

Lincoln County Special Districts Commission

August 26, 2004

in matter of
Alto Lakes Water & Sanitation District



Presentation Outline

- Overview of Alto Lakes
- W&SD Definition and Purpose
- Community Support
- Petition to form W&SD
- Alto Lakes Community Profile
- ALWC Master Plan
- Effects inside District
- Effects outside District



Overview of Alto Lakes

- Established in 1965
- 7 subdivisions in unincorporated area of Lincoln County
 - 1,605 acres totaling 2.5 square miles
- Population
 - Residential 2,000+ (approximately 800+ full-time, growing)
- Real property \$251 million *Assessor 2003 Tax Rolls*
 - 959 homes (adding 40 per year) + 1,230 lots + Club Facilities
- Alto Lakes Water Corporation - 1,100+- customers
- Community governance
 - Past: ALG&CC Board + Covenants
 - Future: Zoning and Water & Sanitation Districts + Covenants



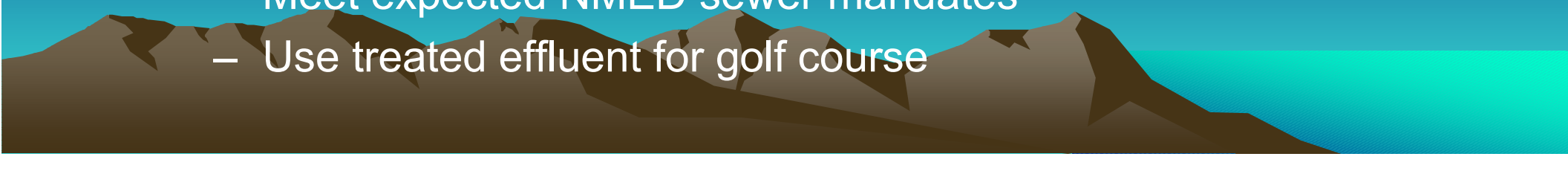
Water & Sanitation District - Defined

Water & Sanitation Districts are created to provide water and sanitary sewer services to the community. Can also provide for roads and recreation.

- Created by petition of 25% of tax paying electors
- Managed by an elected Board
- Following formation, W&S District will acquire Alto Lakes Water Company with price and terms subject to formal approval by Club membership



Purpose of Alto Lakes W&SD

- Find new sources of water
 - Deepen/improve existing wells
 - Drill new wells and acquire water rights
 - Participate in regional water planning and development
 - Conserve the water we have
 - Maintain a rate structure which rewards conservation
 - Upgrade existing infrastructure to reduce leaks and waste
 - Centralize water treatment to reduce waste from softeners and reverse osmosis systems.
 - Improve fire protection
 - Improve water pressure and storage
 - Household waste and water re-use
 - Meet expected NMED sewer mandates
 - Use treated effluent for golf course
- 

Community Support

Membership* ballot question: *“Do you support having the ALGCC Board move forward with the formation of the Water & Sanitation District and Zoning District?”*

Yes	628	92%
No	55	8%

* Membership = property owners within proposed district boundaries



W&SD Petition - NM 73-21-6 B



W&SD Petition

1 of 4

Eligible petitioner

- Own property within district boundaries
 - Individual(s) at Assessor's address of record
 - One individual on behalf of fictitious entity
- Registered to vote in New Mexico
- Certificate required outside Lincoln County and for fictitious entities



