# STATE OF NEW MEXICO
# DRINKING WATER STATE REVOLVING FUND

City of Bloomfield's new filter building at their Water Treatment Plant.



Intended Use Plan for the 2006 Capitalization Grant
State Fiscal Year 2008
Effective July 1, 2007 through June 30, 2008

New Mexico FINANCE AUTHORITY

NEW MEXICO ENVIRONMENT DEPARTMENT

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## I. INTRODUCTION

### A. New Mexico's Drinking Water State Revolving Fund Program

The federal Safe Drinking Water Act (SDWA) Amendments of 1996 authorized a Drinking Water State Revolving Fund (DWSRF), a low-cost loan program for public water systems to finance the cost of repair and replacement of drinking water infrastructure and maintain or achieve compliance with the SDWA requirements and protect drinking water quality and public health. The State of New Mexico, through the New Mexico Environment Department (NMED) and the New Mexico Finance Authority (NMFA), established the Drinking Water State Revolving Fund one year later in 1997. The New Mexico Finance Authority, as grantee, is responsible for the oversight of the financing loan component including binding commitments. The federal Safe Drinking Water Act Amendments of 1996 created several different programs that help develop and sustain the state's water quality programs such as source water protection, capacity development and training for operator certification. The New Mexico Environment Department's Drinking Water Bureau (DWB), as sub-grantee, is responsible for the oversight of this programming support component through a separate funding mechanism known as the DWSRF set-asides. The Environmental Protection Agency (EPA) allows states to utilize up to 31% of the annual Capitalization Grants to fund programs in four different set-aside areas that include:

1) Administration of the DWSRF;
2) Small System Technical Assistance;
3) State Program Management;
4) Local Assistance and other State Programs.

To-date, New Mexico had received approximately $75.5 million in capitalization grants from the EPA and had provided State Match grant funds totaling approximately $15.1 million. All of the State Match and 69% of the $75.5 million in Capitalization Grants have been deposited into the Fund. Of this $67.2 million, NMFA has loaned approximately $19.5 million, or 29.2%, to small systems that serve a population of fewer than 10,000 people. Overall the Drinking Water State Revolving Fund is vital to the success of the high water quality in the state of New Mexico.

### B. Intended Use Plan Overview

An Intended Use Plan (IUP) is required by the SDWA in order to receive the Drinking Water State Revolving Fund (DWSRF) capitalization grant. The capitalization grant is the funding mechanism that funds the loan fund and the set-asides. The amount of the capitalization grant allotted to the State of New Mexico is determined by Congress and administered by the EPA. The IUP contains information about the short and long-term goals of the programs funded by the DWSRF. These goals are intended to continue the State of New Mexico's efforts to: 1) ensure public health protection; 2) identify and provide funding for maintaining and/or bringing New Mexico's public water systems into compliance with the SDWA; 3) support affordable drinking water and sustainability; and 4) maintain the long-term financial health of the Fund. The IUP describes how the funds will be used during State Fiscal Year (SFY) 2008. The time period covered is from July 1, 2007 – June 30, 2008. The IUP addresses the intended uses of the new federal fiscal year (FFY) 2006 Capitalization Grant along with the remaining Set-Aside and DWRLF balances unexpended in previous fiscal years. In SFY 2008, New Mexico will be applying for the Federal Fiscal Year 2006 Capitalization Grant allotment in the amount of $8,229,300, to further the water quality programs and provide funding for projects throughout the state.

**C. Zero to Four Percent Interest Loans**

NMFA has established low interest rates for the loan program to promote a low cost viable source of money to take on water projects in the state of New Mexico. NMFA will provide loans from 0% to 4% depending on the eligibility of water system. If a water system is a public water system then they are eligible to receive the loans at 0% or 2%. New Mexico's Constitution limits NMFA's ability to offer below-market rates to non-public bodies, including private non-profit water systems and private, for-profit water systems. As such, the NMFA charges a 3% market interest rate to private non-profit water systems and 4% to private, for-profit water systems. These rates are pegged to the 15-year tax-exempt rates at the time of approval by the NMFA Board of Directors; these rates may be reviewed periodically.

**D. Disadvantaged Community Loans**

NMFA shall provide 0% interest loans to disadvantaged communities. Water systems on the Fundable Priority List that are at 90% of MHI will be listed as disadvantaged (Attachment G). NMFA identifies a disadvantage community by the usage of the affordability criteria which takes into account both the price and the ability to pay and a ratio of average annual user charges which would result from the completion of a proposed project to the median household income (MHI) of the water system service area. Page 22 of the IUP will give a more detail description on how NMFA calculates the disadvantage assistance and also the assistance that will be provided to disadvantaged communities.

**E. Drinking Water State Revolving Fund Set-Asides**

Up to 31% percent of the annually allotted federal capitalization grant is designated by Safe Drinking Water Act for "Set-Aside" activities. The State of New Mexico uses the maximum Set-Aside allocation to ensure public health protection. The New Mexico Environment Department (NMED) Drinking Water Bureau (DWB) uses 27% of the grant for the eligible set-asides programs. The activities funded by this portion of the set-asides will allow the bureau to: a) develop technical, managerial, and financial capacity for local water systems; b) assist entities in qualifying for loans; and c) provide technical assistance targeted to systems serving 10,000 persons or less. The NMFA uses 4% of the set-asides to cover reasonable administrative costs of the DWRLF. The federal capitalization grant, less the amount of Set-Asides, is deposited in the loan fund along with the required State Match. The NMFA can then utilize funds in the DWSRF to make loans to community water systems for eligible water system improvements. The NMED, through its Drinking Water Bureau (DWB), and NMFA are responsible for providing the administrative oversight for the use of the Set-Asides to support public water systems (PWSs).

The State must provide a process and rationale for distribution of funds between the DWRLF and set-aside accounts. The rationale for the full use of the DWRLF Set-Asides is multiple in nature. It is estimated that optimal use of the programmatic Set-Asides may only address 20% of the eligible and urgently needed public health protection activities. Due to the dispersed nature of the population and the large geographic area of New Mexico, consolidated training and services do not optimally reach the majority of the rural water systems. In order to effectively implement the Set-Aside programs, a high degree of individual water system training and assistance is required. These Set-Aside programs must allow for a greater percentage of individual or "small-cluster" trainings and interactions, which is more burdensome and time-consuming but more effective in assisting systems in complying with the SDWA. Thus, the New Mexico

Environment Department's Drinking Water Bureau must utilize 27% of the available funds for non-administrative Set-Aside activities. Each year the NMFA and the New Mexico Environment Department's Drinking Water Bureau prepares a work plan that further defines the use of the set-asides and projects forward for the spending of the set-aside funds.

**F. Public Input, Review and Comment Procedures**

The draft Intended Use Plan (IUP) will be made available to the public on the morning of May 24, 2007, via the Drinking Water Bureau's webpage prior to the Drinking Water Advisory Group Meeting (DWAG). This Advisory Group is comprised of a myriad of stakeholders that serve as the mechanism for initial participation in the public comment process. A DWAG meeting is held at a central location in the State at least twice per year. All public water systems were sent a postcard notifying them of the DWAG meeting approximately one month prior to the meeting. In addition an email was sent to all systems with known email addresses along with the laboratories, consultants, contractors and other interested parties. The IUP is presented at the DWAG meeting and copies given out to anyone requesting a hard copy. The audience is informed that they have 30 days to submit written comments on the plan. Any verbal comments received at the meeting will be addressed in the final document.

## II. LONG-TERM AND SHORT-TERM GOALS OF THE DRINKING WATER STATE REVOLVING LOAN FUND AND SET-ASIDE PROGRAMS

### A. Long-Term Goals for the DWRLF and Set-Aside Programs:

1. Support public water systems, using the set-aside activities outlined in this document and the approved work plan, to maximize *SDWA* compliance, public health protection, ensure affordable drinking water and system sustainability, particularly focusing on water systems serving populations of less than 10,000.
2. Maintain the revolving loan fund, as a perpetual funding source with fiscal integrity, to support water systems in New Mexico.
3. Maintain timely, accurate and complete administrative functions to sustain the DWRLF, including grant applications and reporting requirements.
4. Provide training and direct assistance through contracts and in-house staff to enhance financial, technical and managerial capacity, to all public water systems as resources allow. Ensure that training and services are designed to target small water systems serving a population of less than 10,000.
5. Implement the Waterborne Disease Surveillance Project to support water quality surveillance and potential waterborne disease outbreak investigations.
6. Collaborate with organizations, agencies, universities and individuals in fostering a sustainable supply of healthy drinking water for the State through source water protection activities including management of water quantity and quality.
7. Encourage the consolidation and/or regionalization of small public water systems that lack the capability to operate and maintain water systems in a cost-effective manner and in accordance with *SDWA*.
8. Improve the capacity of surface water systems through the Area Wide Optimization Program (AWOP) including activities such as Comprehensive Performance Evaluations.

### B. Short-Term Goals for the DWSRL and Set-Aside Programs:

1. Post the SFY 2009 IUP for public review in May of 2008. Provide an opportunity for public participation by hosting a Drinking Water Advisory Group meeting and presenting the IUP for public comment.
2. Prepare and submit the FFY 2006 Capitalization Grant Application in June of 2007, including the Intended Use Plan and the Fundable Priority List.
3. Submit the SFY08 Set-Aside work plan detailing the use of SRF funds from on-going capitalization grants within 90 days of receiving the capitalization grant.
4. Provide training, education, and in-house professional technical resources targeted to small water systems serving a population ≤ 10,000 to assist these systems in achieving and maintaining long-term compliance.
5. Implement the Source Water Protection Program using the results of the completed Source Water Assessment and Protection Program (SWAPP) reports to identify priorities and provide incentives for local source water protection activities. These activities shall be completed through a combination of staff and contractor efforts.
6. Provide loans to water systems listed on the Fundable Priority List to the extent possible and in accordance with federal and state laws.
7. Provide low-cost loans to disadvantaged communities for eligible drinking water projects, as allowed by the *SDWA.*
8. Continue to develop and refine the AWOP program through training and implementation of CPEs at surface water systems.
9. Execute five (5) binding commitments for SFY 2008.
10. Meet the Objectives for each Set-Aside category, including "Outputs," "Outcomes," as they relate to the environmental benefits regulations which were established in January 2005.
11. Complete and submit the SFY 2007 annual report in September 2008.
12. Continue to review and revise the priority system ranking criteria to better reflect public health priorities and other capacity measures used for the establishment of the annual fundable priority list and comprehensive priority list.
13. Provide technical assistance through the capacity development program to target water systems that are on the Comprehensive Priority List but are unable to qualify for the Fundable Priority List.
14. Develop a Tier 2 SERP for the purpose of lending recaptured funds from principal and interest repayments into the loan fund. [Long-Term Goal 2]
15. Evaluation of the SERP, for the purpose of broadening the definition of Categorical Exclusions for construction projects in New Mexico. [Long-Term Goal 2]
16. Improve upon the current DWSRF Fund Utilization Rate in New Mexico so that it exceeds 75% by the end of SFY 2008.
17. NMFA will close a minimum of (4) DWSRF loans in SFY 2008.

