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State Mandated Cost-of-Service Study Nearly Complete

The Camino Real Regional Utility Authority (CRRUA) is conducting a comprehensive Cost-of-Service (COS) study to help ensure that water and wastewater rates are aligned with the actual costs of providing safe, reliable services.

The study is required by the New Mexico Finance Authority (NMFA) as a condition for CRRUA to remain eligible for future infrastructure grants and financial assistance. It also follows recommendations in a third-party evaluation of CRRUA's operations commissioned by the New Mexico Environment Department (NMED.)

Jacobs Engineering Group, Inc., a nationally respected infrastructure consulting firm, began the COS study in August 2024. Jacobs is supported by Garza & Associates, a Las Cruces-based firm assisting with financial modeling and development standards.

"This study is essential for us to accurately assess the costs associated with delivering high-quality water services to homes and businesses and ensuring that rates are aligned with the resources required to keep the water utility system running at optimal performance," said CRRUA Executive Director Juan Crosby.

Crosby also said the study will help CRRUA evaluate whether current rates are sustainable to maintain and upgrade critical infrastructure; plan for future investments while keeping rates fair, predictable, and transparent; and meet health and environmental standards set by the Environmental Protection Agency (EPA) and NMED.

"CRRUA serves one of New Mexico's fastest-growing regions. Rapid growth, aging infrastructure, and increased regulatory compliance costs have placed growing pressure on the utility system," Crosby said.

According to Crosby, the study will identify an equitable rate structure for CRRUA to:

- Continue delivering water that meets or exceeds health and safety standards.
- Maintain sufficient staffing and technical expertise.
- Invest in system upgrades and emergency response.
- Secure long-term operational and financial sustainability.

A Comprehensive Performance Evaluation (CPE) conducted by Eastern Research Group (ERG) in 2024 found that, "Rates have not kept pace with the full cost to properly staff, operate, and maintain the water system." ERG recommended immediate action, including a rate study and building reserves to avoid further financial strain.

CRRUA anticipates receiving the final results of the study in the coming weeks.

Once complete, the results will be made publicly available and presented to the CRRUA Board of Directors, the Dona Ana County Board of Commissioners and the City of Sunland Park City Council.

In addition to the COS study, CRRUA is exploring equitable funding strategies such as impact fees and bonding capacity, and developer agreements to support future growth to help ensure that new development pays its fair share for infrastructure, reducing the burden on existing residents.

“We are committed to full transparency, fairness, and long-term planning,” said Crosby. “By responsibly aligning our rates with the real cost of providing service, we can protect public health, support economic opportunity, and ensure clean water for generations to come.”

More COS information will be available through public meetings, customer notifications and the CRRUA website, www.crrua.org