New Mexico Environment Department

Understanding DWSRF Program for New Mexico:

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NWNMCOG Water Commons Meeting

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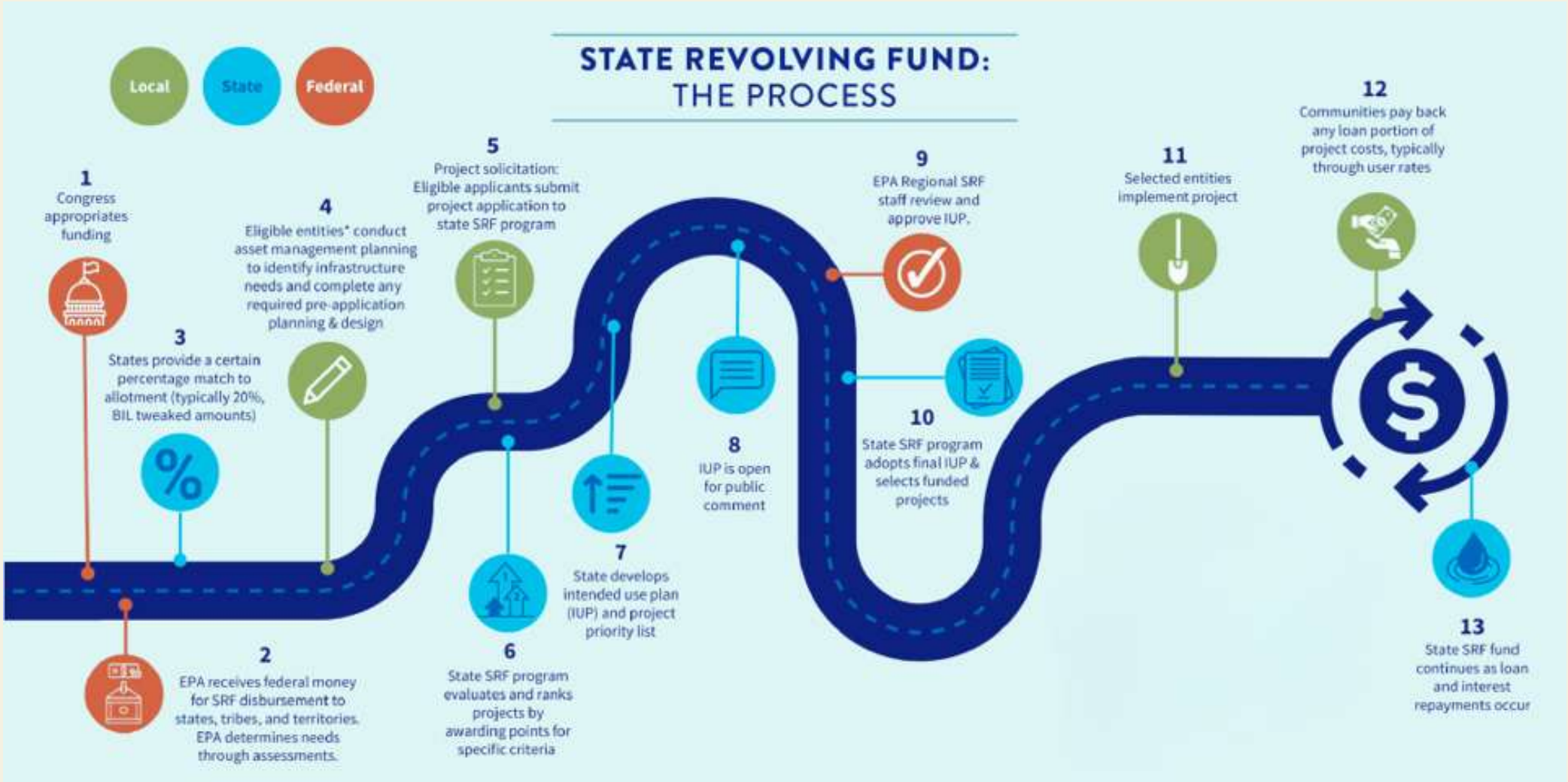
What is DWSRF

- The Drinking Water State Revolving Fund (DWSRF) in New Mexico is a state-run financing program that provides below-market loans to eligible water systems to upgrade, protect, and maintain drinking water infrastructure and ensure public health and compliance with drinking water standards.