## III. SOURCES AND USES OF FUNDS

**DWSRF SOURCES AND USES OF FUNDS STATEMENT**
**Balances thru 6/30/07- Uses for State FY08**

| Sources of Funds | Setasides (excludes admin.) | Administration | Loan Fund | Total |
|---|---|---|---|---|
| Balances projected to expire [1] | $0 | $0 | $11,079,054 | $11,079,054 |
| Beginning balances from previous unexpired awards[2] | $4,939,753 | $663,544 | $21,688,973 | $27,292,270 |
| Total Liquid Asset Balance from previous year | $4,939,753 | $663,544 | $32,768,027 | $38,371,324 |
| Federal Cap Grant Payments (FY06 award) | $2,221,911 | $329,172 | $5,678,217 | $8,229,300 |
| State Match (FY06 award) | $0 | $0 | $1,645,860 | $1,645,860 |
| Interest on Cash Assets | $0 | $0 | $505,658 | $505,658 |
| Leveraged Bond Proceeds | $0 | $0 | $0 | $0 |
| Loan repayments (both Principal & Interest) | $0 | $0 | $1,608,101 | $1,608,101 |
| Fees generated from lending or set-aside activity | $0 | $0 | $161,541 | $161,541 |
| Other cash inflows | $0 | $0 | $0 | $0 |
| | $2,221,911 | $329,172 | $9,599,377 | $12,150,460 |
| ***Total Sources of Funds*** | $7,161,664 | $992,716 | $42,367,404 | **$50,521,784** |

| Uses of Funds | | | | |
|---|---|---|---|---|
| Loans | | | | |
| Unexpended amounts on existing loans | $0 | $0 | $8,592,411 | $8,592,411 |
| Current FY loans anticipated | $0 | $0 | $32,473,984 | $32,473,984 |
| Total for loans | $0 | $0 | $41,066,395 | $41,066,395 |
| Set-Asides | | | | |
| Administration (4%) | $0 | $329,172 | $0 | $329,172 |
| Small Systems Tech Assistance (2%) | $164,586 | $0 | $0 | $164,586 |
| State Program Mgt (1452(g)(2)-10%)[3] | $822,930 | $0 | $0 | $822,930 |
| Local Assistance/St Prog (1452(k)-15%) | $1,234,395 | $0 | $0 | $1,234,395 |
| Total for Set Asides | $2,221,911 | $329,172 | $0 | $2,551,083 |
| Other | | | | |
| Debt service on Leveraged and Match Bonds | $0 | $0 | $0 | $0 |
| Debt Service Reserve Funding | $0 | $0 | $0 | $0 |
| Other cash outflows | $0 | $0 | $0 | $0 |
| Funds that will be extended from previous awards[1] | $0 | $0 | $11,079,054 | $11,079,054 |
| Ending Balances (Resources Carried Over to Next Year)[4] | $4,939,753 | $663,544 | ($9,778,045) | ($4,174,748) |
| Total for Other | $4,939,753 | $663,544 | $1,301,009 | $6,904,306 |
| ***Total Uses of Funds*** | **$7,161,664** | $992,716 | $42,367,404 | **$50,521,784** |

Note: 1. FFY 2002 grant expires at the end of September 16, 2007 and FFY 2003 grant expires at the end of July 31, 2007

Note: 2. This amount considers all draws through June 30, 2006

Note: 3. The required 50% match for State Programs is met by NMED, with expenditures from the Water Conservation Fee Fund (within the purposes of the fund) and the Corrective Action Fund.

Note: 4. Please see Attachment F for the projects that will absorb the SFY 08 Carryover of funds.

## IV. SET-ASIDE ACTIVITIES

### A. Drinking Water Revolving Loan Fund (DWRLF) Administration Expenses

Section 1452(g) of the Safe Drinking Water Act (SDWA) authorizes states to provide funding for DWSRF Administration as a Set-Aside activity. The administration of the State of New Mexico DWRLF is delegated by statute to the New Mexico Finance Authority. The administrative tasks include portfolio management; DWRLF programmatic administrative costs; support services; financial management; technical services for construction oversight and environmental reviews, and legal consulting fees.

In accordance with 1452(g) of the SDWA, this Set-Aside will be utilized by the NMFA. As allowed by the SDWA, the NMFA reserved and specified an amount equal to 4% of the 2006 capitalization grant for administrative support of the DWSRF. The NMFA will use an estimated amount of $440,000 from Set-Aside funds for SFY 2008. The funds available for the administration of the DWSRF program during SFY 2008 include the unexpended administrative Set-Aside funds from previous years. This Set-Aside will fund activities that implement, administer, and operate the DWSRF program during SFY 2008. The NMFA estimates that seven of its employees will work on the program, on a part-time basis, for an equivalent of approximately 2.25 Full-Time Employees (FTEs). The NMFA staff charge their time based on actual hours worked on the DWSRF program. The NMFA end of SFY 2008 balance for Administration is estimated at $663,544. The NMFA may contract with the NMED's Construction Programs Bureau for engineering and construction oversight. NMFA may also contract with other parties chosen through a competitive procurement process for other technical services. The NMFA SFY 2007 estimated expenditures for these services are approximately $109,000.

**Outcomes/Environmental Results**

**Outputs[1] – to be documented in Annual Reports:**

| Output Type | Quantitative/Qualitative Description of Output | Period of Performance |
|---|---|---|
| Close on outstanding Binding Commitments | NMFA will convert three loans from the four outstanding binding commitments which has been issued from the previous years | SFY08 |
| Enter into new Binding Commitments | NMFA will enter into five binding commitments from the SFY 08 Fundable List which can be found in Attachment C to this report. | SFY08 |
| Modifications to the State Environmental Review Process (SERP) | NMFA will modify the State Environmental Review Process (SERP) to broaden the Categorical Exclusions list and to incorporate a Tier 2 SERP for monies that have been collection in repayments of loan and interest recaptured in the fund. | SFY08 |

[1]"The term "Output" means an environmental activity, effort and/or associated work products related to an environmental goal or objective, what will be produced or provided over a period of time or by a specified date. Outputs may be quantitative or qualitative but must be measurable during an assistance agreement funding period." EPA Order Classification No.: 5700.7

**Outcomes/environmental results[1] – to be documented in Quarterly/Annual Reports:**

| Outcome Type | Quantitative Description of Outcome | Period of Performance |
|---|---|---|
| Programmatic | Increase marketing efforts of the Loan Fund which will increase the understand of the SRF program. | SFY08 |
| Environmental | Two Small PWS will develop a binding commitment through SRF loan program, which will assist in returning them to compliance with SDWA. | SFY08 |

[1]"The term "outcome" means the result, effect or consequence that will occur from carrying out an environmental program or activity that is related to an environmental or programmatic goal or objective. Outcomes may be environmental, behavioral, health-related or programmatic in nature, must be quantitative, and may not necessarily be achievable within an assistance agreement funding period." EPA Order Classification No.: 5700.7

**B. Small Systems Technical Assistance**

The Safe Drinking Water Act SDWA) authorizes states to use this set-aside to support a state technical assistance team or to support contracts with outside entities and individuals in order to provide technical assistance to public water systems serving a population of 10,000 or fewer. The goal for the technical assistance is to enable such systems to achieve and maintain compliance with the SDWA and State regulations.

The New Mexico Finance Authority (NMFA) will provide assistance to serve these small systems by providing funding for Preliminary Engineering Reports (PER) and Environmental Information Documents (EID). The NMFA will use previously allocated funds for this assistance. The NMFA will consider a system's Median Household Income (MHI) to determine the amount that NMFA will fund for these planning documents based on the following criteria:

1. Above 90% of MHI will not receive any assistance;
2. 90% > MHI >= 75% will receive 50% assistance from NMFA; and
3. Less than 75% MHI will receive 100% assistance from NMFA.

The New Mexico Environment Department Drinking Water Bureau's Area Wide Optimization Program (AWOP) strives to improve the operation and performance of New Mexico's surface water treatment systems in an attempt to help them meet optimization goals. The portions of the AWOP program that is eligible for funding under the Small System Technical Assistance set-aside are the performance of Comprehensive Performance Evaluations (CPE) and the associated Performance Based Training for small surface water systems. The AWOP staff will conduct 2 CPE's with small public water systems and the associated follow-up with Performance Based training during State Fiscal Year 2008.

The New Mexico Environment Department (NMED) Drinking Water Bureau provides staff assistance to small water systems on a daily basis. The oversight staff in the many district and field offices from across the state work to assist the water systems with questions and problems. They provide guidance materials to the water systems as needed. When a water system receives a violation the oversight staff prepares a notification letter that details the violation/s and procedures for compliance. The oversight staff can provide detailed explanations of the violations and the recommended steps to correct deficiencies. Oversight staff will work with water systems to develop strategies to return them to compliance as part of informal compliance agreements. If the number of violations rises to the level of formal enforcement, the enforcement staff provides direction and uses the escalated enforcement policy to prepare the appropriate enforcement actions. Small systems under enforcement actions receive priority technical, financial and managerial assistance from the Drinking Water Bureau's contractors. The contractors are paid for out of the Local Assistance Set-aside.

The goal for the small systems technical assistance is to enable such systems to achieve and maintain compliance with the SDWA and State regulations. The New Mexico Environment Department's Drinking Water Bureau and the NMFA will provide technical assistance to small water systems, through both staff resources and/or technical assistance contractors.

**Outcomes/Environmental Results**

**Outputs – to be documented in Quarterly/Annual Reports:**

| Output Type | Quantitative/Qualitative Description of Output | Period of Performance |
|---|---|---|
| Associated Work Product of Environmental Effort | The Drinking Water Bureau staff and the NMFA staff will meet quarterly to review disadvantaged water systems eligible for set-aside assistance and determine how to assist them to increase their eligibility for an SRF loan . | SFY08 |
| Associated Work Product of Environmental Effort | The Drinking Water Bureau AWOP staff will meet quarterly to plan and execute CPEs and the associated follow up training. | SFY08 |
| Environmental Activity | The enforcement staff, the technical assistance contractors, and the district oversight staff will meet to discuss enforcement activities and needed assistance to small water systems at least four times per year per district. | SFY08 |

**Outcomes/environmental results – to be documented in Quarterly/Annual Reports:**

| Outcome Type | Quantitative Description of Outcome | Period of Performance |
|---|---|---|
| Programmatic | Two water systems will receive assistance from NMFA in the development of either Preliminary Engineering Reports, Environmental Information Documents, or engineering design documents to assist them in becoming loan worthy. | SFY08 |
| Environmental | Two Comprehensive Performance Evaluations (CPEs) will be performed at small surface water systems and the associated Performance Based Training will be planned and executed. | SFY08 |
| Environmental | Drinking Water Bureau staff will provide technical assistance to small water systems to assist them in maintaining compliance. Assistance will be provided to at least 75% of all small water systems requiring assistance during the fiscal year. | SFY08 |

**C. State Program Management**

**Source Water Assessment and Protection (SWAP) Program**

This set-aside will be used to administer the Source Water Assessment and Protection Program. The Source Water Assessment and Protection program facilitates on-going state efforts to protect public drinking water supplies from contamination. Activities planned to administer the Source Water Assessment and Protection program include finalize a statewide Source Water Protection program implementation strategy, manage the state Source Water Protection program activities, track and report Source Water Protection program activities, and develop Source Water Protection outreach and training materials.

**Public Water System Supervision (PWSS) Program**

This set-aside will be used by the State of New Mexico to administer the Public Water System Supervision (PWSS) program. The activities planned to support the PWSS program include implementation of new rules, conducting sanitary surveys to assess the needs and deficiencies of public water systems, provide appropriate enforcement documentation in support of formal enforcement actions taken by the State and respond to identified needs and regulatory deficiencies.

**Utility Operator Certification (UOC) Program**

The New Mexico Environment Department (NMED) has authority to administer the operator certification program pursuant to the Safe Drinking Water Act (SDWA). The Utility Operator Certification (UOC) Program is organizationally located in the Facility Operations Team (FOT) of the Surface Water Quality Bureau (SWQB). The Drinking Water Bureau coordinates, reviews and oversees the Operator Certification program administration in conjunction with the Surface Water Quality Bureau.

**Capacity Development Program**

The New Mexico Environment Department (NMED) Drinking Water Bureau's capacity development program strives to increase the level of knowledge of water system administrators, operators and customers. New Mexico has a large number of small, community-administered water systems with board members that have little formal experience running a water system or a business. This situation presents a significant and ongoing challenge to the State. NMED's Drinking Water Bureau strives to increase the technical, managerial and financial capacity of water systems through the work of its staff and contractors to provide assistance, training and professional oversight. In SFY08, NMED's Drinking Water Bureau intends to update its capacity development strategy including a description of the program to address new water systems capacity.

**Area Wide Optimization Program (AWOP)**

The Area Wide Optimization Program intends to accomplish several activities under the State Programs set-aside. The AWOP will begin advanced training of surface water operators, staff will attend Region 6 quarterly AWOP meetings, attend the National AWOP meeting in Cincinnati, OH, and conduct a New Mexico AWOP meeting, to include training for the New Mexico Environment Department's Drinking Water Bureau AWOP designated staff.

**Waterborne Disease Surveillance Project Department of Health Joint Powers Agreement**

This project, under a joint powers agreement between the New Mexico Environment Department Drinking Water Bureau and the New Mexico Department of Health Environmental Health Epidemiology Bureau supports water quality surveillance, potential waterborne outbreak investigations, and medical consultations for associated health indicators between the two agencies. The activities under the set-aside include: maintaining communication and conducting meetings to evaluate activities, sharing data and other information regarding public water systems, and preparing and submitting quarterly and annual reports.