W&SD Petition

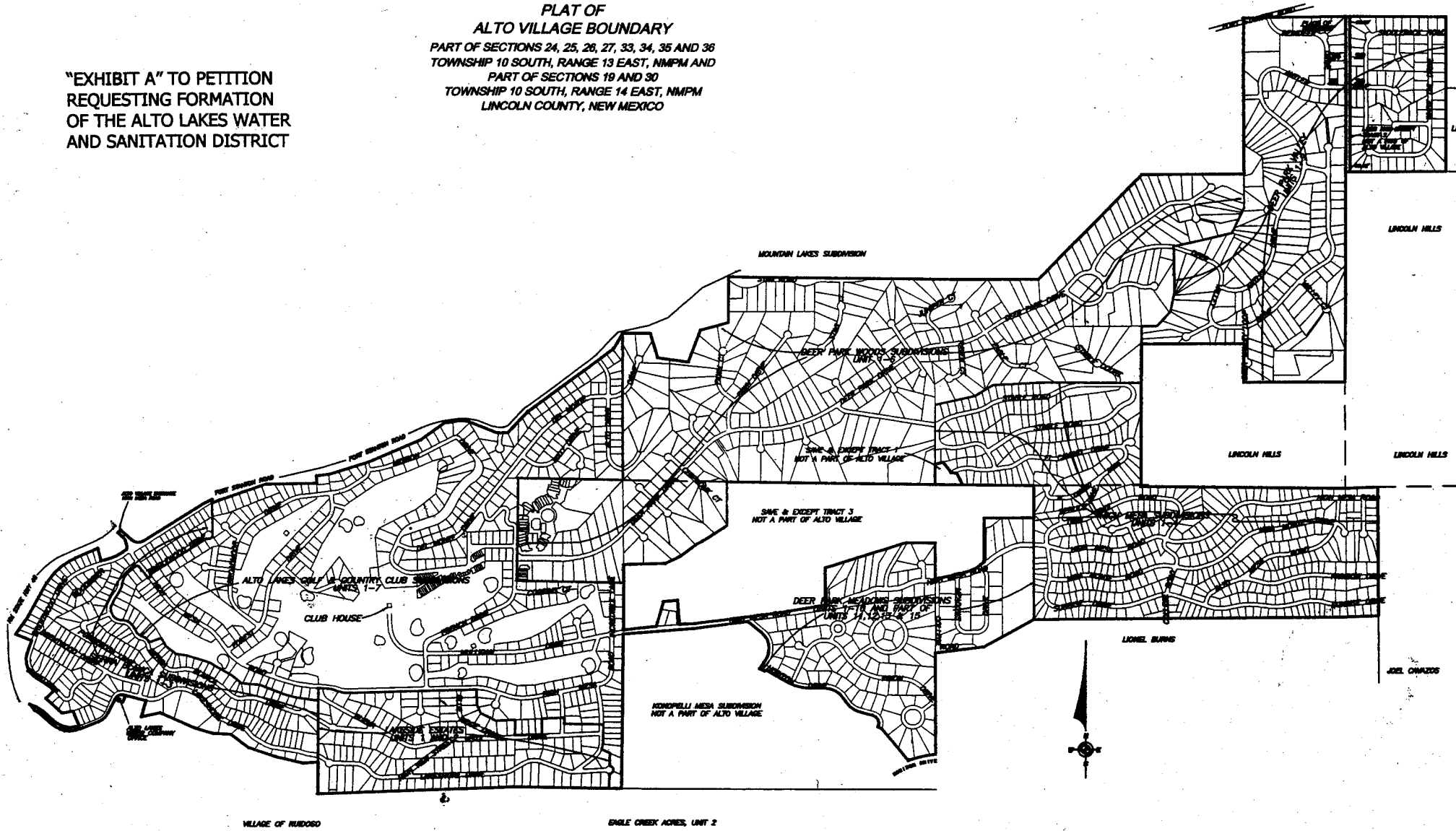
2 of 4

- **Name**
 - **Alto Lakes Water & Sanitation District**
- **Description of improvements**
 - **Acquire ALWC + accommodate growth**
- **Estimated costs**
 - **Up to \$3,000,000 for acquisition**
 - **Master Plan with CIP developed several months later**
- **Estimated time table to begin providing services**
 - **April 15, 2005**
- **Need for district and for improvements**
 - **Expand and modernize water and sewer systems**
- **Salaries to Board**
 - **Unpaid, volunteer Board (statutory max of \$5 per day)**
- **Boundaries**
 - **Alto Lakes Subdivisions**



"EXHIBIT A" TO PETITION
REQUESTING FORMATION
OF THE ALTO LAKES WATER
AND SANITATION DISTRICT

PLAT OF
ALTO VILLAGE BOUNDARY
PART OF SECTIONS 24, 25, 26, 27, 33, 34, 35 AND 36
TOWNSHIP 10 SOUTH, RANGE 13 EAST, NMPM AND
PART OF SECTIONS 19 AND 30
TOWNSHIP 10 SOUTH, RANGE 14 EAST, NMPM
LINCOLN COUNTY, NEW MEXICO



W&SD Petition

4 of 4

Eligible petitioners

– District	282		
– County	234		
– State	<u>219</u>	(331 @ 66%)	

