

# Water Project Fund

NWNMCOG

Local Infrastructure Seminar

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Presented by : Angela Quintana  
New Mexico Finance Authority





# Water Project Fund

In 2001 the New Mexico State Legislature, through the Water Project Finance Act, created the Water Project Fund and the diverse Water Trust Board.

Water project recommendations to the Legislature come from a consensus among this broad representation of interests on how best to address New Mexico's water needs into the future and how to best allocate precious resources.

The **Water Trust Board** is charged with:

- prioritizing projects for recommendation to the Legislature for financing from the Water Project Fund; and
- adopting rules and regulations governing the terms and conditions of grants or loans made from the Water Project Fund.

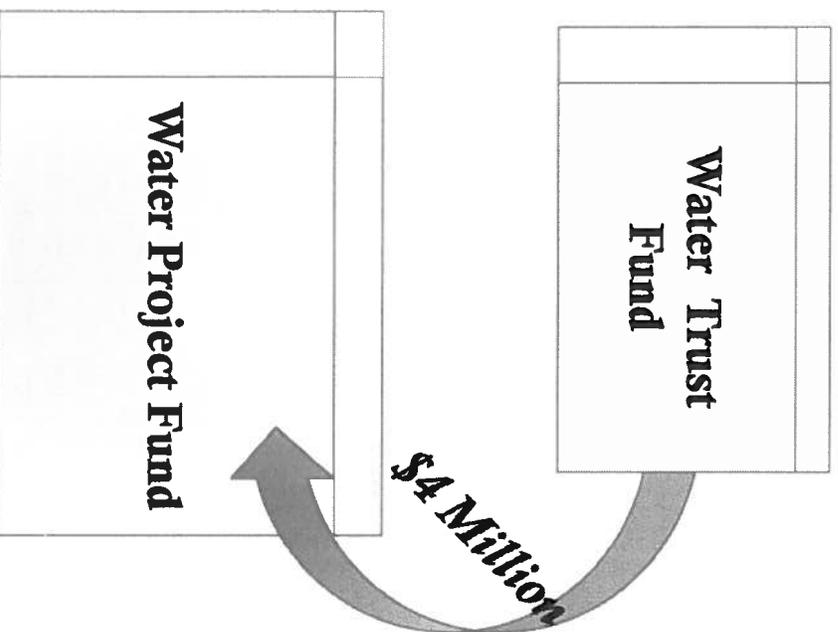
# The Water Trust Board

- The Current Board Membership:

<b>Name</b>	<b>Representing</b>
Scott Verhines, Chair	State Engineer
William F. Fulginiti, Vice Chair	New Mexico Municipal League
Trudy Healy, Treasurer	Irrigation or Conservancy District, Surface Water
David Martin, Secretary	Department of Energy, Minerals & Natural Resources
Paul Gutierrez	New Mexico Association of Counties
John Gasparich	New Mexico Finance Authority
Ben Shelly	President, Navajo Nation
Jeff M. Witte	Department of Agriculture
Tom Clifford	Department of Finance & Administration
James Lane	Department of Game and Fish
Richard Luarkie	New Mexico Commission on Indian Affairs
Brent Van Dyke	Soil & Water Conservation Districts
Joseph David Ortiz	Acequia Water Users
Ryan Flynn	New Mexico Environment Department
Shelly Herbst	Environmental Community
Vacant	Irrigation or Conservancy District, Ground Water



# Financial Assistance



## *Water Trust Fund*

- Endowed with \$40 million in Spring 2006
- Fall 2006: the Water Trust Fund became a Permanent Fund
- Annual distribution of \$4 million into the Water Project Fund







## Adjudication Funding

The 2005 legislature created House Bill 1110 which transfers 10% of the WTB funding to the State Engineer for water rights adjudication:

- 10% of the funds in the Water Project Fund are appropriated to the Office of the State Engineer (and the Administrative Office of the Courts) for adjudication; and
- 20% of the funds for OSE water rights adjudication is allocated to the Administrative Office of the Courts for eligible costs associated with those adjudications.