**Outcomes/Environmental Results**

**Outputs – to be documented in Quarterly/Annual Reports:**

| Output Type | Quantitative/Qualitative Description of Output | Period of Performance |
|---|---|---|
| Programmatic | Finalize the Source Water Protection Program Implementation Strategy. | SFY08 |
| Environmental | Perform 75% of the sanitary surveys required by regulation. | SFY08 |
| Programmatic | Participate in all Utility Operators Certification Program meetings. | SFY08 |
| Programmatic | Revise the Capacity Development Strategy and include capacity development for new water systems. | SFY08 |
| Programmatic | Prepare and perform advanced training for surface water treatment plant operators. . | SFY08 |
| Associated Work Product of Environmental Effort | Quarterly meetings will be held between DWB staff and NM Department of Health staff to review implementation of the Waterborne Disease Surveillance effort in New Mexico, including appropriateness, completeness and timeliness. | SFY08 |

**Outcomes/environmental results – to be documented in Quarterly/Annual Reports:**

| Outcome Type | Quantitative/Qualitative Description of Outcome | Period of Performance |
|---|---|---|
| Environmental | The population served by a water system with a substantially implemented Source Water Protection Plan will be increased to 37% in line with the National goal. | SFY08 |
| Environmental | 88% of the community water systems in New Mexico will meet all applicable health-based drinking water standards. | SFY08 |
| Programmatic | 80% of community water systems will have a certified operator. | SFY08 |
| Programmatic | All capacity development reporting will be completed on time. | SFY08 |
| Programmatic | DWB staff will perform five Performance Based trainings for surface water treatment plant operators | SFY08 |
| Environmental | All identifiable potential waterborne disease outbreaks at public water systems are investigated by both agencies and documented for future reference. | SFY08 |

**D. Local Assistance**

**Capacity Development Program**

Capacity development is the process by which water systems acquire and maintain the technical, managerial and financial capacities necessary to consistently provide safe drinking water. The State is authorized to assist public water systems in developing and upgrading their technical, managerial, and financial capacities. This portion of the Set-Aside involves: completion of capacity assessments to determine existing resources and inadequacies; general assistance and training of both operators and the water board members by staff and contractors; targeted assistance to water systems identified as in Significant Non-Compliance (SNCs); and development of educational materials. An important capacity development component will include encouraging the consolidation and/or regionalization of small public water systems to enhance leveraging of resources. Funding from this Set-Aside will also be utilized to support engineering review of projects to ensure that new water systems and existing system who propose modifications have sufficient managerial, technical, and financial capacity. These activities are focused on assessing and assisting new and existing water systems to ensure they are able to meet the requirements of the SDWA at present and in the future.

Activities that will be pursued under this set-aside include enhancing the public outreach efforts with new materials and increased participation in a broader scope of events and venues, conducting a minimum of two Drinking Water Advisory Group meetings, timely review of plans and specifications submitted for review to the DWB engineering staff, direct assistance and offer training to water systems to address their technical, managerial and financial capacity deficiencies, and conduct capacity assessments in a timely manner in response to submittal of a SRF Project Interest Form, a request for managerial/financial assistance or upon becoming aware of a new public water system.

**Operator Certification**

The New Mexico Environment Department (NMED) staff will perform training for water system operators along with its contractors. The staff will assist water systems in need of a certified operator by providing a contact list of operators available.

**Outcomes/Environmental Results**

**Outputs – to be documented in Quarterly/Annual Reports:**

| Output Type | Quantitative/Qualitative Description of Output | Period of Performance |
|---|---|---|
| Programmatic | Complete assessments for all water systems submitting a project interest form for funding under SRF and for all new community water systems. | SFY08 |
| Programmatic | Plans and specifications for all new construction and major modifications will be reviewed for conformance with the State Drinking Water Regulations. | SFY08 |
| Programmatic | DWB staff will meet bi-weekly to review the water systems in violation and on the (SNC) List. | SFY08 |

**Outcomes/environmental results – to be documented in Quarterly/Annual Reports:**

| Outcome Type | Quantitative/Qualitative Description of Outcome | Period of Performance |
|---|---|---|
| Programmatic | All water systems with completed capacity assessments identified in need of technical, managerial or financial assistance will receive assistance from DWB staff or its contractors within 90 days of identifying the need. | SFY08 |
| Environmental | 80% of all plans and specifications submitted for review will be reviewed and commented on within 30 days of receipt. | SFY08 |
| Programmatic | 90% of water systems identified during bi-weekly meetings as needing technical, managerial, or financial assistance will receive either staff or contractor assistance within 90 days of identifying the need. | SFY08 |

**Implementation of Source Water Protection Program**

This set-aside will be used to implement the Source Water Assessment and Protection program. The Source Water Assessment and Protection program (SWAPP) is a composite of the Well Head Protection Program (WHPP) and Source Water Assessment (SWA) elements. The DWB plans to promote the Source Water Protection Program and encourage water systems with Source Water Protection Plans to move forward with substantial implementation. The Bureau will assist water systems with the development of Source Water Protection plans using either staff or contractor resources. Bureau staff will update the source water protection areas as a component of sanitary surveys. Water systems will be

evaluated for, and granted as appropriate, chemical monitoring flexibility based on source water assessment data and other applicable data.

As part of evaluating a water source potential for contamination, ground water sources that are suspected of being under the influence of surface water are evaluated under the Ground Water Under Direct Influence of Surface Waters (GWUDI) Program.

**Outcomes/Environmental Results**

**Outputs – to be documented in Quarterly/Annual Reports:**

| Output Type | Quantitative/Qualitative Description of Output | Period of Performance |
|---|---|---|
| Programmatic | DWB staff will evaluate existing source water protection plans to determine substantial implementation status and promote implementation to the water systems. | SFY08 |
| Environmental | DWB staff will evaluate all eligible water systems eligible for chemical monitoring flexibility | SFY08 |
| Programmatic | DWB staff and contractors will assist interested water systems in preparing and implementation source water protection plans | SFY08 |
| Environmental | DWB staff will evaluate suspected GWUDI water systems in order of priority and within 90 days of being identified. | SFY08 |

**Outcomes/environmental results – to be documented in Quarterly/Annual Reports:**

| Outcome Type | Quantitative/Qualitative Description of Outcome | Period of Performance |
|---|---|---|
| Environmental | Ten percent of community water systems will have substantially implemented source water protection programs. | SFY08 |
| Environmental | All water systems eligible for chemical monitoring flexibility will be evaluated and a decision rendered within 60 days of becoming eligible. | SFY08 |
| Environmental | Five source water protection plans will be prepared by staff or contractors for water systems that did not have plans previously. | SFY08 |
| Environmental | 90 percent of GWUDI evaluations will be analyzed and a determination made within 30 days of completing the evaluation. | SFY08 |

## V. Criteria and Method for Distribution of Funds

### A. Distribution of Funds Analysis

The New Mexico Finance Authority (NMFA) will fund the Drinking Water Revolving Loan Fund (DWRLF) projects using the priority system established by the New Mexico Environment Department (NMED) Drinking Water Bureau. New Mexico prefers to fund the projects on the Drinking Water State Revolving Fund (DWSRF) Fundable Priority List in rank order but reserves the right to by-pass certain projects, using a by-pass procedure, as described below in Attachment D. In such an instance lower ranked projects may be funded over higher ranked projects if, in the opinion of the NMFA and NMED, the higher ranked project meets the by-pass screening criteria.

A public drinking water system is eligible for DWSRF project assistance if it is a community water system or a non-profit non-community water system (CFR 35.3520.) Priority point assignment and listing in the Intended Use Plan do not guarantee that all financial and project eligibility requirements have been met or will result in future project funding. The

NMFA reserves the right to refuse funding to a public water system that is financially nonviable or to recommend such a water system seek funding from other funding agencies. The NMFA is not the lender of last resort. Questions regarding the ranking process or the development of the DWSRF Fundable Priority List should contact NMFA or NMED Drinking Water Bureau to obtain a detailed explanation. NMFA can be reached at: (505) 984-1454 or toll free at (877) 275-6632, and NMED Drinking Water Bureau can be reached at (505) 827-1400 or toll-free at (877) 654-8720.

The following narrative is an overview of the elements that determine and manage the screening process for projects receiving funding from the DWRLF in New Mexico. It is important to understand that the ranking and other screening processes will occur in a phased approach. These activities will contribute both to project ranking for the DWRLF fund and also to focus the resources of the DWRLF Set-Asides. New Mexico's project ranking process, which leads to projects being assessed as eligible for inclusion on the fundable priority list, is initiated and implemented in the following manner:

**a)** On an annual basis, NMED Drinking Water Bureau will send all water systems a Project Interest Form, which will allow interested systems to identify their proposed projects;

**b)** NMED Drinking Water Bureau will perform a detailed capacity assessment (if a current one is not available) on water systems that have submitted a Project Interest Form;

**c)** Water systems that submit a completed Project Interest Form will be ranked through the NMED Drinking Water Bureau prioritization process (Attachment D) and included in the annual IUP Comprehensive Priority List (Attachment B);

**d)** Analysis by NMED Drinking Water Bureau of the administered capacity assessments for technical, managerial and financial capacity will result in a Fundable Priority List as described in Attachment C; and

**e)** To be eligible for a loan from the DWRLF water system projects must:

- be eligible on the Fundable Priority List
- submit a loan application to NMFA; and
- be found by NMFA to be loan worthy (CFR 35.3555(c)(2)(i)).

Water systems currently unable to meet the criteria for inclusion on the **Fundable Priority List** will receive an explanation of the exceptions that have prevented their inclusion and recommended steps for addressing such exceptions. The NMED and NMFA expect to use the resources of the Set-Asides to assist such water systems in addressing any exceptions, should they accept the offer for assistance. Thus, these water systems potentially will be able to meet all eligibility requirements for the DWRLF in the future.

The NMED and NMFA may elect to implement quarterly updates to the annual IUP process described above. Such a process will be called a second, third, or fourth quarter interim period IUP. Under these conditions and after a public review process, water systems will be added to the existing annual comprehensive priority list, and this will cause the ranking to be adjusted. If the projects added through the quarterly interim period IUP become eligible for the fundable priority list, this will cause the ranking on the fundable priority list to be adjusted, as well. Periodic review of the agencies' web sites [www.nmfa.net and/or www.nmenv.state.nm.us/dwb/dwag.html] will provide interested parties with information on quarterly interim IUP status and of any related changes to the comprehensive priority list or the fundable priority list, for a given year's annual IUP cycle. Any interim changes to the fundable priority list will not affect the eligibility of any project that has begun the application process.

New Mexico's ranking and screening processes are described as the following: **a) federal ranking criteria** for water

system projects; **b) state ranking criteria** for water system projects; and **c)** other water system screening processes. Through these program activities, items **a)** and **b)** are meant to rank the **specific water system project**. Item **c)** provides additional **screening of the water system** along with a **general policy** for allocation of a certain percentage of the fund to small water systems and a project by-pass procedure. Item c) also outlines criteria and procedures for the determination of an emergency project. It also describes the Fundable Priority List screening process along with the funding criteria for the Fundable Priority List. In all cases of tied scores, the smaller water system will be ranked higher than the larger water system, based on the population served.

In New Mexico the water system population will be calculated differently for NMED and NMFA. In all cases the NMED will calculate the population based on the water system inventory information in the State Drinking Water Information System (SDWIS). For example, any reference to population in the NMED capacity assessment or the NMED ranking document will refer to SDWIS for population information. NMFA will use the population information found in the most recent U.S. census to calculate median household income and to determine the categorical exclusion eligibility. In all other instances, the agencies will negotiate and specify the population calculation to be utilized, as needed. Because of the potential for changes in a community's population over time, the IUP opening date in which a specific project is listed will serve as the date for all subsequent population determinations.

## B. FEDERAL RANKING CRITERIA FOR WATER SYSTEM PROJECTS

1. **PUBLIC HEALTH THREAT**: Public water systems that have proposed projects addressing the threats of the most serious risk to human health shall receive a higher ranking. The State reserves the right to include these water systems on the list through the annual process described under Section VII. A-C or at any time such public health threat emerges during the year at an eligible water system. The IUP may allow for the funding of projects that require immediate attention to protect public health on an emergency basis. That criteria for an emergency basis is set forth in Section VII, C.4. Such projects shall be identified in the Annual Report and during the annual review.

2. **SAFE DRINKING WATER ACT COMPLIANCE**: Public water systems that have projects which are necessary to ensure compliance with *SDWA* requirements, including filtration.
3. **AFFORDABILITY**: Assistance to systems most in need, on a per household basis, according to state affordability criteria, which is outlined in Section V of this report.

## C. STATE RANKING CRITERIA FOR WATER SYSTEM PROJECTS

1. **WATER SYSTEM REGIONALIZATION**: Including source and storage reliability, mitigation of *SDWA* contaminants for one or more water system, and/or initiation of concrete measures to bring about regionalization of two or more water systems.
2. **EMERGENCY PLANNING**: Including development of a drought plan, emergency response plan, emergency source, or water conservation ordinance/policy/rate structure. This category also includes the implementation of water use restrictions.

3. **SOURCE PROTECTION**: Including source water susceptibility, as characterized in the NMED source water assessment, ground water under the direct influence of surface water, as characterized by NMED testing, and/or a completed source water (wellhead) protection plan.

4. **POPULATION:** Points are only available to community water systems. The population is based on SDWIS inventory information, as a part of NMED's ranking activity, and only water systems that serve populations up to 10,000 will be awarded points.

   Formula: Points Awarded = 50 - (Population/200).

5. **PROJECT FACTORS:** Points will be awarded to projects that address water loss issues, streamline operations or enhance water supply.