DWSRF: Overview



Who can apply?

- **Public or private community water systems (non-federal)**
  - A system serving at least 15 service connections used by year-round residents or regularly serves at least 25 year-round residents.
- **Non-profit non-community water systems**
  - Including schools, publicly-owned campgrounds, parks, churches etc.
- **New Community Water system**
  - That represent cost-effective solution to existing public health risks

DWSRF in New Mexico

- Federal-State partnership
- Supports Infrastructure
- Financial Assistance Program
- Helps water systems with compliance with Safe Drinking Water Act (SDWA)
- Recent funding from Bipartisan Infrastructure Law (BIL) or IIJA (Infrastructure, Investment & Jobs Act)

NEW MEXICO FINANCE AUTHORITY

Categories of Funding

Base

IIJA General Supplemental

IIJA Lead Service Line Replacement

IIJA Emerging Contaminants

Eligible Projects (Base and IIJA)

- New or replacement water sources
- Treatment systems
- Transmission & distribution lines
- Water Rights (not for growth)
- Dam Storage (not for growth)
- Storage facilities
- Interconnection or regionalization projects
- Planning, design, and associated pre-project costs
- Land acquisition for project components
  - This is not an exhaustive list……

General Lead Related Eligibilities

- Lead service line inventories
- Planning and Design for lead service line replacement (LSLR) construction projects
- Complete removal and replacement of lead service lines (public and privately owned portion) or service lines made of galvanized iron or galvanized steel (that are currently or have previously been downstream of lead components)
- Developing LSLR plans.

IIJA Emerging Contaminants Eligible Projects

- Studies to determine if the water system has an emerging contaminant in their source water and to what extent
- Planning and design of treatment for emerging contaminants
- Construction of treatment facilities, new uncontaminated sources
- Connections to other water systems

Ineligibilities

ROUTINE COMPLIANCE MONITORING

OPERATION AND MAINTENANCE

Benefits (Interest Rates)

- Low-Cost Financing
  - Interest Loans (0% – 4%) – depending on ownership and income factors
  - DWSRF can fund Private Non-Profit co-ops at ~ 0 % interest rates
- Extended Loan Terms
  - Long-term financing up to 30 years
- Serves diverse communities of all sizes and socioeconomic status.
- Improves compliance with federal drinking water standards
- No payments until 18 months after completion of construction

Lending Rates & Principal Forgiveness

Base and IIJA General Supplemental

- 0.25% disadvantaged community systems
- 0.26% non-disadvantaged community systems
- This includes Private Non-Profit systems
- 4% for private For-Profit systems

Subsidy=Principal Forgiveness available

- 25% subsidy on construction projects for complying with federal requirements,
- Up to 50% subsidy for Disadvantaged communities
- Up to 75% subsidy for Severely Disadvantaged communities
- up to 90% subsidy for regionalization projects.

Lending Rates & Principal Forgiveness

IIJA Lead Service Line Replacement

- 0.25% disadvantaged community systems
- 0.26% non-disadvantaged community systems
- This includes Private Non-Profit systems.
- 4% for private for-profit systems

Subsidy=Principal Forgiveness

- Up to 30% subsidy for Disadvantaged
- Up to 60% subsidy for Severely Disadvantaged,
- Additional 25%: Disadvantaged and Severely Disadvantaged with a population less than 1,000

Lending Rates & Principal Forgiveness

IIJA Emerging Contaminants

- No loan component (100% principal forgiveness)

Why should I apply for DWSRF

- The state allocation from the EPA is based on submitted project interest.

- Once we have a pre-application we can assist you in getting everything you need to move forward to the fundable list.

- Not quite ready for funding?
  - Let us know in the pre-application what you need help with and we will work with you or help you find a technical assistance provider.

How to get started?

