

The State Of New Mexico

Drinking Water Capacity Development SFY08 Annual Report

&

Governor's Report



**Prepared by
The New Mexico Environment Department Drinking Water Bureau**

For

**The New Mexico Office of the Governor
The U.S. Environmental Protection Agency Region 6**

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I. Introduction

The 1996 amendments to the federal Safe Drinking Water Act (SDWA) require states to develop strategies to ensure that all public water systems (PWS) have the technical, managerial and financial (TMF) capacity to provide safe drinking water to their customers. The 1996 Amendments also allow states to apply for a federal grant known as the Drinking Water State Revolving Fund (DWSRF) that New Mexico has applied for annually and received since 1997. A portion of this grant, in the form of set-asides, may be used by the states' primacy agency to work with drinking water systems to improve the PWS TMF capacity. In New Mexico, the SDWA primacy agency is the Drinking Water Bureau (DWB) of the New Mexico Environment Department (NMED).

DWB uses its regulatory authority, enforcement program and a portion of set-aside funding to work with PWS that are out of compliance with drinking water standards or other regulatory requirements that generally are a result of problems with TMF. DWB also focuses on regulatory oversight of PWS that are currently in compliance but may have emerging TMF problems that could result in the PWS becoming out of compliance in the future. In this report, capacity development is viewed broadly to include not only those forms of assistance funded by the capacity development set-aside grant, such as TMF assistance from DWB's contract assistance providers, but also programs that generally improve the state's capacity, such as regulatory enforcement and operator certification activities, which are implemented by NMED.

New Mexico is a very rural state. It ranks 3rd in the nation for population living below the poverty level. It is the 5th largest state in the nation, but ranks 36th in population and 45th in population density (approximately 15 people per square mile compared to New Jersey with 1138 people per square mile based on the 2000 census). As a result, New Mexico has a wide diversity of drinking water system sizes with a large number of small systems. At the end of state fiscal year 2008 (SFY08), July 1, 2007 – June 30, 2008, there were 1250 public water systems regulated by DWB. Of these, 631 were Community Water Systems (CWS), 163 were Non-Transient Non-Community (NTNC) systems and 456 were Transient Non-Community systems. Table 1 shows a breakdown of CWS, by population served at the end of SFY08 and source type (Groundwater systems include systems that purchase their water from a groundwater system, and similarly for surface water). It shows that 69% of CWS serve a population under 500. The population numbers in Table 1 are estimations based on the number of connections and come from the Safe Drinking Water Information System (SDWIS), the database system used by DWB and the Environmental Protection Agency (EPA) to store and retrieve water system data.

Population	< 500			500 – 10,000			> 10,000			Total
Source Type	GW	SW	GU	GW	SW	GU	GW	SW	GU	
# of CWS	418	12	5	145	24	2	20	5	0	631
Population Served	68,761	2,603	794	323,081	94,830	1,851	1,016,984	188,071	0	1,696,975

Table 1: CWS size distribution in New Mexico. GW = groundwater, SW = surface water, GU groundwater under direct influence of surface water

In addition, New Mexico is one of the driest states with precipitation averaging between 10 and 20 inches of moisture annually across the state with the majority of drinking water systems utilizing groundwater as their water source.

A discussion of DWB's Capacity Development Program and related activities during SFY08 is presented below. DWB believes that it is making significant progress in its capacity development program, resulting in direct improvements in TMF capacity for the state's most at-risk PWS. For example, as a result of the Governor's Executive Order 2007-50 (described below), systems seeking funding for infrastructure projects will be assessed for their capacity and will be required to correct deficiencies, with state assistance if needed, as a condition for funding. In addition, DWB is putting a greater emphasis on a team approach to assisting systems that have enforcement actions or are heading toward enforcement actions. Such DWB efforts will allow SDWA compliance in New Mexico to continue to improve.

II. Program Elements

A. Systems Strategy for Capacity Development

DWB created a Capacity Development Strategy in 1999, which was revised in 2000 and 2002. Since this strategy was first established, there have been several changes and improvements in New Mexico's Capacity Development Program. Some of these changes include a new and improved approach to the solicitation and analysis of Drinking Water Revolving Loan Fund projects; a new capacity assessment system; a greater emphasis on regionalization; a greater emphasis on group training; a greater effort on public outreach; and an effort to require capacity improvements as a condition for funding.

The current Capacity Development Strategy lists several components, but the essential categories are the following:

1. **Water System Prioritization.** Systems need to be prioritized to help direct limited resources to the systems most in need of those resources. The existing strategy identifies factors that would be considered when trying to prioritize systems, but does not describe an objective and systematic way to accomplish a prioritization. A prioritization approach has since been implemented for DWRLF purposes and is described in the SFY09 Intended Use Plan (see Section I below).
2. **Technical Assistance from DWB and Technical Assistance Providers.** This includes group training. New Mexico has relied heavily on its Technical Assistance (TA) providers for direct assistance and group training to water systems in need, but DWB capacity staff members are increasing the amount of direct assistance they are giving to PWS. On-site assistance, regionalization assistance and group training are described in Sections G and H below.
3. **Capacity Assessments.** Capacity assessments describe the current TMF capacity of a system. The System Strategy for Capacity Development only discusses assessments for purposes of SRF funding. Capacity assessments are discussed in greater detail in Section B below.
4. **Promotion of Regionalization Efforts.** DWB and the State of New Mexico have been increasingly promoting and fostering regionalization. Regionalization efforts are discussed in Section H below.

5. **Operator Training.** DWB provides operator training through the Expense Reimbursement Grant contract that was awarded in SFY05 to the New Mexico Rural Water Association. ERG training will continue through 2008. Operator certification is discussed in more detail in Section F below.
6. **Establishment of a Baseline and Measurement of System Capacity.** DWB continues to conduct capacity assessments on an as needed basis. These assessments are painting a broad quantitative and qualitative picture of system capacity. With the development of the Uniform Funding Application, more assessments will be conducted in the future. See Section B below.
7. **Engineering Reviews, Sanitary Surveys, Comprehensive Performance Evaluation Implementation, Source Water Assessments, and Operator Certification.** These components are all consolidated into one item in the Capacity Development Strategy. These components are all-important aspects of capacity development and will be placed more prominently in the revised capacity development strategy. These components are discussed in some detail below.
8. **New System Strategy.** This is discussed in Section C below.