6. **FINANCIAL CAPACITY:** Points will be awarded to water systems which generate sufficient revenues to cover operating expenses, which conduct adequate collections, and which have had a recent rate adjustment based on a prior comprehensive rate review.

**D. OTHER WATER SYSTEM SCREENING PROCESSES**

**NMED CAPACITY ASSESSMENT**: The state, through NMFA and NMED Drinking Water Bureau, will determine the financial, managerial and technical capabilities of New Mexico's community water systems to operate and maintain their systems, utilizing a periodic capacity assessment evaluation process. This evaluation will be the basis for the ranking of projects on the state's comprehensive priority list and for targeting the resources of the Set-Aside program. Each capacity assessment will be valid for 24 months from the date of issuance for the purpose of analyzing the capacity of a water system to qualify for inclusion in the Fundable Priority List. Water systems showing insufficient capacity to operate and maintain their systems will be offered the option to utilize New Mexico's capacity development Set-Aside program for further technical assistance. Any application for DWRLF funding will not proceed until the identified deficiencies are corrected. However, if the system's deficiencies will be corrected with loan funds, then the loan will proceed (CFR 35.3520(d)(3)(i-ii). In all cases, the NMED and NMFA will work collaboratively and through the Set-Aside program's technical assistance contractors to identify and resolve any financial, managerial and technical deficiencies in the state's community water systems. Please refer to Attachment D for more detailed information on NMED's Capacity Assessment process.

**E. DISADVANTAGED COMMUNITIES/SMALL WATER SYSTEMS**: The State of New Mexico, through the NMFA shall provide 0% interest loans to disadvantaged communities. In addition, the state shall provide at a minimum 15% of available loan funds for small water systems, which are defined as serving populations less than 10,000, based on the most recent U.S. census (CFR 35.3525(a)(5) and CFR35.3525(b). For the purpose of developing an annual IUP's preliminary listing of water systems on the Fundable Priority List that are disadvantaged, the following procedure will be followed. Water systems on the Fundable Priority List that are at 90% of MHI will be listed as disadvantaged (Attachment G). Please note that this preliminary designation will receive further analysis, should the specified water systems make application for a DWRLF loan. The preliminary designation of disadvantaged community in no way guarantees or implies that the IUP listed disadvantaged water systems ultimately will retain the disadvantaged community status when NMFA conducts the in-depth analysis described in Section V.

**Disadvantaged Community Loan Eligibility**

The NMFA is directed by the DWRLF Act (Laws of 1997, Chapter 144) to establish, with the assistance of the NMED, procedures to identify affordability criteria for disadvantaged communities and to extend a program to assist such communities. To assess affordability in a manner which takes into account both the price and the ability to pay, the NMFA will calculate for each applicant, the ratio of average annual user charges which would result from the completion of a proposed project to the median household income (MHI) of the water system service area.

**Affordability Ratio = Average Annual User Charges / MHI**

**Assistance to Disadvantaged Communities**

The NMFA has not provided subsidies to its DWRLF borrowers, however, the NMFA will consider this option in the future. The NMFA uses the DWRLF to provide low-interest loans and enhanced financing terms to disadvantaged communities. Two levels of assistance, based on need, are offered to disadvantaged communities. For purposes of determining the level of assistance, disadvantaged communities are divided into two groups. The first group of disadvantaged communities is defined as those communities with a MHI less than 90 percent of the state MHI and with the affordability ratio greater than .01 and no more than .015. The interest rate on loans to this first group of disadvantaged communities will be 0 percent up to $600,000, with a maximum loan repayment term of 20 years.

Loans to Disadvantaged Communities in amounts exceeding $600,000 may be financed at 0% in the future. Currently the NMFA uses the market rate of 2% for DWRLF loans to non-disadvantaged public bodies. This market rate is modeled after the Clean Water Revolving Loan Fund, a similar, federally funded program for wastewater projects that requires a similar level of environmental documentation and public input. Also the NMFA tied its interest rates to the Clean Water program because the NMFA's Public Project Revolving Fund (PPRF) offers communities AAA-insured, tax-exempt rates to all of its public borrowers, regardless of their individual credit, without the high level of environmental documentation and public input. In the past several years, the interest rate for a 20-year PPRF loan has averaged approximately 4%. As a result, many borrowers choose the PPRF over the DWRLF because projects can be completed sooner at less cost if it was not for the 2% rate offered by the DWRLF. Providing the PPRF as a more viable option has created a competitive and conflicting situation. Additionally, New Mexico's Constitution limits NMFA's ability to offer below-market rates to non-public bodies, including private non-profit water systems and private, for-profit water systems. As such, the NMFA charges a 3% market interest rate to private non-profit water systems and 4% to private, for-profit water systems. These rates are pegged to the 15-year tax-exempt rates at the time of approval by the NMFA. Board of Directors; these rates may be reviewed periodically. The second group of disadvantaged communities is defined as those communities with a MHI less than 90 percent of the state MHI and with the affordability ratio (the ratio of annual water charges including the completion of the proposed project to the annual MHI of the water users) greater than .015. An affordability ratio of .015 will be treated as the maximum that any disadvantaged community should bear. In order to bring the affordability ratio down to this affordability cap, the NMFA will provide, to the extent available and necessary, the following, in this order:

1. Planning, design and engineering services free of charge to the disadvantaged community to be paid from Set-Asides to reduce total project cost;

2. Loan amortization extension to a maximum of 30 years;
3. Forgiveness of principal payments on the disadvantaged community's portion of the loan; and
4. Assistance in obtaining grants from other sources.

If these cost reductions by NMFA fail to bring the affordability ratio down to .015, the project will be passed over until sufficient additional funding can be secured. This .015 cap may be waived at the request of the applicant. The goal to use 10% of available funds to finance disadvantaged communities may be waived if there is not a sufficient, ready demand. The final determination of disadvantaged status cannot be made until the NMFA is able to review the financial statements of the entity. Please see section VII.C.2 of this IUP to review how NMFA determines disadvantaged entity status for purposes of the Priority List. The NMFA, either directly or through its technical assistance contracts, works with those systems on the Fundable Priority List of the Comprehensive Priority List, to determine the interest rate of the loan funding and the suitability of the applicant for the DWRLF. Please see Attachment G for a preliminary listing of the disadvantaged communities on the New Mexico's Fundable Priority List for SFY 07.

## F. SOLICITATION OF PROJECTS

In October of SFY08, NMED Drinking Water Bureau will send a project interest form to all water systems eligible for a DWRLF loan. As described in the DWSRF rules, eligible public water systems consist of all community water systems and non-profit non-community water systems. The project interest form is sent out along with a letter and a fact sheet, both of which describe the DWRLF program. If a system is interested in being considered for a DWRLF loan, the project interest form is filled out, including a brief description of the project and an estimate of its cost, and is returned to NMED Drinking Water Bureau.

## G. CAPACITY ASSESSMENT

The DWSRF rules state that "systems that lack the technical, financial, and managerial capability to ensure compliance with the requirements of the Act, unless the assistance will ensure compliance and the owners or operators of the systems agree to undertake feasible and appropriate changes in operations to ensure compliance over the long-term" are ineligible to receive DWRLF funding. In order to try and verify whether a system has adequate capacity, a Tier 2 capacity assessment is conducted on each water system that submitted a project interest form. Scheduling of these assessments is done after all project interest forms are received. If a Tier 2 assessment has been done in the past year, than just a capacity update is done. A subset of the assessment data is utilized to make a capacity determination on each of the water systems. This will be further described in the next section on priority lists.

## H. PRIORITY LISTS

The DWSRF rules state that the Intended Use Plan (IUP) "must include a priority system for ranking individual projects for funding" and that the prioritization i) address the most serious risk to human health; ii) ensure compliance with the requirements of the Act; and iii) assist systems most in need, on a per household basis, according to State affordability criteria. The project prioritization criteria are listed in Attachment D. It can be seen to give significant points if the project addresses a public health threat or violations of the safe drinking water act, satisfying requirement i above. Points for addressing compliance issues with the safe drinking water act address requirement ii above. The affordability points

address requirement iii above. Other point categories not specifically addressed in the DWSRF rules are given including points for specific types of projects, regionalization and water conservation planning.

The DWSRF rules that "of the total amount available for assistance from the Fund each year, a State must make at least 15 percent available solely for providing loan assistance to small systems, to the extent such funds can be obligated for eligible projects." In the interest of meeting this goal, priority points are given to a water system in inverse proportion to the size of the population served by the system. A system serving a population of 50 will receive 50 population points whereas a system serving 10,000 or more will receive 0 population points. In addition, population is used as a tie breaker in the prioritization: if two systems get the same number of points, the smaller system will get the higher ranking.

The ranked projects form the Comprehensive Priority List. This list is required in the IUP and is, according to the DWSRF rules, a "list of projects that are expected to receive assistance in the future." NMED has interpreted this as list of all submitted projects, whether the system meets the capacity requirements or not. The intent is offer assistance to those systems that do not meet the capacity requirements in the hope of increasing the system capacity to the point where they would qualify for funding.

Also required in the Intended Use Plan is a Fundable Priority List which, according to the DWSRF rules, is a "list of projects that are expected to receive assistance from available funds designated for use in the current IUP". A project must be on the Fundable Priority List in order to apply for a DWRLF loan. NMED has interpreted this as a list of all proposed projects where the water system satisfies a minimum set of capacity criteria. The capacity data is obtained from the capacity assessments. The capacity criteria are broken into technical, managerial and financial capacity criteria. The criteria can be found in Attachment D. A water system with a project that appears on the Fundable Priority List, should it apply for a DWRLF loan, still has to pass the more detailed financial review of NMFA.

Water systems with projects on the Comprehensive Priority List that do no make the Fundable Priority List are sent a letter with an explanation of their capacity deficiencies and an offer for direct assistance to improve the system's capacity. In fact, as the capacity assessments are completed, systems that appear to be minimally deficient are contacted at that time and asked to accept enough assistance to make them fundable.

## I. SMALL SYSTEM FUNDING

The state shall provide at a minimum 15% of available loan funds for small water systems, which are defined as serving populations less than 10,000, based on the most recent U.S. census. Currently, NMFA has provided 28% of all loans to those small systems that are under 10,000 in population. NMFA continuously markets to these communities at different statewide conferences such as the Municipal League or New Mexico Infrastructure Conferences. The NMFA is striving to meet the needs of these small system communities and in SFY 08 to provide 30% of all loans to small systems throughout the state.

## J. BYPASS PROCEDURE

The NMED Drinking Water Bureau and the NMFA expect to fund the projects on the Fundable Priority List in order of rank, but reserve the right to "by-pass" certain projects using a by-pass procedure. The State reserves the right to fund lower priority projects over higher priority projects, if in the opinion of the NMED Drinking Water Bureau or the NMFA,

the higher priority project does not meet the screening criteria discussed below. The following is the screening process, in order of its application, for the Fundable Priority List:

The water system must be willing to undertake a loan and be ready to proceed. The water system has three months to notify the NMFA of its intention to proceed. The water system must have taken the necessary steps to expeditiously prepare funding documentation and initiation of construction. If the community does not agree to undertake a loan or if it has not proceeded expeditiously to complete all funding documentation and move toward construction, then the community will be by-passed to allow other systems to take advantage of the loan program. After a public water system has been notified in writing of its eligibility for DWSRF funding by the NMED Drinking Water Bureau and the NMFA, and the water system fails to express its intent to follow through with DWRLF funding, the NMED Drinking Water Bureau and the NMFA will continue with the next project on the DWRLF Fundable Priority List. Projects with current binding commitments will take priority over any new additions to the Fundable Priority List, during the program's Intended Use Plan yearly cycle.