- Submit a pre-application for DWSRF
  - Adds your project to our list to follow up
  - Shows EPA that there is interest in this funding in the state
- Preliminary Engineering Report (always helpful)
  - Identify the problem and recommended solutions
  - Estimate the cost of the project
- Gather the supplemental documents
- Get your project on the fundable priority list and get funding!

https://www.env.nm.gov/drinking_water/infrastructure-projects-and-funding/

NMED-DWB webpage

CLOSE

Water Infrastructure Projects and Funding

- Drinking Water Bureau Home
- Drinking Water Sampling and Analysis
- Emergency Response Story Map
- Lead and Copper Program
- Public Drinking Water System Assistance
- Public Water System Information
- Water Infrastructure Projects and Funding
- Utility Operator Certification Program

DWSRF Funding Quick Links

Pre-Application Form (accepted any time)

Base IIJA Supplemental Priority List

Current IIJA Lead Service Line Replacement Priority List

Current IIJA Emerging Contaminants Priority List

Engineering Project Quick-Links

Construction Application & other Forms

More water infrastructure construction info below

Drinking Water Infrastructure Funding & IIJA

NMED coordinates with the New Mexico Finance Authority (NMFA) to provide water infrastructure funding through the **Drinking Water State Revolving Loan Fund (DWSRLF) program.**

From 2022 – 2027 **Infrastructure Investment and Jobs Law (IIJA) funds** allocated to states for drinking water infrastructure will flow through the existing DWSRLF program to support eligible water system projects.

Program Federal Funding Sources:

Drinking Water State Revolving Fund (DWSRF) grants to states through the U.S. Environmental Protection Agency (EPA):

- DWSRF "Base" funds
- DWSRF "Supplemental" funds (IIJA)
- Emerging Contaminant funds (IIJA)