One important component that was given little mention in the current Capacity Development Strategy is the DWB Enforcement Program. This is because New Mexico did not have its own enforcement program when the strategy was written. The DWB Enforcement Program was created in March of 2003. Enforcement is discussed in Section D below. Several other aspects of the strategy have changed and so it needs to be updated. It was not updated in SFY08, but hopefully will be in SFY09.

The following are key DWB activities that have led to program successes and greater TMF capacity for PWS in New Mexico.

B. Capacity Assessments

In 1998-1999 DWB developed and implemented a capacity assessment component for the capacity assessment program. Seeking a new approach based on several years of experience nationwide, DWB contracted with the New Mexico Environmental Finance Center (EFC) in SFY04 to develop a new capacity assessment tiered approach. The new, three-tiered capacity assessments focuses considerable time and energy on PWS that have significant problems (Tier 1) or on those applying for DWSRF funding (Tier 1 or 2), and less time on systems thought to be in good working order that pose less risk to health and safety (Tier 3). The Tier 3 assessment looks for indicators of problems that might cause such systems to be moved up to a higher tier to be eligible for TMF resources. Tier 1 and Tier 2 assessments are conducted on site, whereas Tier 3 assessments can be conducted with a phone interview. The Tier 2 assessment has been the primary tool used to determine a system's TMF capacity.

These assessments have been used to:

1. Determine whether a PWS is eligible for a DWSRF loan, based on their TMF capacity;
2. Allow DWB to better focus the assistance that PWS need;
3. Allow DWB to better prioritize the state's PWS to assure comprehensive coverage and to more effectively prioritize scarce assistance resources;
4. Compile statistics on water system capacity across the state and attempt to measure changes

over time in a systems' capacity.

The use of the tiered assessments began in SFY05. During SFY08, 0 Tier 1 assessments, 17 Tier 2 assessments and one Tier 3 assessment were completed.

C. New Systems and Engineering Review

New Mexico's legal authority to implement the New System's Program has not changed over the previous 3-year period and there has been no change to the State's control points (a control point is a point in time when the primacy agency can exert control to review and influence the system's capacity). The Capacity Development Strategy for New Systems, dated September, 1999, indicates one control point: New system application review. New systems in New Mexico must submit an "Application for Construction or Modification of Public Water System." This application must include plans and specifications, an engineering design summary, disinfection and sampling plan, an inventory of contamination sources and a large set of documents from which it can be determined whether the public water system has sufficient technical, managerial and financial capacity. New Mexico Drinking Water Regulation 20.7.10.201.F NMAC requires new public water systems to demonstrate such capacity prior to receiving approval from DWB for construction and operation. New systems are required to submit a considerable amount of capacity information with their new system application. DWB now conducts capacity assessments on all new CWS.

In the period from July 1, 2007 to June 30, 2008 there were 22 PWS that were activated. Of these, five were CWS. None of the new CWS are starting up for the first time. Several of these systems existed previously and passed the connection threshold to become PWS. None of the new CWS listed were significant non-compliers (SNC). All of the new systems that were activated since July 1, 2006 (a total of 112 PWS) and their SNC status are listed in Appendix 2. Only three of these systems have been on the SNC list, which is only 2.7% of the new systems for that period.

Before new systems are constructed or existing systems are modified, they are required by state law to submit plans and specifications of the proposed work to DWB engineering staff for review for compliance with the requirements of the Safe Drinking Water Act. In SFY08, DWB engineering staff reviewed 129 sets of plans and specifications, none of which were for new systems.

D. Enforcement Program

New Mexico's assumption of primary responsibility for formal enforcement has had a significant impact on its Capacity Development Program and return to compliance for many water systems. By coordination and linking of enforcement and capacity activities through DWB staff efforts, New Mexico has been able to support needed changes in PWS capacity. In the approximately 4 1/2 years that the enforcement program has been active, DWB has observed PWS with chronic problems making needed changes when enforcement action is combined with the offer of capacity assistance resources.

The DWB enforcement program began in mid SFY03, but was not fully active until SFY04. In SFY06, DWB undertook 34 enforcement actions. In SFY07, 43 Notice Of Violations (NOV) were issued in SFY06, 16 Administrative Orders (AO) were issued and two civil cases were initiated.

During SFY07, 15 NOVs and two AOs were terminated. In SFY08, four Notice Of Violations (NOV), 17 Administrative Orders (AO) and one Administrative Order with penalties were issued. These 24 enforcement actions were taken against 23 PWS. Figure 1 shows a bar graph of the enforcement actions taken in SFY06, SFY07 and SFY08. There were fewer over all enforcement actions in SFY08 because in SFY07 there was a big enforcement push for certain violations such as CCRs, lead and copper and certified operators. It can be seen from Figure 1 that there is a trend toward more AOs and fewer NOVs. This trend will continue into SFY09

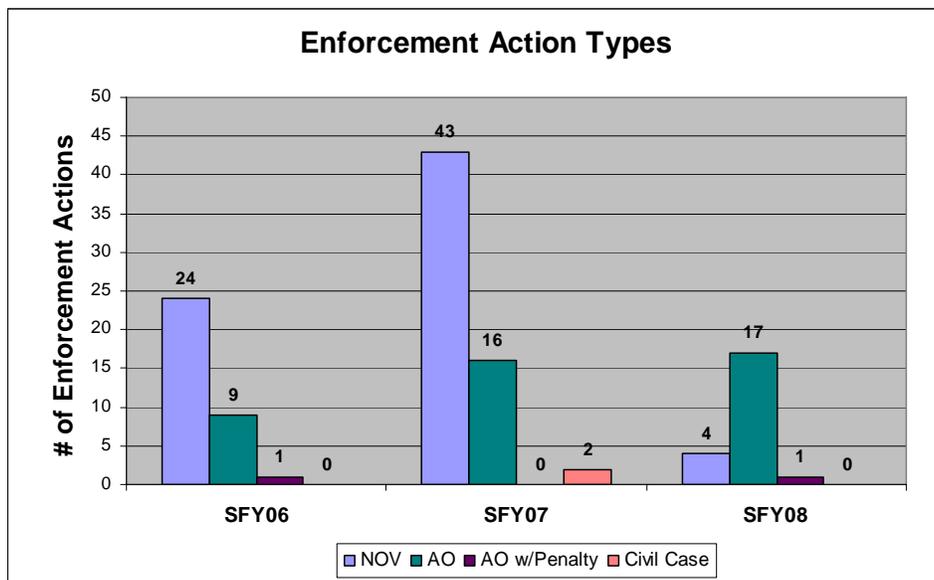


Figure 1: Types of enforcement actions in SFY06, SFY07 and SFY08

Table 2 below shows the breakdown of the enforcement actions by violation type for SFY06, SFY07 and SFY08. This table does not list all violation types.