## K. DWRLF PROJECT FUNDING SUMMARY

Using the criteria and processes as set forth in Section VI, the NMED Drinking Water Bureau and the NMFA will then proceed through the Fundable Priority List until they have identified sufficient projects through the application process to accommodate the funds that will be deposited in the DWRLF for a specific funding cycle. The funding commitments will be made to obligate funds within the time limit specified in the SDWA. Loans will be executed at the time when the environmental review, financial requirements, and all other obligations have been met. Any future amendments to the NMED Drinking Water Bureau/NMFA Priority System will be considered to be appropriate to reflect the changing character of the program and will be published in the subsequent annual Intended Use Plan.

| **New Mexico Drinking Water State Revolving Loan Fund** | | |
|---|---|---|
| **Total Federal Grants** | **(includes FFY 2006 & 2007*)** | **91,244,600** |
| **Total State Match** | **(includes FFY 2006 & 2007*)** | **18,248,920** |
| **Total Capitalization** | | **$ 109,493,520** |
| **Total Set-Asides and Admin** | | **28,285,826** |
| **Total DWRLF Deposits from Grant & Match** | | **81,207,694** |

| | | |
|---|---|---|
| **Total Well-Head Set-Aside for Lending** | | **100,000** |
| **Loan Repayments** | (As of end FY 2006) | **4,089,127** |
| **Interest Earned on Investment** | (As of end FY 2006) | **1,555,226** |
| **Interest Earned on Loans** | (As of end FY 2006) | **1,759,537** |
| **Total Available for Loans** | | **$ 88,711,584** |

| **Loan from Wellhead Protection Set-Aside** | **Board Approval** | **Amount ($)** |
|---|---|---|
| Clayton, Town of | 12/21/2000 | 100,000 |
| **Less DWRLF Closed Loans:** | | |
| Angel Fire, Village of | 12/9/1999 | 180,001 |
| Santa Fe, City of | 4/5/2000 | 1,212,122 |
| French Mutual Domestic Water Association | 11/17/2000 | 12,654 |
| Deming, City of | 4/30/2001 | 222,309 |
| Tucumcari, City of | 5/24/2001 | 475,200 |
| Malaga MDWC&SWA | 8/24/2001 | 171,718 |
| Los Lunas, Village of | 9/21/2001 | 3,838,278 |
| High Sierra Estates Water Association | 10/19/2001 | 119,706 |
| Truth or Consequences, City of | 10/31/2001 | 1,841,089 |
| Cottonwood Rural Water Co-Op | 1/25/2002 | 703,586 |
| Albuquerque, City of | 5/10/2002 | 1,594,092 |
| El Prado Water and Sanitation | 6/14/2002 | 75,750 |
| West Hammond Domestic Water Association | 8/2/2002 | 995,753 |
| Pendaries Village Community Association | 8/16/2002 | 1,295,269 |
| Albuquerque, City of | 4/11/2003 | 3,600,000 |
| North Star DWC & MSWC, Inc. -- revised 5/22/03 | 8/15/2003 | 1,779,798 |
| Santa Fe, City of | 9/24/2004 | 15,150,000 |
| Roosevelt County Water Coop. | 1/28/2005 | 297,710 |
| Hobbs, City of | 5/13/2005 | 5,226,750 |

| | | | |
|---|---|---|---|
| Espanola, City of | 5/20/2005 | | 808,000 |
| Alamogordo, City of | 6/30/2006 | | 6,565,000 |
| Bloomfield, City of | 8/18/2006 | | 3,737,000 |
| **Total Closed Loans** | **22** | | **$ 49,901,785** |

| **Less DWRLF Binding Commitments:** | **Board Approval** | **Closing Forecast** | |
|---|---|---|---|
| Lovington, City of | 2/22/2007 | June 2007 Closing Expected | 2,020,000 |
| Placitas Trails | 1/18/2007 | August 2007 Closing Expected | 217,634 |
| ABCWUA | 6/30/2004 | September 2007 Closing Expected | 12,000,000 |
| Aztec, City of | 7/29/2004 | September 2007 Closing Expected | 3,030,000 |
| Ranchitos de Galisteo | 3/23/2006 | December 2007 Closing Expected | 136,350 |
| Las Cruces, City of | 11/9/2006 | January 2008 Closing Expected | 7,070,000 |
| Eunice, City of | 1/18/2007 | June 2008 Closing Expected | 5,050,000 |
| **Total DWRLF Binding Commitments:** | **7** | | **$ 29,523,984** |
| **Total DWRLF Loan Funds Available:** | | | **$ 9,285,815** |

| ***Federal Fiscal Year Capitalization Grant Awards** | | **Fed Cap Grant** | **State Match** |
|---|---|---|---|
| 2006 | Application expected in June 2007 | $ 7,479,400 | $ 1,495,880 |
| 2007 | Application expected in June 2007 | $ 8,229,000 | $ 1,645,800 |

**Appendix A**

PUBLIC OUTREACH
PUBLIC MEETING ANNOUNCEMENTS
MEETING MINUTES AND SUMMARY OF OUTSTANDING ISSUES
STATE RESPONSES TO OUTSTANDING ISSUES

**Email announcement of DWAG meeting:**

Greetings,

The Drinking Water Bureau would like to invite you to attend a meeting of the Drinking Water Advisory Group (DWAG) to take place on Thursday May 24, 2007 beginning at 9:00 am. The meeting will be located in the Galina Room at the Macey Center on the campus of New Mexico Tech University in Socorro, NM. Attached you will find directions to the Macey Center and a tentative agenda for the meeting. If you have any questions about the meeting, please contact me at 476-8642. We hope to see you there.

Rob Pine
NMED/Drinking Water Bureau

**Copy of Postcard sent to all water systems in the State of New Mexico:**

**The Drinking Water Bureau Invites You to Attend**

# A Drinking Water Advisory Group Meeting

**When: 9:00 am – 3:00 pm, Thursday, May 24, 2007**
**Where: The Galena Room, Macey Center,**
**New Mexico Tech University, Socorro, NM**

Hear presentations on the DWSRF Intended Use Plan funding lists, the Radionuclide Rule and other topics affecting drinking water systems in New Mexico.

For more information, including a map and final agenda, visit the following website: http://www.nmenv.state.nm.us/dwb/dwag.html or call (877)-654-8720.

**Drinking Water Advisory Group Meeting**
Agenda – Thursday, May 24, 2007
Galena Room, Macey Center
New Mexico Tech University
Socorro, NM
9:00 am to 3:00 pm

| | |
|---|---|
| 9:00 am | Welcome & Introduction of New Bureau Chief Ana Marie Ortiz, Director, Environmental Health Division<br>Opening Remarks Mary E. Day, Chief Drinking Water Bureau |
| 9:15 am | 2008 Intended Use Plan/Priority List Judi Kahl, Drinking Water Bureau |
| 9:45 am | Update on Enforcement Lourdes Monserrat, Drinking Water Bureau |
| 10:15 am | Break |
| 10:30 am | Radionuclide Rule Implementation Chuck Thomas, Drinking Water Bureau |
| 11: 00 am | Sanitary Projects Act Board Training Chuck Thomas, Drinking Water Bureau |
| 11:15 am | Ground Water Rule Chuck Thomas, Drinking Water Bureau |
| 11:45 am | Question and Answer for Morning Topics |
| 12:00 pm | Lunch |
| 1:15 pm | Update on Source Water Protection Darren Padilla, Drinking Water Bureau |
| 1:45 pm | Operator Certification Stakeholder Process Ana Marie Ortiz, Environmental Health Division Division and Mary E. Day, Drinking Water Bureau |
| 2:15 pm | Open Questions/Closing Remarks Mary E. Day, Drinking Water Bureau |

**Appendix B**

Environment Department Match for State Programs Category

**NMED State Programs 1:1 Match Formula**

| ***DWRLF STATE PROGRAMS SET-ASIDE ELEMENT*** | **FY08 Operating Budget** |
|---|---|
| | July 2007-June 2008 |
| **State Programs Budget** | **790,500** |

| **State Match Funds** | **FY08 Operating Budget** |
|---|---|
| | July 2007-June 2008 |
| Corrective Action Fund | 1,025,100 |
| Water Conservation Fee Fund | 2,230,200 |
| **Available State Match-Current Year** | **3,255,300** |
| | |
| **Excess State Program Match** | **2,464,800** |

**Appendix C**

Set-Aside Financial Tables

## ADMINISTRATION SET-ASIDE (4%)

| Awards Allocated to Set-Aside | Total Set-Aside Allocated | Total Set-Aside Expected in FFY 2006 Cap Grant for SFY 2008 | Specified Amount | Unspecified Amount | Unspecified Amount Transferred to Loan Fund | Specified Expenditures thru SFY 2007 | Estimated Expenditures thru SFY 2008 | Ending Balance |
|---|---|---|---|---|---|---|---|---|
| FFY97 | $510,392 | | $510,392 | $0 | $0 | $510,392 | | $0 |
| FFY98-99 | $583,404 | | $583,404 | $0 | $0 | $583,404 | | $0 |
| FFY00 | $310,280 | | $310,280 | $0 | $0 | $310,280 | | $0 |
| FFY01 | $311,564 | | $311,564 | $0 | $0 | $311,564 | | $0 |
| FFY02 | $322,100 | | $322,100 | $0 | $0 | $322,100 | | $0 |
| FFY03 | $320,164 | | $320,164 | $0 | $0 | $320,164 | | $0 |
| FFY 04 | $332,124 | | $332,124 | $0 | $0 | $289,644 | $42,480 | $0 |
| FFY 05 | $331,420 | | $331,420 | $0 | $0 | $0 | $331,420 | $0 |
| FFY 06 | | $329,172 | $329,172 | $0 | $0 | | $66,100 | $592,244 |
| **TOTALS** | **$3,021,448** | **$329,172** | **$3,350,620** | **$0** | **$0** | **$2,647,548** | **$440,000** | **$592,244** |

## SMALL SYSTEM SET-ASIDE (2%)

| Awards Allocated to Set-Aside | Total Set-Aside Allocated | Total Set-Aside Expected in FFY 2006 Cap Grant for SFY 2008 | Specified Amount | Unspecified Amount | Unspecified Amount Transferred to Loan Fund | Specified Expenditures thru SFY 2007 | Estimated Expenditures thru SFY 2008 | Ending Balance |
|---|---|---|---|---|---|---|---|---|
| FFY97 | $255,196 | | $255,196 | $0 | $0 | $255,196 | | $0 |
| FFY98-99 | $291,702 | | $291,702 | $0 | $0 | $291,702 | | $0 |
| FFY00 | $155,140 | | $155,140 | $0 | $0 | $155,140 | | $0 |
| FFY01 | $155,782 | | $155,782 | $0 | $0 | $155,782 | | $0 |
| FFY02 | $161,050 | | $161,050 | $0 | $0 | $161,050 | | $0 |
| FFY03 | $160,082 | | $160,082 | $0 | $0 | $140,122 | $19,960 | $0 |
| FFY 04 | $166,062 | | $166,062 | $0 | $0 | $0 | $166,062 | $0 |
| FFY 05 | $165,710 | | $165,710 | $0 | $0 | $0 | $131,478 | $34,232 |
| FFY 06 | | $150,345 | $150,345 | $0 | $0 | | $0 | $300,690 |
| **TOTALS** | **$1,510,724** | **$150,345** | **$1,661,069** | **$0** | **$0** | **$1,158,992** | **$317,500** | **$334,922** |

## STATE PROGRAMS SET-ASIDE (10%)

| Awards Allocated to Set-Aside | Total Set-Aside Allocated | Total Set-Aside Expected in FFY 2006 Cap Grant for SFY 2008 | Specified Amount | Unspecified Amount | Unspecified Amount Transferred to Loan Fund | Specified Expenditures thru SFY 2007 | Estimated Expenditures thru SFY 2008 | Ending Balance |
|---|---|---|---|---|---|---|---|---|
| FFY97 | $1,275,980 | | $1,275,980 | $0 | $0 | $1,275,980 | | $0 |
| FFY98-99 | $1,458,510 | | $1,458,510 | $0 | $0 | $1,458,510 | | $0 |
| FFY00 | $775,700 | | $775,700 | $0 | $0 | $775,700 | | $0 |
| FFY01 | $778,910 | | $778,910 | $0 | $0 | $778,910 | | $0 |
| FFY02 | $805,250 | | $805,250 | $0 | $0 | $805,250 | | $0 |
| FFY03 | $800,410 | | $800,410 | $0 | $0 | $800,410 | | $0 |
| FFY 04 | $830,310 | | $830,310 | $0 | $0 | $830,310 | | $0 |
| FFY 05 | $828,550 | | $828,550 | $0 | $0 | $631,917 | $196,633 | $0 |
| FFY 06 | | $992,233 | $150,345 | $0 | $0 | | $593,867 | $548,711 |
| **TOTALS** | **$7,553,620** | **$992,233** | **$7,703,965** | **$0** | **$0** | **$7,356,987** | **$790,500** | **$548,711** |

## CAPACITY DEVELOPMENT SET-ASIDE (10%)

| Awards Allocated to Set-Aside | Total Set-Aside Allocated | Total Set-Aside Expected in FFY 2006 Cap Grant for SFY 2008 | Specified Amount | Unspecified Amount | Unspecified Amount Transferred to Loan Fund | Specified Expenditures thru SFY 2007 | Estimated Expenditures thru SFY 2008 | Ending Balance |
|---|---|---|---|---|---|---|---|---|
| FFY97 | $537,990 | | $537,990 | $0 | $0 | $537,990 | | $0 |
| FFY98-99 | $1,312,659 | | $1,312,659 | $0 | $0 | $1,312,659 | | $0 |
| FFY00 | $698,130 | | $698,130 | $0 | $0 | $698,130 | | $0 |
| FFY01 | $778,910 | | $778,910 | $0 | $0 | $778,910 | | $0 |
| FFY02 | $805,205 | | $805,205 | $0 | $0 | $805,205 | | $0 |
| FFY03 | $800,410 | | $800,410 | $0 | $0 | $800,410 | | $0 |
| FFY 04 | $830,310 | | $830,310 | $0 | $0 | $830,310 | | $0 |
| FFY 05 | $828,550 | | $828,550 | $0 | $0 | $638,629 | $189,921 | $0 |
| FFY 06 | | $992,233 | $992,233 | $0 | $0 | $0 | $1,484,279 | $500,187 |
| **TOTALS** | **$6,592,164** | **$992,233** | **$7,584,397** | **$0** | **$0** | **$6,402,243** | **$1,674,200** | **$500,187** |

