

# State of New Mexico

## RURAL INFRASTRUCTURE REVOLVING LOAN PROGRAM

### Construction Programs Bureau

### 2019 FISCAL YEAR ANNUAL REPORT



Canones MDWC & SWA, RIP Loan 0019

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Water Protection Division  
Construction Programs Bureau  
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## **I. INTRODUCTION**

The Rural Infrastructure Act created the Rural Infrastructure Revolving Loan Program (RIP) in 1988 when the original Water Supply Construction (WSC) Act was amended. The Rural Infrastructure Act (Chapter 75, Article 1 NMSA 1978) provides financial assistance to local authorities in the form of low interest loans and grants for the construction or modification of water, wastewater and solid waste facilities. Local authorities consist of any municipality, county, mutual domestic water consumers association, or water and sanitation district whose facility serves a community with a population of less than 20,000 or county less than 200,000. Eligible program expenses include the cost of planning, engineering, and construction. Project costs that are only eligible for loans and not grant funds include the cost of water rights, land, system acquisition, easements and rights-of-way, legal costs, and fiscal agents' fees. Administrative costs incurred by a community are ineligible.

- Interest rates for RIP loans are set at the discretion of the Secretary of the Environment Department (20.7.2.204 NMAC). Currently the interest rate is 2.375%.
- Funding recipients may receive up to \$500,000 in grant in one year if funds are available. All funding packages must include a loan component.
- Maximum assistance, including loan and grant is limited to \$2,000,000 per year per borrower.
- Repayment begins one year after project completion and is amortized over a maximum of 20 years.
- Interest on loans accrues during the design and construction of a project and may be capitalized into the final loan or may be paid separately. The interest amount is not considered part of the maximum loan amount.

## **II. FUNDING HISTORY**

From 1988 through 1996, the RIP Fund (Fund) received appropriations from the legislature totaling \$8,591,915. No appropriations have been awarded since state fiscal year 1996. Loan repayments and investment income continue to replenish the Fund. In October 2007, the Rural Infrastructure Act was amended to increase the annual loan limit per borrower from \$500,000 to \$2,000,000; to add solid waste facilities as eligible recipients of grants and loans; and allow the Department to allocate up to 2% of the fund balance to pay for administrative expenses.

During SFY 2015 through 2017, the legislature enacted bills that swept a total of \$10 Million from the RIP Program; in 2015 \$1 Million was moved to other programs and in 2016 and 2017 a total of \$9 Million was transferred to the State General Fund. The transfers were:

1. 2015 first special session Senate bill 1 (SB) swept \$1M. It was allocated as \$500K to NMED Surface Water Bureau and \$500K to the Economic Development Department;
2. 2016 Regular Session House Bill (HB) 311 swept \$1.5 Million;
3. 2016 2<sup>nd</sup> Special Session SB2 swept \$1 Million;
4. 2017 Regular Session SB113 swept \$6.5 Million.

### III. FINANCIAL HIGHLIGHTS SFY 2019

- RIP collected \$1,377,131 in loan repayment principal and \$414,478 in loan repayment interest for a total of \$1,791,609 (Figure 1).
- RIP managed 77 loans in repayment with principal balances totaling \$16,398,785.
- Interest received on investment income from the State Treasurer’s Office totaled \$235,103.
- Total disbursements for 2019 were \$2,041,733 (Figure 2).