Year	SFY06	SFY07	SFY08
TC M/R	17	23	3
TC MCL	17	19	4
SWTR	4	0	1
Fluoride	0	1	1
Rads	0	5	0
Nitrate	2	1	2
Heavy Metals	1	1	0
Op Cert	7	36	7
CCR	0	25	3
L&C	1	20	1
DBPs	0	4	3
Arsenic	0	0	4

Table 2: Breakdown of violation types for enforcement actions for SFY06, SFY07 and SFY08

There is a bi-monthly phone conference among enforcement staff, capacity development staff, district

office managers, oversight staff, staff from NMED’s Construction Programs Bureau, technical assistance providers and EPA to discuss progress on systems with enforcement actions focusing on a different district at each phone conference. This approach assures that stakeholders share common information and that a consensual prioritization can assure the application of scarce resources in an effective manner. This approach is supplemented by regular communication between central office and field office staff of DWB. In SFY09, these calls will be extended to include discussion of PWS on the Significant Non-Compliance (SNC) list in an effort to reduce the number SNCs.

E. Sanitary Surveys

The Capacity Development program utilizes sanitary surveys performed on PWS by DWB oversight staff to inform capacity assistance providers of the current conditions of a PWS. In the case of technical assistance, the contractor provides a review of the deficiencies noted in the sanitary survey and provides a needed update of PWS efforts to address sanitary deficiencies. Additionally, many sanitary surveys are now in electronic format, which facilitates file sharing. The most recent sanitary survey is reviewed prior to conducting a capacity assessment. DWB’s goal is to complete sanitary surveys for PWS that are not current and to get the current data into SDWIS. A total of 288 sanitary surveys were completed in SFY08 based on SDWIS data. This is fewer than the 345 surveys completed in SFY07 because DWB is getting caught up with the sanitary survey schedule and expects all PWS to have a current survey by the end of calendar year 2008.

F. Operator Certification

DWSRF set-asides are not used to fund operator certification training or testing, but Expense Reimbursement Grant funds have been used for training since 2005. Oversight of this program is accomplished by the Facility Operations Section (FOS) of the NMED Surface Water Bureau. Table 3 shows the percentage of community water systems with a certified operator for SFY03 through SFY08 (as reported in the FOS annual reports to EPA). The percentage of certified operators is variable from year to year, but averages around 77%. Efforts are continually being made to get systems to comply with the requirements of the state Utility Operator Certification Act. In SFY07 DWB sent out a questionnaire to all certified operators in New Mexico asking if they are available to be a contract operator. Over 150 certified operators at all levels and from all over the state responded positively to the survey. The results were compiled and posted at DWB’s website in SFY08 and the list is now sent out with all enforcement letters to systems lacking certified operators.

Year	% CWS w/Certified Operator
SFY03	76%
SFY04	72%
SFY05	74%
SFY06	83%
SFY07	80%
SFY08	77%

Table 3: Operator Certification statistics for SFY03, SFY04, SFY05, SFY06, SFY07 and SFY08

During SFY04, staff of the DWB capacity development program assumed responsibility for issuance and management of the ERG Request for Proposals (RFP) process for training of operators of small PWS. The ERG contract was awarded to Rural Water Association of New Mexico in May of 2005. Training under the program began in September of 2005 and will continue through 2008. During SFY08, 29 certification renewal and certification fundamentals and 13 mock exam ERG classes were offered with 634 participants in attendance. The classes were offered in 20 different locations across the state.

G. TMF Assistance

Assistance is provided to PWS by DWB staff and by contracted assistance providers. Each PWS is assigned a DWB staff member to provide regulatory oversight. Problem systems receive frequent phone contact from oversight and/or capacity development staff and receive site visits on an as-needed basis. Capacity Development staff work with and make site visits to PWS when there are issues involving water system boards. Often these efforts can reduce or eliminate further issues at PWS.

There is a bi-monthly phone conference among enforcement staff, capacity development staff, district office managers, oversight staff, staff from NMED's Construction Programs Bureau, technical assistance providers and EPA to discuss progress on systems with enforcement actions focusing on a different district at each phone conference. This approach assures that stakeholders share common information and that a consensual prioritization can assure the application of scarce resources in an effective manner. This approach is supplemented by regular communication between central office and field office staff of DWB. In SFY09, these calls will be extended to include discussion of PWS on the SNC list in an effort to reduce the number SNCs.

In SFY08, DWB had two contracts in place for TMF assistance to drinking water systems. For managerial, financial and regionalization assistance, DWB has a contract with the Rural Community Assistance Corporation (RCAC). This contract extends through March of 2009. For technical assistance, DWB has a contract with New Mexico Rural Water Association (RWA) which is in effect until March of 2011.

Assistance by RWA or RCAC may be requested by a PWS, by DWB staff or by other interested parties such as the Construction Programs Bureau. Through coordination of oversight and capacity staff, an assistance request is approved by DWB prior to contractor services being rendered. Figure 2 shows the number of systems that received assistance from the TA providers in SFY06 through SFY08 (including direct assistance and group training). Figure 3 shows the number of contact hours received by small water systems through direct assistance. It is to be expected that the number of systems assisted and the number of contact hours would be somewhat variable from year to year, partly because the amount of assistance versus the amount of group training is always changing.