Contact Us

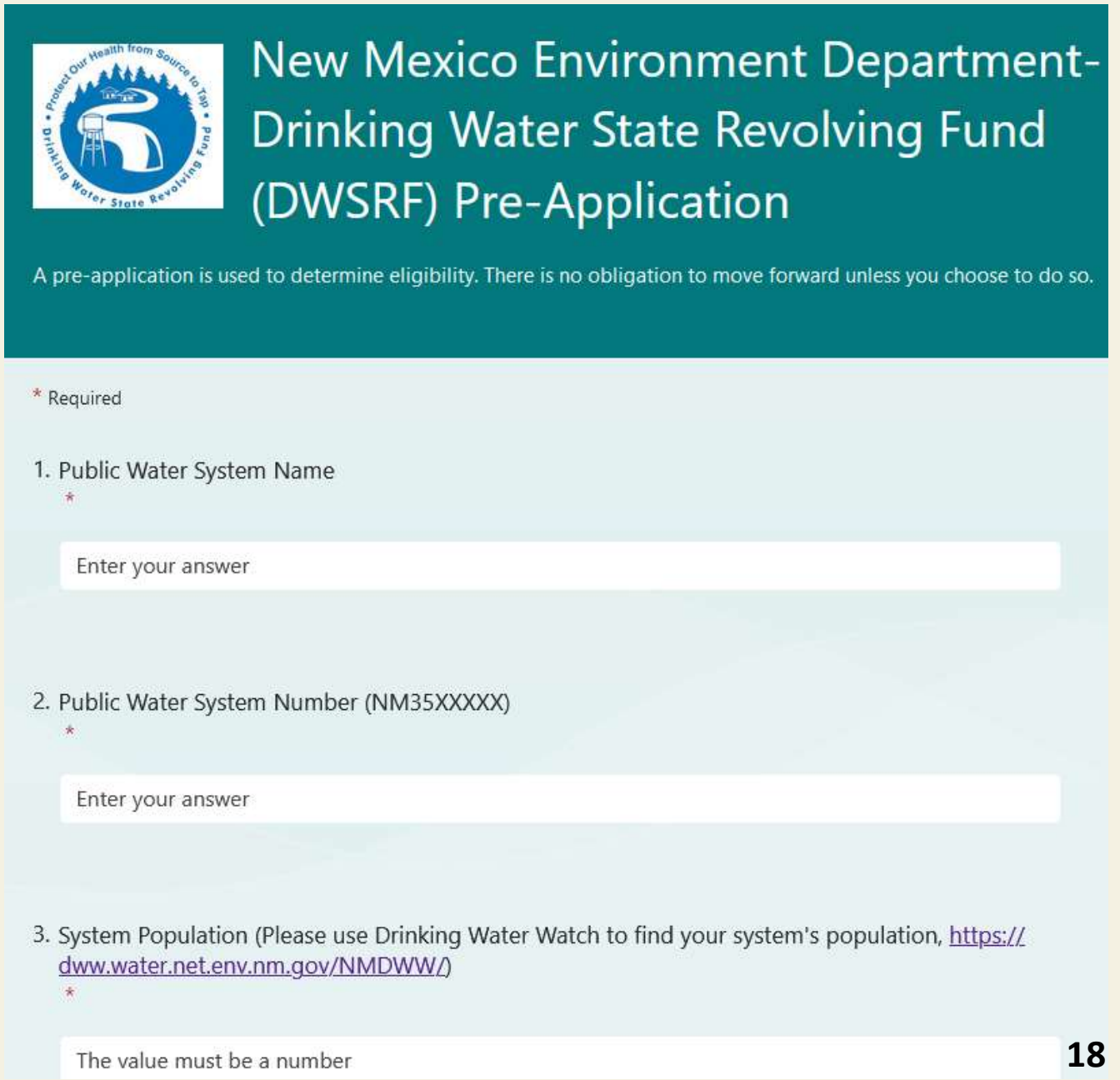
Drinking Water Bureau

drinking.water@env.nm.gov
Ph: 505-476-8620
877-654-8720

Utility Operator Certification:
505-670-7418
UOCP.certification@env.nm.gov

What is the Pre-Application?

- First Step in the process
- No Obligation
- It's ok to mark "I don't know"



New Mexico Environment Department-Drinking Water State Revolving Fund (DWSRF) Pre-Application

A pre-application is used to determine eligibility. There is no obligation to move forward unless you choose to do so.

* Required

1. Public Water System Name *

Enter your answer

2. Public Water System Number (NM35XXXXX) *

Enter your answer

3. System Population (Please use Drinking Water Watch to find your system's population, https://dww.water.net.env.nm.gov/NMDWW/) *

The value must be a number

22. How did you hear about the DWSRF program?

- [ ] Gov Delivery Email
- [ ] Social Media Post
- [ ] Assistance provider (RCAC, SWEFC, Rural Water, ERG, NMED Technical Assistance, NMED Regionalization Team)- please add the name of the assistance provider to the other box below
- [ ] Referral (please add the name title and organization to the other box below)
- [ ] Presentation (please add the event name, month/year, and presenter name to the other box below)
- [ ] Direct Outreach via email or phone call
- [ ] Previous SRF borrower or other experience with DWSRF
- [ ] Other

23. Please select the program which you would like to receive funds from the list below. (If you are unsure the DWSRF Base is the default for all projects)
*

- ( ) DWSRF Base and IIJA Supplemental
- ( ) IIJA Lead Service Line Replacement
- ( ) IIJA Emerging Contaminants

Next

32. Have you procured an engineer for this project? *

- ○ Yes
- ○ No
- ◉ I don't know

33. Preliminary Engineering Report (PER) or Tech Memo Approved?

*

- ○ Yes
- ○ No
- ○ No I plan to use this funding to develop a PER or tech memo

34. Engineering and Design Completed?

*

- ○ Yes
- ○ No

35. Drinking Water Bureau Engineering Application Submitted?

*

- ○ Yes

40. Do you have a copy of a Preliminary Engineering Report (PER) or Tech memo that describes the project? (A Preliminary Engineering Report is a planning document used to find the best construction project to remedy a public health/safety or environmental concern. A technical memorandum is typically more limited in scope than a Preliminary Engineering Report and is normally used to document project decisions rather than review numerous options of a conceptual design.) *

- ◯ Yes, it was approved by NMED CPB or DWB
- ◯ Yes, but it has not been submitted to NMED CPB or DWB
- ◯ No, we are not sure what that is
- ◯ No, we are using the funding to develop the PER or Tech memo
- ◯ Other

41. Do you have an approval letter for the project from NMED CPB and DWB? *

- ◯ Yes, we have both approvals
- ◯ No, we have NMED CPB approval but not DWB approval
- ◯ No, we are using the funding for design including submittals to NMED
- ◯ No, we are not sure what that is
- ◯ Other