Total 735 **184 required** = **25%**

Petitions to Clerk

– Batch #1	240	231 certified	= 31.4%
– Batch #2	87	(reserve)	= 11.8%



**Factors to be considered by SDC
NM 4-53-8 A (1)
Community Profile**



Community Profile

1 of 2

- Population
 - 2,000+
- Land area
 - 1,605 acres
- Population density
 - 1.25 per acre
- Land use
 - Residential and recreational
- Per capita Assessed Valuation
 - \$125,500 (\$251 million divided by 2,000)



Community Profile

2 of 2

- Topography
 - Mountainous Mesa
- Natural Boundaries & Drainage Basins
 - Generally Fort Stanton Road and Eagle Creek
 - Upper Hondo (Little Creek and Eagle Creek)
- Proximity to Populated Areas
 - Numerous developments in area
- Likelihood of Growth
 - AL: 959 homes (2004) up to 2,000 homes (2026)
 - Forecasts for Ruidoso and surrounding areas indicate that residential development and construction will continue for next 10+ years.



ALWC Master Plan



ALWC Water & Waste Water Plan

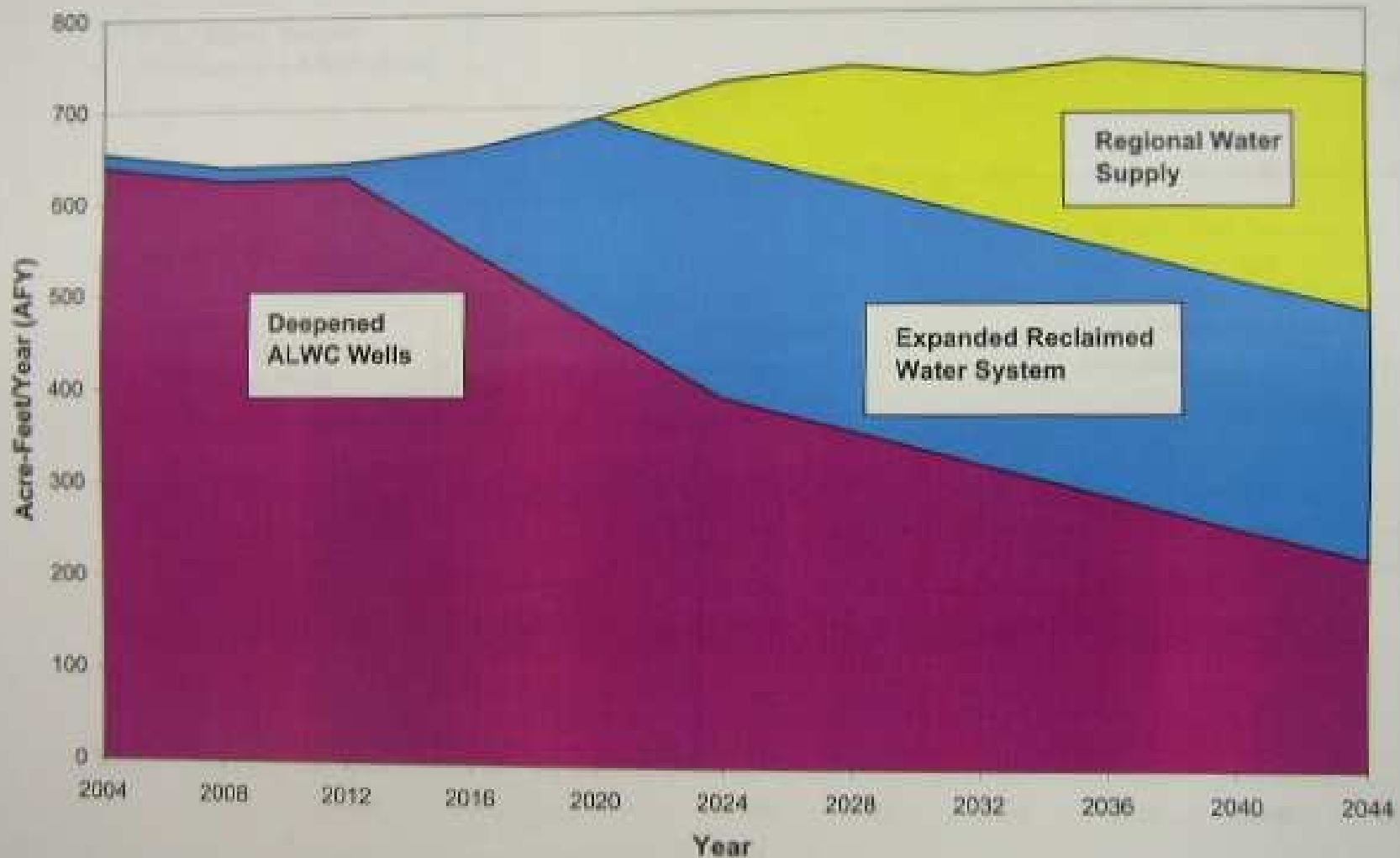
Livingston Associates, Consultants

- Determined 40 year water demands with increased conservation
- Identified water supply and distribution improvements
- Prepared 20 year capital requirements
- Identified best organizational structure as a Water & Sanitation District