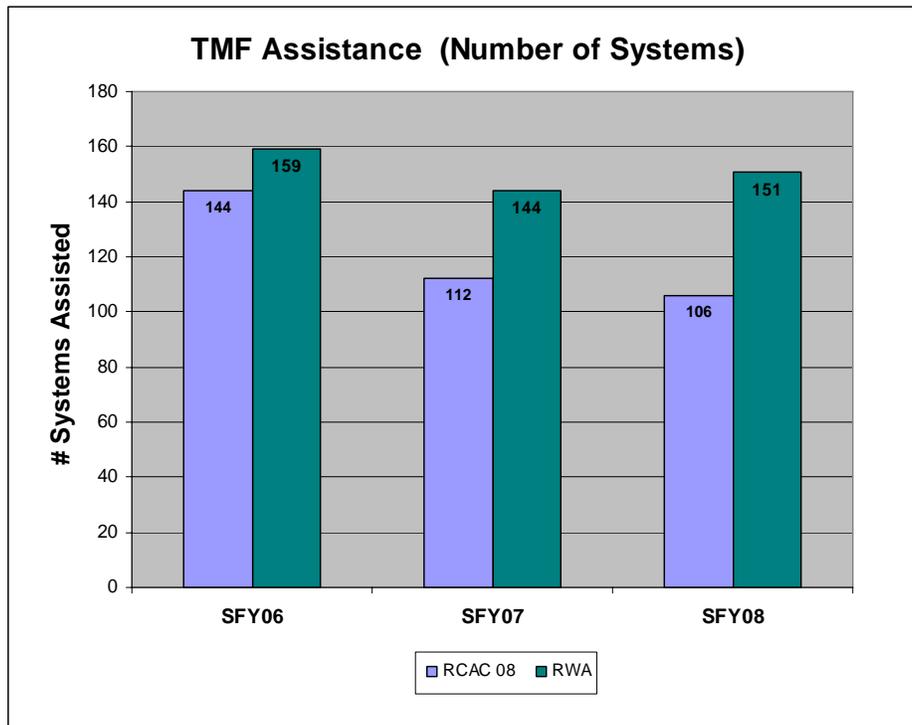


Figure 2: TMF Assistance by Number of Systems Assisted for SFY06 - SFY08

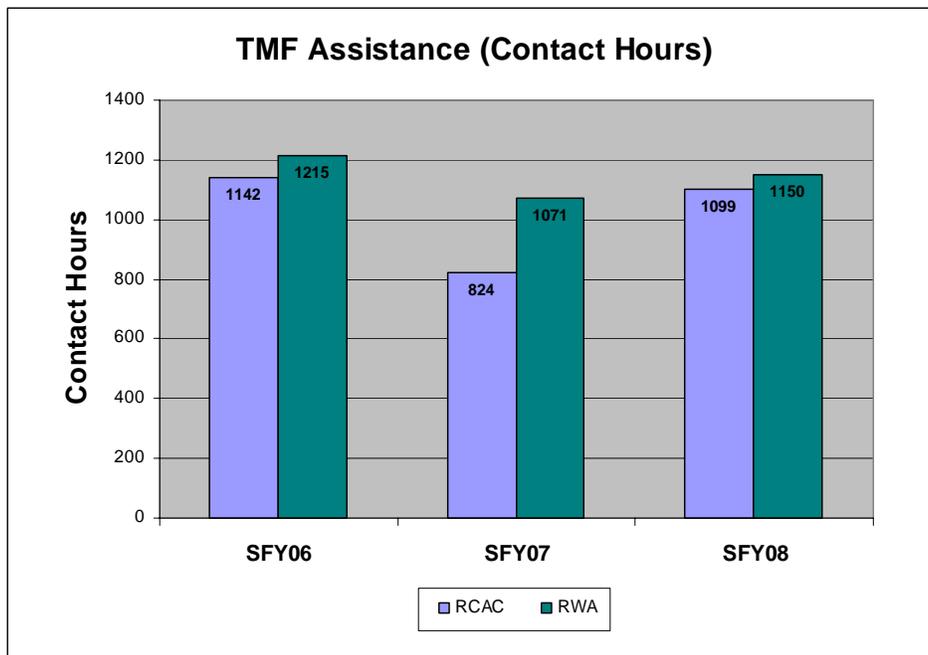


Figure 3: TMF Assistance by Contact Hours for SFY06 - SFY08

A significant number of PWS that had enforcement actions in SFY06, SFY07 or SFY08 received technical assistance from one or both of the DWB assistance providers. Of the systems with existing enforcement actions in SFY08, 10 received assistance from RWA, 9 received direct assistance and/or training from RCAC and 4 received assistance from both contract providers in SFY08. These numbers

included assistance provided before or after the enforcement action. It is important to note that all systems with an enforcement action receive assistance from oversight, capacity and/or enforcement program staff. Not all causes of enforcement actions can be properly addressed through the assistance of RCAC or RWA, but rather may require funding or regulatory oversight to resolve the problems.

Much of the assistance provided to systems is in the form of on-site visits where the contract provider will meet with the operator, manager, owner and/or members of the board. The primary topics of assistance provided by RCAC to specific systems are, in decreasing order of occurrence: Water Utility Management, Board Responsibilities, Financial Management of CWS, Infrastructure Capital Financing/Funding, Safe Drinking Water Act Compliance Issues, Area-wide Collaboration, Water Utility Organizing or Reorganizing and Becoming a Public Water System.

In addition to "one-on-one" on-site assistance, DWB and RCAC offered workshops throughout New Mexico in response to regional or statewide needs. The offerings for SFY08 are listed in Table 4 below (this does not include ERG trainings). Sixty-one water systems attended RCAC trainings during SFY08. DWB hosted 3 days of training at the 2008 New Mexico Rural Water conference held in March in Albuquerque. The 2008 conference was extremely successful with high attendance at each presentation.