Figure 1

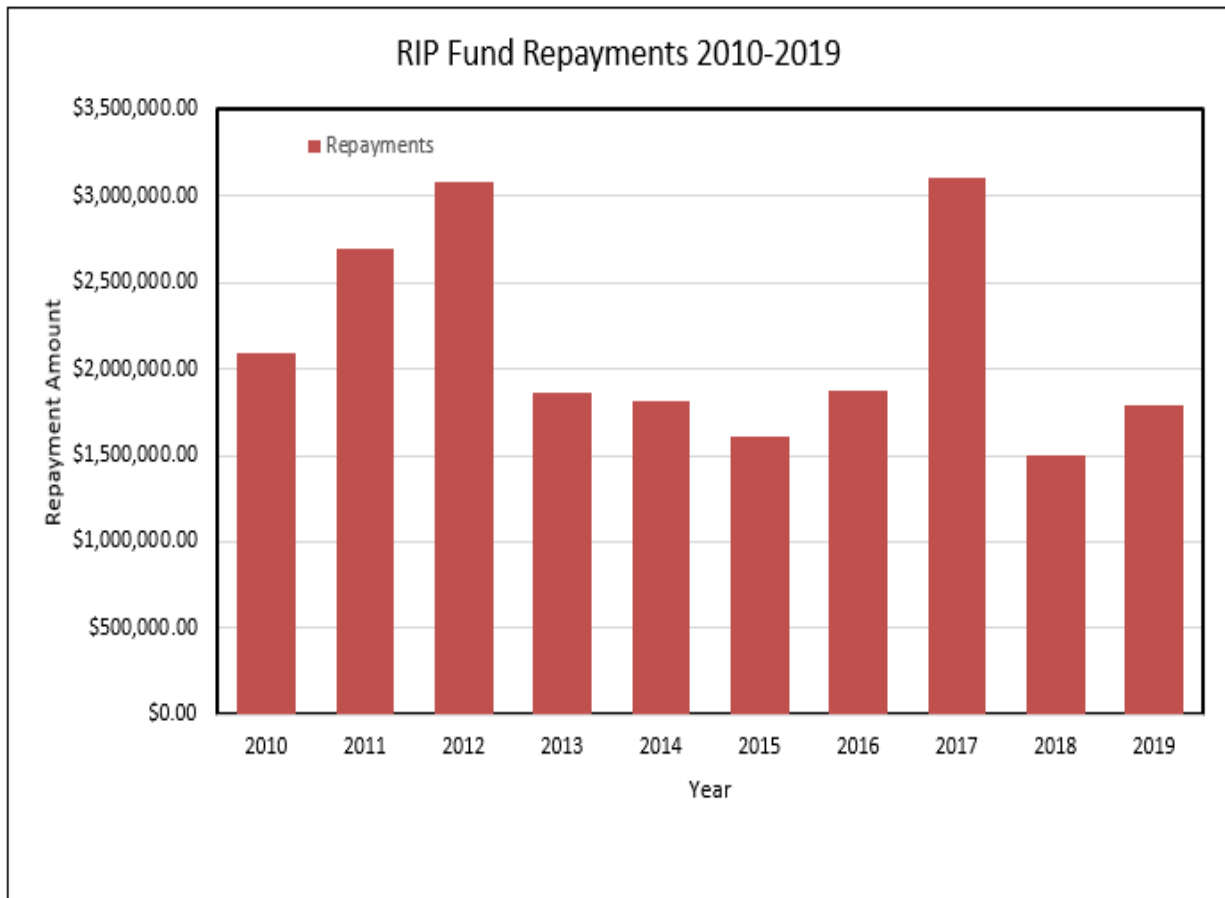
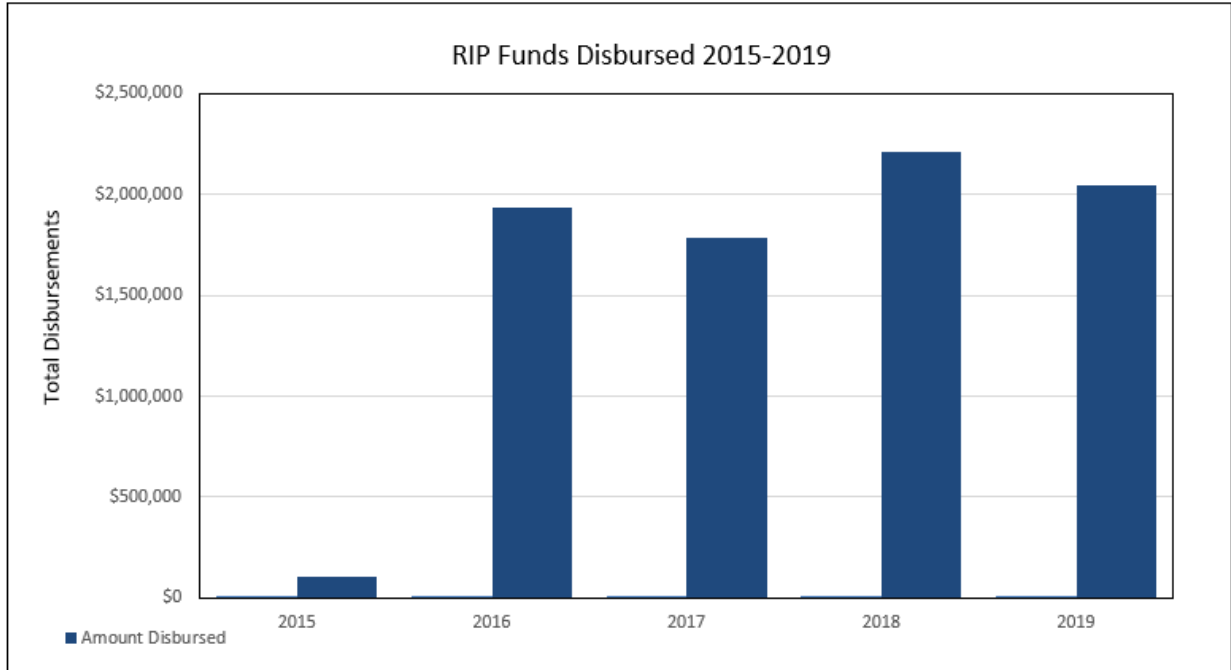