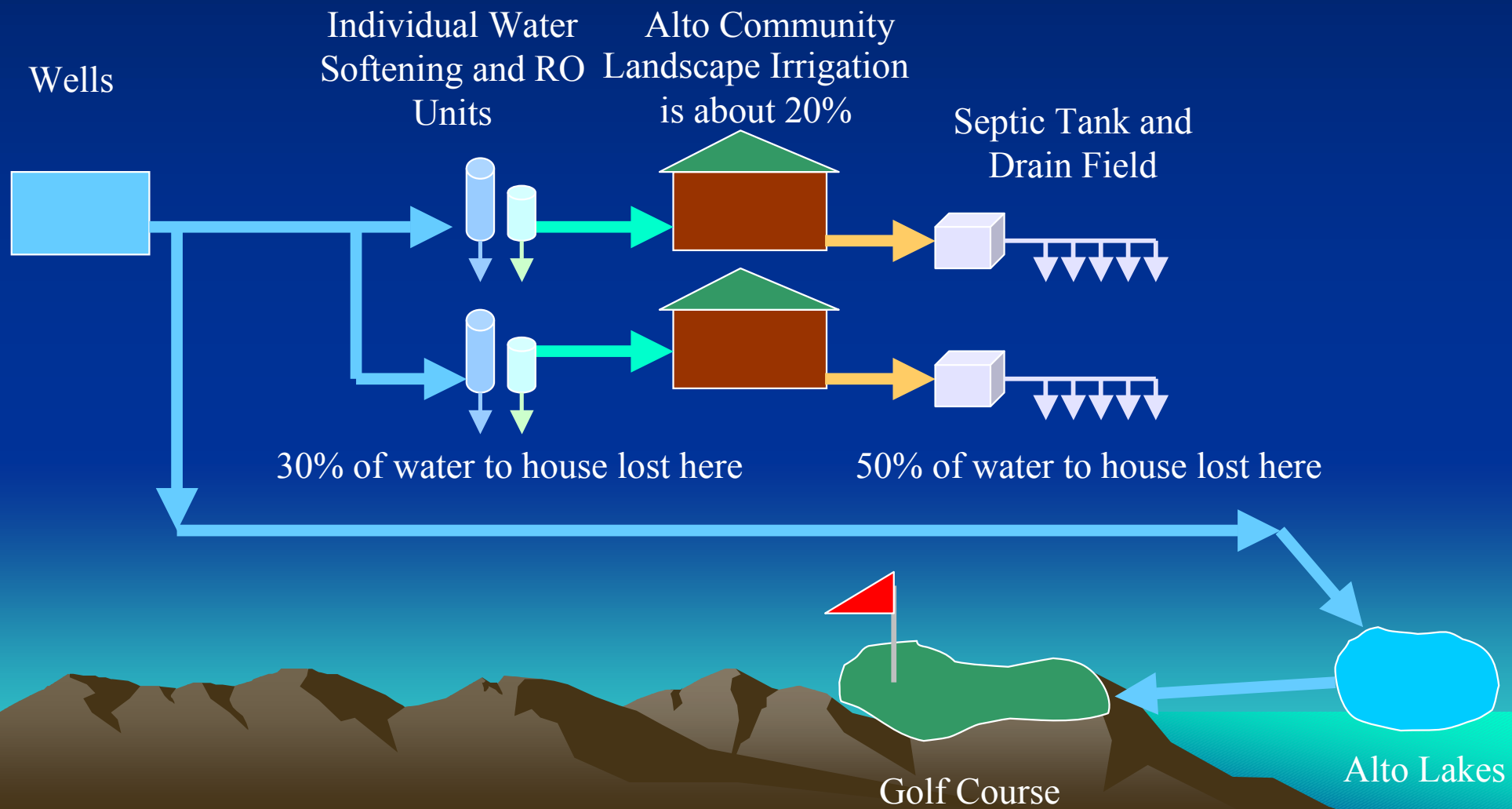


Demand and Supply Forecast

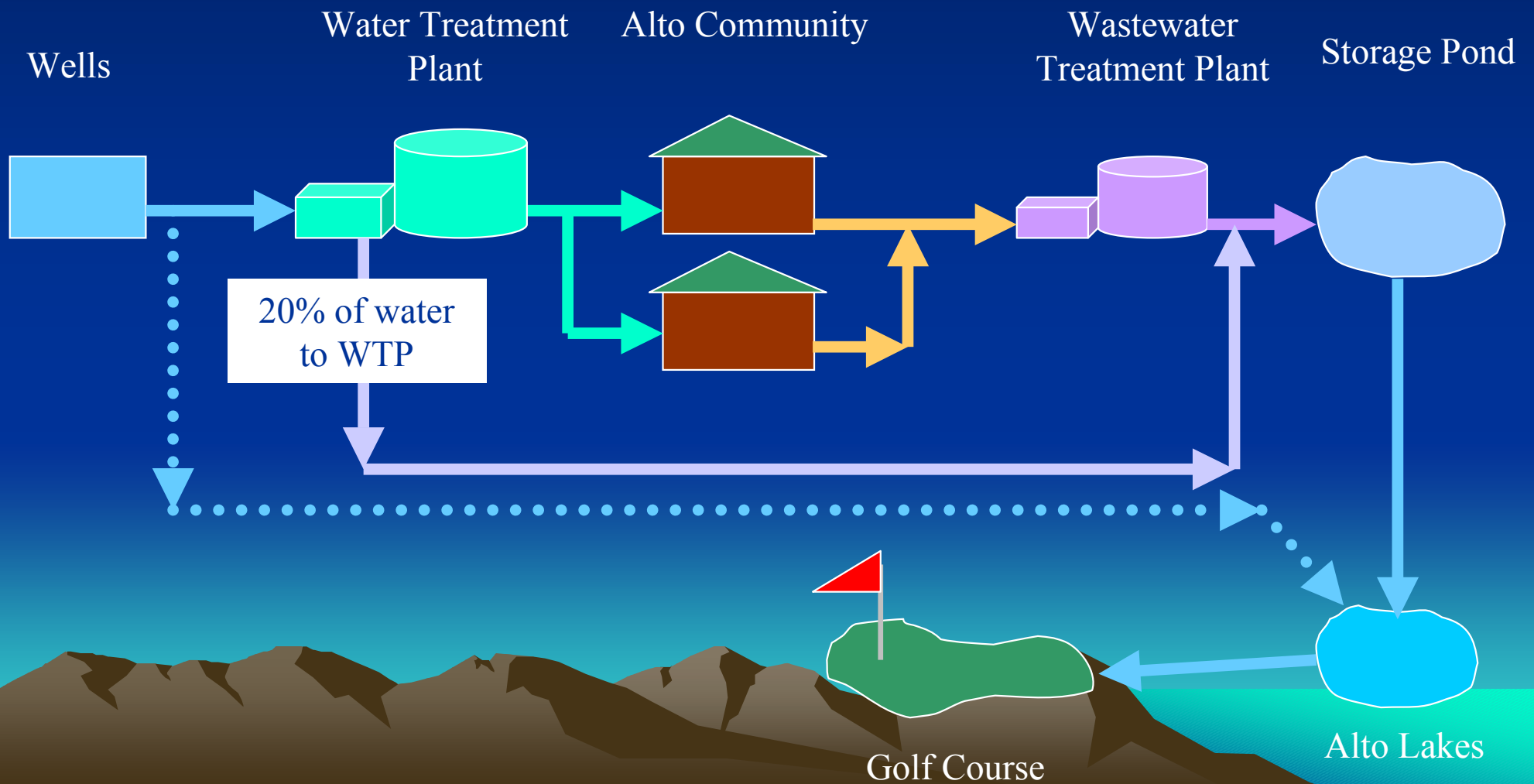
Alto Lakes Water Corporation
Summary of Water Supply Development Alternatives
2004 to 2044



Existing Alto Lakes Water System



Future Alto Lakes Water System



**Factors to be considered by SDC
NM 4-53-8 A (2)
Effects inside District**



Effects inside District

1 of 11

Need for community services which can be provided by a W&SD

- Potable water supply and treatment
- Waste water treatment
- Solid waste disposal
- Recreation
- Roads



