



STATE OF NEW MEXICO
DRINKING WATER STATE REVOLVING FUND
STATE FISCAL YEAR 2017

(July 1, 2016 – June 30, 2017)

INTENDED USE PLAN

This plan documents how the State of New Mexico intends to use the funds provided by the Drinking Water State Revolving Fund Capitalization Grants in order to ensure that its citizens and guests are provided safe, clean drinking water.

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New Mexico Drinking Water State Revolving Loan Fund SFY 2017 Intended Use Plan

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EXECUTIVE SUMMARY

Section 40 CFR 35.3555 requires each state to prepare an annual Intended Use Plan (IUP) that describes to the public how it intends to use the federal funds to support the overall goals of the Safe Drinking Water Act (SDWA), including short and long-term goals for the Drinking Water State Revolving Loan Fund (DWSRLF) program funded by the EPA Capitalization Grants. Federal guidelines require each state to seek meaningful public review and comment during the development of the IUP. Following public comment, the IUP is submitted to the Environmental Protection Agency (EPA) for approval. Once the IUP is approved, the State of New Mexico will apply for the FFY 2017 Capitalization Grant.

The New Mexico Environment Department Drinking Water Bureau (DWB) and the New Mexico Finance Authority (NMFA) work together to provide assistance and funding to communities throughout New Mexico, and plan to build on past accomplishments in order to achieve the goals outlined in this SFY 2017 IUP.

Since SFY 2013, the State has been using a quarterly Fundable Priority List system which continues in SFY 2017. To become eligible for a DWSRLF loan, a System submits a project interest form (PIF) to the DWB, and must have managerial, financial and technical capacity in order to be put on the Fundable List. Additionally, the DWB maintains a multi-year Comprehensive List which ranks each project using specific criteria and ensures that the projects with the greatest need will be offered DWSRLF assistance first. In SFY 2017, the DWB will continue to focus on implementing the public health aspects of the Safe Drinking Water Act (SDWA) and providing capacity assistance to those communities in need and the NMFA will continue to ensure that funds move expeditiously and responsibly. For SFY 17, both agencies will be reviewing and improving standard operating procedures. The NMFA and DWB work closely together to identify assistance needs to ensure communities are provided safe, clean drinking water into the future.



I. INTRODUCTION

A. The New Mexico Drinking Water State Revolving Loan Fund

The Federal Safe Drinking Water Act (SDWA) Amendment of 1996 authorized the Drinking Water State Revolving Fund (DWSRF) in order to help states manage and protect their drinking water systems, and thereby protect the public health. The DWSRF aids communities and non-profit non-community public water systems (PWSs) in financing the cost of repair, replacement, maintenance, and compliance of their drinking water infrastructure systems.

Pursuant to the 1996 SDWA Amendment, the State established the DWSRLF in 1997 with the passage of the Drinking Water State Revolving Loan Fund Act (the Act). Under the Act, the NMFA serves as the State's grantee for Capitalization Grants allotted to the State, and it administers the DWSRLF which consists of the annual Capitalization Grant from the EPA, and the 20% State Match required by the SDWA. The amount of annual Capitalization Grant is determined by Congress and administered by the EPA. The SDWA allows each state the discretion to utilize up to 31% of each annual DWSRF Capitalization Grant to fund four different Set-Aside categories, with the remainder of the Capitalization Grant directed to the states' loan funds:

1. Administration and Technical Assistance (up to 4%);
2. Small System Technical Assistance (up to 2%);
3. State Program Management (up to 10%); and
4. Local Assistance and Other State Programs (up to 15%).

The NMFA, as grantee, is responsible for the administration of DWSRLF financing and related functions funded by the Administration and Technical Assistance Set-Aside of the Capitalization Grant. The DWB, as the State's primacy agency, is responsible for the oversight and implementation of the Small Systems Technical Assistance, State Program Management, and Local Assistance and Other State Programs Set-Asides.

Each state fiscal year New Mexico prepares an IUP to describe how it plans to use the DWSRF to meet the objectives of the SDWA and the New Mexico DWSRLF Act. This IUP is the central component of the State's FFY 2016 Capitalization Grant application to the EPA, and it communicates the plans to stakeholders and covers the time period of July 1, 2016 through June 30, 2017¹. This document describes the short and long term goals of the program, the

¹ Capitalization Grants are issued on a Federal Fiscal Year basis with a goal of being fully spent within two years from the date of award; the Intended Use Plan is developed based on the State Fiscal year (July 1-June 30) and describes how DWSRF funds will be spent in the given SFY and address unspent funds from previous years' Capitalization Grants.



priority setting process used to rank projects on the Fundable Priority List, and it describes how the State will use the set-asides to support the program.

To date, the State has received approximately \$181.3 million in Capitalization Grants including ARRA funds and has provided the 20% State Match totaling approximately \$33.3 million (ARRA did not require a State's Match). All State Matches plus 69% of each Federal Capitalization Grant, now totaling approximately \$214.5 million, have been directed to the DWSRLF. Additionally, the NMFA has entered into loan agreements for approximately \$169.8 million with approximately \$54 million (31.71%) loaned to small PWSs that serve a population of 10,000 or fewer and \$44.8 million (26.4%) to Disadvantaged PWSs as defined in Section IV, part E. Overall, the DWSRLF and associated Set-Asides are vital to the goal of providing safe drinking water to all citizens of the State.

B. What's New This State Fiscal Year?

The Environmental Protection Agency has added two additional requirements to the DWSRF; Buy American Iron and Steel, and a requirement to enhance the public awareness of SRF assistance through the use of signage.

Additional Subsidy Available

This year, the EPA is allowing the states to take additional subsidy in addition to what was offer in past years. This year NM will offer the mandatory 20% subsidy required by the terms of the FFY 16 Capitalization Grant and an additional 30% available to Disadvantaged PWSs as defined in Section IV, Part E. New Mexico will offer 50% subsidy from the FFY 2016 Capitalization Grant to eligible projects till the funds are fully expended. Please see section III. Criteria and method for distribution of funds; section C. Subsidy for more information.

American Iron and Steel

All new DWSRLF borrowers must comply with all federal requirements applicable to the loan (including those imposed by the 2014 Appropriations Act and related SRF Policy Guidelines). These include the American Iron and Steel Requirement, that all steel products be produced in the United States, unless (i) the borrower has requested and obtained a waiver from the Finance Authority pertaining to the Project, or (ii) the Finance Authority has advised the borrower that the American Iron and Steel Requirement is not applicable to the Project.

Enhancing Public Awareness

Beginning with the FFY 2015 Capitalization Grant award a signage requirement was tied to the capitalization grant, requiring construction projects to make the community aware of the use of EPA funds. Communities have a choice in how to comply with the requirement. Options include: standard signage; posters or wall signage in a public building or location; newspaper or periodical advertisement for project construction; groundbreaking ceremony; ceremony for operation of the new or improved facility; online signage placed on community website or social media outlets; or press release. The intent was to make people aware of the positive impacts and benefits of EPA funding, and increase awareness of the SRF program.



Last year, the DWB updated the prioritization criteria (See Appendix B) for the IUP to reflect the type of project that most impacts public health and SDWA compliance, while incorporating the most relevant planning processes. These included: asset management, source water protection, and regionalization and water loss, all of which contribute significantly to creating the most sustainable water infrastructure projects.

In SFY 2015, the EPA provided two goals related to the drawing down of the Federal Capitalization Funds and these goals continue to be a priority for the NMFA and DWB as we move forward into SFY 2017. The first goal, that all legacy grants (grants awarded before FFY 2014 Capitalization Grant) be expended by September 30, 2016, the loan fund portion is on track to spend down the FFY 2014 Capitalization grant. The second goal, to expend all funds from Capitalization Grants in two years starting with the FFY 2014 grant allocation, the loan portion is also on track to meet this goal.

The NMFA and DWB are committed to ensuring that all Capitalization and State loan funds be allocated, and that entities will receive binding commitments and begin drawing down on loan funds in a timely manner, and thus eliminate unliquidated obligation balances from previous years. New Mexico utilizes a quarterly update to the Fundable Priority List process to allocate the FFY 2016 Capitalization Grant of \$8,312,000 in SFY 2017.

II. STRUCTURE OF NEW MEXICO'S DWSRLF BOTH REVIEW

New Mexico's DWSRLF consists of two components that are used to accomplish its goals; the DWSRLF loan program and the Set-asides.

A. Funding of Capital Planning, Design and Construction Projects

The NMFA has established low interest rates for the DWSRLF program to promote a low-cost viable source of funding to address drinking water projects in the State. The NMFA will use a variety of sources of funds to make loans that assist in the planning, design and construction of projects. For SFY 2017, these sources of funds include the FFY 2014, 2015, and 2016 Capitalization Grants; transfers from the set-asides to the loan fund; and repaid principal and interest payments ("Tier II" revolving funds).

The NMFA will provide loans with interest rates ranging from 0% to 4%, depending on a PWS's ownership and Median Household Income. If a PWS is publicly owned, then it is eligible to receive a DWSRLF loan at 0% or 2%. The NMFA uses available subsidy from the Capitalization Grant to assist entities that are Disadvantaged or Severely Disadvantaged (see Section IV, Part E) that could not otherwise afford DWSRLF loans, and to provide the incentive to undertake projects that meet other EPA priority goals.



B. Set-Asides

The set-asides will be used to provide additional support for New Mexico's core drinking water programs that include PWS Supervision, Community Services, Technical Services, Utility Operator Certification, and Source Water and Wellhead Protection, and to assist PWSs in developing sustainable practices for the future. The set-asides help PWSs plan for future development by building capacity, achieving and maintaining compliance with the SDWA and state regulations, and building better water-systems management tools. Here is a summary of how New Mexico intends to use each set-aside:

- **Administration** set-aside will be used to support the state operation and management of the DWSRLF.
- **Small Systems Technical Assistance** set-aside will be used to assist small systems serving fewer than 10,000 people, primarily those that require assistance in returning to compliance with regulations.
- **State Program Management** set-aside will be used to support the Public Water System Supervision (PWSS) program, administrative requirements, and the administration of the Certified Utility Operators Program in NM.
- **Local Assistance and Other State Programs** set-aside will be used to provide assistance and training directly to PWSs for technical, managerial and financial capacity development, surface water treatment plant optimization, water loss program development, emergency response planning, and source water protection activities.

The DWSRF program allows for the reservation or banking of set-asides except for the Local Assistance and Other State Programs category. New Mexico will not bank any funds from the SFY 16 Capitalization grant.

III. GOALS OF NEW MEXICO'S DWSRLF PROGRAM

The State of New Mexico is committed to providing safe, clean drinking water to all of its citizens and visitors. In order to meet the needs of the local PWSs, New Mexico's DWSRLF program was developed to meet the needs of the local PWSs by implementing the long and short terms goals. This framework guides the decision-making in NM's DWSRLF program and is presented below.

New Mexico's DWSRLF and set-aside work plan contribute to achieving EPA's Strategic Goal 2, sub-objective 2.1 – Protect Public Health. EPA's strategic measure for this goal is for ninety-two (92) percent of community water systems to provide drinking water that meets all applicable health-based drinking water standards through approaches including effective treatment and source water protection. New Mexico's DWSRLF program provides funding to help achieve this federal performance standard.



A. DWB Long Term Goals:

1. The DWB will regulate and assist PWSs in New Mexico to provide safe, clean, affordable drinking water to the citizens and visitors of New Mexico. The DWB will support PWSs using the set-aside funds to maximize SDWA compliance, promote public health protection, affordable drinking water, PWSs' sustainability, and PWSs' capacity with a focus on PWSs serving populations of 10,000 or fewer and particular emphasis on those serving 3,300 or fewer.
2. DWB provides classroom training and individual assistance to PWS board members and operators through internal staff and contractors. This training serves to increase the technical, managerial, and financial (TMF) capacity of the PWS, preparing them to handle the demands of operating a new and more efficient water system, as well as planning to protect quantity and quality of source water, and assistance to meet funding requirements for capital improvements.
3. DWB will continue to motivate towns and municipalities to consolidate and regionalize with very small water systems, whenever possible, especially when a smaller system is unable to maintain compliance with SDWA. DWB will work on internal procedures to track water system consolidation in a way that is easier for systems to navigate.
4. The DWB and its partners work with community PWSs throughout the State to encourage and assist systems to have a rate structure in place which supports normal operation, maintenance, emergency replacements, and planned infrastructure replacement costs. The DWB will collaborate with other agencies and assist PWSs in need of funding for infrastructure improvements with funding requirements, building the capacity to manage the new infrastructure project, becoming ready to proceed to construction, and gaining the debt capacity to be fundable for a project.
5. The DWB will collaborate with organizations, agencies, and individuals to develop sustainable supplies of healthy drinking water for the PWSs of the State through Source Water and Wellhead Protection Program (SWWPP) planning activities.
6. The DWB will be working over the next couple of years to increase the performance of the engineering review program. This program was understaffed and undermanaged since the Bureau reorganization in 2013 and as a result performance has not met the needs of the customers or the review turnaround times required by regulations in 2014-16. The engineering staff has been moved to the Technical Services Team and will be managed as a part of the Sustainable Water Infrastructure Group in SFY17.