# Application Process

- By statute, the Water Trust Board may fund five types of projects:
  1. Storage, Conveyance and Delivery of Water;
  2. Implementation of the Endangered Species Act Collaborative Programs;
  3. Restoration and Management of Watersheds;
  4. Flood prevention; and
  5. Conservation, Recycling, Treatment or Reuse.



# Application Process

**Phase 1-Funding Application (August 2013-September 2013):** The applications will be reviewed in the Fall to determine a qualified project and/or a qualified entity.

- A final list will be compiled and the applications will be reviewed and approved by the Water Trust Board for presentation to the Legislature.
- The Water Trust Board recommends a list for legislative authorization. After authorization, projects are then eligible for funding.

**Phase 2-Readiness Application (November 2013-March 2014):** Applications will be reviewed for compliance with OSF and NMED regulations as well as the State Audit Rule.

- The applications from compliant entities will be reviewed and ranked by the seven agency technical team using the Water Trust Board's approved criteria.
- The Water Trust Board determines funding on terms and conditions established by the Water Trust Board and the New Mexico Finance Authority.
- New Mexico Finance Authority then makes loans and grants to qualified entities for projects prioritized by the Water Trust Board and authorized by the Legislature.

## PHASE 1-FUNDING APPLICATION

Eligible Entities

↓  
**NMFA**  
WTB Application  
(Aug.-Sept. 2013)

↓  
Determination of  
Eligibility

↓  
List of Eligible  
Projects

Water Trust Board



NMFA Oversight  
Committee



Legislative Authorization Process



## **ENACTMENT**

**NMFA Oversight Committee**

(October – November 2013)



**Proposed Legislation**



**NM Legislature**

(January – February 2014)