WELLHEAD PROTECTION SET-ASIDE (5%)

| Awards Allocated to Set-Aside | Total Set-Aside Allocated | Total Set-Aside Expected in FFY 2006 Cap Grant for SFY 2008 | Specified Amount | Unspecified Amount | Unspecified Amount Transferred to Loan Fund | Specified Expenditures thru SFY 2007 | Estimated Expenditures thru SFY 2008 | Ending Balance |
|---|---|---|---|---|---|---|---|---|
| FFY97 | $1,375,980 | | $1,375,980 | $0 | $0 | $1,375,980 | | $0 |
| FFY98-99 | $875,106 | | $875,106 | $0 | $0 | $875,106 | | $0 |
| FFY00 | $465,420 | | $465,420 | $0 | $0 | $465,420 | | $0 |
| FFY01 | $389,455 | | $389,455 | $0 | $0 | $389,455 | | $0 |
| FFY02 | $402,670 | | $402,670 | $0 | $0 | $402,670 | | $0 |
| FFY03 | $400,205 | | $400,205 | $0 | $0 | $400,205 | | $0 |
| FFY 04 | $415,155 | | $415,155 | $0 | $0 | $10,763 | $404,392 | $0 |
| FFY 05 | $414,275 | | $414,275 | $0 | $0 | $0 | $399,708 | $14,567 |
| FFY 06 | | $992,233 | $150,345 | $0 | $0 | | | $1,142,578 |
| **TOTALS** | **$4,738,266** | **$992,233** | **$4,888,611** | **$0** | **$0** | **$3,919,599** | **$804,100** | **$1,157,145** |

**Appendix D**

Comprehensive and Fundable Priority Lists

SFY 2008

# SRF Comprehensive Project Priority List, FY08 Q1

| PWS | Score | Priority | County | Population | Cost | Project Description |
|---|---|---|---|---|---|---|
| Town Of Elida | 354 | 1 | Roosevelt | 189 | $950,000 | Replace 11 miles of 3" and 4" water line with 6" water line (including valving) and make improvements to disinfection equipment, booster pump, and electrical equipment (replace antiquated controls with automated ones). |
| Juniper Hills MHP | 330 | 2 | Santa Fe | 70 | $0 | Installation of an Arsenic treatment system. |
| Alto Lakes WSD | 330 | 3 | Lincoln | 2,000 | $5,000,000 | Purchase private system, replace water lines, new valves, SCADA system, re-drill well E-5. |
| Christ in the Desert Monastery | 310 | 4 | Rio Arriba | 52 | $200,000 | Well house, chlorine injection system, install mainline valving, 50,000 gal storage tank to replace existing tank. |
| Red River Water System | 303 | 5 | Taos | 350 | $108,000 | Replace a total of 1000 ft. of 6" diameter C-900 water mains with dual 6" diameter lines (with resilient wedge main valves in place) to create a "Looped System", increasing water pressure to some customers (requiring 16 service reconnections and one fire hydrant). Also included with the project: the replacement of an additional 400 ft. of 6" diameter C-900 water main (which has failed numerous times leading to service disruptions) and a complete renovation or rebuilding of Well # 1 (new casing, pump, valves, and electrical equipment). |



5/30/2007

# SRF Comprehensive Project Priority List, FY08 Q1

| PWS | Score | Priority | County | Population | Cost | Project Description |
|---|---|---|---|---|---|---|
| Orchard Estates Faculty Lane Water Assoc | 280 | 6 | Sandoval | 30 | $156,000 | Replace 2000 ft.of 30+ year old 6" diameter distribution system piping, and the installation of a new (replacement) pump, backflow prevention valves, flush hydrants, test ports, isolation valves, individual meters, and possibly a new water storage tank. |
| Mountain Orchard WDWCA | 260 | 7 | Otero | 40 | $200,000 | Replace the following aging infrastructure: 40,000 gal Water Storage Tank(s), one half-mile of 6" distribution line, and treatment equipment. |
| White Cliffs MDWCA | 259 | 8 | McKinley | 150 | $353,085 | Add 50,000 gal water storage, 1900 ft of 8" distribution line (with gate valves), 2500 ft 6" water line (including gate valves), water level controls, an alarm system, and 2 fire hydrants. |
| Jemez Springs Domestic Water Coop | 253 | 9 | Sandoval | 1,394 | $600,000 | Replace much of the distribution system originally installed in 1947; 3" piping has deteriorated causing water loss and the diameter is not sufficient for the current population being served by the system. A new well is also being considered to increase water supply. |
| Moriarty Municipal Water System | 246 | 10 | Torrance | 1,900 | $1,313,000 | Completion of Phase III of the City of Moriarity's Master Water Plan. This phase includes the looping of distribution lines, drilling a new water supply well capable of producing 200 GPM, a new well house, chlorination facilities, three new 60 HP pumps, and the replacement of aged 50 HP booster pumps. |

5/30/2007

# SRF Comprehensive Project Priority List, FY08 Q1

| PWS | Score | Priority | County | Population | Cost | Project Description |
|---|---|---|---|---|---|---|
| Paakweree Water Coop | 245 | 11 | Bernalillo | 46 | $150,000 | Implement an arsenic treatment system. |
| Lakeshore City Sanitation District | 235 | 12 | Sierra | 984 | $700,000 | Determine arsenic removal / alternative source (new well) strategy and then implement it. |
| Bosque Farms Water Supply | 225 | 13 | Valencia | 4,000 | $500,000 | Funding for a PER for Arsenic treatment. The remainder of the requested monies will be reserved for the next project phase which will be the actual Arsenic removal once a treatment method has been selected. |
| West Hammond MDWCA | 222 | 14 | San Juan | 3,538 | $700,000 | Feasibility study, install 31,700 ft.of 8" diameter distribution line for the purpose of interconnecting the Lee Hammond tank to the Cloer tank, enable an expansion of services to Bloomfield. |
| City of Carlsbad | 220 | 15 | Eddy | 27,000 | $2,500,000 | Replace existing water line that is either too small or in poor condition. Also, at the Double Eagle water system, Installation of one or two Water Storage Tanks with a combined capacity of 5,000,000 gallons, and all necessary piping to provide connection to the existing distribution system. |
| Lower Des Montes MDWCA | 218 | 16 | Taos | 300 | $8,000 | Replace electrical panel(s) for water system. |

5/30/2007

# SRF Comprehensive Project Priority List, FY08 Q1

| PWS | Score | Priority | County | Population | Cost | Project Description |
|---|---|---|---|---|---|---|
| City of Rio Rancho | 215 | 17 | Sandoval | 56,000 | $20,500,000 | $11,500,000 requested for Arsenic Treatment for 14 wells that supply the 56,000 residents of the City of Rio Rancho with drinking water; also requested is $9,000,000 for the drilling of three new supply wells (one of which will support the demands of a new high school). |
| Los Lunas Water System | 210 | 18 | Valencia | 11,535 | $12,000,000 | Determine Arsenic removal/treatment strategy and implement technology. |
| Chupadero MDWCA | 209 | 19 | Santa Fe | 180 | $911,000 | Replace 2.5 miles of aging 6" distribution line and install 11 fire hydrants, and 55 meters (complete metering for the community served). |
| Hanover MDWCA | 209 | 20 | Grant | 292 | $700,000 | Complete an emergency physical interconnection to the Bayard WS. |
| Timberon Water & Sanitation | 204 | 21 | Otero | 300 | $495,000 | Install a new 150,000 gallon water tank, pressure reducing valves (PRV's), and inspect / repair the existing water storage tank (Tank # 2). |

5/30/2007

# SRF Comprehensive Project Priority List, FY08 Q1

| PWS | Score | Priority | County | Population | Cost | Project Description |
|---|---|---|---|---|---|---|
| Mesquite MDWCA & MSWA | 195 | 22 | Dona Ana | 3,990 | $250,000 | Extension of a water distribution line from the Mesquite MDWCA to a colonia area known as Baca Chile, which contains about 50 homes and an estimated 200 residents. Although most of these dwellings do have private domestic water wells, the colonia does not currently have any reliable drinking water source free from septic contamination. |
| Thoreau W&SD | 188 | 23 | McKinley | 1,400 | $404,500 | Funds needed to drill a new water supply well, pump house, and new piping necessary to connect the supply to the existing distribution system. |
| Deming | 180 | 24 | Luna | 16,500 | $2,000,000 | Purchase and installation of new 2 million gallon water storage tank and all associated piping. |
| Tierra Amarilla MDWCA | 178 | 25 | Rio Arriba | 500 | $70,000 | Additional new 30,000 gal storage tank, 8 foot chain link fence, and 400' of 6" C900 PVC pipe to connect new tank to existing distribution system. |



5/30/2007

# SRF Comprehensive Project Priority List, FY08 Q1

| PWS | Score | Priority | County | Population | Cost | Project Description |
|---|---|---|---|---|---|---|
| Ponderosa MDWCA | 173 | 26 | Ponderosa | 350 | $571,789 | Replace 15,373 ft. of 2" diameter line leading from the source (a SW infiltration gallery) and ending at the water storage facility with 6" diameter line , refurbish the existing water storage facility (consisting of two 48000 gallon tanks), replace meters, and repair office that houses water records, and replace, consolidate, and enlarge 3/4 of a mile of water distribution line from the the current (and aged) dual 3" diameter line to one 6" diameter line capable of connecting the upper service area to the lower service area, and add fire hydrants. |
| Greenfield MDWCA | 164 | 27 | Chavez | 250 | $535,000 | Replacement of electrical equipment (to be housed in safe environment away from chlorinator), replacement of one mile of 4" asbestos distribution line with 6" plastic (PVC) line, loop west side of distribution system (including the replacement of 2" line with either 4" or 6" diameter line) to solve problems with low pressure, and erect a perimeter fence for the well and water system equipment area. |
| Espanola Water System | 160 | 28 | Rio Arriba | 10,065 | $7,000,000 | Construct a new Surface Water Treatment System to replace the city's current groundwater system. The project will require the construction of a Diversion structure in the Rio Grande, influent pump station(s), water transmission lines, pre-treatment sediment basins, raw water storage facility, filtration facility, treatment facility, finished water storage facility, and standby power facilities. |



5/30/2007

# SRF Comprehensive Project Priority List, FY08 Q1

| PWS | Score | Priority | County | Population | Cost | Project Description |
|---|---|---|---|---|---|---|
| Town of Hurley WS | 159 | 29 | Grant | 1,250 | $3,400,000 | Acquire all necessary infrastructure for a new water system including wells, transmission lines, and a storage tank (as Phelps - Dodge will no longer be the town's water source so it must develop it's own water system). |
| Carlos Lucero Subdivision | 155 | 30 | Torrance | 73 | $50,000 | Replace aging water tank with larger new tank(s) with 25,000 gal capacity and switch from a pressure system to a gravity feed system (necessitating larger diameter distribution). |
| Cloudcroft Water System | 151 | 31 | Otero | 750 | $200,000 | Pilot project - wastewater treatment for potable reuse, funded by Governor's Innovative Fund, Water Trust Board, and Legislative Appropriations. More funding is needed to complete the project. |
| Rancho Dal Paso | 150 | 32 | Lea | 75 | $46,000 | Drill two additional source wells for 28 existing homes. |
| Silver City Water System | 150 | 33 | Grant | 18,390 | $450,000 | Purchase and installation of a Supervisory Control and Data Acquisition (SCADA) System. |
| Quemado MDWCA & SWA | 128 | 34 | Catron | 300 | $13,000 | Install a 400 foot extension of 6" water main, and a Fire Hydrant at the end of the main. The objective is to enable water service to (three) businesses and (three) residences and provide Fire Protection for several homes and businesses that do not currently have any. |