Course Title	Location	Date	Provider
Financial Planning	Las Cruces	Aug 18, 2007	RCAC
Board Duties and Responsibilities	Taos	Sep 29, 2007	RCAC
Board Duties and Responsibilities	Las Cruces	Sep 29, 2007	RCAC
Regionalization Workshop	Grants	Oct 20, 2007	RCAC
Sanitary Projects Act Revisions	Albuquerque	Nov 17, 2007	RCAC
Sanitary Projects Act Revisions	Las Cruces	Dec 1, 2007	RCAC
Sanitary Projects Act Revisions	Santa Fe	Dec 8, 2007	RCAC
Financial Management (Basic)	Taos	Mar 7, 2008	RCAC
Running Board Meetings	Taos	Mar 8, 2008	RCAC
Compliance with State Laws	Taos	Mar 8, 2008	RCAC
Source Water Protection+	Albuquerque	Mar 17, 2008	DWB
Drinking Water Bureau Overview+	Albuquerque	Mar 18, 2008	DWB
Conservation and Drought Planning+	Albuquerque	Mar 18, 2008	DWB/OSE
Drinking Water Rules Overview+	Albuquerque	Mar 19, 2008	DWB
Sanitary Surveys+	Albuquerque	Mar 19, 2008	DWB
Radionuclide and Groundwater Rules+	Albuquerque	Mar 19, 2008	DWB
Disinfection and CT+	Albuquerque	Mar 19, 2008	DWB
Financial Management (Basic)	Albuquerque	Apr 18, 2008	RCAC
Running Board Meetings	Albuquerque	Apr 19, 2008	RCAC
Financial Management (Advanced)	Albuquerque	Apr 19, 2008	RCAC
Financial Management (Advanced)	Las Cruces	May 2, 2008	RCAC
Running Board Meetings	Las Cruces	May 3, 2008	RCAC
Asset Management (Advanced)	Las Cruces	May 3, 2008	RCAC
Financial Management (Advanced)	Cloudcroft	Jun 20, 2008	RCAC
Running Board Meetings	Cloudcroft	Jun 21, 2008	RCAC
Asset Management (Advanced)	Cloudcroft	Jun 21, 2008	RCAC

Table 4: Group training offered in SFY08. + = presented at 2007 RWA Conference.

The need for TMF assistance and training is likely to increase in SFY09 and beyond for the following reasons: i) the Sanitary Projects Act, a New Mexico statute, was amended in 2006 to require all mutual domestic water system board members to attend training (the rules for this requirement have not yet been finalized) and strengthens capacity requirements; ii) the Uniform Funding Application (described in more detail in Section I below) will require water systems to meet minimum capacity requirements in order to qualify for funding.

H. Regionalization

Because of chronic drought, the tremendous infrastructure needs of small systems and the persistent management problems with small systems in New Mexico, there is a multi-agency effort to support the appropriate regionalization of PWS in this state. Both DWB staff and RCAC (under DWB's contract for managerial and financial assistance) have assisted regionalization groups with the myriad tasks required to successfully regionalize. During SFY08, DWB staff and RCAC assisted the following groups:

- Sangre de Cristo MDWCA (formerly referred to as Guadalupe County group) consisting of seven water systems. The seven systems have completed their consolidation and there is now just one regionalized water system. Some additional assistance will be required in SFY09 to ensure that Sangre de Cristo has sufficient capacity.
- El Rito group which is a merger of four water systems. This effort continues to make progress, though due to many issues, somewhat slowly. It is hoped that the consolidation will be complete in SFY08.
- Assistance has been given to help complete the merger of the Greater Chimayo MDWCA and the Chimayo MDWCA. It is expected that this merger will be complete in SFY09.

In addition, DWB had Rodarte MDWCA conduct a board meeting in May 2008 and invited all the surrounding water systems. Regionalization as a solution to the system's infrastructure needs was one of the main topics. DWB will be following up with systems in this area to try to foster a regionalization effort.

Regionalization is a statewide need and DWB will continue to try and identify opportunities to foster the interest and provide the assistance for resource sharing among water systems.

I. The Uniform Funding Application and the DWRLF System

On October 27, 2007, The Governor's Office issued Executive Order 2007-50 which did the following:

- Created a Water Cabinet to oversee the implementation of the Executive Order and promote inter-agency collaboration on water policy;
- Created the Water and Wastewater Infrastructure Development Division (WWIDD) within NMED consisting of the Drinking Water Bureau and the Construction Programs Bureau (CPB);

- Required the development of a Uniform Funding Application (UFA) which will create a central portal for the application of infrastructure funding, a process to ensure projects are fully funded, require systems to meet minimum capacity requirements in order to qualify for funding and assist systems to address any capacity deficiencies.

DWB and CPB staff, along with staff from the New Mexico Finance Authority, have been working to create the UFA portal, develop the capacity criteria and develop the program to implement the Executive Order (EO). The procedure that will be followed when a funding application is received is to conduct a capacity assessment on systems, determine what deficiencies need to be addressed, develop a plan with the system and then begin providing assistance while the loan application is being processed. The timeframe to address deficiencies would in many cases be much longer than the loan application and project construction timeframe. Deficiencies that would prevent the system from taking on debt would have to be addressed prior to beginning the project. It is hoped that this process will result in a significant improvement in water system capacity across New Mexico.

In order to try and make the EO a success, five new positions were created by the state legislature in the Construction Programs Bureau to work on assisting water systems to understand the new funding process, assist water systems in applying for loans and work with these systems and DWB to help the systems address capacity deficiencies. Three of these positions were filled in SFY08 and the other two will be filled in SFY09. DWB also has two positions that will be filled in SFY09 to assist water systems with capacity development as part of the UFA process and also for systems that may not be pursuing funding.

In SFY05 the DWB and the New Mexico Finance Authority (NMFA) revised the approach for creating the Comprehensive and Fundable Priority Lists for the Drinking Water Revolving Loan Fund (DWRLF). The process is now as follows:

1. In October, a Project Interest Form is sent to every eligible water system in the state. The Project Interest Form asks for information on a project that the water system would like DWRLF funding for.
2. A Tier 2 Capacity Assessment is conducted on all systems that submit a Project Interest Form. The assessment asks for capacity information that will be needed to rank the projects and to make a determination of whether the system should be on the Fundable Priority List.
3. Project and capacity information are put into a database created for evaluating DWRLF requests. The database applies the comprehensive ranking criteria to the projects to arrive at a Comprehensive Priority List and then applies the fundability criteria to the systems to arrive at a Fundable Priority List.
4. The lists are made available for public comment prior to June.
5. Letters are sent to all systems with projects on the Comprehensive Priority List to inform them that they need to submit their loan applications or risk being bypassed. Systems whose projects didn't make the Fundable Priority List are sent letters informing them that they may request assistance from DWB's contractor for managerial and financial assistance to help eliminate capacity deficiencies that prevented them from getting on the Fundable Priority List.