B. DWB Short Term Goals

1. The DWB will provide targeted assistance through the Capacity Development Program to systems that are on the DWSRLF Comprehensive Priority List but are unable to qualify for the Fundable Priority List because of capacity deficiencies. DWB will always target systems that are out of compliance for assistance and training.



2. The DWB will examine the hiring process to identify any improvements that can be made to reduce the amount of time DWB positions remain vacant.
3. The DWB will continue to develop, update and maintain standard operating procedures in SFY 17.
4. This fiscal year DWB will begin managing the Utility Operator Certification Program for the state, instead of only participating in it. This will allow for the timely update of drinking water materials and better coordination between operator requirements and training classes offered to operators.
5. In SFY 17, actions will take place to increase the performance of the engineering review program. Actions include filling 2 engineering vacancies as well as utilizing an EPA contract to eliminate the back log of engineering review work.
6. The DWB will submit reimbursement invoices within 30 calendar days following the end of each quarter, with the exception of the 4th quarter billing which will be submitted within 45 calendar days following the end of the 4th quarter due to various end of year processes and requirements.

C. DWB/NMFA Collaborative Long Term Goals

1. The NMFA and DWB will strive to complete 100% of all reports on time and accurately, in accordance with the EPA timeline, in order to maintain complete administrative functions and sustain the DWSRLF.

NMFA and DWB will report the Intended Use Plan, Capitalization Grant application, (DWB Work plan), quarterly Fundable Priority Lists, and the annual report.

The NMFA will report on the following: Federal Funding Accountability and Transparency Act (Sub award reporting system “FFATA”), projects & benefits reporting (PBR), fund utilization rate (FUR), Single Audit Report, Federal Financial Reports, Drinking Water National Information Management System (DWNIMS) and Minority Business Enterprise/Women’s Business Enterprise (MBE/WBE).

2. The DWB and the NMFA will review and update the Memorandum of Understanding (MOU) to clarify roles and responsibilities and ensure efficient program implementation and collaboration.

D. DWB/NMFA Collaborative Short Term Goals

1. The DWB and the NMFA will provide an opportunity for public participation by posting this IUP for public comment on the NMFA and the DWB websites from June 25, 2016 through July 27, 2016 and will accept comments throughout this period.
2. The NMFA and the DWB will prepare and submit the FFY 2016 Capitalization Grant Application by August 31, 2016.



3. The DWB and the NMFA will complete and submit the SFY 2016 Annual Report by September 30, 2016.
4. The DWB and NMFA will ensure supplemental conditions are up to date with the annual appropriation guidance.
5. The DWB with assistance from the NMFA will review the Priority Ranking System to ensure the ranking reflects the needs of the loan program and meets EPA goals.
6. The NMFA and the DWB will continue to prioritize Unliquidated Obligations with regular communication with EPA Region 6.

E. NMFA Long Term Goals

1. NMFA will monitor its loans to mitigate any loan defaults.
2. The NMFA will work with projects to complete installation or construction within two years of closing the loan.
3. NMFA will ensure the DWSRLF will be a perpetual funding source with fiscal integrity to support PWSs in the State as shown by the cash flow model.

F. NMFA Short Term Goals

1. The NMFA will provide at least 20% of all loans (contingent on Fundable Priority List) in SFY 2017 from the FFY 2016 Capitalization Grant as low-cost loans to PWSs in Disadvantaged Communities for eligible projects, as allowed by the SDWA.
2. Provide at least 20% of all loans to small PWSs in the State and in SFY 2017, dependent on Fundable List.
3. The NMFA will execute four binding commitments during SFY 2017, dependent on Fundable List.
4. The NMFA will close loans on four binding commitments during SFY 2017, dependent on Fundable List.
5. The NMFA will approve drawdowns for a minimum of \$8 million on planning, design, and construction projects during SFY 2017.
6. The NMFA will approve requisitions from loan entities within 10 calendar days of complete submission to both NMED Construction Programs Bureau and the NMFA.
7. The NMFA will review the subsidy distribution process to better reflect public health priorities and other measures used for the establishment of the Fundable Priority List.
8. The NMFA will allocate the loan portion of the 2016 Federal Capitalization Grant of \$5,735,280 and State Match of \$1,662,400 for a combined loan fund allocation of \$7,397,680.
9. The NMFA will ensure that all appropriate federal requirements are addressed in each loan agreement (ex: Suspension and Debarment, Buy American, etc.).



10. The NMFA will continue to keep the EPA current on the status of its audit findings including at the SFY Annual Program Evaluation Review.
11. NMFA will review the Operating Agreement with EPA and submit the proposed revisions to the EPA this State Fiscal Year, dependent on the MOU with NMED DWB.
12. NMFA will enter into binding commitments with entities equal to 120% of the Capitalization grant (equivalent of the federal and state funds in the Capitalization Grant) in SFY 2017.

IV. CRITERIA AND METHOD FOR DISTRIBUTION OF FUNDS

New Mexico financially structures the DWSRLF to maximize the annual Capitalization Grant to support public water systems through the loan fund and set-asides while ensuring the longevity of a sound revolving loan fund. In SFY 17, New Mexico opts to utilize 31% of the Federal Capitalization Grant award available to set-asides (see section VI. Set-aside Activities). The remaining 69% for SFY 2017 is available as the loan fund and the full 20% State Match will equal just over \$7 million. Additionally, NMFA receives about \$5 million of repayment funds each fiscal year in loan and interest repayments. For SFY 2017, it is anticipated that New Mexico will have roughly \$47 million to support New Mexico PWSs. New Mexico has opted to provide subsidy to water systems and will provide 20% of mandatory capitalization grant subsidy and an additional 30% for disadvantage systems of the 2016 Capitalization Grant as subsidy (see Section C. Subsidy).

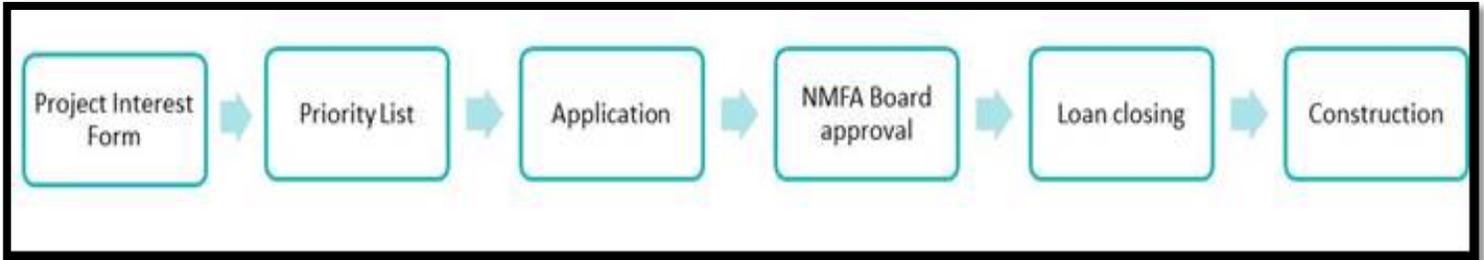
A. Distribution of Funds Analysis

The NMFA will fund the DWSRLF projects using the priority system established by the DWB. The State prefers to fund projects on the Fundable Priority List, as updated throughout the year, in rank order, but reserves the right to by-pass certain projects using a by-pass procedure, as described below in Section IV. I. In such an instance, a lower ranked project may be funded over a higher ranked project if the higher ranked project meets the by-pass screening criteria. The NMFA will limit DWSRLF awards so that total loans to any one borrower do not comprise more than 20% of the cumulative value of the loan fund.

A PWS is eligible for DWSRLF project assistance if it is a privately or publicly owned community water system, or a non-profit non-community PWS (40 CFR 35.3520). Priority point assignment and listing on the Fundable Priority List do not guarantee that a project will meet all financial and project eligibility requirements and will result in project funding. Questions regarding the ranking process or the development of the Fundable Priority List should be directed to the DWB at (505) 476-8620 or toll-free at (877) 654-8720. Questions on financial eligibility or the loan application process should be directed to the NMFA at: (505) 984-1454 or toll free at (877) 275-6632.



The following narrative is an overview of the DWSRLF project screening process. It is important to understand that the screening processes will occur in a phased approach. The State's project screening process is initiated and implemented in the following manner:



1. The DWSRLF Project Interest Form (PIF) is available online and open all year. NMED will notify entities of the funds on an annual basis. Submitting a PIF online allows interested PWSs to identify proposed projects for inclusion in the DWSRLF Comprehensive or Fundable Priority List. Interested systems can call the Community Services Team for assistance, or may fill out a PIF at <http://swim.nmenv.state.nm.us/SWIM/index.php>;
2. The PWS must submit supplemental documentation so that DWB can perform a capacity assessment, review project readiness, and the system's fundability for the loan amount being requested for PWSs that have submitted a PIF;
3. All PWSs that submit a PIF and all of the required supplemental documentation will have their projects prioritized through DWB's established ranking criteria and will be included on the multi-year Comprehensive Priority List which is updated as scheduled below. PWSs can stay on the Comprehensive list for up to three years receiving capacity assistance to satisfy Fundable List requirements. Systems with projects that meet DWSRF requirements can move to the Fundable list right away and stay on the fundable list for up to three quarters.

DWB accepts PIFs all year long and rank projects on established ranking criteria according to the schedule below. If the PWS is determined to have adequate capacity and the project is determined ready to proceed within 6 months, the DWB will screen PWSs financial documents to validate fundability for the loan amount requested and recommend that NMFA perform a preliminary financial analysis of the PWS's ability to take on a loan of the requested amount in order to be added to the Fundable Priority List. If the water system can afford the loan, they will be moved from the Comprehensive Priority List to the Fundable Priority List (Appendix A) which shall be published on the NMFA's and NMED's websites for the full quarter. Deadlines for PIF submission are provided in the table below:



Deadline	SFY 17 Annual Priority List	Fall List Update	Spring List Update	SFY18 Annual Priority List
Project Interest Forms submitted by	March 1, 2016	September 1, 2016	December 1, 2016	January 1, 2017
Required supplemental documents submitted by	March 30, 2016	September 30, 2016	December 31, 2016	February 15, 2017
Final Priority Lists Published on	August 1, 2016	November 1, 2016	March 1, 2017	July 1, 2017

4. The NMFA will work with PWSs for maximum of **45 days each quarter** from the publishing of the updated quarterly Fundable Priority List **to submit a loan application**. For SFY 2017 Quarter 1, the applications will be due on September 14, 2016. After receiving the application, the NMFA staff will perform a detailed financial analysis of the PWSs' ability to take on a loan. If the entity is deemed credit worthy, then NMFA staff takes the loan in the following month to the NMFA Board for approval. After NMFA Board approval, NMFA staff will mail a **binding commitment letter** to the entity. The binding commitment letter is an EPA requirement to provide the entity with the loan terms, and the ready-to-proceed items needed to close the loan.
5. Once approved by the NMFA Board, the applicant will **have six months to provide necessary documents**, as determined by NMFA, to close the loan. If a PWS does not submit the required documentation within the six month timeframe, then NMFA's commitment to fund the project may be withdrawn or extended, at the sole discretion of the NMFA. In **no instance** will the commitment to fund a project **exceed eight months from the date of the NMFA Board approval**. Once the loan is closed, the borrower has **two years to complete construction**. On a case by case basis, the NMFA Board may approve a longer construction period. Applicants not meeting the timeframe will be removed from the Fundable Priority List and placed back on the Comprehensive Priority List. Once the PWS completes the necessary documents, the PWS may be eligible, based on an analysis by NMED and NMFA, to be placed on the updated quarterly Fundable Priority List; and
6. To be eligible for a loan from the DWSRLF, PWS projects must:
 - a. be on the Fundable Priority List;
 - b. submit a loan application to the NMFA;
 - c. submit a letter of approval from USDA for DWSRLF debt parity (if applicable); and
 - d. be found by the NMFA to be credit-worthy (40 CFR 35.3555(c)(2)(i)).

Each PWS currently unable to meet the criteria for inclusion on the Annual Fundable Priority List, or on the quarterly update of this list, will receive follow up from the DWB



capacity program staff explaining any deficiencies that prevented its inclusion, including recommended steps for addressing such deficiencies. The DWB expects to use the resources of the Set-Asides to assist such PWSs in increasing their capacity should they accept the offer for assistance. Thus, these PWSs potentially will be able to meet all eligibility requirements for the DWSRLF in the future.

The DWB and NMFA will supplement this IUP quarterly to add/subtract projects on the Fundable Priority List based on the criteria described above or by the request of the applicant.

