

Customer Message

08-23-2024

CRRUA to Conduct Recommended Rate Study as part of NMED Commissioned Comprehensive Performance Evaluation

In compliance with a recommendation in an independent evaluation of the Camino Real Regional Utility Authority (CRRUA) commissioned by the New Mexico Environment Department (NMED), CRRUA will voluntarily conduct a cost-of-service rate study.

“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.

At an [April 15, 2024, meeting in Sunland Park, NM](#) with high level state environment department officials and city of Sunland Park and CRRUA officials, it was agreed that a third-party evaluation of CRRUA be conducted as part of a long-term operational plan for the southern New Mexico utility. CRRUA provides water and wastewater services for Sunland Park and Santa Teresa, NM.

“First on our list of objectives is ensuring that the CRRUA water utility system operates efficiently and reliably to support the health, safety, and welfare of our community. To achieve this, we are conducting a cost-of-service rate study,” Crosby said.

On April 29, 2024, NMED and CRRUA signed an agreement to perform a [comprehensive performance evaluation \(CPE\)](#) to review all aspects of CRRUA operations, including financial, administrative, and technical. The result would be a set of recommendations to assist CRRUA in future operations.

NMED contracted Eastern Research Group (ERG) to perform the CPE. [During a site visit May 28-30, 2024](#), ERG visited CRRUA’s four arsenic treatment facilities (ATFs), interviewed CRRUA staff, reviewed data and operating procedures and took chlorine residual and pH measurements. ERG presented its CPE to the CRRUA board of directors at an Aug. 19, 2024, board meeting.

“When we met with [Division Director John Rhoderick of the Water Protection Division and NMED Deputy Cabinet Secretary Sydney Lienemann](#) on April 15, we pledged full cooperation and participation in the CPE and to comply with ERP’s recommendations,” Crosby said.

In its CPE, ERG listed as a performance limiting factor (PLF) CRRUA’s finances. In its findings, ERG states in part: *“Rates have not kept pace with the full cost to properly staff, operate, and maintain the water system, including the four ATFs. Insufficient revenue has resulted in the inability to properly staff the utility, retain properly certified and trained staff, purchase needed equipment, and encourage treatment performance that goes beyond the regulatory requirements. In addition, reserves are being depleted to fund critical infrastructure projects.”*

The following is ERG’s recommendation: *“CRRUA should conduct a rate study to better evaluate all O&M (operating and maintenance) costs (CRRUA is planning for a rate study) and determine the full cost of service. Also consider a rate structure that allows for creating a reserve account as the current reserves are being depleted for critical infrastructure upgrades. CRRUA board should develop a schedule for implementing rate increases.”*

Crosby said, “By analyzing these costs, we can establish fair and equitable rates that reflect the true expense of maintaining critical facilities, performing ongoing system upgrades, and ensuring compliance with Environmental Protection Agency (EPA) and NMED regulatory standards, all of which are necessary to provide safe and reliable water services now and in the future.”

Crosby said CRRUA has contracted with Jacobs Engineering Group, Inc, a company that provides professional services worldwide including consulting, technical, scientific and project delivery for the government and private sector to conduct the cost-of-service rate study. The Las Cruces-based firm Garza & Associates, LLC, a management and engineering consultant, will assist with financial and development standards. Crosby said the cost-of-service rate study recommended by ERG should take approximately 8-12 months to complete and as part of the process, CRRUA will provide updates to customers and NMED.

Crosby said at the April 15, meeting with NMED, the city of Sunland Park and CRRUA, all agreed that a CPE would help restore trust and credibility in CRRUA through tangible results and transparency.

“To our customers, thank you for your understanding and continued support as we work to maintain the highest standards for our community,” Crosby said.