Cost/adequacy of gov't services and controls

- Potable water supply and treatment
 - ALWC provides potable water at competitive rates
- Waste water treatment
 - ALWC provides waste treatment to Club facilities and condos
- Solid waste
 - LCSWA provides central pickup of household and forest waste
- **Recreation (no changes planned)**
 - ALG&CC provides full range of recreational opportunities
- **Roads (no changes planned)**
 - Lincoln County provides road maintenance



Future needs for services and controls

- Potable water supply and treatment
 - Water supplies are declining, ALWC can not fund the large capital improvement projects required to maintain water supply
 - Eliminate need for water softeners. *61% of homeowners would pay for treated water: 2003 membership survey*
 - Fire protection improvements to lower insurance costs
- Waste water treatment
 - Septic systems on small lots are seeing increased density and longer periods of seasonal use. NMED expected to require phased installation of sewers. *19% of homeowners have repaired/replaced septic system and 42% of homeowners would pay to connect to community sewer: 2003 membership survey*
 - Waste water can supply 100% of golf course irrigation needs
- Solid waste
 - Upgrade and modernize the solid waste facilities including installation of compactors and recycling containers

Cost and adequacy of services

- W&SD can implement required capital improvements more quickly and less expensively than identical improvements implemented by ALWC
 - Greater borrowing capacity means improvements can be completed more quickly
 - Lower borrowing costs through NMFA bonds (3 7/8% versus 5%)
 - Reduced water and waste water planning costs through NM and Federal planning grants
- Operating costs estimated to increase by \$10,000 annually, partially offset by 3/8% (\$4,000) reduction in GRT.
- Ability to use public rights of way for lines and access



Effects inside District

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- Alto Lakes Water Company
 - Control (indirect) 2,150 ALGCC members
 - Customers
 - Alto Lakes household customers 980+-
 - Alto Lakes Fire Protection customers 1,170+-
 - Alto Lakes Club 1
 - Commercial establishments 20+-
 - Eagle Creek II commitments 25+-
 - Kokopelli commitments 125+-
- Water & Sanitation District
 - Control 400+- tax paying electors
 - Customers No change



Tax and debt burden

- Conversion costs
 - Formation cost recovery through NMFA funding
- Purchase price of ALWC
 - Note, Revenue or General Obligation bonds
 - Rate structure: household water & fire protection
 - Connection fees
- Capital Improvement Costs



Effects inside District

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CIP Estimate – 20 years

- Upgrade Existing WWTP 300,000
- Upgrade Existing WW Collection System 250,000
- Water Treatment Plant 1,250,000
- New Wells or Well Deepening \$1,600,000
- San Andres Well Fields 4,300,000
- Distribution System Upgrades 5,650,000
- Wastewater and Regional 12,780,000

Total Capital Needs \$ 26,130,000



Effects inside District


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Base Year	2003	Base AV	\$ 251,000,000	CIP Offset Years	1
Base Customers	927	Ave AV Per Cust	\$ 270,766	AnnualCIP	\$ 1,300,000
Customer Growth	3.50%	BondingCapPercentOfAV	5.00%	InterestRate	4.00%
Max Customers	2000			LoanTerm	20
				AnnualPayment	\$ (95,656)