The State of New Mexico will publish the Fundable Priority List for the duration of the quarter. The Fundable Priority List will be published at <http://www.nmfa.net> and <http://www.nmenv.state.nm.us/dwb>. Below is a breakdown of the quarters and dates for posting SFY 17:

Annual List	August 1 to October 31, 2016,
Fall List Update	November 1, 2016 to February 29, 2017
Spring List Update	March 1 to June 30, 2017

If a PWS has submitted its application but does not want to go to the board to receive a binding commitment letter, in the quarter it submitted the application, the PWS will stay on the Fundable Priority List but will be automatically by-passed if no new information or action is done by the applicant. In such instances, **the PWS may stay on the Fundable Priority List for three consecutive quarters being taken off the Fundable Priority List the fourth quarter and placed back on the Comprehensive List.** Once the PWS is ready to go to the board and receive a binding commitment letter, the PWS will be evaluated by the DWB and NMFA for the updated quarterly Fundable Priority List.

B. Disadvantaged Community Program

The NMFA is directed by the DWSRLF Act (Laws of 1997, Chapter 144) to establish, with the assistance of the DWB, procedures to identify affordability criteria for disadvantaged communities and to extend a program to assist such communities. The Disadvantaged Community Programs offered to New Mexico PWSs are designed to maximize the eligibility of disadvantaged communities. NMFA provides by policy two levels of disadvantaged status, Disadvantaged and Severely Disadvantaged.

- **Disadvantaged Communities** benefit from a 0% interest rate on the first \$600,000 of their loans, and when provided for in Capitalization Grants subsidy in the form of principal forgiveness up to 50% of the loan (see C. Subsidy below).
- **Severely Disadvantaged communities** benefit from a 0% interest rate on the first \$600,000 of their loans, and when provided for in Capitalization Grants subsidy in the form of principal forgiveness up to 75% of the loan (see C. Subsidy below). Severely Disadvantaged loans are eligible for terms up to 30 years.



The NMFA utilizes two tests to determine the economic status of a community served by a water system; the percentage of the state’s Median Household Income (MHI), and the community’s affordability ratio. For communities to qualify as Disadvantaged or Severely Disadvantaged they must pass both tests.

- **Median Household Income (MHI)** - Disadvantaged and Severely Disadvantaged communities are communities whose MHI is below 90% of the State’s MHI. MHI is determined by the NMFA.
- **Affordability Ratio** is calculated by dividing projected average annual user charges upon the completion of the proposed project by the MHI of the community. A Disadvantaged community will have an affordability ratio between 0.01 and 0.015. A Severely Disadvantaged community will have an affordability ratio above 0.015.

C. Subsidy

The NMFA intends to provide subsidies to its DWSRLF borrowers as part of the EPA’s Capitalization Grant, and as provided for under CFR §35.3525(b). The FFY 2016 Capitalization Grant requires 20% subsidy, and at the state’s discretion, subsidy for green infrastructure projects. This year, it also allows for up to 30% to be used for Disadvantaged Projects. New Mexico has opted to provide both pools of subsidy totaling 50% of the 2016 Capitalization Grant as subsidy capitalized from federal funds at \$8,312,000. The total amount of available subsidy is \$4,156,000 from the FFY 2016 Capitalization Grant. The total amount of subsidy available for SFY 17 is anticipated to be \$4,170,171, which includes returned subsidy from previous projects. The state is updating the subsidy provided to address the high amount of assistance requested from Severely Disadvantaged communities on the Fundable List of the SFY 2017 first quarter. Subsidy will be distributed in the ranking order on the fundable list, subject to the by-pass procedure. The chart below shows the anticipated projects that will receive the required 2016 Capitalization Grant subsidy.

FFY 2016 Mandatory Capitalization grant subsidy funds- 20%			
Entity	requested funding	Anticipated subsidy	Capitalization subsidy balance
			\$1,662,400
Village of Angel Fire	\$427,000	\$106,750	\$1,555,650
Town of Hurley	\$3,860,000	\$965,000	\$590,650
City of Las Vegas	\$354,000	\$157,650	\$433,000
Village of Cimarron	\$350,000	\$262,500	\$170,500
Eldorado W &SD	\$500,000	\$125,000	\$45,500
Town of Red River	\$690,000	\$45,500	\$0



FFY 2016 Additional Disadvantaged subsidy- 30% (project must be Disadvantaged or Severely Disadvantaged)			
Entity	requested funding	Anticipated subsidy	Disadvantaged subsidy balance
			\$2,493,600
City of Las Vegas	\$600,000	\$450,000	\$2,043,600
Town of Red River	\$1,740,000	\$1,305,000	\$738,600
City of Las Vegas	\$841,000	\$630,750	\$107,850
City of Las Vegas	\$354,000	\$107,850	\$0

Any subsidy not awarded will roll over to the next quarter fundable list. **Subsidy is based on available amounts and PWSs are not guaranteed subsidy as part of the loan package.** If a PWS is ranked below the available subsidy amounts, or not classified as Disadvantaged or Severely Disadvantaged, they may not receive subsidy. If an entity that was awarded subsidy does not close its loan, or returns unutilized subsidy at the end of the construction period, the subsidy will be available to new entities on the current quarterly fundable list. The current DWSRLF Loan Management Policies provide subsidy to projects in the form of principal forgiveness using the following guidelines when funds are available:

1. NMFA will provide the capitalization grant and the disadvantage subsidy following the same policies. The Subsidy will go by the Priority ranking and by eligible Disadvantaged status. Applicants will receive subsidy, when available, by compliance with the following policies:
 - a. compliance with Davis Bacon Wage Act will be offered a 25% subsidy.
 - b. Disadvantaged PWSs undertaking construction are provided an additional 25% principal forgiveness (e.g., 25% EPA regulations principal forgiveness plus 25% disadvantaged principal forgiveness, for a total of 50% principal forgiveness).
 - c. Severely Disadvantaged PWSs are provided an additional 50% principal forgiveness (e.g., 25% EPA regulations principal forgiveness plus 50% Severely Disadvantaged principal forgiveness, for a total of 75% principal forgiveness). “Green projects” include green infrastructure, water conservation, energy efficiency improvements, or other environmentally innovative activities. Green projects that are 100% green will be provided with an additional 25% principal forgiveness. Projects not considered “categorically green” (projects that clearly support the intent of the GPR, such as water meters, rain gardens, green roofs, and alternative energies such as solar panels and other water and energy efficiency infrastructure for new facilities) will require a Business Case Explanation to support the need for the project and to describe how it meets the GPR requirement for water and/or energy efficiency. GPR projects and their Business Cases, where required, are submitted to the NMED and posted on the



DWB's and NMFA's websites at: <http://www.nmenv.state.nm.us/dwb/> and <http://nmfa.net>, respectively.

2. No project will receive more than 75% in total principal forgiveness.
3. To the extent possible, the NMFA will use subsidy through the Capitalization Grant to help entities that are disadvantaged or severely disadvantaged that could not otherwise afford DWSRLF loans and may blend or offer one subsidy type to allow for the highest amount of projects to receive subsidy. PWS that are disadvantaged or severely disadvantaged are considered communities that could not otherwise take on a loan. PWS considered Disadvantaged or Severely Disadvantaged will be given priority in the allocation of subsidy and to provide incentive to undertake projects that meet other priority EPA goals.

Under current policies there is not a maximum amount of subsidy that can be provided to any one entity, other than the limit on available subsidy dollars.

D. Low Interest Loans

The NMFA has established low interest rates for the DWSRLF program to promote a low-cost viable source of money to address drinking water projects in the State. The NMFA will provide loans with interest rates ranging from 0% to 4%, depending on a PWS's ownership and its MHI. If a PWS is publicly owned, then it is eligible to receive a DWSRLF loan at 0%, if it is considered Disadvantaged as described above, or 2%.

The NMFA charges a 3% market interest rate to privately-owned non-profit PWSs and 4% to privately-owned for-profit PWSs. These rates are set by the NMFA Board of Directors and may be reviewed periodically.

E. Small System Support

The DWSRF rules state that "of the total amount available for assistance from the Fund each year, a State must make at least 15% available solely for providing loan assistance to small systems to the extent such funds can be obligated for eligible projects." The State will provide at a minimum 15% of available loan funds for small PWSs (defined as water systems serving populations of 10,000 or fewer). Currently, the NMFA has provided 29.4% of the total value of its loans to PWSs with populations of 10,000 or fewer. The NMED with the support of NMFA reaches out to these communities on funding and assistance opportunities at different statewide conferences held by organizations such as the NM Municipal League, NM Association of Counties, NM Rural Water Association, or at the NM Infrastructure Finance Conference. The NMFA is striving to meet the needs of small PWSs in the State and in SFY 2017 it looks to provide up to 20% of all loans to these small PWSs based on Fundable Priority lists.



F. Capacity Assessments and Project Reviews

The SDWA requires that a PWS applying for a DWSRF loan must demonstrate that it has the technical, managerial, and financial capacity to undertake the project. If a system does not have adequate capacity, assistance will be provided to help the system achieve capacity. Assistance is used to support viable systems with long-term sustainability and should not be directed toward non-viable systems.

The DWB also reviews project documents to assess if regulatory requirements have been met and if construction is possible in approximately 6 months. DWB reviews the project documents to assist NMFA's preliminary debt capacity determination by screening financial documents to estimate if the system can afford the requested project loan amount.

The capacity assessments are completed for all PWSs that submit a Project Interest Form and supplemental documentation to be evaluated for the following:

- **Technical Capacity** – PWSs must demonstrate that drinking water sources are adequate, that the system's source, treatment, distribution and storage infrastructure are adequate and that personnel have the technical knowledge and documentation to efficiently operate and maintain the system and have the technical capacity to operate and maintain all system improvements planned with project funding requests.
- **Financial Capacity** – PWSs must demonstrate that they have sufficient revenues to cover necessary costs, adequate fiscal controls, and engage in financial planning and asset monitoring to include savings for emergencies, routine maintenance and long term capital improvements. This financial capacity assessment is the same for systems with or without a proposed project. When the assessment is triggered by a PIF, DWB will also screen project cost documents and loan amounts to include in the debt capacity review as described above.
- **Managerial Capacity** – PWSs must show that management has written policies and procedures in place that outline water system management structure and function as well as their responsibilities in overseeing operations, meeting compliance requirements with all applicable state agencies such as New Mexico Office of the Attorney General, Office of the State Auditor, Department of Finance and Administration, and the Taxation and Revenue Department , response for emergencies, transparency and accountability to customers, and plans for future needs of the water system.

G. Project Prioritization

The DWSRF rules state that an IUP must include a priority system for ranking individual projects for funding and that the prioritization should (i) address the most serious risk to human health; (ii) ensure compliance with the requirements of the SDWA; and (iii) assist PWSs most in need, on a per-household basis, according to State affordability criteria. The State's project ranking system is found in Appendix B and is utilized for both the Comprehensive and Fundable Lists.



A Comprehensive Priority List of ranked projects is required in an IUP and is, according to the DWSRF, a “list of projects that are expected to receive assistance in the future.” All PWSs that submit a PIF for a DWSRF eligible project and all required supplemental information are placed on the Comprehensive Priority List. Projects will remain on the Comprehensive List until making the Fundable Priority List or three (3) years, whichever is sooner. Systems are allowed the flexibility to adjust project scopes as needed on the comprehensive list. The DWB will provide capacity development assistance to those on the Comprehensive List in order to help them become eligible for the Fundable Priority List.

A Fundable Priority List is also required in an IUP which, according to the DWSRF, is a “list of projects that are expected to receive assistance from available funds designated for use in the current IUP.” PWSs on the Comprehensive Priority List that meet the following three criteria are placed on the Fundable Priority List each quarter:

- 1) PWS has the technical, managerial and financial capacity to operate and maintain the new infrastructure in compliance with drinking water and other applicable state regulations;
- 2) the project is ready to proceed, such that completion of project planning, design, regulatory approvals and environmental review will be complete and ready for construction within 6 months of placement on the Fundable List; and
- 3) financial ability to repay a loan as screened by DWB and fully analyzed by NMFA. After placement on the fundable list, the system’s financial ability to repay a loan will again be determined by NMFA after the loan application has been submitted.

PWSs whose projects do not qualify for the Fundable Priority List will be notified with an explanation of deficiencies and an offer for direct capacity assistance. If a project meets the Fundable Priority List criteria and DWSRF has funds available, the project will be added to the next quarterly Fundable Priority List, which are amended and posted quarterly as projects are received, evaluated, and funded. This process is described in Section 4A of this document (Distribution of Funds Analysis).

H. Tie Breaking Procedure

When two or more projects score equally under the project priority ranking system, a tie breaking procedure will be used. The project with the smallest number of existing customers served will receive the higher ranking.