The process is shown in a flowchart found in Appendix 2. For a more detailed description of the process, see the SFY09 IUP. The process was first used in SFY05. In SFY08 (for project year

SFY09), DWB and NMFA received project interest forms from 17 water systems with a total estimated cost of \$19,939,854. Of those 17 projects, 14 projects with a total estimated cost of \$18,796,580 made the Fundable Priority List.

It is expected that the UFA process will bring some changes to the way the Comprehensive and Fundable Priority Lists are developed. These changes will be discussed in the SFY10 IUP.

J. Area Wide Optimization Program

New Mexico became part of the EPA Region 6 Area Wide Optimization Program (AWOP) in the late 1990s, but for a variety of reasons, New Mexico stopped participating in AWOP and ceased conducting Comprehensive Performance Evaluations (CPE). In SFY04, DWB decided to re-establish the program. In SFY05, DWB assigned two staff members to work part-time to establish the program and made a commitment to EPA Region 6 to participate in the program. Few of New Mexico's surface water systems are optimized, so there is a lot of AWOP work to be done.

In SFY08, DWB had planned one CPE at either the Las Vegas or the Raton surface water treatment plant in June of 2008, but due to financial constraints within the Bureau, the CPE was postponed. It is hoped that this CPE can be completed in SFY09.

Staff attended two EPA Region 6 quarterly AWOP meetings during SFY08 in Dallas and Baton Rouge. Staff also participated in the national AWOP meeting in Cincinnati, OH which was held in place of a quarterly meeting. DWB AWOP team members held a phone conference to plan future activities and discuss some technical topics in February, 2008. Data for all surface water systems was collected and the status component ranking for conventional surface water systems was completed for the calendar year 2007. The ranking is listed in Appendix 3.

III. Summary

Despite the continuing challenges to elevate the capacity of small drinking water systems in New Mexico, DWB believes it made strides in SFY08 and will continue to make significant gains in the coming years. Some of the capacity highlights for SFY08 are:

- DWB worked on the Uniform Funding Application to unify the funding application approach and establish capacity requirements for funding. This is a coordinated effort between several state agencies and funders.
- Three positions were filled in CPB to work with water systems applying for funding to meet UFA capacity requirements.
- DWB or its contractors held 26 workshops on a variety of TMF topics around the state.
- The regionalization effort in Guadalupe County to consolidate seven small water systems into the Sangre de Cristo MDWCA was successfully completed.
- Sanitary surveys are on track to be up to date for all water systems by the end of calendar year 2008.

Some of DWB's expectations for capacity development in SFY09 include the following:

- DWB expects to be assessing and assisting a record number of PWS as a result of the UFA.
- DWB will enhance its bi-monthly enforcement calls to include water systems on the SNC list which is expected to result in fewer systems on the SNC list.
- DWB will have a strong presence at the 2009 Rural Water Conference with a booth and a dedicated training room.
- DWB will be promoting the CUPSS asset management software application for small PWS and will work with several systems seeking funding to develop an asset management plan.

Appendix 1

New Water Systems Since 7/1/2005

PWS CODE	PWS NAME	ACTIVITY DATE	PWS TYPE	SNC
NM3501024	PINE RIVER SUBDIVISION WATER USERS ASSN	7/1/2005	C	
NM3500422	WAGON WHEEL RV PARK	7/1/2005	NC	
NM3580314	MOUNTAIN VIEW CHRISTIAN YOUTH CAMP	7/20/2005	NC	
NM3500727	LONE TREE SPORTS ADVENTURE INC.	7/26/2005	NC	
NM3501004	BMWS LTD INC	7/27/2005	NC	
NM3501326	MUNICIPAL RECREATION COMPLEX	7/27/2005	NC	
NM3521001	QUAIL HOLLOW MDWUA	8/1/2005	C	
NM3500103	MESA REST AREA	9/12/2005	NC	
NM3500914	THE RIVERBEND	9/22/2005	C	
NM3500305	SOUTHWEST CHEESE	10/3/2005	NTNC	
NM3501707	FLYING P. CATTLE CO.	10/7/2005	NC	
NM3580021	NAVAJO CITY ROADHOUSE CAFE	10/11/2005	NC	
NM3500830	PUMPKIN PATCH	10/11/2005	NC	
NM3501014	EAGLE CREEK SHELL CONVENIENCE STORE	11/18/2005	NC	
NM3595025	GRIEGOS MARKET	12/12/2005	NC	
NM3500827	EAST VIEW RV PARK	12/16/2005	NC	
NM3501419	BREWER	12/20/2005	NC	
NM3502501	LOS PADILLAS AQUATIC CENTER	12/30/2005	NC	
NM3501017	RAMAH LAKE REALTY	12/30/2005	NC	
NM3501114	HALLS RV PARK	1/1/2006	NC	
NM3501214	R & R RV PARK	1/1/2006	NC	
NM3501332	SPA AND CUISINE	1/1/2006	NC	
NM3500402	COYOTE CREEK MUTUAL DOMESTIC WUA	1/4/2006	C	
NM3500528	EL CAMINO REAL INTN'L HERITAGE CENTER	1/4/2006	NC	
NM3501117	JEM TRADING	1/4/2006	NC	
NM3501923	LAS PLACITAS PRESBYTERIAN CHURCH	1/9/2006	NTNC	
NM3592726	EL PARASOL	1/26/2006	NC	