Year	# Cust	Cum CIP \$K	Total AV \$K	Bond Cap \$K	Cum Bond \$K	Ann Pay	Cust Cost Mo.
2004	959						
2005	993	\$ 1,300	\$ 268,877	\$ 13,444	\$ 1,300	\$ (95,656)	(\$8.03)
2006	1,028	\$ 2,600	\$ 278,288	\$ 13,914	\$ 2,600	\$ (191,313)	(\$15.51)
2007	1,064	\$ 3,900	\$ 288,028	\$ 14,401	\$ 3,900	\$ (286,969)	(\$22.48)
2008	1,101	\$ 5,200	\$ 298,109	\$ 14,905	\$ 5,200	\$ (382,625)	(\$28.96)
2009	1,140	\$ 6,500	\$ 308,543	\$ 15,427	\$ 6,500	\$ (478,281)	(\$34.98)
2010	1,179	\$ 7,800	\$ 319,342	\$ 15,967	\$ 7,800	\$ (573,938)	(\$40.55)
2011	1,221	\$ 9,100	\$ 330,519	\$ 16,526	\$ 9,100	\$ (669,594)	(\$45.71)
2012	1,263	\$ 10,400	\$ 342,087	\$ 17,104	\$ 10,400	\$ (765,250)	(\$50.48)
2013	1,308	\$ 11,700	\$ 354,060	\$ 17,703	\$ 11,700	\$ (860,906)	(\$54.86)
2014	1,353	\$ 13,000	\$ 366,452	\$ 18,323	\$ 13,000	\$ (956,563)	(\$58.90)
2015	1,401	\$ 14,300	\$ 379,278	\$ 18,964	\$ 14,300	\$ (1,052,219)	(\$62.60)
2016	1,450	\$ 15,600	\$ 392,553	\$ 19,628	\$ 15,600	\$ (1,147,875)	(\$65.98)
2017	1,501	\$ 16,900	\$ 406,292	\$ 20,315	\$ 16,900	\$ (1,243,532)	(\$69.06)
2018	1,553	\$ 18,200	\$ 420,513	\$ 21,026	\$ 18,200	\$ (1,339,188)	(\$71.86)
2019	1,607	\$ 19,500	\$ 435,230	\$ 21,762	\$ 19,500	\$ (1,434,844)	(\$74.39)
2020	1,664	\$ 20,800	\$ 450,464	\$ 22,523	\$ 20,800	\$ (1,530,500)	(\$76.66)
2021	1,722	\$ 22,100	\$ 466,230	\$ 23,311	\$ 22,100	\$ (1,626,157)	(\$78.70)
2022	1,782	\$ 23,400	\$ 482,548	\$ 24,127	\$ 23,400	\$ (1,721,813)	(\$80.51)
2023	1,845	\$ 24,700	\$ 499,437	\$ 24,972	\$ 24,700	\$ (1,817,469)	(\$82.11)
2024	1,909	\$ 26,000	\$ 516,917	\$ 25,846	\$ 25,846	\$ (1,913,126)	(\$83.51)

Creation of indebtedness **(NM 73-21-28)**

“Whenever any board shall, by resolution, determine that the interest of said district and the public interest or necessity demand the acquisition, construction, installation or completion of any works or other improvements or facilities, or the making of any contract with the United States or other persons or corporations, to carry out the objects or purposes of said district, requiring the creation of an indebtedness of \$5,000 or more, said board shall order the submission of the proposition of issuing such obligations or bonds, or creating other indebtedness to the qualified taxpaying electors of the district at an election held for that purpose.”



Potential additional services

- Centralized Solid Waste Facility
 - Solid waste with compactors at one time cost of \$10,000 to \$25,000
 - On-site collection of forest waste will save transport costs to central forest waste facility
- Optional septic system management
 - Scheduled pumping and inspection can reduce high pumping and failure costs for homeowners



Direct cost reductions

- Treated water eliminates salt purchases
 - \$50 to \$100 annually
- Reduce/eliminate septic system maintenance
 - \$30/\$125 annually just for pumping
- Eliminate costs to repair/replace failed septics
 - \$12,000 for aerobic replacement system. *(19% of homeowners have repaired/replaced septic system)*
- Eliminate costs of transporting yard waste to yard
 - \$100 to \$300 annually depending on property size




Factors to be considered by SDC
NM 4-53-8 A (3)
Effects outside District



Effects outside District 1 of 3

Notifications (NM 4-53-5)

- each municipality within twenty miles of the territory of the proposed district (*Capitan, Ruidoso, Ruidoso Downs*)
 - each special district with boundaries adjacent to the proposed boundaries of the proposed district and which is performing the same type of service that the proposed district would perform (*none adjacent*)
 - the board of county commissioners
 - commission shall cause to be published in a newspaper of general circulation in the county an announcement of its receipt of the proposal, and notice of intention to hold a public hearing on a proposal to create the proposed district (*4 weeks each in RN and LCN*)
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Effects outside District 2 of 3

- External customers
 - Continue to provide potable water to Eagle Creek II, Kokopelli, and commercial accounts
 - Improved water quality should eliminate need for water softeners and reduce load on septic systems



Effects outside District 3 of 3

- Adjacent areas
 - Conservation of scarce potable water resources shared by entire watershed
 - Improved ground water quality resulting from elimination of water softeners and installation of sewer system
- Mutual socio/economic interests
 - Partner in regional water & waste water planning
- Local government structure of County
 - No effect