I. Bypass Procedure

The DWB and the NMFA expect to fund the projects on the Fundable Priority List in order of rank, but reserve the right to bypass certain projects using the by-pass procedure. The State reserves the right to fund lower priority projects over higher priority projects, if in the opinion of the DWB or the NMFA, the higher priority project does not meet the application



requirements described in Section IV, specifically if the PWS did not submit its application in the allowed 45 days to NMFA. The State further reserves the right to by-pass certain projects if during the quarter there is no financial impact to the by-passed PWS, i.e., the available subsidy is fully allocated and there is adequate reserves to fund all projects on the Fundable List.

Emergency Condition NMED Unforeseen or unanticipated conditions that impact the source, treatment, storage, or distribution of an eligible PWS that will have a direct impact on public health, may constitute an emergency condition. The emergency must be declared by the Governor of New Mexico or a Cabinet Secretary. A proposed project must specify any such emergency conditions in its application. Such emergency projects will be identified in the Annual Report.

J. Refinancing Existing Loans

Loan Refinancing is an allowable use of the DWSRLF since certain high cost debt can hinder essential new water improvement projects and limit the long-term financial health and capacity of the water system. By law, the low cost loans offered through the DWSRLF are available to refinance existing loans under very limited circumstances.

The NMFA is able to refinance existing loans if:

- The refinancing occurs in connection with a “new money” project;
- The loan proposed for refinancing must have been originated no earlier than 1993;
- The project financed by the original loan must have undergone a public review process that is consistent with the SERP, including concurrence by all requisite state and federal consulting agencies;
- The environmental effects of the project must have been analyzed and studied in a manner consistent with the SERP; and
- The project financed by the original loan must have been used for a purpose consistent with the eligible purposes defined by federal regulation and must have complied with all applicable state and federal regulations.

Please note that private entities are not eligible for loan refinancing.

K. DWSRLF Project Funding Summary

Using the criteria and processes as set forth in this IUP, the NMFA will proceed through the quarterly Fundable Priority Lists until it has identified PWSs that have applied for DWSRLF funding for projects that are sufficient in cumulative value to utilize the funds that will be deposited in the DWSRLF during the SFY relating to the effective IUP. Loans will be executed when the environmental review, financial requirements, and all other obligations of the applicant have been met. Any future amendments to the NMED Priority System will be



considered to appropriately reflect the changing character of the DWSRLF program and will be published in the subsequent annual IUP.

L. Compliance with Special Grant Conditions

The State of New Mexico strives to comply with all grant conditions set forth in the Capitalization Grant agreement. The FFY 2016 Capitalization Grant agreement has not been awarded at this date, but the State of New Mexico will comply with all requirements including but not limited to: Davis Bacon Wage Act, Federal Crosscutters, Signage, and American Iron and Steel. All the financial agreements entered into by PWSs and NMFA contain the language found on Appendix G satisfying the grant conditions compliance.

Davis Bacon Wage Act

It is a requirement that recipients of SRF funding comply with 40 CFR Part 31 and the full language of the Federal appropriation contained in the Annual Capitalization Grant, the Davis Bacon Act wage determinations and the U.S. Department of Labor's implementing regulations. The Department of Labor provides all pertinent information related to compliance with labor standards, including prevailing wage rates and instructions for reporting. The requirements of section 1450(e) of the Safe Drinking Water Act (42 U.S.C. 300j-9(e)) shall apply to any construction project carried out in whole or in part with assistance made available as authorized by section 1452 of that Act (42 U.S.C. 300j-12).

Federal Crosscutters

There are a number of federal laws, executive orders, and federal policies that apply to projects and activities receiving federal financial assistance, regardless of whether the federal laws authorizing the assistance make them applicable. These federal authorities are referred to as crosscutting authorities or crosscutters. The crosscutters apply to projects and activities whose cumulative funding equals the amount of the SRF Capitalization Grants. All projects assisted with funds equivalent to the amount of Capitalization Grants must comply with the crosscutter requirements.

The crosscutters can be divided into three groups: environmental; social policies; and, economic and miscellaneous authorities.

- Environmental crosscutters include federal laws and executive orders that relate to preservation of historical and archaeological sites, endangered species, wetlands, agricultural land, etc. This crosscutter requirement includes a National Environmental Policy Act-compliant environmental review.
- Social policy crosscutters include requirements such as minority and women's business enterprise participation goals, equal opportunity employment goals, and



nondiscrimination laws. This crosscutter requirement includes compliance with the Disadvantaged Business Enterprise program, as stated in the loan agreement.

- Economic crosscutters directly regulate the expenditure of federal funds such as the prohibition against entering into contracts with debarred or suspended firms, and the American Iron and Steel provision.

A complete list of crosscutting authorities can be found at the EPA web site www.epa.gov/safewater/dwsrf/xcuts.html

American Iron and Steel

For all new contracts, the borrower shall comply with all federal requirements applicable to the Loan (including those imposed by the 2014 Appropriations Act and related SRF Policy Guidelines) which the borrower understands includes, among other, requirements that all of the iron and steel products used in the Project are to be produced in the United States (“American Iron and Steel Requirement”) unless (i) the borrower has requested and obtained a waiver from the Finance Authority pertaining to the Project or (ii) the Finance Authority has otherwise advised the borrower in writing that the American Iron and Steel Requirement is not applicable to the Project.

Signage

The recipient agrees to comply with the SRF Signage Guidelines in order to enhance public awareness of EPA assistance agreements nationwide. (See Memo, “Guidelines for Enhancing Public Awareness of SRF Assistance Agreements,” June 3, 2015.)

V. FINANCIAL MANAGEMENT

A. Sources and Uses of Funds

State Match Source

The SDWA requires states to provide a 20% match to the Capitalization Grants received from the federal government. The required State’s match is \$1,662,400 for SFY 2017. State’s match was secured prior to the Capitalization Grant from the New Mexico legislature house bill 19 and was signed by the Governor on March 3, 2016. The state’s match is transferred from the PPRF to the loan fund on July 1, 2016.

Appendix D summarizes the sources and uses of funds.



Fee Income

The NMFA charges its borrowers a cost-of-issuance fee to cover the legal and closing costs of each DWSRLF loan. This 1% fee is included in the loan as principal and is held in an account outside of the DWSRLF. In addition, the NMFA builds into its DWSRLF loan interest rates a 0.25% administrative fee that is assessed on the outstanding principal balance of each loan. For disadvantaged system borrowers whose loans carry a 0% interest rate, the NMFA charges a 0.25% administrative fee, making the effective interest rate of a 0% loan 0.25%. These administrative fees are held outside of the DWSRLF and are used to pay the NMFA's overhead costs and other program administration costs not funded by the 4% Administration Set-Aside. Administrative fees are used for eligible purposes under 40 CFR §35.3530(b)(2) and assessed cost-of-issuance fees included as principal in loans are used in accordance with the limitations set forth in 40 CFR §35.3530(b)(3)(i)–(iii).

Transfers from Set-Asides to the Loan Fund

At time of publishing there is not plan to transfer set asides to the loan fund.

Leveraging

The State of New Mexico does not currently leverage the DWSRLF. With the increase in demand for DWSRLF and with pending federal reductions to the DWSRF, NMFA is currently researching best practices for leveraging the program.

Use of All Funds Available

The source and uses of the DWSRLF is presented in Appendix D. New Mexico anticipates the loan fund to be capitalized from the federal 2016 Capitalization Grant to be \$8,312,000 with 69% going to the loan fund and 31% being used for set-asides. The loan fund will also be capitalized with the 20% match state funds of \$1,662,400. The Federal and State Match portion of the loan fund from the 2016 Capitalization Grant is equal to \$7,397,680. Additionally, in SFY 2017 loan repayments of \$6,832,005 will be available for a total of \$14,229,685 of new money available to lend in SFY 2017.

Annually, Congress has the right to require additional subsidy to help fund federal priorities. NMFA anticipates up to 50%, or \$4,156,000 of the 2016 Capitalization Grant, from DWSRF funding legislation to be additional subsidy in the form of principal forgiveness. This subsidy will allow for the pace of recent lending to continue, while maintaining the financial perpetuity of the revolving loan fund (see Section IV. regarding the use of subsidy).



B. Financial Terms of Loans

Section IV details the financial terms of loans. All loans are provided to entities at below-market rates according to the type of water system. The table below provides the interest and terms associated with a type of PWS.

<u>Community Economic Status</u>	<u>Interest Rate</u>	<u>Terms</u>
Regular*	2%, 3%, 4%	up to 20 years
Disadvantaged	0% on first \$600,000, regular rate for remainder	up to 20 years
Severely Disadvantaged	0% on first \$600,000, regular rate for remainder	up to 30 years

* Public systems receive 2%, private non-profit systems receive 3%, and for-profit systems receive 4%.

From the date of closing, entities have up to two years to draw the awarded DWSRLF funds on a reimbursement basis. During this time, the entity will pay interest and administration fees only on amounts drawn for incurred costs. Once the project has been certified complete, an amortization schedule is finalized and the system begins making monthly principal and interest payments on the loan.

C. Loan Disbursements

As of March 31, 2016, the State of New Mexico has closed on 99 loans totaling over \$169.8 million. The loans are made in accordance with policies and are prorated between federal and state funds.

D. DWSRF-CWSRF Fund Transfers

The State of New Mexico reserves the authority to transfer up to 33 percent of the DWSRF Capitalization Grant to the CWSRF, or an equivalent amount from the CWSRF to the DWSRF. New Mexico does not anticipate utilizing this right in SFY 2017.

E. Financial Planning

NMFA uses a cash flow model as its financial plan. The modeling is updated annually with quarterly reviews as new projects are placed on the fundable list. The goal of the financial planning is to ensure fund perpetuity. NMFA can confirm the fund's perpetuity, the perpetuity model included in the Annual Report to the EPA to show the funds health through the next 20 years, using historical averages of loan origination.



F. Cash Draw Proportionality

New Mexico uses the proportionality ratio of 77.53% federal fund per draw to 22.47% State's match.

NMFA established this ratio by the formula below. In SFY 17, New Mexico will take 31% of set-asides to fund state programs and administration functions. The proportionality ratio formula is as follows:

$$\text{State Match Cash Draw Ratio} = 100 * \left(\frac{\text{FCG (20\%)}}{\text{Total loan fund}} \right)$$

For FFY 10 Capitalization Grant $8,312,000 * 20\% / 7397,680 = .2247 * 100 = 22.47$

Federal Cash Draw Ratio = $100 - \text{State Match Cash Draw ratio}$

*FCG= Federal Capitalization Grant Loan Allocation

See Appendix H: Cash Draw Ration and Grant Payment section for more information.

VI. SET-ASIDE ACTIVITIES

A summary of the financial status and Set-Aside Expenditures is provided in Appendix E.

A. DWSRLF Administration (4%)

The SDWA authorizes states to provide funding for DWSRF administration as a Set-Aside activity. The NMFA will reserve and specify 4% of the FFY 2016 Capitalization Grant for the Administration Set-Aside in an amount totaling \$332,480. Administration of New Mexico's DWSRLF program is delegated by state statute to the NMFA. The administration set-aside will be used to pay for salaries for staff working on the DWSRLF and conducting actions required to administer the loan funds. Those actions include reporting, payment processing, pre-application activities; application review; engineering, construction and environmental review; portfolio, audit, and cash management; and financial management. DWSRLF programmatic administration costs also include contractual technical services for engineering and construction oversight, environmental reviews, and legal fees associated with closing DWSRLF loans.



B. Small Systems Technical Assistance (2%) NMED

The SDWA authorizes states to use this Set-Aside to support a state technical team or to support contracts with outside entities and individuals in order to provide technical assistance to achieve the compliance levels required for an SRF loan. Staff will target small water systems for assistance with a technical assessment for those that have administrative orders, are ranked at the top, or have remained for multiple quarters on the list of non-compliant water systems generated by EPA's Enforcement Tracking Tool (ETT).

C. State Program Management (10%)

The SDWA authorizes states to use this Set-Aside to address additional program requirements of the Public Water Supply Supervision Program. This Set-Aside requires a one-to-one state match beyond the 20% state match for federal Capitalization Grants. New Mexico has provided this match through the Water Conservation Fee Fund as described in Appendix C.

Public Water System Supervision Program

The State Program Management Set-Aside will be used, in part, to support the Public Water System Supervision (PWSS) program. The activities planned to support the PWSS program include providing administrative support for the DWB staff, conducting sanitary surveys to assess the needs and deficiencies of PWSs, implementing new and enforcing existing rules and regulations, providing an immediate response to confirmed acute contamination events and PWS problems that may impact public health.

Operator Certification Program

The State Program Management Set-Aside will be used, in part, to fund administration activities and support certification of operators through the Utility Operator Certification program (UOC). The NMED has authority to administer the UOC program pursuant to the SDWA and will begin to directly manage this program in July 2016, increasing the administrative responsibility.

Set-aside Administrative Support

The State Program Management Set-Aside will support the administrative requirements of the DWB such as developing the grant application, priority lists, planning documents, required quarterly and annual reports, and any other documentation required to support the grant process.