PWS CODE	PWS NAME	ACTIVITY DATE	PWS TYPE	SNC
NM3590110	PAJARITO REST AREA - EAST BOUND	2/3/2006	NC	
NM3502023	DARLING TRIBES	2/14/2006	NTNC	
NM3590226	EL SANTUARIO CHURCH	3/1/2006	NC	
NM3500502	QUEMADO LAKE RECREATION AREA	3/6/2006	NC	
NM3500909	FT. BAYARD ADMINISTRATIVE SITE	3/7/2006	NC	
NM3500702	GLENWOOD ADMINISTRATIVE SITE-USFS	3/7/2006	NC	
NM3501109	GRANT COUNTY AERIAL FIRE BASE (USFS)	3/8/2006	NC	
NM3501009	MIMBRES ADMINISTRATIVE SITE-USFS	3/8/2006	NTNC	
NM3501807	ALDERSHOT OF NEW MEXICO INC.	3/14/2006	NTNC	
NM3501619	MOUNTAIN MEADOW RV PARK	3/15/2006	NC	
NM3591603	CHRISTS CHURCH	4/11/2006	NTNC	
NM3591421	GHOST RANCH PIEDRA LUMBRE VISITORS CENTR	4/19/2006	NC	
NM3500930	CARLOS LUCERO SUBDIVISION	4/26/2006	C	
NM3501514	ALTO HOMBRE GORDITO HIDEOUT	5/25/2006	NC	
NM3500802	BEAVER HEAD WORK CENTER (USFS)	6/1/2006	NC	
NM3500613	INTREPID POTASH - NORTH	6/1/2006	NTNC	
NM3500927	THE DIAMOND BAR	6/6/2006	NC	
NM3503021	RIO ARRIBA COUNTY ONATE VISITOR'S CENTER	6/13/2006	NTNC	
NM3501714	LA VIDA BUENO	6/20/2006	NC	
NM3501907	MASSON FARMS OF NEW MEXICO	6/22/2006	NTNC	
NM3595014	WESTLAKE CAMPGROUND (BONITO LAKE)	7/1/2006	NC	
NM3501029	ARROYOS DEL NORTE ELEMENTARY SCHOOL	7/11/2006	NTNC	
NM3500203	MIDWAY RV PARK	7/20/2006	NC	
NM3501225	LOWER COLONIAS MDWCA	8/1/2006	C	
NM3501426	QUIGGY'S PUTT AND PLAY	8/1/2006	NTNC	
NM3501129	LA LAMA MDWCA	8/8/2006	C	Y
NM3501526	CHILDREN'S GARDEN MONTESSORI SCHOOL	8/9/2006	NTNC	
NM3501726	ZIA UNITED METHODIST CHURCH	8/9/2006	NC	

PWS CODE	PWS NAME	ACTIVITY DATE	PWS TYPE	SNC
NM3501229	MONTE BELLO RV PARK	8/18/2006	NC	
NM3590122	BLACKWATER DRAW REST AREA	8/21/2006	NC	
NM3501626	THE VILLAGE AT EL DORADO	8/23/2006	NTNC	
NM3525633	MOQUINO WATER SYSTEM	8/30/2006	C	
NM3501329	UPPER OJITO MDWCA	8/31/2006	C	
NM3502601	DEL VALLE RESIDENTIAL CENTER WATER SYSTE	9/17/2006	NTNC	
NM3502401	GREEN RIDGE MDWCA, INC.	9/19/2006	C	Y
NM3500602	CAT WALK PICNIC GROUND	9/20/2006	NC	
NM3591625	EL PORVENIR CAMPGROUND USFS SNF	9/29/2006	NC	
NM3580025	EV LONG CAMPGROUND USFS SNF	9/29/2006	NC	
NM3501826	SOUTHWESTERN COLLEGE	10/18/2006	NTNC	
NM3593319	THREE RIVERS PETROGLYPH SITE	11/1/2006	NC	
NM3500628	UNM RESEARCH STATION AT SEVILLETA NWR	12/1/2006	NC	
NM3502014	DEER CROSSING RV PARK	12/21/2006	NC	
NM3501914	WOODWINDS RV RESORT	12/21/2006	NC	
NM3501814	COOK CANYON RANCH	12/27/2006	NC	
NM3501432	TAQUERIA EL REY	1/24/2007	NC	
NM3501429	RIO GRANDE GORGE REST AREA	1/26/2007	NC	
NM3502114	HONDO VALLEY ZIA CENTER	1/30/2007	NC	
NM3501325	TENORIO TRAVELCENTER	2/2/2007	NC	
NM3510027	CABALLO LAKE MDWA	2/16/2007	C	
NM3501719	JLP INC	3/6/2007	NC	
NM3590020	GLENRIO HIGHWAY REST AREA	3/22/2007	NC	
NM3502901	SANDIA MOTORSPORT PARK	4/3/2007	NC	Y
NM3503821	CHAMA WEST WATER USERS ASSOCIATION	4/4/2007	C	
NM3501030	ABO RUINS SALINAS PUEBLO MISSIONS	4/17/2007	NC	
NM3502801	THE VILLAGE AT BELLA VISTA	4/17/2007	NTNC	
NM3501926	SANTA FE GIRLS SCHOOL	4/27/2007	NTNC	