**Authorization Bill Passed**



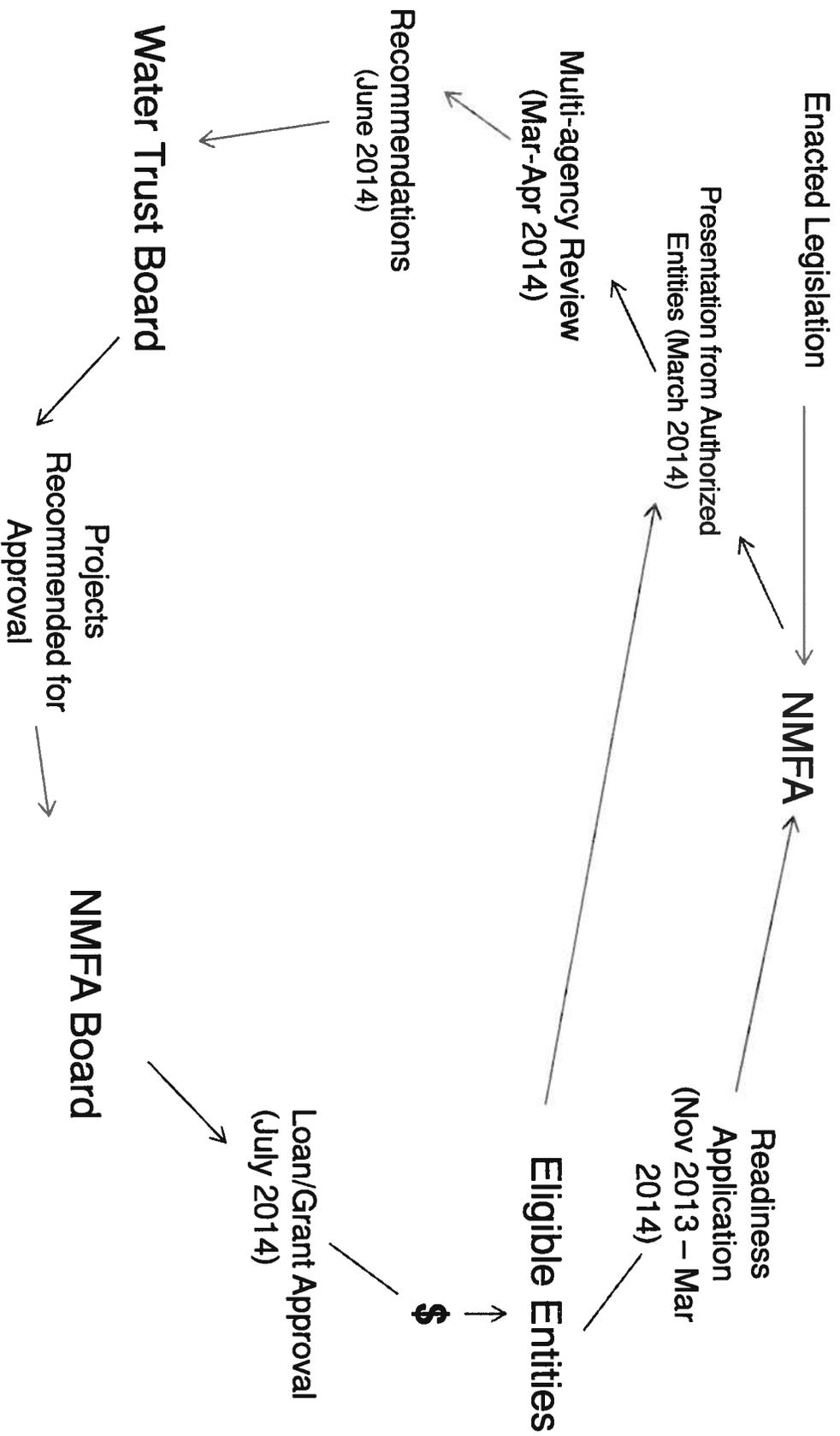
**Governor**

(February – March 2014)



**Enacted Legislation**

# PHASE 2: READINESS APPLICATION





# Application Review

- The seven-agency technical team is comprised of staff from:
  - New Mexico Environment Department
  - Department of Game & Fish
  - Department of Agriculture
  - New Mexico Finance Authority
  - Department of Finance & Administration
  - Office of the State Engineer
  - NM Energy Minerals & Natural Resources Department
- These agencies work in collaboration to ensure all applications submitted receive a comprehensive evaluation.