D. Local Assistance and Other State Programs (15%)

The Local Assistance and Other State Programs Set-Aside is used to support multiple DWB programs: the Technical Services Program, the Community Services Program, the Utility Operator Certification Program and the Source Water and Wellhead Protection Program.



Technical Services Program

The Technical Services Team under the Local Assistance Set-Aside will assess technical capacity of water systems in terms of infrastructure adequacy of the treatment, storage, pumps and distribution. This team will assist water systems' certified operators with technical knowledge on system operations, maintenance, monitoring and reporting requirements. This team will also assist water systems in identifying and prioritizing any limiting technical issues the water systems may be struggling with to strengthen the sustainability of the PWS. The Technical Services Team will be re-establishing an active Area-Wide Optimization Program (AWOP) for New Mexico in order to target higher risk systems for assistance and to improve the overall performance of surface water treatment plants. This program will also assess the technical capacity of systems to handle proposed projects and review technical documentation for estimates of construction readiness. Beginning February 2016, the engineering program will be housed under Technical Services as well, which provides engineering review and regulatory approval for all public drinking water infrastructure projects.

Community Services Program

The Community Services Team will assist water systems to develop managerial and financial capacity as well as provide direct funding assistance. The team will review all managerial and financial DWSRLF supplemental documents, current rate structure, financial resources and managerial framework required to maintain financial capacity.

Financial assessments and assistance will be provided when necessary to bring capacity to a level where sufficient resources allow the system to maintain compliance with the SDWA and other state regulations, maintain revenues that support savings for emergencies and replacement costs, and to become fundable through the DWSRLF for infrastructure development.

Managerial capacity is assessed to determine ownership accountability through governance documents, water system board/oversight functionality, and current management plans. This managerial assessment will also review staffing and organization to ensure the system is meeting requirements. Managerial assistance varies from board operation trainings on complying with state regulations to individual attention and review of management plans.

Funding assistance from the Community Services Team includes providing information on the DWSRLF and project funding options, timelines, eligibility requirements, and guidelines. This team will work with PWSs after submitting a PIF, and hold general funding training sessions that will be open for any interested water systems to learn more and become encouraged to apply for funding.

Utility Operator Certification Program

The Utility Operator Certification Program oversees the certification of all water and wastewater operators in New Mexico. This program oversight and management is moving to



DWB in July 2016, and will then be responsible for maintenance and management of all operator credits, testing, training classes offered for credits throughout the state. DWB will then also become responsible for enforcement on individual operators as well. Only the costs for water operators will be supported with DWSRF Set-aside funds and other state funding sources will be utilized for the wastewater operator expenses.

Source Water and Wellhead Protection Program

The Source Water and Wellhead Protection Team incorporate the goals of both the historical wellhead and source water protection programs. The DWB has significantly increased the role of this program by establishing a three-person team to define and prioritize source water protection needs in New Mexico. The team will be inventorying assessments and protection plans already in place and targeting assistance to water systems that are out of compliance with maximum contaminant levels, are threatened by actual contaminant sources, or are experiencing sustainability challenges, and have an out of date plan or do not have a source water protection plan at all.

This team will develop methods for regional source water assessments, especially in regions dealing with common contamination issues, in order to promote planning on a regional level and encourage technical, managerial, and financial cooperation between water systems. The goal of this cooperation is to identify and promote the most cost-effective solutions to similar source water contamination problems in regions. The team will continue utilizing advanced assessment methods to include electronic spatial analyses on a larger scale by utilizing ARC GIS as an essential tool in the development of a regional assessment and allows for PWSs to individually update their own assessment with online access.

Since source water protection plans are a voluntary responsibility for water systems under the SDWA, this team will also focus on public outreach and education demonstrating the importance of source water protection planning, promoting successful protection plans, and encouraging cooperation with other agencies that can provide expertise and assistance in accomplishing the community's goals in protecting the local sources of drinking water.

Assistance Projects for the Fiscal Year

This fiscal year DWB is utilizing EPA contracts for Area Wide Optimization Program training and additional engineering review services. EPA will withhold set-aside funds in order to provide contract services to hold technical trainings in New Mexico at public water systems so that both staff and public water systems can benefit. NMED wants EPA to hold out funds from the 15% Local Assistance and please put the estimated amount of \$400,000. Contract services will also allow Cadmus to assist DWB with the backlog of engineering reviews while hiring additional staff, due to extensive staff vacancies in the engineering program. DWB will also continue to utilize the capacity development contracts that are in place; the menu of services can be found at <https://www.env.nm.gov/dwb/assistance/CapacityAssistanceContracts.htm>



DWB will be initiating a lead contamination education and assistance project this fiscal year that is expected to run for two to three years. This first year of the project DWB is reaching out to water systems with action level exceedences for lead and offering additional free sample analyses from buildings that typically serve children and pregnant women such as schools, day care centers and summer camps in order to better identify old buildings with lead exceedences and vulnerable customers. DWB is also working with NM Public School Facilities Authority to try to establish routine lead and copper monitoring at public schools statewide as a part of the annual maintenance budget. This includes assisting to coordinate water system operators with public school superintendents to ensure proper sample collection as well.

VII. PUBLIC PARTICIPATION

To ensure the public has an opportunity to review and provide input on the IUP, the draft IUP will be made available to the public through notifications in at least three major newspapers and posting to both the DWB website at <http://www.nmenv.state.nm.us/dwb> and NMFA's website at <http://www.nmfa.net>. The public comment period will be open for a minimum of 30 days. A summary of the comments received will be included as part of Appendix F in the final version of this IUP. NMFA and NMED will post the updated IUP posted on their respective websites for 30 days and is asking the public to submit written comments by July 27, 2016.

VIII. AUDITS AND REPORTING

To ensure transparency and accountability the State agrees to submit an Annual Report and Annual Audit to the EPA Region VI on the actual uses of funds and how the State has met the goals and objectives for the previous fiscal year as identified in the IUP for the previous year. The scope of the Annual Report covers the DWSRLF and all approved Set-Aside activities funded by the DWSRLF program. The Annual Audit covers the financial transactions for the DWSRLF and Set-Aside drawdowns. The NMFA will arrange to have conducted an annual independent financial compliance audit including a single audit as required of its DWSRLF program in accordance with generally accepted government accounting standards (GAGAs) issued by the Comptroller General of the United States. The audit report will contain an opinion on the financial statement of the DWSRLF; a report on internal controls; and a report on compliance with the SDWA. The audit report will be completed within one year of the end of the SFY that is audited and will be submitted to EPA's Office of Inspector General (OIG) within 30 days of completion.

The NMFA requires DWSRLF recipients to maintain project accounts in accordance with Generally Accepted Accounting Principles (GAAPs). This requirement will be implemented through a condition in the financial assistance agreement reached between the NMFA and the DWSRLF assistance recipient.



The State agrees to enter data into EPA’s Project and Benefits Reporting Database (PBR) in accordance with EPA Order 5700.7 Environmental Results Under Assistance Agreement. The State agrees to follow the Federal Funding Accountability and Transparency Act requirements. The State will report annually to the Drinking Water National Information Management System (DWNIMS). The State agrees to comply with the reporting requirements included in the Procedure for the FFY 2013 Appropriation.

IX. AMENDMENTS TO THE PLAN

Revisions to this plan determined to be insignificant and/or minor revisions required for administrative purposes, shall be made by the NMED and NMFA without notification to the public, and will be reported to EPA in the Annual Report. Any material changes in the IUP shall be made in accordance with procedures provided in the NMFA DWSRLF Regulations.



APPENDIX A

New Mexico's

SFY 2017

DWSRLF

Comprehensive and Fundable List



Annual Comprehensive Priority List

DWSRLF Comprehensive Priority List (SFY17 Quarter 1)									
Comprehensive Ranking	NameNumber	Score	Pop.	Designation	County	Disadvantaged?	Project Description	Requested Funding	Sustainability Policy
1	Cuatro Villas MDWCA, NM3533526	64	150	Small System	Santa Fe	Severely	Construction of arsenic treatment facility at two existing Santa Clara wells. Santa Clara will provide bulk water to Cuatro Villas MDWCA to augment its current supply. (NOTE: Project eligibility currently under review by USEPA.)	\$1,393,322	NA
2	Las Vegas Water System, NM3518025	47	19000	Large System	San Miguel	Severely Disadvantaged	New wells and rehabilitation of existing wells at Taylor well field (construction funding)	\$6,630,000	Fix It First
3	Las Vegas Water System, NM3518025	44	19000	Large System	San Miguel	Severely Disadvantaged	Peterson Dam structural and leak repair (construction funding). (Note: Deviation request for project under review by EPA.)	\$1,210,000	NA
4	Las Vegas Water System, NM3518025	38	19000	Large System	San Miguel	Severely Disadvantaged	Effluent water reuse expansion (construction funding)	\$1,950,000	NA
5	Las Vegas Water System, NM3518025	37	19000	Large System	San Miguel	Severely Disadvantaged	Develop a Comprehensive Gallinas Watershed Restoration Plan in order to provide a long-term supply of high quality water for the City of Las Vegas and surrounding communities.	\$425,000	NA
6	Town of Vaughn, NM3515310	35	790	Small System	Guadalupe	Yes	Vaughn is proposing to complete Phase I of the water distribution system improvements. The initial phase will replace the water transmission lines from the Negra Well Field to the existing 400,000 gallon steel storage tank near Highway 60. They will reconnect to Encino and Duran water systems that are supplied by water from Vaughn.	\$1,255,000	Fix It First
7	Taos Municipal Water System, NM3507529	23	5301	Small System	Taos	Severely Disadvantaged	The Town of Taos seeks to develop a 500kW solar PV system to provide alternate power supply to critical drinking water infrastructure located in the Los Cordovas area south of Town. Specifically, a net-metered solar PV system built on Town of Taos property to supply electrical power to the Town's municipal supply wells (7,8, and 9) and arsenic treatment plant.	\$1,991,861	NA
8	Alto North Water Coop, NM3513414	19	200	Small System	Lincoln	Yes	The Coop has two water storage tanks that are deteriorating and need to be replaced. The project will also repair or replace the concrete pad that the tanks are sitting on.	\$319,000	Fix It First



Annual Comprehensive Priority List

DWSRLF Comprehensive Priority List (SFY17 Quarter 1)									
Comprehensive Ranking	NameNumber	Score	Pop.	Designation	County	Disadvantaged?	Project Description	Requested Funding	Sustainability Policy
9	Rio Rancho Water System, NM3509623	18	87000	Large System	Sandoval	No	Re-drill and equip well 13, provide for additional arsenic treatment, and add water storage capacity.	\$13,600,000	Fix It First
10	Riveras MDWUA, NM3566510	18	60	Small System	Guadalupe	Yes	Plan, design, and construct waterline replacement and system improvements. The improvements include meters, service lines, and backflow preventers. The project will address concerns with pressure within the system and may include a pressure boosting station, building for the boosting skid, distribution lines, and fire hydrants.	\$527,000	Fix It First
11 (tie)	Eldorado W&SD, NM3537326	15	7350	Small System	Santa Fe	No	SCADA additions (adds SCADA components and remote monitoring capability to 21 pressure reducing stations, and increases monitoring and metering capability at wells, pumps, and tanks)	\$745,500	NA
11 (tie)	Eldorado W&SD,	15	7350	Small System	Santa Fe	No	Maintenance and Storage Facility (including utility workshop, garage, and material storage)	\$1,245,300	NA
11 (tie)	Eldorado W&SD, NM3537326	15	7350	Small System	Santa Fe	No	Operations and Administrative Facility (including offices, work areas, customer service counter, meeting and records storage space, and SCADA base and work stations)	\$1,667,382	NA
14	Village of Causey, NM3528122	14	73	Small System	Roosevelt	No	Project includes water system improvements including new booster pump station pumps, emergency generator, and waterline improvements.	\$314,000	Fix It First
15	East Culpepper Flats Domestic Water Consumers Assoc.	13	9	Small System	San Juan	No	Environmental review for 574 Regional Pipeline Connection Project. (Note: Project eligibility under review. Applicant system is not a public water system, but project provides connection to a public water system.)	\$65,000	NA
16	Corona, Village of, NM3512714	11	200	Small System	Lincoln	No	Water transmission line reroute project. To plan, design, and construct a new 6" water transmission line from from the southeast part of the village to the dual 100,000 gallon water storage tank. This should stabilize pressure imbalances throughout the system.	\$369,709	Fix It First
17	Village of Cimarron, NM3526204	11	987	Municipality	Colfax	Severely Disadvantaged	The proposed project is for construction over-site and construction services to replace 4,000 to 6,000 feet of aged water lines.	\$ 350,000	Fix It First
18	Jemez Springs Domestic Water Association, NM3509123	9	1500	Small System	Sandoval	No	Mainline replacement, refurbishment of 8 tanks, and replacement of manual-read meters with radio-read meters	\$947,050	Fix It First