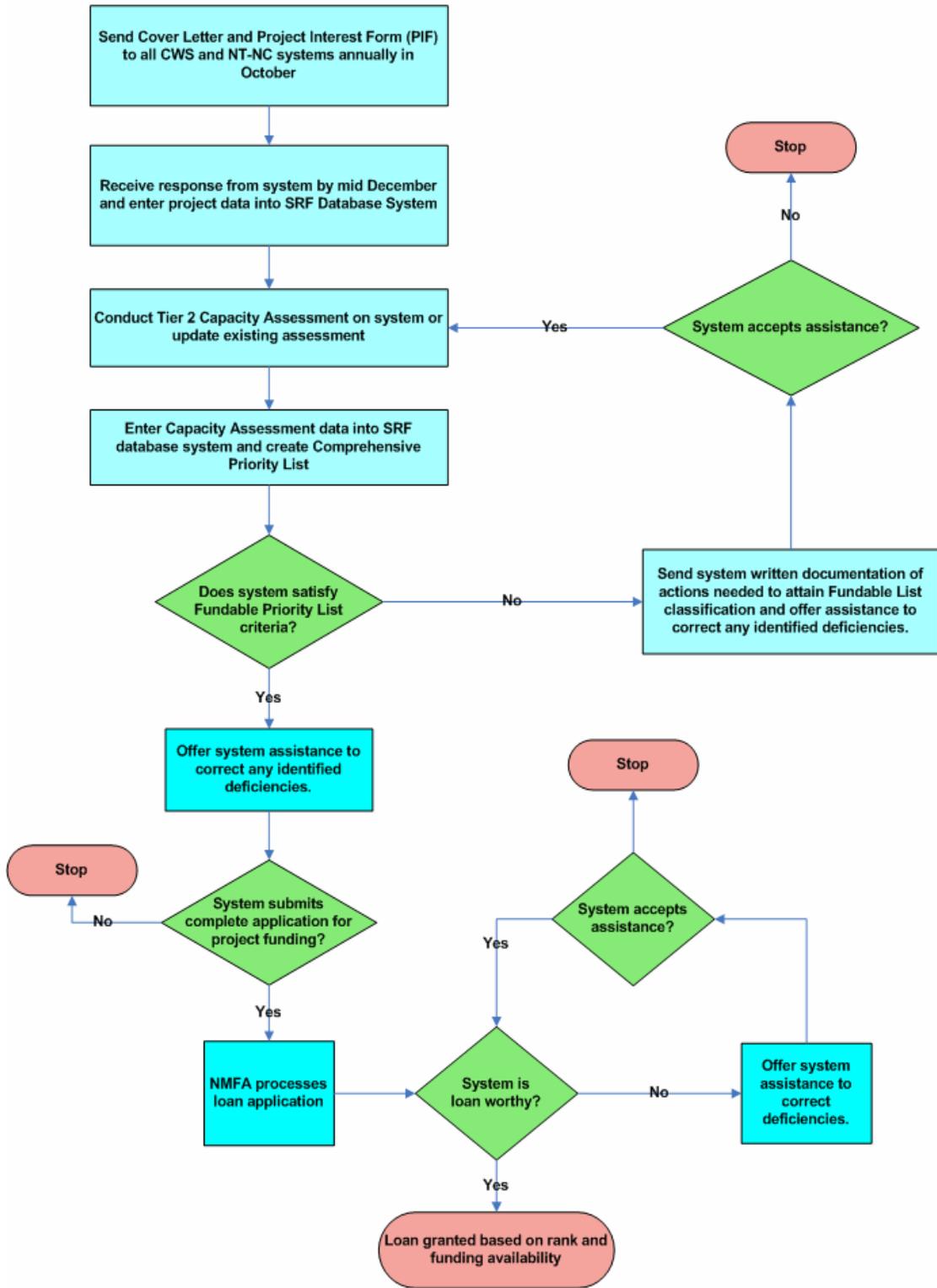
PWS CODE	PWS NAME	ACTIVITY DATE	PWS TYPE	SNC
NM3594226	BLACK CANYON CAMPGROUND USFS SNF	5/1/2007	NC	
NM3590114	ELK RUN CABINS & RV PARK	5/7/2007	NC	
NM3501217	FOUTZ YAH TA HEY LLC	5/17/2007	NC	
NM3500902	SPRING CANYON RANCH	5/29/2007	C	
NM3595529	ASPEN PARK GUEST RANCH	6/1/2007	NC	
NM3580309	CORNER MARKET & DELI	6/11/2007	NC	
NM3591727	CUCHILLO CREEK CAFE	6/20/2007	NC	
NM3502026	SIERRA VISTA RETIREMENT COMMUNITY	7/1/2007	C	
NM3580523	PLACITAS ELEMENTARY SCHOOL	8/1/2007	NTNC	
NM3500728	EMRTC WATER SYSTEM	8/9/2007	NTNC	
NM3502226	AGUA FRIA FIRE STATION & COMMUNITY CENTR	9/24/2007	NC	
NM3502007	VISTA DEL REY ESTATES MDWCA	11/2/2007	C	
NM3501529	WEST RIM MDWUA	11/20/2007	C	
NM3590719	CAMP TALL PINES	12/4/2007	NC	
NM3596607	LA UNION STATION	12/27/2007	NC	
NM3590729	HUNGRY GATOR	1/1/2008	NC	
NM3501623	VILLAGE MERC	1/3/2008	NC	
NM3501629	EL PUEBLO LODGE	1/11/2008	NC	
NM3502107	INTERNATIONAL NUTRITION INC.	1/16/2008	NTNC	
NM3502701	BERNALILLO COUNTY INDUSTRIAL PARK	2/8/2008	NTNC	
NM3502207	CHUCKYS FOOD MART	2/26/2008	NC	
NM3590206	LAKE SUMNER STATE PARK #2	3/1/2008	NC	
NM3590931	CAPULIN COUNTRY STORE	3/24/2008	NC	
NM3500303	COUNTRY ACRES MHP	4/2/2008	C	
NM3502307	STAHMANN'S COUNTRY STORE	5/1/2008	NTNC	
NM3501819	OLD APPLE BARN	5/5/2008	NC	
NM3501425	PENDARIES RV RESORT	5/29/2008	NTNC	
NM3503001	NORTH EAST CHURCH OF CHRIST	6/26/2008	NC	

PWS CODE	PWS NAME	ACTIVITY DATE	PWS TYPE	SNC
NM3501823	SAN LUIS CABEZON MDWCA	6/26/2008	C	

Appendix 2

DWRLF Priority List Process

DWRLF Project Application Process



Appendix 3

AWOP Surface Water System Ranking

System	Score	Rank	Notes
Springer	642	1	CPE June 2007
Farmington WTP #1	476	2	CPE June 2006
Aztec	456	3	CPE March 2006
Lee/Hammond	444	4	CPE October 2005
Ruidoso Grindstone	396	5	
Santa Fe	310	6	Plant shut down 1/2 of 2006
Farmington WTP #2	306	7	Traveling Bridge Filters
Las Vegas	274	8	
Bloomfield	247	9	
Alamogordo La Luz	203	10	Traveling Bridge Filters
Raton	193	11	
Ruidoso Alto Crest	151	12	
Northstar	148	13	
Lower Valley	135	14	
Chama	131	15	
Alamogordo Alamo	103	16	Traveling Bridge Filters
Cimarron	41	17	
Tularosa	19	18	Has not been submitting IFE data
Carrizozo	12	19	
Fort Stanton	0	20	
La Luz	0	20	

Note: A higher score means there are more issues of concern with turbidity and/or Disinfection Byproducts.