# Application Review: Project Prioritization

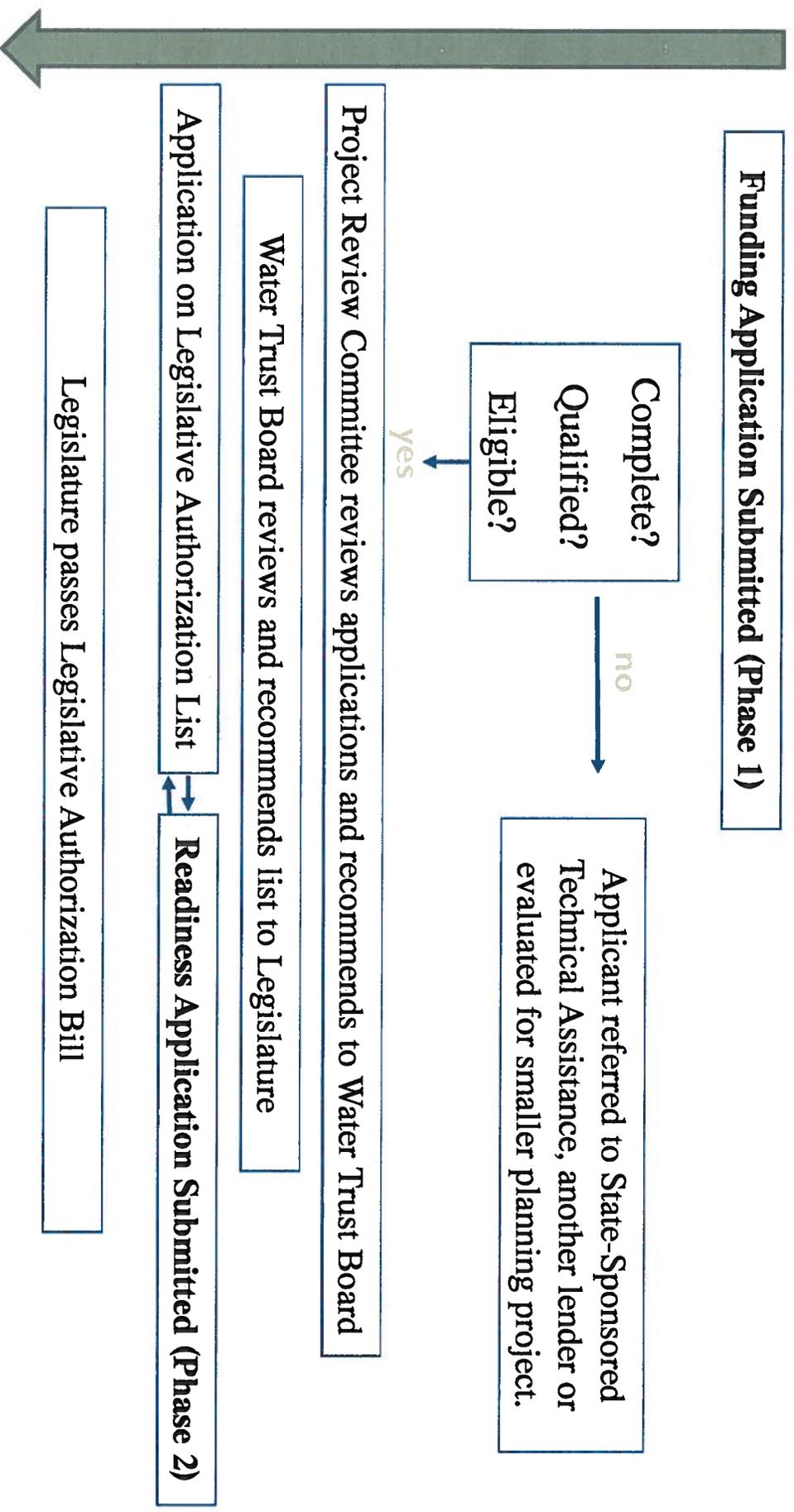
- Prioritizes projects that are ready to put the shovel in the ground at the time of award
- Prioritizes regional projects and projects that share services to achieve operating efficiencies
- Prioritizes projects that leverage state funding with local and federal funds
- Prioritizes urgent projects
- The Water Trust Board will lead the initiative in water infrastructure sustainability



# Application Review: Local Contribution

- Policies require minimum contributions from all applicants in the form of matching funds.
- Mandatory loan component of between 10% - 40% for all entities supported by a rate-paying constituency.
- Projects undertaken by Tribal governments, watersheds and endangered species collaborative are able to substitute additional matching funds for the loan component.
- Annual “hardship waivers” available for systems not yet able to make loan payments.

# Application Review : Process



# Application Review: Process

**Readiness Application Submitted  
(Phase 2)**

**Pass/Fail Criteria – Compliance with  
governing regulations**

yes



**Project Technical Team reviews and evaluates projects to determine  
prioritization and makes recommendations to the Project Review Committee**

no



**Applicant referred to  
State-Sponsored  
Technical Assistance or  
another lender**

**Water Trust Board selects final projects and amounts and authorizes New  
Mexico Finance Authority to extend financial assistance**



# Application Review: Process

NM Finance Authority Board approves the structure and terms of the funding agreement

NM Finance Authority staff and counsel gather last bits of readiness to proceed and enter into financial assistance agreement