Annual Fundable Priority List SFY 17

DWSRLF Fundable Priority List (SFY17 Quarter 1)**															
Fundable Ranking	PWS Name and Number	Score	Population	Designation	County	Disadvantaged?	Project Description	Requested Funding	Subsidy Amount Eligible to Project	Mandatory Cap Grant Subsidy \$1,662,400	Elected Disadvantaged Assistance Subsidy \$2,493,600	Projected Repayable Amount	Interest rate*	Sustain-ability Policy	Projected Commit-ment Date
1	Village of Angel Fire, NM3531904	40	6,000	Municipality	Colfax	No	This project consists of equipping an existing well including metering, disinfection, electrical and piping connections to place the well into service to restore 25% of the Village water production.	\$ 427,000.00	\$ 106,750.00	\$ 106,750.00	\$ -	\$ 320,250.00	2%	Fix It First	11/1/2016
2	Las Vegas Water System, NM3518025	40	19,000	Municipality	San Miguel	Severely Disadvantaged	Replacement of aged lines on 8th St. and on Chico Dr.	\$ 600,000.00	\$ 450,000.00		\$ 450,000.00	\$ 150,000.00	0%	Fix It First	11/1/2016
3	San Cristobal MDWCA, NM3574929	36	200	Mutual Domestic Association	Taos	Disadvantaged	System upgrades including installation of treatment facility with single train filtration and installation of radio read meters.	\$ 147,215.00	\$ 73,607.50		\$ 73,607.00	\$ 73,608.00	0%	NA	11/1/2016
4	Town of Red River, NM3507129	36	500	Municipality	Taos	Severely Disadvantaged	Project includes final design, permitting, survey of easement, geotech, bid documents, solicitation and construction oversight for the removal and replacement of an existing 20K storage tank at the Hatch tank site with a 250k welded steel tank, installing of the proposed booster pump station, 8-inch distribution line from the proposed Hatch tank to the Wild Oaks Subdivision, and a new pressure reducing valve and vault.	\$ 1,740,000.00	\$ 1,305,000.00		\$ 1,305,000.00	\$ 435,000.00	0%	Fix It First	11/1/2016
5	Town of Hurley, NM3500609	35	1,250	Municipality	Grant	No	This regional project consist of several phases and will serve communities throughout the Mining District. Phase 1 includes construction of a production well, a new steel tank with security fencing, and approximately 6 miles of 10" transmission line that will supply the Town of Hurley with a replacement source of fresh water.	\$ 3,860,000.00	\$ 965,000.00	\$ 931,032.00	\$ -	\$ 2,928,968.00	2%	Fix It First	11/1/2016



Annual Fundable Priority List SFY 17

DWSRLF Fundable Priority List (SFY17 Quarter 1)**															
Fundable Ranking	PWS Name and Number	Score	Population	Designation	County	Disadvantaged?	Project Description	Requested Funding	Subsidy Amount Eligible to Project	Mandatory Cap Grant Subsidy \$1,662,400	Elected Disadvantaged Assistance Subsidy \$2,493,600	Projected Repayable Amount	Interest rate*	Sustainability Policy	Projected Commitment Date
6	Las Vegas Water System, NM3518025	35	19,000	Municipality	San Miguel	Severely Disadvantaged	Cabin Site 5 Million Gallon tank is a primary storage tank for the City of Las Vegas water system. Due to the age and condition of the tank it is at risk of failure and rehabilitation is recommended. Project includes draining the tank, vacuum floor for precise inspection, visually inspect rafters, re-coat interior, replace rafter bolts, re-paint exterior and replacement of cathodic protection.	\$ 841,000.00	\$ 630,750.00	\$ -	\$ 630,750.00	\$ 210,250.00	0%	Fix It First	11/1/2016
7	Las Vegas Water System, NM3518025	34	19,000	Municipality	San Miguel	Severely Disadvantaged	The 2011 PER identified the installation of approximately 2,400 feet of water line north along North Grand avenue from City Hall was needed to loop dead end lines and improve water quality in that area	\$ 354,000.00	\$ 265,500.00	\$ 231,257.00	\$ 34,243.00	\$ 88,500.00	0%	NA	11/1/2016
8	Village of Cimarron, NM3526204	33	987	Municipality	Colfax	Severely Disadvantaged	Project is for final design, environmental studies and construction documents for a new three column micro filtration water treatment plant.	\$ 350,000.00	\$ 262,500.00	\$ 262,500.00		\$ 87,500.00	0%	NA	11/1/2016
9	Eldorado W&SD, NM3537326	32	7,350	Water & Sanitation District	Santa Fe	No	Design and construction of improvements to reduce system pressure based on recommendations from Pressure Zone Optimization Study.	\$ 500,000.00	\$ 125,000.00	\$ 125,000.00	\$ -	\$ 375,000.00	2%	Fix It First	11/1/2016



Annual Fundable Priority List SFY 17

DWSRLF Fundable Priority List (SFY17 Quarter 1)**															
Fundable Ranking	PWS Name and Number	Score	Population	Designation	County	Disadvantaged?	Project Description	Requested Funding	Subsidy Amount Eligible to Project	Mandatory Cap Grant Subsidy \$1,662,400	Elected Disadvantaged Assistance Subsidy \$2,493,600	Projected Repayable Amount	Interest rate*	Sustainability Policy	Projected Commitment Date
10	Town of Red River, NM3507129	31	500	Municipality	Taos	Severely Disadvantaged	Project includes final design, permitting, bid documents, solicitation and construction oversight for removal and replacement of structure, rehabilitation of 1.25 MG tank, installation of new tank level monitoring equipment, flow metering equipment, and controls that can be incorporated into a future SCADA system.	\$ 690,000.00	\$ 517,500.00	\$ 5,861.00	\$ -	\$ 684,139.00	0-2%*	Fix It First	11/1/2016
11	North Star MDWCA, NM3520024	31	3,492	Mutual Domestic Association	San Juan	No	Upgrade and expansion of water treatment plant, and replacement of manual read meters with radio read meters.	\$ 2,200,000.00	\$ 550,000.00	\$ -	\$ -	\$ 2,200,000.00	2%	Fix It First	11/1/2016
12	Las Vegas Water System, NM3518025	31	19,000	Municipality	San Miguel	Severely Disadvantaged	Identification of distribution system leaks through an ongoing leak detection program that continually monitors the system. A Leak detection survey was funded in 2013 and resulted in the City being able to repair many previously unnoticed leaks. This project would allow the City to continue to identify new leaks for repair to continue to reduce the unaccounted for water loss.	\$ 725,240.00	\$ 543,930.00	\$ -	\$ -	\$ 725,240.00	0-2%*	NA	11/1/2016
13	North Star MDWCA, NM3520024	27	3,492	Mutual Domestic Association	San Juan	No	Construction of 8-inch diameter water line to connect North Star MDWCA and Flora Vista MDWA water systems.	\$ 450,000.00	\$ 112,500.00	\$ -	\$ -	\$ 450,000.00	2%	Fix It First	11/1/2016
14	Village of Angel Fire, NM3531904	26	6,000	Municipality	Colfax	No	The project consists of rehabilitation and/or replacement of 12 existing welded steel water storage tanks totaling approximately 1.8 million gallons.	\$ 2,618,750.00	\$ 654,687.50	\$ -	\$ -	\$ 2,618,750.00	2%	Fix It First	11/1/2016



Annual Fundable Priority List SFY 17

DWSRLF Fundable Priority List (SFY17 Quarter 1)**															
Fundable Ranking	PWS Name and Number	Score	Population	Designation	County	Disadvantaged?	Project Description	Requested Funding	Subsidy Amount Eligible to Project	Mandatory Cap Grant Subsidy \$1,662,400	Elected Disadvantaged Assistance Subsidy \$2,493,600	Projected Repayable Amount	Interest rate*	Sustainability Policy	Projected Commitment Date
15	Eldorado W&SD, NM3537326	26	7,350	Water & Sanitation District	Santa Fe	No	Design and construction of piping modifications, a well house addition, and other appurtenances needed for dual pumping and production from Well 2A and 2B.	\$ 353,500.00	\$ 88,375.00	\$ -	\$ -	\$ 353,500.00	2%	Fix It First	11/1/2016
16	City of Farmington, NM3510224	25	47,000	Municipality	San Juan	No	Zone 2P Water line replacement, Phase II: Design, construct, and acquire archaeological and environmental clearances for the replacement of aging cast iron water lines in Zone 2P	\$ 3,560,000.00	\$ 890,000.00	\$ -	\$ -	\$ 3,560,000.00	2%	Fix It First	11/1/2016
17	Village of Los Lunas, NM3525332	14	14,284	Municipality	Valencia	No	Waterline Crossing Phase II North. 18" waterline approximately 7,900 linear feet along the Los Lentos drain. The project will provide redundancy to the east side of the river which is served by a single distribution line.	\$ 2,109,400.00	\$ 527,350.00	\$ -	\$ -	\$ 2,109,400.00	2%	NA	11/1/2016
			174,405					\$21,526,105	\$8,068,450	\$1,662,400.00	\$2,493,600	\$17,370,105	1.22%		
*0% interest rate applies to the first \$600,000 of the loan.															
**All projects may be utilized to fulfill federal equivalency requirements and FFAATA requirements for the FY16 Capitalization Grant															
Both sets of subsidy are fully allocated with the black line.															



APPENDIX B

RANKING SYSTEM FOR DWSRLF PROJECTS



New Mexico’s SFY 17 DWSRLF Priority Ranking System

All eligible projects will be rated with respect to six categories to determine their ranking and selection for funding under NM’s DWSRLF. The categories are as follows:

- Source Water Vulnerability (45 total points)
- Safe Drinking Water Act Compliance (48 total points)
- Affordability (16 total points)
- Regionalization (14 total points)
- Water Efficiency (23 total points)
- Sustainability (16 total points)

The total project score is the sum of the scores for each category.

Source Water Vulnerability	
<u>Inconsistent Water Supply</u> : Project is for rehabilitation or a new source of raw water for drinking water systems that experience water outages or deficiencies in water production as demonstrated by peak demand needs.	12 Points
<u>Improve water quality in areas not currently served</u> : Project extends water service to existing residences that are not currently served by a centralized water system and the local groundwater is contaminated.	8 Points
<u>Backup source</u> : Project includes development of a second potable source of water, such as a backup well or surface water intake.	6 Points
<u>Inadequate or decreasing water supply</u> : Project supplies future water production needs.	5 Points
<u>Finished Water storage</u> : Project is for additional finished water storage capacity to ensure adequate supply during emergency situations and planned outages (excluding storage requirements for fire flow). It is recommended that finished water storage should supply the system’s demand with water for 2 days of no production. Excess storage capacity where water quality may be impacted should be avoided.	5 Points
<u>Source Water Protection Plan</u> : Water system maintains an active Source Water Protection Plan that has been updated in the last three years.	4 points



<u>Water reuse project</u> ² : The project increases water efficiency, to increase potable water supply by replacing potable uses with non-potable sources, such as grey water systems and wastewater effluent reuse systems.	3 points
<u>Water Use Management</u> : Water system utilizes drought contingency or water conservation policies to manage customer demand seasonally or as needed in water shortages.	2 points
Safe Drinking Water Act Compliance	
<u>Acute violations</u> : System is in violation of acute treatment technique requirements or an MCL of an acute contaminant, and the proposed project will return the system to compliance.	20 Points
<u>Ground Water Under the Direct Influence of Surface Water (GWUDI) Sources</u> : System has received a formal GWUDI determination requiring the installation of surface water treatment, and the proposed project will meet compliance requirements.	15 Points
<u>Non-acute violations</u> : System is in violation of non-acute treatment technique requirements or MCL exceedences of non-acute contaminants, and the proposed project will return the system to compliance.	12 Points
<u>Maintains Compliance</u> : System is in compliance with state and federal drinking water regulations.	1 point
Affordability (Community Water Systems Only)	
Affordability ratio ² .01 to .015	6 Points
Affordability ratio ¹ greater than .015	10 Points
Regionalization	
<u>Regionalization Activities</u> : Project is a regionalization effort among two or more public water systems that results in the consolidation or physical connection of the public water systems that will begin to operate as one system, full time.	5 Points



<u>Provide regulated water service to areas not currently served</u> : Project extends water service to existing homes not currently served by a centralized water system.	5 Points
<u>Emergency Interconnection</u> : Project addresses the need for an emergency or back up source through an interconnection with another public water system.	3 Points
<u>Regional Resource Coordination</u> : System participates in a regional sharing of resources with other water system(s).	1 point
Water Efficiency	
<u>Metering</u> : Project includes metering an unmetered system.	8 Points
<u>Real Water Loss Reduction</u> : Project replaces or rehabilitates failing or inadequate distributions lines and real water loss has been identified to be reduced.	5 points
<u>Water Pressure</u> : Project addresses a water pressure problem.	4 Points
<u>Infrastructure Rehabilitation</u> : Project replaces or rehabilitates failing or inadequate infrastructure or equipment, other than a water source.	4 Points
<u>Water Conservation</u> : The system maintains a water conservation plan with the Office of the State Engineer or utilizes the AWWA M36 method to control water loss, including a level one validated audit from within the last three years.	1 Points
<u>Water Loss Program</u> : The system implements water loss control strategies with the AWWA M36 method by completing annual audits.	1 points
Sustainability	
<u>Asset Management</u> : Systems that have developed or are in the process of developing an asset management plan will receive one point for each core component completed. The core components are: asset inventory, level of service, critical asset assessment, life cycle costing, and long-term funding strategy.	5 Points Maximum
<u>Operation Improvements</u> : Project streamlines, automates, or improves operations of the system (e.g. radio read meters, looping, SCADA, additional valves).	3 Points



<u>Asset Management</u> : Project is part of a current asset management long term funding strategy.	2 points
<u>Energy Efficiency</u> ² : Project implements renewable energy or energy conservation to reduce the amount of energy consumed from the grid to produce, treat and deliver water.	2 Points
<u>Green Stormwater Infrastructure</u> ² : Project preserves or restores natural landscape features and establishes policies such as infill and watershed redevelopment to reduce imperviousness. Local green infrastructure practices include bioretention, green roofs, rainwater harvesting, or grey water use.	2 Points
<u>Environmentally Innovative Projects</u> ² : Project uses environmentally innovative concepts to produce, treat and/or deliver water.	2 Points
Total	162 Points Maximum

¹ The affordability ratio is calculated by dividing projected average annual cost for water service upon the completion of the proposed project by the Median Household Income of the public water system's service area.