Example Checklist (Base)

DRINKING WATER STATE REVOLVING LOAN FUND

FY27 DWSRLF Pre-application - Base and IIJA General Supplemental - Supplemental Documents Checklist

Thank you for your interest in the Drinking Water State Revolving Loan Fund (DWSRLF). The DWSRLF is a loan program federally funded by the Environmental Protection Agency (EPA) and is matched by the State of New Mexico. The program is jointly administered by the New Mexico Environment Department Drinking Water Bureau (DWB) and New Mexico Finance Authority (NMFA).

Your water system has completed the first step by submitting a pre-application. The next step is to submit the documents in the checklist below to DWB. These documents will be reviewed by the DWB and NMFA to verify your system's technical, managerial, and financial capacity to maintain compliance with drinking water regulations, readiness to proceed, and the ability to repay a loan for the project.

All projects must be reviewed and ranked to proceed to the Priority List. Once a project is on the priority list, NMFA will invite via a link to apply on the NMFA site.

DRINKING WATER STATE REVOLVING LOAN FUND

FY27 DWSRLF Pre-application - Base and IIJA General Supplemental - Supplemental Documents Checklist

This checklist identifies the documents requested for the DWSRLF pre-application, with a * indicating optional items that award points toward the project's overall ranking.

PROJECT INFORMATION DOCUMENTS:

- ☐ Detailed description of project and project need
- ☐ Detailed breakdown of project costs
- ☐ Preliminary Engineering Report (or technical memorandum)
- ☐ Categorical Exclusion (CE) Checklist or Environmental Information Document (EID)
  (An EID is only required if it is determined that the project does not qualify for a categorical exclusion.)
- ☐ Certificate of Project Approval from NMED Drinking Water Bureau (or evidence a Construction Application was submitted): https://www.env.nm.gov/drinking_water/infrastructure-projects-and-funding/
- ☐ Verification of ownership of land where project is to be located (or explanation of land ownership arrangements)
- ☐ Joint Powers Agreement(s) (if applicable to the project)

TECHNICAL INFORMATION DOCUMENTS:

- ☐ List of current operator names and operator ID numbers/levels (with copy of certificate or certification card for operator in responsible charge of water system and, if applicable, operator contract)
- ☐ Distribution System Sampling Plan (DSSP)
- ☐ Operations and Maintenance Plan
- ☐ Emergency Response Plan
- ☐ Water Loss Audit (such as the IWA/AWWA Water Audit Method or other means of water loss (non-revenue water) accounting): https://www.awwa.org/resource/water-loss-control/ *
- ☐ Letter of completion for cybersecurity assessment from the Office of Cybersecurity (please do not submit results): https://www.doit.nm.gov/programs/cybersecurity/water-and-wastewater-cybersecurity/ *

MANAGERIAL INFORMATION DOCUMENTS:

- ☐ Articles of Incorporation
- ☐ Certificate of Good Standing from the NM Secretary of State (if applicable): https://enterprise.sos.nm.gov/search/business
- ☐ Bylaws, Rules and Regulations, and any Policies/Procedures applicable to the water system
- ☐ Open Meetings Act Resolution (if applicable)
- ☐ Asset Management Plan *
- ☐ Water Conservation Plan or Drought Contingency Plan *
- ☐ Source Water Protection Plan *
- ☐ Documentation or description of any regionalization efforts or activities *
- ☐ List or explain any OSE compliance issues (Water Trust Board OSE compliance form accepted)

Lead Projects

PROJECT INFORMATION DOCUMENTS:

- ☐ Detailed description of project and project need
- ☐ Detailed breakdown of project costs
- ☐ Categorical Exclusion Checklist or Environmental Information Document for project.
- ☐ Verification of ownership of land where project is to be located or explanation of land ownership arrangements.
- ☐ Joint powers agreement(s) (if applicable)
- ☐ Private Side Replacement Work Plan

TECHNICAL INFORMATION DOCUMENTS:

- ☐ List of current operator names and operator ID numbers or a copy of certificate or certification card for operator in responsible charge of water system and, if applicable, operator contract