**Project Begins !**



## Application Review:

### Pass/Fail Criteria-Required to Move to the 2013-

#### 14 Fundable Priority List

- Demonstrate compliance with governing regulations, such as Safe Drinking Water Act, OSE water rights and Conservation Plans for Covered Entities (unless the project is intended to bring the applicant into compliance);
- Compliance with Sanitary Projects Act;
- Compliance with the Open Meetings Act resolution;
- Certified operator appropriate for the system;
- Compliance with the State Audit Rule;
- An Approved Operating Budget;
- Financial statements (3 yr. minimum, unless the applicant is newly created and three years of financial statements are unavailable).

## Application Review:

### Recommended but not Required: *Will be required in the 2014-2015 Application Cycle*

- Completed PER, Engineering Study or Feasibility Study (unless funding is sought for this purpose);
- Metering of customers (if the project does not include meters). Rates must be based on metered use (water systems only);
- Asset Management Plan. (for 2014-2015, the applicant must have at least adopted a resolution committing to implementing the plan);
- Written operating procedures;
- Written job descriptions for all staff and contractors;
- A written and implemented cross-connection control program (if applicable);
- An approved and implemented source-water protection plan (if applicable);
- A written emergency response plan;
- Water Accounting system and Water Audit Plan (if applicable);
- Financial policy which includes internal controls and a 5 year plan;

# Application Review:

## Eligibility and Prioritization Criteria

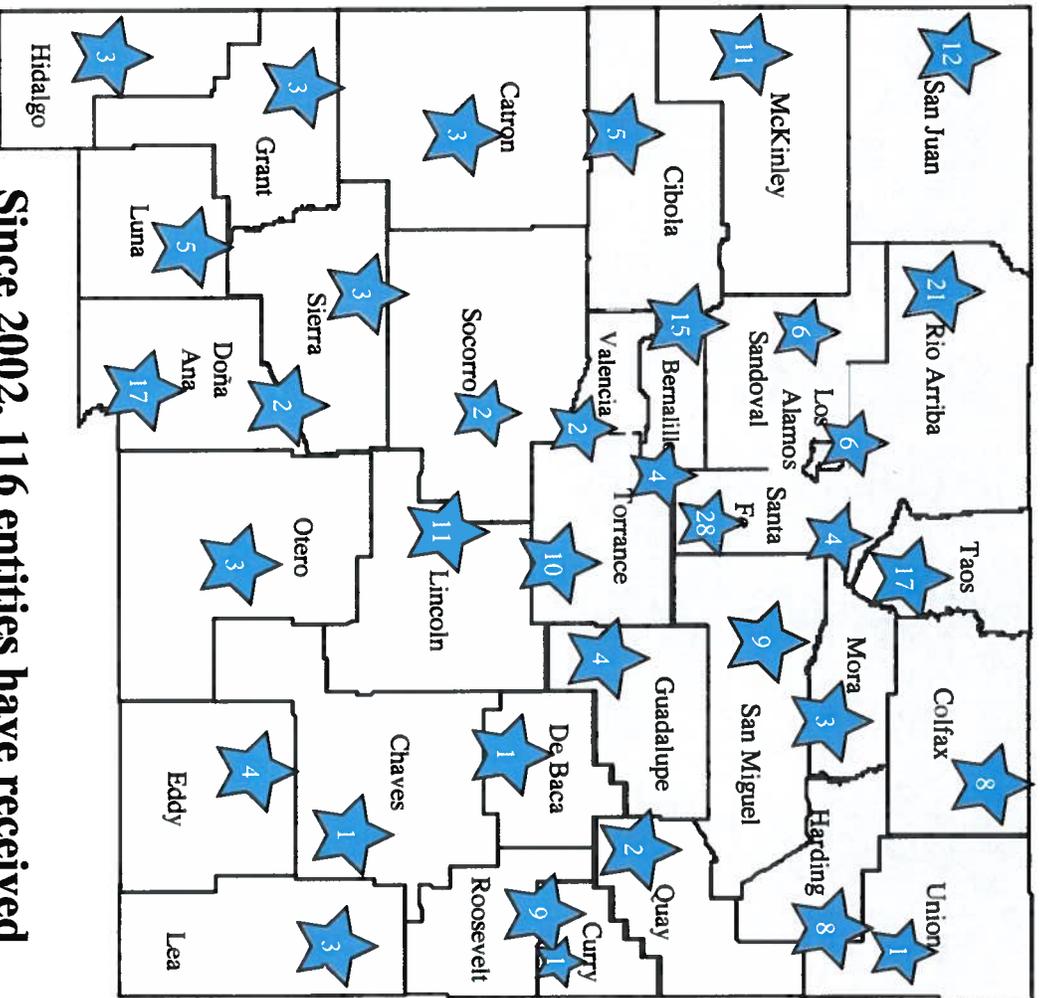
- NMAC 19.25.19.8 “the Board will develop and consider a variety of factors in reviewing and evaluating water project proposals to determine which projects to recommend as qualifying water projects for appropriation by the state legislature.”
- The minimum criteria includes:
  - Cost-Effectiveness of Water Project
  - Water Rights Scientific, Hydrologic & Biological Studies
  - Comprehensive Solution/Measurable Outcome
  - Immediate Threats to Public Health, Safety & Welfare
  - Regional Dispersion
  - Local Effort
  - Ability to Pay
  - Ability to Leverage Federal Funds
  - Priority
  - Readiness to Proceed
  - Life of Water Project
  - Urgent