5/30/2007

# SRF Comprehensive Project Priority List, FY08 Q1

| PWS | Score | Priority | County | Population | Cost | Project Description |
|---|---|---|---|---|---|---|
| Dora Water System | 124 | 35 | Roosevelt | 150 | $250,000 | Replace 2730 feet of 8" concrete asbestos water mains,1970 feet of 6" lines, and 6110 feet of 4" lines (originally installed in 1963). |
| Fort Seldon Water Company | 115 | 36 | Dona Ana | 935 | $150,000 | Drill a new water supply Well, construct a building to house a new Booster Pump and Chlorinator, replace 2640 ft of 6" water line, and repair (2) existing 110,000 gal storage tank. |
| Eldorado WSD | 84 | 37 | Santa Fe | 8,114 | $440,000 | Construction of a fenced Administration/Operations facility to house a SCADA system, meeting space, staff offices, map room, maintenance shop, paved parking area for employee vehicles, utility trucks, dump truck, backhoe, and other equipment. |

**Total Project Count = 37**



5/30/2007

# SRF Fundable Project Priority List, FY08 Q1

| PWS | Priority | Population | Cost | Project Description |
|---|---|---|---|---|
| Town Of Elida | 1 | 189 | $950,000 | Replace 11 miles of 3" and 4" water line with 6" water line (including valving) and make improvements to disinfection equipment, booster pump, and electrical equipment (replace antiquated controls with new ones). |
| Alto Lakes WSD | 2 | 2,000 | $5,000,000 | Purchase private system, replace water lines, new valves, SCADA system, re-drill well E-5. |
| Red River Water System | 3 | 350 | $108,000 | Replace a total of 1000 ft. of 6" diameter C-900 water mains with dual 6" diameter lines (with resilient wedge main valves in place) to create a "Looped System", increasing water pressure to some customers (requiring 16 service reconnections and one fire hydrant). Also included with the project: the replacement of an additional 400 ft. of 6" diameter C-900 water main (which has failed numerous times leading to service disruptions) and a complete renovation or rebuilding of Well # 1 (new casing, pump, valves, and electrical equipment). |
| Orchard Estates Faculty Lane Water Assoc | 4 | 30 | $156,000 | Replace 2000 ft.of 30+ year old 6" diameter distribution system piping, and the installation of a new (replacement) pump, backflow prevention valves, flush hydrants, test ports, isolation valves, individual meters, and possibly a new water storage tank. |
| Mountain Orchard WDWCA | 5 | 40 | $200,000 | Replace the following aging infrastructure: 40,000 gal Water Storage Tank(s), one half-mile of 6" distribution line, and treatment equipment. |
| White Cliffs MDWCA | 6 | 150 | $353,085 | Add 50,000 gal water storage, 1900 ft of 8" distribution line (with gate valves), 2500 ft 6" water line (including gate valves), water level controls, an alarm system, and two fire hydrants. |

5/30/2007

# SRF Fundable Project Priority List, FY08 Q1

| PWS | Priority | Population | Cost | Project Description |
|---|---|---|---|---|
| Jemez Springs Domestic Water Coop | 7 | 1,394 | $600,000 | Replace much of the distribution system originally installed in 1947; 3" piping has deteriorated causing water loss and the diameter is not sufficient for the current population being served by the system. A new well is also being considered to increase water supply. |
| Moriarty Municipal Water System | 8 | 1,900 | $1,313,000 | Completion of Phase III of the City of Moriarity's Master Water Plan. This phase includes the looping of distribution lines, drilling a new water supply well capable of producing 200 GPM, a new well house, chlorination facilities, three new 60 HP pumps, and the replacement of aged 50 HP booster pumps. |
| Paakweree Water Coop | 9 | 46 | $150,000 | Implement an arsenic treatment system. |
| Lakeshore City Sanitation District | 10 | 984 | $700,000 | Determine arsenic removal / alternative source (new well) strategy and then implement it. |
| Bosque Farms Water Supply | 11 | 4,000 | $500,000 | Funding for a PER for Arsenic treatment. The remainder of the requested monies will be reserved for the next project phase which will be the actual Arsenic removal once a treatment method has been has been selected. |
| West Hammond MDWCA | 12 | 3,538 | $700,000 | Feasibility study, install 31,700 ft.of 8" diameter distribution line for the purpose of interconnecting the Lee Hammond tank to the Cloer tank, enable an expansion of services to Bloomfield. |



5/30/2007

# SRF Fundable Project Priority List, FY08 Q1

| PWS | Priority | Population | Cost | Project Description |
|---|---|---|---|---|
| City of Carlsbad | 13 | 27,000 | $2,500,000 | Replace existing water line that is either too small or in poor condition. Also, at the Double Eagle water system, Installation of one or two Water Storage Tanks with a combined capacity of 5,000,000 gallons, and all necessary piping to provide connection to the existing distribution system. |
| City of Rio Rancho | 14 | 56,000 | $20,500,000 | $11,500,000 requested for Arsenic treatment for 14 wells that supply the 56,000 residents of the City of Rio Rancho with drinking water; also requested is $9,000,000 for the drilling of three new supply wells (one of which will support the demands of a new high school). |
| Los Lunas Water System | 15 | 11,535 | $12,000,000 | Determine Arsenic removal/treatment strategy and implement technology. |
| Timberon Water & Sanitation District | 16 | 300 | $495,000 | Install a new 150,000 gallon water tank, pressure reducing valves (PRV's), and inspect / repair the existing water storage tank (Tank # 2). |
| Mesquite MDWCA & MSWA | 17 | 3,990 | $250,000 | Extension of a water distribution line from the Mesquite MDWCA to a colonia area known as Baca Chile, which contains about 50 homes and an estimated 200 residents. Although most of these dwellings do have private domestic water wells, the colonia does not currently have any reliable drinking water source free from septic contamination. |
| Thoreau W&SD | 18 | 1,400 | $404,500 | Funds needed to drill a new water supply well, pump house, and new piping necessary to connect the supply to the existing distribution system. |

5/30/2007

# SRF Fundable Project Priority List, FY08 Q1

| PWS | Priority | Population | Cost | Project Description |
|---|---|---|---|---|
| Deming | 19 | 16,500 | $2,000,000 | Purchase and installation of new 2 million gallon water storage tank and all associated piping. |
| Ponderosa MDWCA | 20 | 350 | $571,789 | Replace 15,373 ft. of 2" diameter line leading from the source (a SW infiltration gallery) and ending at the water storage facility with 6" diameter line , refurbish the existing water storage facility (consisting of two 48000 gallon tanks), replace meters, and repair office that houses water records, and replace, consolidate, and enlarge 3/4 of a mile of water distribution line from the current (and aged) dual 3" diameter line to one 6" diameter line capable of connecting the upper service area to the lower service area, and add fire hydrants. |
| Espanola Water System | 21 | 10,065 | $7,000,000 | Construct a new Surface Water Treatment System to replace the city's current groundwater system. The project will require the construction of a Diversion structure in the Rio Grande, influent pump station(s), water transmission lines, pre-treatment sediment basins, raw water storage facility, filtration facility, treatment facility, finished water storage facility, and standby power facilities. |
| Town of Hurley WS | 22 | 1,250 | $3,400,000 | Acquire all necessary infrastructure for a new water system including wells, transmission lines, and a storage tank (as Phelps - Dodge will no longer be the town's water source so it must develop it's own water system. |
| Cloudcroft Water System | 23 | 750 | $200,000 | Pilot project - wastewater treatment for potable reuse, funded by Governor's Innovative Fund, Water Trust Board, and Legislative Appropriations. More funding is needed to complete the project. |
| Silver City Water System | 24 | 18,390 | $450,000 | Purchase and installation of a Supervisory Control and Data Acquisition (SCADA) System. |

5/30/2007

# SRF Fundable Project Priority List, FY08 Q1

| PWS | Priority | Population | Cost | Project Description |
|---|---|---|---|---|
| Dora Water System | 25 | 150 | $250,000 | Replace 2730 feet of 8" concrete asbestos water mains,1970 feet of 6" lines, and 6110 feet of 4" lines (originally installed in 1963). |
| Eldorado WSD | 26 | 8,114 | $440,000 | Construction of a fenced Administration/Operations facility to house a SCADA system, meeting space, staff offices, map room, maintenance shop, paved parking area for employee vehicles, utility trucks, dump truck, backhoe, and other equipment. |

**Total Cost:** **$61,191,374**

**Total Project Count:** **26**



5/30/2007

# Priority Ranking System for DWSRF Projects

## INTRODUCTION

The federal Safe Drinking Water Act (SDWA) amendments of 1996 authorized a Drinking Water State Revolving Fund (DWSRF) to assist public water systems to finance the cost of infrastructure needed to achieve or maintain compliance with the SDWA. Section 1452 of the SDWA authorizes the Administrator of the US Environmental Protection Agency (EPA) to award capitalization fund grants to states for the purpose of establishing a low interest loan program and other types of assistance (set-asides to the capitalization fund) to eligible water systems. The New Mexico Environment Department (NMED) through its Drinking Water Bureau has primary enforcement responsibility (i.e., primacy) for carrying out the provisions of the SDWA. The NMED is the sub-grantee to the New Mexico Finance Authority (NMFA), which is the designated state agency to apply for and administer the capitalization grant for the DWSRF [Chapter 6, Article 21A-1 to A-9 NMSA 1978]. The NMFA conducts the financial functions of the DWSRF and makes loans to eligible public water systems. The NMED, as the primacy agency establishes and implements the set-aside program.

Section 1452 also requires that the State develop a DWSRF Comprehensive Priority List (See Section IV. below) of potential infrastructure projects to be funded from the DWSRF, as well as a system that ranks the projects in an order commensurate with the goals of the program. In addition, the NMED capacity assessment and the NMFA financial screening taken in combination, result in the development of an annual DWSRF Fundable Priority list. As a part of the annual Intended Use Plan (IUP) process, the DWSRF Fundable Priority List provides the annual listing of water system projects that are eligible to receive DWSRF loans. The program is required, to the maximum extent practicable, to give priority for use of the DWSRF to projects that:

A. Address the most serious risk to human health;

B. Are necessary to ensure compliance with the requirements of the Safe Drinking Water Act; and,

C. Assist systems most in need on a per-household basis according to state affordability criteria.

The State maintains an initiative to encourage and facilitate the consolidation or regionalization of public water systems. This initiative, in concert with state regulatory programs, also promotes compliance with the SDWA.

In 1999 at the inception of the DWSRF in New Mexico, the project ranking system was developed as part of the IUP, a document that annually accompanies the program's request for the DWSRF capitalization fund grant. This updated document discusses a revised Drinking Water Priority Ranking System that will be maintained as a stand-alone document and will be available on the websites of both the NMFA and the NMED. The DWSRF revised ranking is an additive numerical system, a methodology that will support the priority system's essential basis on the priority ranking concepts stated in the preceding paragraph. In addition, New Mexico will assign enhanced priority consideration to small community DWSRF projects.

**ELIGIBLE PUBLIC WATER SYSTEMS**

Public Water Systems (PWS) eligible for DWSRF funding are non-federal community water systems and non-profit, non-community water systems. Priority point assignment and listing in the IUP do not guarantee that all financial and project eligibility requirements have been met or will result in project funding. The NMFA reserves the right to refuse funding to a public water system that is financially nonviable or to recommend that such a system seek funding from other funding agencies. The NMFA is not the lender of last resort. PWS with questions about the ranking process or the development of the DWSRF Fundable Priority List should contact NMFA or NMED to obtain a detailed explanation. NMFA can be reached at: (505) 984-1454 or (877) 275-6632 and NMED can be reached at (505) 476-8600 or (877) 654-8720.

**ELIGIBLE PROJECTS**

**A. COMPLIANCE AND PUBLIC HEALTH:** According to Section 1452(a)(2) of the SDWA, the DWSRF may only provide assistance for expenditures (not including monitoring, operation and maintenance expenditures) of a type or category which will facilitate compliance with national primary drinking water regulations applicable to the system under section 1412 or otherwise significantly further the health protection objectives of the Act.

Projects to address SDWA health standards that have been exceeded or to prevent future violations of the rules are eligible for funding. These include projects to maintain compliance with existing regulations for contaminants with acute health effects (i.e., the Surface Water Treatment Rule, the Total Coliform Rule, and nitrate standard) and regulations for contaminants with chronic health effects (i.e., Lead and Copper Rule, Phases I, II, and V rules, total trihalomethanes, etc.) Future or imminent rules such as the arsenic, groundwater, radionuclide rules are also eligible.

Projects to replace aging infrastructure are also eligible if they are needed to maintain compliance or further the public health protection goals of the Act (CFR 35.3520(b)(2)(i – vi). Examples of these projects include, but are not limited to:

1. Rehabilitate or develop sources (excluding reservoirs, dams, dam rehabilitation and water rights) to replace contaminated sources or to provide source supplementation;
2. Install or upgrade treatment facilities, if the project would improve the quality of drinking water to comply with primary standards;
3. Install or upgrade storage facilities, to prevent microbiological contaminants from entering the water system; and,
4. Install or replace transmission and distribution pipes to prevent contamination caused by leaks or breaks in the pipe, or improve water pressure to safe levels.

