

Dear Representative Martha Garcia,

District: 6

County: Cibola & McKinley

Service: Representative since 2025

Occupation:

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I am Paul Spencer, President of the Bluewater Water and Sanitation District (BWSD). On behalf of our board and the approximately 485 residents plus the Bluewater Elementary School we serve in this small rural community, thank you for your continued support of local infrastructure needs.

We are grateful to your predecessor for securing the \$400,000 appropriation in 2024, and to you and all involved for the additional \$400,000 in capital outlay for 2025. Once released by the New Mexico Finance Authority, these funds are actively earmarked to address urgent priorities: replacing failing clay sewer lines that become septic before reaching the treatment facility, rehabilitating manholes, and upgrading water mains and fire hydrants to improve pressure and reliability. BWSD remains fully current on audits, reporting, and compliance, and we are committed to phasing projects responsibly to maximize every dollar.

Like many small rural systems in New Mexico, our infrastructure has faced decades of underinvestment. Until an emergency well failure in 2013, BWSD received no major state or federal support and managed repairs largely in-house. We are now making steady progress through these funded phases, but significant challenges persist, including the lack of a direct feed to our drinking water storage tank (resulting in reduced water quality and inadequate fire suppression) and ongoing leaks that increase emergency repairs and system losses.

Furthermore, our community has been directly impacted by recent energy sector transitions. Many Bluewater residents historically commuted to high-paying jobs at the Escalante Generating Station—a coal-fired power plant in nearby Prewitt that permanently closed in 2020—as well as supporting coal operations in McKinley County. The 2020 permanent closure of the Gallup (Ciniza) Refinery, eliminated additional regional employment opportunities. These changes, amid broader shifts in New Mexico's energy landscape including the 2019 Energy Transition Act, have contributed to the loss of stable, well-compensated jobs, reduced

household incomes, and resident out-migration from rural areas. While transition efforts (including site repurposing like solar development at Escalante) offer some future promise, the immediate economic effects have further strained our limited rate base and heightened vulnerability for small districts like BWSD.

For the 2026 capital outlay cycle, BWSD respectfully requests \$1.1 million total: \$600,000 for drinking water upgrades (including the direct feed to the storage tank for better quality and fire protection) and \$500,000 for wastewater system repairs. This next phase will complete high-priority work, reduce leaks and risks, and stabilize service without overburdening ratepayers.

Our rates have remained unchanged since 2014, yet the combined water and sewer portion of the average monthly bill (\$107, excluding trash) now represents approximately 4.65% of the local median household income of \$27,628. This approaches or exceeds international guidelines (United Nations and WHO often cite 3% for water alone and 4–5% for combined water and sanitation), placing significant strain on families in this low-income rural area and limiting our ability to implement increases without risking access to essential services.

National trends (e.g., Utah State University studies) indicate that roughly 19% of U.S. water mains are already past useful life, trending toward 25–28% by 2030 if patterns continue. In New Mexico, state reports and infrastructure age profiles suggest that roughly 70–90% of small community public water systems serving under 500 connections may have significant portions—or in some cases the bulk—of their original pipes at or beyond typical service-life expectations by 2030, absent major interventions, given the older skew of rural systems and historical underfunding.

This \$1.1 million request will not resolve every need, but it will advance the next critical block of improvements, lower long-term risks, and help preserve safe, reliable water and wastewater service for our residents amid ongoing economic and infrastructure challenges. Your partnership has been invaluable, and we would be deeply appreciative of your support for BWSD's 2026 capital outlay request.

Thank you for your time, consideration, and dedication to serving our community and rural New Mexico.

Respectfully,

Paul Spencer

President

Bluewater Water and Sanitation District