## Application Review: Criteria

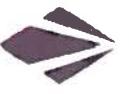
- **Two sets of criteria:**
  - **Water conveyance/delivery/storage, conservation/reuse and flood prevention projects; and**
  - **Watershed management and endangered species act.**
- **Two tiers of criteria:**
  - **Financial, managerial and technical capacity to develop and oversee project; and**
  - **Project readiness.**

# Water Trust Board Projects



Since 2002, 116 entities have received approval for 247 funding awards

totaling \$255,170,154



County	# of Awards	Amount
Bernalillo	15	\$14,435,399
Cartron	3	\$449,731
Cibola	5	\$2,412,823
Chaves	1	\$340,000
Colfax	8	\$4,344,800
Curry	1	\$4,113,450
Curry & Roosevelt	9	\$26,532,692
De Baca	1	\$385,000
Doña Ana	17	\$20,814,707
Doña Ana & Sierra	2	\$1,020,000
Eddy	4	\$2,860,000
Grant	3	\$798,000
Guadalupe	4	\$3,643,944
Harding	8	\$4,259,143
Hidalgo	3	\$1,402,781
Lea	3	\$4,515,720
Lincoln	11	\$6,468,508
Los Alamos	6	\$3,887,860
Luna	5	\$2,476,455
McKinley	11	\$24,879,754
Mora	3	\$1,482,877
Otero	3	\$7,835,000
Quay	2	\$2,002,400
Rio Arriba	21	\$14,615,161
San Juan	12	\$12,549,135
San Miguel	9	\$5,010,943
Sandoval	6	\$3,613,409
Santa Fe	28	\$36,528,262
Santa Fe & Rio Arriba	4	\$5,982,885
Sierra	3	\$3,133,751
Socorro	2	\$3,434,222
Taos	17	\$17,990,143
Torrance	10	\$6,346,200
Torrance, Bernalillo & Santa Fe	4	\$1,502,000
Union	1	\$2,000,000
Valencia	2	\$1,103,000



# Water Project Fund

- For further information on the Water Project Fund please contact:

Angela Quintana

Senior Program Administrator  
New Mexico Finance Authority  
207 Shelby St.  
Santa Fe, NM 87501

[aquintana@nmfa.net](mailto:aquintana@nmfa.net)

505-992-9648