MANAGERIAL INFORMATION DOCUMENTS:

- ☐ Articles of Incorporation, Bylaws, Rules and Regulations, and any Policies/Procedures applicable to the water system
- ☐ Current Open Meetings Resolution (if applicable)
- ☐ Documentation of any Water System Regionalization Activities

FINANCIAL INFORMATION DOCUMENTS:

- ☐ Most recent three years of Audited Financial Reports. Income Statements and Balance Sheets or other financial information that include detail of water system revenue, expenditures, debt service and account balances may be evaluated if system is not subject to audits.
- ☐ Current Annual Budget and Budget Comparison
- ☐ Water Rate and Fee Schedule
- ☐ Outstanding Debt Payment Schedules

FY27 DWSRLF Pre-application - IIJA Emerging Contaminants (EC) Funding Supplemental Documents Checklist

This checklist identifies the documents requested for the DWSRLF pre-application, with a * indicating optional items that award points toward the project's overall ranking.

PROJECT INFORMATION DOCUMENTS:

- ☐ Proposal summary for the project/study – general description of the work to be provided
- ☐ Description of the emerging contaminant(s) the project addresses
- ☐ Discharge or waste disposal plan (if applicable)
- ☐ Proposed cost estimate
- ☐ Preliminary Engineering Report (or technical memorandum)
- ☐ Categorical Exclusion (CE) Checklist or Environmental Information Document (EID)
- ☐ Verification of ownership of land where project is to be located (or explanation of land ownership arrangements)
- ☐ Joint Powers Agreement(s) (if applicable to the project)

TECHNICAL INFORMATION DOCUMENTS:

- ☐ List of current operator names and operator ID numbers/levels (with copy of certificate or certification card for operator in responsible charge of water system and, if applicable, operator contract)
- ☐ Sample results confirming the emerging contaminant(s) the project will address

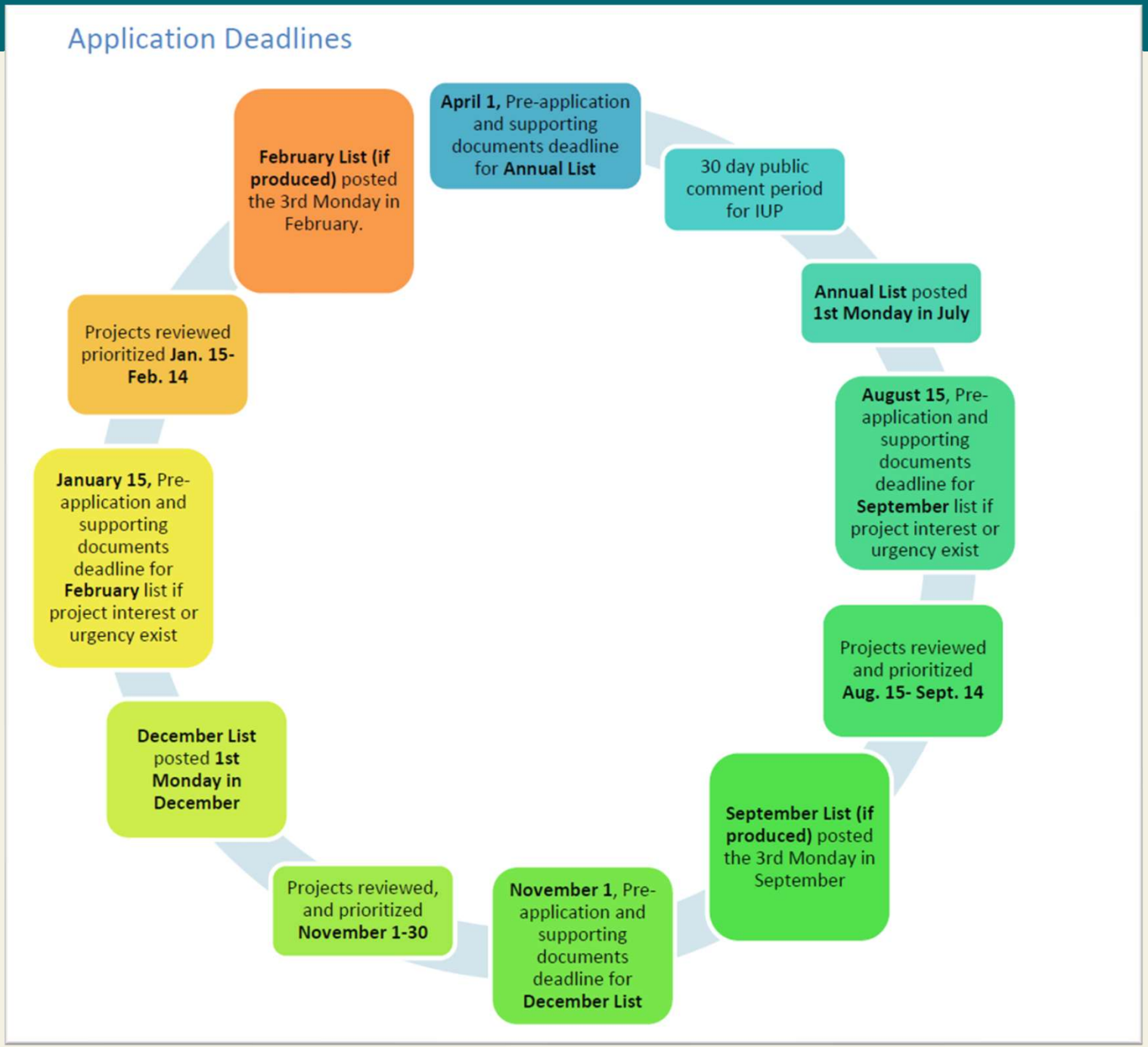
MANAGERIAL INFORMATION DOCUMENTS:

- ☐ Articles of Incorporation
- ☐ Certificate of Good Standing from the NM Secretary of State (if applicable): https://enterprise.sos.nm.gov/search/business
- ☐ Bylaws, Rules and Regulations, and any Policies/Procedures applicable to the water system
- ☐ Open Meetings Act Resolution (if applicable)
- ☐ Source Water Protection Plan*
- ☐ Documentation or description of any regionalization efforts or activities*

FINANCIAL INFORMATION DOCUMENTS:

- ☐ Most recent three years of Audited Financial Reports/AUPs/Tier Certifications, whichever is applicable: https://www.osa.nm.gov/tiered-system-reporting/
  (Income statements and balance sheets, or other detailed financial information, may be evaluated for systems not subject to the Audit Rule.)
- ☐ Current Annual Budget and Budget Comparison
- ☐ Outstanding Debt Payment Schedules
- ☐ Water Rate and Fee Schedule

Deadlines


Application Deadlines
April 1, Pre-application and supporting documents deadline for Annual List
30 day public comment period for IUP
Annual List posted 1st Monday in July
August 15, Pre-application and supporting documents deadline for September list if project interest or urgency exist
Projects reviewed and prioritized Aug. 15- Sept. 14
September List (if produced) posted the 3rd Monday in September
November 1, Pre-application and supporting documents deadline for December List
Projects reviewed, and prioritized November 1-30
December List posted 1st Monday in December
January 15, Pre-application and supporting documents deadline for February list if project interest or urgency exist
Projects reviewed prioritized Jan. 15-Feb. 14
February List (if produced) posted the 3rd Monday in February.

Application Process

Start with NMED

Pre-application

Finish with NMFA

Loan closing

Once loan is closed, 2 years to complete construction

Scan the QR code

Or go to https://www.env.nm.gov/drinking_water/infrastructure-projects-and-funding/ and click on the Pre-Application Form

Thank you & Questions?

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Acronyms

- BIL: Bipartisan Infrastructure Law
- DAC: Disadvantaged Community
- DWSRF: Drinking Water State Revolving Fund
- EPA: Environmental Protection Agency
- EFC: Environmental Finance Center
- IIJA: Infrastructure Investment Jobs Act
- MHI: Median Household Income
- PPL: Project Priority List
- PWS: Public Water System
- RCAC: Rural Community Assistance Corp
- SDWA: Safe Drinking Water Act
- TA: Technical Assistance
- TMF: Technical, Managerial and Financial