²Reference for these criteria is the EPA 2011 Clean Water and Drinking Water State Revolving Loan Fund 20% Green Project Reserve: Guidance for Determining Project Eligibility.



APPENDIX C

NEW MEXICO ENVIRONMENT DEPARTMENT MATCH FOR STATE PROGRAMS CATEGORY

NMED State Programs 1:1 Match Formula	
DWSRLF STATE PROGRAMS SET-ASIDE ELEMENT	SFY17 Operating Budget
	July 2016-June 2017
State Programs Budget	\$1,590,700
State Match Funds	SFY17 Operating Budget
	July 2016-June 2017
Water Conservation Fee Fund	\$3,414,700
Available State Match-Current Year	\$1,590,700
Excess State Program Match	\$1,824,000



APPENDIX D

DWSRLF Sources and Uses



Table 2 DWSRLF SOURCES AND USES SFY 2017

SOURCES	Cumulative Total through 6/30/2016	7/1/2016 - 6/30/2017 (This IUP)	Cumulative Total through 6/30/17
Federal Capitalization Grants	\$181,255,500	\$8,312,000	\$189,567,500
20% Capitalization Grant Match	\$33,261,100	\$1,662,400	\$34,923,500
Investment Interest ¹	\$3,472,076	\$182,741	\$3,654,817
Loan Repayments – Principal	\$33,930,014	\$5,326,459	\$39,256,473
Loan Repayments - Interest	\$10,521,563	\$1,505,546	\$12,027,109
Total Sources	\$262,440,253	\$16,989,146	\$279,429,399
Other			
Set Aside 1:1 Match	\$40,851,071	\$3,414,700	\$44,265,771
Uses of Funds			
Assistance Activity			
Large System Commitments	\$118,794,702	\$10,762,960	\$129,557,662
Small System Commitments	\$54,755,843	\$16,503,538	\$71,259,381
Total Assistance	\$173,550,545	\$27,266,498	\$200,817,043
Set-Aside Activity			
Administration	\$7,213,171	\$332,480	\$7,545,651
Small System Technical Assistance	\$3,540,370	\$166,240	\$3,706,610
State Programs Management	\$17,701,850	\$831,200	\$18,533,050
Local Assistance	\$24,945,825	\$1,246,800	\$26,192,625
Less Transfers to Loan Fund	(\$1,360,726)	\$0	(\$1,360,726)
Total Set-Asides	\$52,040,490	\$2,576,720	\$54,617,210
Total Uses	\$225,591,035	\$29,843,218	\$255,434,253
Carryover ²	\$36,849,218	(\$12,854,072)	\$23,995,146

1 Investment interest is projected from the three year average, this past performance is no guarantee of future performances.

2 Carryover will be used to fund additional projects in the SFY.



APPENDIX E

DWSRF Set-Asides

ADMINISTRATION SET ASIDE (4%)								
Cap Grants with Allocations to Set-Aside	Set-Aside Allocated	Set-Aside Anticipated for FFY 2016 Cap Grants	Specified Amount	Unspecified Amount	Amount Transferred to Loan Fund	Specified Expenditures through SFY 2016	Estimated Expenditures through SFY 2017	Estimated 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	\$332,124		\$0
FFY 05	\$331,420		\$331,420	\$0	\$0	\$331,420		\$0
FFY 06	\$329,172		\$329,172	\$0	\$0	\$329,172		\$0
FFY 07	\$329,160		\$329,160	\$0	\$0	\$329,160		\$0
FFY 08	\$325,840		\$325,840	\$0	\$0	\$325,840		\$0
FFY 09	\$325,840		\$325,840	\$0	\$0	\$325,840		\$0
FFY 09 (ARRA)	\$780,000		\$780,000	\$0	\$219,049	\$560,951		\$0
FFY 10	\$542,920		\$542,920	\$0	\$0	\$542,920		\$0
FFY 11	\$376,720		\$376,720	\$0	\$0	\$376,720		\$0
FFY 12	\$359,000		\$359,000	\$0	\$0	\$359,000		\$0
FFY 13	\$336,840		\$336,840	\$0	\$0	\$336,840		\$0
FFY 14	\$353,800		\$353,800	\$0	\$0	\$71,564	\$282,236	\$0
FFY 15	\$351,480		\$351,480	\$0	\$0	\$0	\$134,274	\$217,206
FFY 16		\$332,480	\$0	\$0	\$0	\$0	\$0	\$332,480
TOTALS	\$7,432,220	\$332,480	\$7,432,220	\$0	\$219,049	\$6,579,455	\$416,510	\$549,686



SMALL SYSTEMS TECHNICAL ASSISTANCE SET ASIDE (2%)								
Cap Grants with Allocations to Set-Aside	Set-Aside Allocated	Set-Aside Anticipated for FFY 2016 Cap Grant	Specified Amount	Unspecified Amount	Amount Transferred to Loan Fund	Specified Expenditures through SFY 2016	Estimated Expenditures through SFY 2017	Estimated Ending Balance as of end of SFY 2017
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	\$160,082		\$0
FFY 04	\$166,062		\$166,062	\$0	\$0	\$166,062		\$0
FFY 05	\$165,710		\$165,710	\$0	\$0	\$165,710		\$0
FFY 06	\$164,586		\$164,586	\$0	\$0	\$164,586		\$0
FFY 07	\$164,580		\$164,580	\$0	\$0	\$164,580		\$0
FFY 08	\$162,920		\$162,920	\$0	\$0	\$162,920		\$0
FFY 09	\$162,920		\$162,920	\$0	\$0	\$162,920		\$0
FFY 09 (ARRA)	\$390,000		\$390,000	\$0	\$0	\$390,000		\$0
FFY 10	\$271,460		\$271,460	\$0	\$0	\$271,460		\$0
FFY 11	\$188,360		\$188,360	\$0	\$50,980	\$137,380		\$0
FFY 12	\$179,500		\$179,500	\$0	\$0	\$179,500		\$0
FFY 13	\$168,420		\$168,420	\$0	\$168,420	\$0		\$0
FFY 14	\$176,900		\$176,900	\$0	\$0	\$7,000	\$169,900	\$0
FFY 15	\$175,740		\$175,740	\$0	\$0	\$0		\$175,740
FFY 16		\$166,240	\$166,240	\$0	\$0	\$0	\$28,000	\$138,240
TOTALS	\$3,716,110	\$166,240	\$3,882,350	\$0	\$219,400	\$3,151,070	\$197,900	\$313,980
FFY 15 Small Systems Tech Amount Banked \$175,740								



STATE PROGRAM MANAGEMENT SET-ASIDE (10%)

Cap Grants with Allocations to Set-Aside	Set-Aside Allocated	Set-Aside Anticipated for FFY 2016 Cap Grant	Specified Amount	Unspecified Amount	Amount Transferred to Loan Fund	Specified Expenditures through SFY 2016	Estimated Expenditures through SFY 2017	Estimated Ending Balance as of end of SFY 2017
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	\$828,550		\$0
FFY 06	\$822,930		\$822,930	\$0	\$0	\$822,930		\$0
FFY 07	\$822,900		\$822,900	\$0	\$0	\$822,900		\$0
FFY 08	\$814,600		\$814,600	\$0	\$0	\$814,600		\$0
FFY 09	\$814,600		\$814,600	\$0	\$0	\$814,600		\$0
FFY 09 (ARRA)	\$1,950,000		\$1,950,000	\$0	\$0	\$1,950,000		\$0
FFY 10	\$1,357,300		\$1,357,300	\$0	\$28,098	\$1,329,202		(\$0)
FFY 11	\$941,800		\$941,800	\$0	\$23,435	\$918,365		\$0
FFY 12	\$897,500		\$897,500	\$0	\$0	\$897,500		\$0
FFY 13	\$842,100		\$842,100	\$0	\$0	\$731,200	\$110,900	\$0
FFY 14	\$884,500		\$884,500	\$0	\$0	\$0	\$884,500	\$0
FFY 15	\$878,700		\$878,700	\$0	\$0	\$0		\$878,700
FFY 16		\$831,200	\$831,200	\$0	\$0	\$0	\$595,300	\$235,900
TOTALS	\$18,580,550	\$831,200	\$19,411,750	\$0	\$51,533	\$16,654,917	\$1,590,700	\$1,114,600

FFY 15 State Programs Amount Banked \$878,700



LOCAL ASSISTANCE AND OTHER STATE PROGRAMS SET-ASIDE								
WELLHEAD PROTECTION SUB –ELEMENT (5%)								
Cap Grants with Allocations to Set-Aside	Set-Aside Allocated	Set-Aside Anticipated for FFY 2016 Cap Grant	Specified Amount	Unspecified Amount	Amount Transferred to Loan Fund	Specified Expenditures through SFY 2016	Estimated Expenditures through SFY 2017	Estimated Ending Balance as of end of SFY 2017
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	\$415,155		\$0
FFY 05	\$414,275		\$414,275	\$0	\$0	\$414,275		\$0
FFY 06	\$411,465		\$411,465	\$0	\$0	\$411,465		\$0
FFY 07	\$411,450		\$411,450	\$0	\$0	\$411,450		\$0
FFY 08	\$407,300		\$407,300	\$0	\$164,428	\$242,872		\$0
FFY 09	\$407,300		\$407,300	\$0	\$0	\$407,300		\$0
FFY 09 (ARRA)	\$0		\$0	\$0	\$0	\$0		\$0
FFY 10	\$678,650		\$678,650	\$0	\$308,956	\$369,694		\$0
FFY 11	\$470,900		\$470,900	\$0	\$462,542	\$8,358		\$0
FFY 12	\$448,750		\$448,750	\$0	\$0	\$448,750		\$0
FFY 13	\$421,050		\$421,050	\$0	\$0	\$392,270	\$28,780	\$0
FFY 14	\$442,250		\$442,250	\$0	\$0	\$0	\$431,820	\$10,430
FFY 15	\$439,350		\$439,350	\$0	\$0	\$0	\$0	\$439,350
FFY 16		\$415,600	\$415,600	\$0	\$0	\$0	\$0	\$415,600
TOTALS	\$9,276,731	\$415,600	\$9,692,331	\$0	\$935,926	\$7,430,425	\$460,600	\$865,380



CAPACITY DEVELOPMENT SUB-ELEMENT (10%)

Cap Grants with Allocations to Set-Aside	Set-Aside Allocated	Set-Aside Anticipated for FFY 2016 Cap Grant	Specified Amount	Unspecified Amount	Amount Transferred to Loan Fund	Specified Expenditures through SFY 2016	Estimated Expenditures through SFY 2017	Estimated Ending Balance as of end of SFY 2017
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	\$828,550		\$0
FFY 06	\$822,930		\$822,930	\$0	\$0	\$822,930		\$0
FFY 07	\$822,900		\$822,900	\$0	\$0	\$822,900		\$0
FFY 08	\$814,600		\$814,600	\$0	\$37,753	\$776,847		\$0
FFY 09	\$814,600		\$814,600	\$0	\$0	\$814,600		\$0
FFY 09 (ARRA)	\$0		\$0	\$0	\$0	\$0		\$0
FFY 10	\$1,357,300		\$1,357,300	\$0	\$0	\$1,357,300		\$0
FFY 11	\$941,800		\$941,800	\$0	\$276,534	\$665,266		\$0
FFY 12	\$897,500		\$897,500	\$0	\$0	\$897,500		\$0
FFY 13	\$842,100		\$842,100	\$0	\$0	\$584,804	\$257,296	\$0
FFY 14	\$884,500		\$884,500	\$0	\$0	\$0	\$884,500	\$0
FFY 15	\$878,700		\$878,700	\$0	\$0	\$0	\$722,104	\$156,596
FFY 16		\$831,200	\$831,200	\$0	\$0	\$0	\$0	\$831,200
TOTALS	\$15,669,094	\$831,200	\$16,500,294	\$0	\$314,287	\$13,334,311	\$1,863,900	\$987,796

\$141,700 slated for Cadmus & \$258,300 slated for PAI to work under EPA Contract Total \$400,000



APPENDIX F

PUBLIC OUTREACH

The public notice process is described in Section VII of this document (Public Participation). The following comments were received during the public comment period of July 1 – 29, 2016:

1. SAN CRISTOBAL MDWCA: James T. Gilroy, Water Operator and Board Member of the San Cristobal MDWCA

“...the change in the [Median Household Income] MHI data from 2013 with household incomes at \$40,841 to the 2014 data at \$87,639. How I wish this were the case, but the families on our domestic water system have not changed and the majority of our users on the system live well below the poverty level. San Cristobal community has approximately 150 homes with just 55 of those on the domestic water system. The rest of the families have had the means to dig their own wells. The vast majority of those on the domestic water system are poor families with incomes that do not come close to the \$40,841 of the 2013 data much less the 2014 data. Since the data taken into consideration for our application does not match the reality of our domestic users, we are submitting this appeal.”

