to require water conservation measures, as well as to compel connection to RWUA systems. An RWUA would be subject to NM Environment Department (NMED) authority.

The bill would provide extensive procedures for placing and foreclosing liens, and for authorizing, issuing, paying and refunding revenue bonds.

FISCAL IMPLICATIONS

No fiscal impacts. See, “significant issues.”

SIGNIFICANT ISSUES

The proposed legislation would provide a mechanism for small water providers to combine their resources which, through economies of scale, would promote greater efficiency in maintaining infrastructure and providing services, and in complying with regulatory requirements, and which would enhance resiliency in the face of water supply problems.

Section 8 of the bill would require the Office of the State Engineer (OSE) to approve and keep on file an RWUA’s “service area and place of use documents,” which describe the RWUA’s exclusive territory (see page 12, lines 20-23). OSE reports that it does not currently have the authority to approve the service areas of water or wastewater service providers.

PERFORMANCE IMPLICATIONS

OSE notes that the bill would require the agency to keep on file an RWUA’s service area, place of use documents and plats, requiring the reallocation of existing agency staff work responsibilities. This would reduce the amount of staff time available to perform existing agency functions such as the processing of permit applications.

AIS/bb/je/aml