Projects to regionalize/consolidate water supplies (for example, when individual homes or a public water supply is contaminated, the system(s) is/are unable to maintain compliance or supply a sufficient,

consistent source, and/or for financial or managerial reasons) are eligible for DWSRF assistance.

**B. ELIGIBLE PROJECT COSTS:** There are several categories of eligible project related costs,including : 1) Costs for planning & design; 2) Costs for land acquisition necessary for fulfillment of the project; and 3) Costs for restructuring of systems in substantial violation of any national primary drinking water regulation.

**PRIORITY SYSTEM – GENERAL** The following is a sequence of events that describes the activities and their ordering for the development of the New Mexico priority system, as required under CFR 35.3555(c)(1). Each calendar year, no later than November, NMFA and NMED will develop a joint letter that will be mailed and also made available on the website of both agencies. This letter will be sent to all known, eligible public water systems, inviting them to respond to a solicitation for water system projects.

The respondents will provide a current statement of project interest through completion and submission of a Project Interest Form. By completing and submitting this form, the public water system will be placed on the Comprehensive Priority List of the IUP that commences July 1 of the following calendar year. A negative response or lack of response will mean that the public water system is ineligible for inclusion on the Comprehensive Priority List until the next solicitation period in the following year, unless certain circumstances occur, such as a substantial public health threat and a related project that was not listed in the current year's Comprehensive Priority List (CFR 35.3555(c)(2) or the NMFA and NMED elect to hold interim period quarterly IUP update(s).

In summary, New Mexico reserves the right to include water systems on the Comprehensive Priority List through the planned annual process (CFR 35.3555(c)(1), or at any time such public health threat emerges during the year at an eligible water system. The IUP may allow for the funding of projects that require immediate attention to protect public health. Such unanticipated projects will be identified in the Annual Report and during the annual review. In general, all emergency water system project needs will be directed to other state and federal funding entities for rapid service that is generally not possible through the Drinking Water Revolving Loan Fund (DWRLF.)

The elements of the NMED Priority Ranking System (federal and state combined) for which projects receive points on the Comprehensive Priority List are:

**A)** Public Health Threat;

**B)** Safe Drinking Water Act compliance;

**C)** Affordability;

**D)** Regionalization/Consolidation;

**E)** Emergency Planning;

**F)** Source Protection;

**G)** Population;

**H)** Project Factors; and

**I)** Financial Capacity.

**ASSIGNMENTS OF PRIORITY POINTS & THE CRITERIA AND PROCESSES USED** All eligible

water systems and their related projects, will be ranked by the number of points received. The water system with the most points received will be assigned the highest priority ranking. No points in a specific category shall be assigned for a project intended to correct deficiencies resulting from inadequate operation and maintenance of the public water system. In the event of tied scores, the smaller water system will be ranked higher than the larger water system, based on the population served. In this instance population served will be determined by the population value found in SDWIS for that system.

**Table D1: Comprehensive Priority Ranking System:**

| RANKING CATEGORIES AND SUBFACTORS (Please see the summary table of total possible points.) | MAX. POINTS |
|---|---|
| **A. Public Health Threat (Federal Ranking Criteria)** | |
| **1. Waterborne Disease Outbreak**. 60 points will be assigned if a waterborne disease outbreak as declared by the Department of Health in collaboration with NMED, is attributable to the existing public water system, and if the proposed project will address these violations. | 60 |
| **2. Inadequate Water Supply**. Points will be assigned if the wells or sources in the proposed project service area are unable to consistently provide an adequate amount of drinking water to customers and if the proposed project addresses this problem. The assignment is as follows: Two outages in the prior two calendar years = 20 points; Three or four outages in the prior two calendar years = 40 points; and five or more outages in the prior two calendar years = 60 points. | 60 |
| **B. Safe Drinking Water Act Compliance (Federal Ranking Criteria)** | |
| **1. Acute/Chronic Risk Contaminants**. 110 points will be assigned if there have been at least 3 violations of maximum contaminant levels (MCLs) for acute risk contaminants (such as coliform, turbidity or nitrate) within the past calendar year, and if the proposed project will address these violations. | 110 |
| **2. Treatment Technique Requirements**. 60 points will be assigned if there have been at least 3 violations of treatment technique requirements (such as Surface Water Treatment Rule violations) within the past calendar year, and if the proposed project will address these violations. | 60 |
| **3. Anticipated Federal Regulations**. 110 points will be assigned if the proposed project will enable the public water system to comply with new/anticipated federal regulations such as the arsenic rule, ground water rule, radionuclides rule, etc. | 110 |
| **4. Certified Water System Operator.** 60 points will be assigned to a water system with an operator certified at the appropriate level. | 60 |

| | |
|---|---|
| **C. Affordability (Federal Ranking Criteria)**<br><br>**1.** Only community water system projects will be assigned points under this section. The statewide annual median household income levels of the state must be determined from income data from the latest census of the United States. A community water system will use the annual median household income for the appropriate political subdivision(s) encompassing its service area. A maximum of 60 points will be assigned a project from a community water system with an annual median household income (MHI) below the annual median household income for either the metropolitan or non-metropolitan area, as applicable. Up to 5% below MHI = 20 points; up to 10% below MHI = 40 points; and greater than 10% below MHI = 60 points. | 60 |
| **D. Water System Regionalization/Consolidation (State Ranking Criteria)**<br><br>**1. System Source/Storage Reliability.** a) 15 points will be assigned to a project that addresses a need for an emergency source through interconnection with another public water system. b) 15 points will be assigned to a project that allows for interconnection to share existing source/storage. | 30 |
| **2. Mitigation of Water Contamination.** 30 points will be assigned to a project that addresses current or imminent SDWA acute or MCL violations through consolidation with another public water system. | 30 |
| **3. Regionalization Activities.** 20 points will be assigned to a project that is part of a regionalization effort among two or more water systems. | 20 |
| **E. Emergency Planning (State Ranking Criteria)**<br><br>**1. Planning.** 15 points will be assigned (60 points maximum) for each of the following: a) emergency response plan; b) emergency source; c) current drought plan; d) water conservation ordinance/policy/rate structure. | 60 |
| **2. Implementation.** 30 points will be assigned for current water use restrictions. | 30 |
| **F. Source Protection (State Ranking Criteria)**<br><br>**1. Source Water Susceptibility.** Final source water assessment score for the total water system will be awarded points as follows: a) high = 20 points; b) moderately high = 15 points; c) moderate = 10 points; d) moderately low = 5 points. These points will be awarded only if the proposed project addresses source water susceptibility. | 20 |
| **2. Source Water Protection.** 20 points will be awarded to water systems with an approved and implemented source water protection plan. | 20 |
| **3. Ground Water Under the Direct Influence of Surface Water (GWUDI).** 60 points will be assigned to water systems that have received at least 2 ground water under the influence determinations of "high"; 30 points will be assigned to water systems that have received at least 2 ground water under the influence determinations of "moderately high." These points will be awarded only if the proposed project addresses the GWUDI problem. No other points will be assigned in this category. | 60 |
| **G. Population (State Ranking Criteria)**<br>**1. Only community water system projects will be assigned points under this section. Based on Drinking Water Bureau inventory, community water systems up to 10,000 in population will be awarded up to 50 points. The following formula will** | 50 |

| | |
|---|---|
| **be used: Points Awarded = 50 – Population/200. Example: A community with a population of 1,000: 50 – 1000/200 = 50 – 5 = 45 points awarded.** | |
| **H. Project Factors (State Ranking Criteria)**<br>**1. Projects that address water loss issues** (metering, lines, failing tanks, etc.) will receive 50 points. | 50 |
| **2. Projects that streamline operations** (radio read meters, looping, storage telemetry, SCADA, etc.) will receive 40 points. | 40 |
| **3. Projects that enhance water supply** (well replacement, well drilled, etc.) will receive 30 points. | 30 |
| **I. Financial Capacity (State Ranking Criteria)**<br>**1. Expenses.** 5 points each (20 points maximum) will be assigned to water systems with rates that generate sufficient revenues to cover the following: a) operations and maintenance; b) infrastructure repair and replacement; c) staffing; and d) emergency/reserve fund | 20 |
| **2. Collections**. 10 points will be awarded to water systems that on average have more than 90% of their customers paying their water bills in the current year. | 10 |
| **3. Rates.** 10 points will be awarded to water systems that have had a rate review in the past calendar year based on a prior comprehensive rate review. | 10 |
| **Maximum Possible Points** | **1000** |

The PWSs that submit projects, and are ranked on the Comprehensive Priority List, are then evaluated to determine if they can be placed on the annual Fundable Priority List. The Tier 2 Capacity Assessment (see Section VI. below) is used to make this determination. The system-specific detailed capacity assessment must demonstrate sufficient technical, managerial and financial capacities before being placed on the annual Fundable Priority List. The Fundable Priority List determination criteria are shown in table D2:

**Table D2: Fundable Priority List Criteria:**

| **TECHNICAL CAPACITY** | |
|---|---|
| PWS must meet the following: | System has a certified operator appropriate for the system |
| **MANAGERIAL CAPACITY** | |
| PWS must have at least 2 of the following: | Written operating procedures<br>Written job descriptions for all staff<br>A written preventative maintenance plan<br>A written emergencyresponse plan<br>An emergency source<br>A written and implemented cross-connection control program<br>Security measures<br>An approved and implemented source-water protection plan |

| FINANCIAL CAPACITY | |
|---|---|
| PWS must have at least 4 of the following: | A budget<br>A written and adopted rate structure<br>Rates that cover operation and maintenance<br>Rates that cover infrastructure repair and replacement<br>Rates that cover staffing<br>Rates that cover emergency/reserve fund<br>More than 90% of customers paying water bills<br>Metering of customers (if the project does not include meters). Rates must be based on metered use. |

The PWSs that qualify for the annual Fundable Priority List are placed on that list in the same order as they are ranked on the Comprehensive Priority List. Then, they are sequentially numbered starting with the number 1 to determine their fundable priority ranking value.

**SUMMARY TABLE OF TOTAL POSSIBLE POINTS**

| CATEGORY | SUBFACTORS | MAXIMUM POINTS ASSIGNED | CATEGORY SUBTOTAL |
|---|---|---|---|
| **A.** Public Health Threat (Federal Criteria) | **1.** ⌘ Waterborne Disease Outbreak | **60** | **120** |
| | **2.** ⌘ Inadequate Water Supply - Outages | **60** | |
| B. Safe Drinking Water Act Compliance (Federal Criteria) | 1. ⌘Acute /Chronic Contaminants | **110** | **340** |
| | 2. ⌘ Treatment Technique Requirements | **60** | |
| | 3. ⌘ Anticipated Federal Regulations | **110** | |
| | 4. Certified Water System Operator | **60** | |
| C. Affordability (Federal Criteria) | Community Water System with Income below area MHI | **60** | **60** |
| D. Water System Regionalization (State Criteria) | 1. ⌘ System Source/Storage Reliability | **30** | **80** |
| | 2. ⌘ Mitigation of Water Contamination | **30** | |
| | 3. Regionalization Activities | **20** | |
| E. Emergency Planning (State Criteria) | 1. Planning – Drought Plan, Emergency plan, Emergency Source, Water Conservation Ordinance | **60** | **90** |
| | 2. Implementation – Current Water Use Restrictions | **30** | |
| F. Source Protection (State Criteria) | 1. ⌘ Source Water Susceptibility | **20** | **100** |
| | 2. Source Water Protection Plan | **20** | |
| | 3. ⌘ Ground Water Under the Influence of Surface Water | **60** | |
| G. Population (State Criteria) | Population based on DWB Inventory up to 10,000 population. | **50** | **50** |
| H. Project Factors (State Criteria) | 1. Reduce Water Loss: Meters, Lines, Failing Tanks, etc. | **50** | |
| | 2. Streamline Operations: Radio read meters, Looping, Storage Telemetry, SCADA, etc. | **40** | |

| CATEGORY | SUBFACTORS | MAXIMUM POINTS ASSIGNED | CATEGORY SUBTOTAL |
|---|---|---|---|
| **A.** PUBLIC HEALTH THREAT (FEDERAL CRITERIA) | **1.** ⌘ WATERBORNE DISEASE OUTBREAK | **60** | **120** |
| | **2.** ⌘ INADEQUATE WATER SUPPLY - OUTAGES | **60** | |
| | 3. ENHANCE WATER SUPPLY: REPLACE WELL, DRILL WELL, ETC. | **30** | **120** |
| I. FINANCIAL CAPACITY (STATE CRITERIA) | 1. EXPENSES COVERED | **20** | **40** |
| | 2. COLLECTIONS | **10** | |
| | 3. RATE REVIEW | **10** | |

MAXIMUM GRAND TOTAL 1,000

⌘ Project proposal must assist in return to compliance, future compliance, or resolution of a water system obstacle for the delivery of safe and sufficient drinking water, in order to obtain points in this category.