*DWB REVIEWED THIS CHANGE WITH NMFA AND IT WAS AGREED THAT THE 2013 MHI WAS MOST REPRESENTATIVE.

2. EPA OFFICE OF GROUND WATER AND DRINKING WATER REQUESTED THAT WE INCLUDE A DESCRIPTION OF ANNUAL PROJECTS SUCH AS LEAD ASSISTANCE AND OUTREACH.

*DWB COMPLETED THIS AS REQUESTED UNDER THE DESCRIPTION OF THE LOCAL ASSISTANCE SET ASIDES.

3. NORTHSTAR MDWCA: Donzil Worthington, on behalf of Lloyd Ayliffe, General Manager of the North Star Water System

“... requesting comments to the draft priority ranking of both North Star 2016 DWSRF applications, see attachments containing additional information. We respectfully request reconsideration of the draft point ranking due to this additional information and would be pleased to address additional questions or comments you may have.”



*DWB REVIEWED THE REQUESTS WITH NMFA AND DETERMINED AN AFFORDABILITY RATIO OF 1.504% IS MORE APPROPRIATE BASED ON REVIEW OF THE FINANCIAL DATA FOR 2015. THIS GAVE AN ADDITIONAL 16 POINTS FOR EACH PROJECT BUT THE 2014 MHI IS STILL ABOVE 90% OF THE STATE'S MHI SO NORTHSTAR DOES NOT QUALIFY FOR THE DISADVANTAGED COMMUNITY PROGRAM.

Sample notice published in at least three newspapers statewide:

The New Mexico Finance Authority (NMFA) and the New Mexico Environment Department (NMED) Drinking Water Bureau (DWB) invite public review and comment on the ***State Fiscal Year 2017 Drinking Water State Revolving Fund Draft Intended Use Plan***. The Safe Drinking Water Act (SDWA) amendments of 1996 authorized a Drinking Water State Revolving Fund (DWSRF) program to assist eligible public water systems to finance the cost of the infrastructure needed to achieve or maintain compliance with the SDWA requirements and protect public health. This Intended Use Plan (IUP) details the intended use for the State Fiscal Year 2017. The draft IUP is available at <http://www.nmfa.net> and https://www.env.nm.gov/dwb/loan_fund/DWSRF_IUP.htm or a copy can be obtained by calling Karen Torres at (505) 827-0027 or by e-mail at danielle.shuryn@state.nm.us. Comments will be accepted until July 29, 2016 and should be addressed to:

New Mexico Environment Department - Drinking Water Bureau

P. O. Box 5469

Santa Fe, NM 87502-5469

Attn: Danielle Shuryn



Appendix G:

Compliance with Grant Conditions

1. Davis-Bacon Act

It is a requirement that recipients of SRF funding comply with 40 CFR Part 31, the Davis- Bacon Act wage determinations and the U.S. Department of Labor’s implementing regulations. The Department of Labor provides all pertinent information related to compliance with labor standards, including prevailing wage rates and instructions for reporting. The requirements of section 1450(e) of the Safe Drinking Water Act (42 U.S.C. 300j-9(e)) shall apply to any construction project carried out in whole or in part with assistance made available as authorized by section 1452 of that Act (42 U.S.C. 300j-12).

2. Compliance with Crosscutting Authorities

There are a number of federal laws, executive orders, and federal policies that apply to projects and activities receiving federal financial assistance, regardless of whether the federal laws authorizing the assistance make them applicable. These federal authorities are referred to as crosscutting authorities or crosscutters. The crosscutters apply to projects and activities whose cumulative funding equals the amount of the SRF capitalization grants. All projects assisted with funds equivalent to the amount of capitalization grants must comply with the crosscutter requirements. The crosscutters can be divided into three groups: environmental; social policies; and, economic and miscellaneous authorities.

- Environmental crosscutters include federal laws and executive orders that relate to preservation of historical and archaeological sites, endangered species, wetlands, agricultural land, etc. This crosscutter requirement includes a National Environmental Policy Act-compliant environmental review.
- Social policy crosscutters include requirements such as minority and women’s business enterprise participation goals, equal opportunity employment goals, and nondiscrimination laws. This crosscutter requirement includes compliance with the Disadvantaged Business Enterprise program.
- Economic crosscutters directly regulate the expenditure of federal funds such as the prohibition against entering into contracts with debarred or suspended firms.

A complete list of crosscutting authorities can be found at the EPA web site www.epa.gov/safewater/dwsrf/xcuts.html



The following language is included in Drinking Water State Revolving Loan Fund Loans.

Section 7.4 Compliance with Applicable State and Federal Laws. During the Loan Agreement Term, the Governmental Unit shall comply with all applicable State and federal laws, including, without limitation, the following:

(a) For all contracts, the Governmental Unit shall comply with the New Mexico Procurement Code, NMSA 1978, §§ 13-1-28 through 13-1-199, as amended, or its local procurement ordinances and regulations, as applicable.

(b) For all construction contracts awarded in excess of \$10,000, the Governmental Unit shall comply with Executive Order 11246 of September 24, 1965, entitled "Equal Employment Opportunity," as amended by Executive Order 11375 of October 12, 1967, and as supplemented in Department of Labor regulations (41 C.F.R. chapters 40 and 60). In addition, for all contracts, the Governmental Unit shall comply with all State laws and regulations and all executive orders of the Governor of the State pertaining to equal employment opportunity.

(c) For all contracts awarded for construction or repair, the Governmental Unit shall comply with the Copeland "Anti-Kickback" Act (18 U.S.C. § 874) as supplemented in Department of Labor regulations (29 C.F.R. part 3).

(d) For all construction subcontracts, and sub grants of amounts in excess of \$100,000, the Governmental Unit shall comply with all applicable standards, orders, or requirements issued under section 306 of the Clean Air Act (42 U.S.C. § 7606), Section 508 of the Clean Water Act (33 U.S.C. § 1368), Executive Order 11738, and Environmental Protection Agency regulations (40 C.F.R. Part 15). In addition, for all contracts, the Contractor shall comply with all applicable State laws and regulations and with all executive orders of the Governor of the State pertaining to protection of the environment.

(e) For all contracts the Governmental Unit shall comply with the mandatory standards and policies relating to energy efficiency which are contained in the State energy conservation plan issued in compliance with section 362 of the Energy Policy and Conservation Act (42 U.S.C. § 6322).

(f) For all contracts in excess of \$2,000 the Governmental Unit shall comply with applicable standards of the Davis-Bacon Wage Act (40 U.S.C. § 3141 et seq.), as amended and supplemented, relating to wages paid to laborers and mechanics employed by contractors and sub-contractors on a Project funded directly by or assisted in whole or in part by and through the Governmental Unit.

(g) For all contracts, the Governmental Unit shall comply with the requirements of the Environmental Protection Agency's Program for Utilization of Minority and Women's Business Enterprises set out in Title 40, Chapter I, Subchapter B, Part 33 of the Code of Federal



Regulations.

(h) For all contracts, the Governmental Unit shall comply with the requirements of Executive Order 13502 on Use of Project Agreements for Federal Construction Projects.

(i) For all contracts, the Governmental Unit shall comply with the requirements of Executive Order dated September 25, 2012 on Strengthening Protections Against Trafficking in Persons in Federal Contracts.

(j) For all contracts, the Governmental Unit shall comply with all federal requirements applicable to the Loan (including those imposed by the 2014 Appropriations Act and related SRF Policy Guidelines) which the Governmental Unit understands includes, among other, requirements that all of the iron and steel products used in the Project are to be produced in the United States (“American Iron and Steel Requirement”) unless (i) the Governmental Unit has requested and obtained a waiver from the Finance Authority pertaining to the Project or (ii) the Finance Authority has otherwise advised the Governmental Unit in writing that the American Iron and Steel Requirement is not applicable to the Project.

(k) For all contracts, the Governmental Unit shall comply with all record keeping and reporting requirements under the Clean Water Act/Safe Drinking Water Act, including any reports required by a Federal agency or the Finance Authority such as performance indicators of program deliverables, information on costs and project progress. The Governmental Unit understands that (i) each contract and subcontract related to the Project is subject to audit by appropriate federal and state entities and (ii) failure to comply with the Clean Water Act/Safe Drinking Water Act and this Agreement may be a default under this Agreement.

(l) For all contracts, the Governmental Unit shall comply with Executive Order 12549 – Debarment and Suspension and all rules, regulations and guidelines issued pursuant to Executive Order 12549, including compliance with the requirement that each prospective participant in transactions related to the Loan execute a written certification that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from participation in transactions related to the Loan.

The Finance Authority or its designee shall have the right to review all contracts, work orders and other documentation related to the Project that it deems necessary to assure compliance with applicable laws, rules and regulations, and may conduct such review as it deems appropriate prior to disbursing funds for payment of an Approved Requisition.

American Iron and Steel

For all contracts, the Governmental Unit shall comply with all federal requirements applicable to the Loan (including those imposed by the 2014 Appropriations Act and related SRF Policy Guidelines) which the Governmental Unit understands includes, among other, requirements that all of the iron and steel products used in the Project are to be produced in



the United States (“American Iron and Steel Requirement”) unless (i) the Governmental Unit has requested and obtained a waiver from the Finance Authority pertaining to the Project or (ii) the Finance Authority has otherwise advised the Governmental Unit in writing that the American Iron and Steel Requirement is not applicable to the Project.

Signage- The recipient agrees to comply with the SRF Signage Guidelines in order to enhance public awareness of EPA assistance agreements nationwide. (See Memo, “Guidelines for Enhancing Public Awareness of SRF Assistance Agreements,” June 3, 2015.)



Appendix H:

Cash Draw Ratio and Grant Payment Schedule

New Mexico Finance Authority -- FY 2016 Grant Application Draw Projections Appropriation \$8,312,000 (Federal) Appropriation \$1,662,400. (State)									
Date	FFY -- QTR	Administrative Set-Aside	Small System Technical Assistance Set Aside	State Program Management Set-Aside	Local Assistance and other State Program Set Aside*	Total Set Aside	Loan Fund Federal	Loan Fund State Match	Total
July - Sept 2016	2016 - 4th								\$0
Oct - Dec 2016	2017 - 1st	\$166,240				\$166,240	\$2,867,640	\$831,200	\$3,865,080
Jan - Mar 2017	2017 - 2nd	\$166,240				\$166,240	\$2,867,640	\$831,200	\$3,865,080
Apr - June 2017	2017 - 3rd								
July - Sept 2017	2017 - 4th		\$41,560	\$207,800	\$211,700	\$461,060			\$461,060
Oct - Dec 2017	2018 - 1st		\$41,560	\$207,800	\$211,700	\$461,060			\$461,060
Jan - Mar 2018	2018 - 2nd		\$41,560	\$207,800	\$211,700	\$461,060			\$461,060
Apr - June 2018	2018 - 3rd		\$41,560	\$207,800	\$211,700	\$461,060			\$461,060
July - Sept 2018	2018 - 4th								\$0

* Withholding \$400,000 In-Kind from the 15% Set aside for EPA contracts

For Reference						Max set- aside equals	Max loan fund equals	Cash Draw Ratio
Max % - total award		4%	2%	10%	15%	31%	69%	
Max \$ -total federal award	\$332,480		\$166,240	\$831,200	\$1,246,800	\$2,576,720	\$5,735,280	77.53%
Max \$ -total state award							\$1,662,400	22.47%
Combined total						\$2,576,720	\$7,397,680	100.00%