Figure 2



**IV. 2019 FUNDING CYCLE**

RIP funded two new projects in fiscal year 2019 totaling \$2,533,379 as loan funding.

Community	Amount	Project Description
Dona Ana MDWCA	\$2,000,000	Water and Wastewater Improvements
Lower Rio Grande PWWA	\$ 533,379	Water Rights and Land Purchase

**V. CURRENT PROJECTS**

As of June 30, 2019, RIP was managing 13 projects in different stages of planning, design and construction totaling \$7,192,578 in funding. The 2019 projects included wastewater treatment plant improvements, replacement of water lines, construction of a septage facility, and construction of water tanks.

**VI. STATUS OF THE PROGRAM**

- For the fiscal year ending June 30, 2019, RIP had \$938,748 available for new RIP loans.
- Six projects were placed into repayment: Lower Rio Grande PWWA, Tierra Monte WUA, Village of Chama, Catron County, Village of Fort Sumner, and Canones MDWC&SWA.
- Ten projects paid off loans: Los Ojos MDWCSWA, Bibo MDWCA, Town of Red River, El Vadito de los Cerrillos, Canoncito at Apache Canyon (2), High Valley WUA, Velarde MDWCA&SWA, La Pasada MDWCA, and Liberty Mutual Domestic Water.

## **VII. STAFFING**

The RIP program is managed by the Construction Programs Bureau (CPB). The Bureau consists of financial, technical and administrative sections. Each section has a role in the oversight of the RIP program. The financial section is staffed with program administrators, a loan manager and a financial manager. This team manages all financial and administrative components of RIP. The technical section is staffed by licensed professional engineers and includes a technical supervisor and project managers. Project management is performed by the technical team. The administrative staff includes a supervisor, receptionist and database manager. The bureau chief oversees all CPB sections and works with Department senior staff to facilitate CPB activities.

## **VIII. ACKNOWLEDGMENTS/QUESTIONS REGARDING REPORT**

The success of the RIP Program is attributed to the dedication, involvement and initiative of the administrative and technical staff assigned to the program. Questions regarding this annual report should be addressed to:

New Mexico Environment Department  
Construction Programs Bureau  
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**STATE OF NEW MEXICO  
RURAL INFRASTRUCTURE LOAN PROGRAM  
CERTIFICATION OF ANNUAL REPORT**

I certify that this report has been prepared under my supervision and in conformance with the provisions of the Rural Infrastructure Act Chapter 75, Article 1 NMSA 1978 and the Environmental Protection Wastewater and Water Supply Facilities Rural Water Supply, Wastewater and Solid Waste Infrastructure Regulations Title 20, Chapter 7, Part 2 NMAC. I also certify that I have reviewed this report and find it to be true, complete and correct to the best of my knowledge.

  
\_\_\_\_\_  
Judith Kahl, P.E.  
Bureau Chief, NMED Construction Programs Bureau

  
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DATE