



STATE OF NEW MEXICO

DRINKING WATER STATE REVOLVING LOAN FUND

STATE FISCAL YEAR 2013

INTENDED USE PLAN

September 2012



SFY 2013 INTENDED USE PLAN

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EXECUTIVE SUMMARY

Section 40 CFR 35.3555 requires each state to prepare annually an Intended Use Plan (IUP) that describes how it intends to use the federal funds to support the overall goals of the SDWA, including short and long-term goals of the programs funded by the Capitalization Grants.

In State Fiscal Year (SFY) 2013, the New Mexico Finance Authority (NMFA) and the New Mexico Environment Department Drinking Water Bureau (DWB) will continue to build upon the past accomplishments of the New Mexico Drinking Water State Revolving Loan Fund (DWSRLF). This SFY 2013 IUP provides information that outlines the DWSRLF activities planned and intended to occur in SFY 2013.

With the current absence of State Capital Outlay grants, the need for, and interest in, DWSRLF funding is expected to rise for the foreseeable future. To help systems in need of funding, the State will offer beginning in SFY 2013 greater opportunities to access the DWSRLF by utilizing a quarterly Priority List System that will rank and re-prioritize projects every quarter beginning in January 2013. Projects that wish to be considered must submit their project interest forms three months in advance of the quarterly priority list publishing. Additionally, the DWB will maintain a multi-year Comprehensive List that provides a comprehensive framework of the projects in need of DWSRLF assistance.



I. INTRODUCTION

A. New Mexico Drinking Water State Revolving Loan Fund

The Federal Safe Drinking Water Act (SDWA) Amendments of 1996 authorized a Drinking Water State Revolving Fund (DWSRF), a low-cost loan fund for community or non-profit non-community public water systems (PWSs) to finance the cost of repair and replacement of drinking water infrastructure, maintain or achieve compliance with SDWA requirements, and protect drinking water quality and public health. Pursuant to the 1996 SDWA Amendments, the State established the DWSRLF in 1997 with the passage of the Drinking Water State Revolving Loan Fund Act. Under the Act, the NMFA serves as the State's grantee for Capitalization Grants allotted to the State and provides the 20% State Match (State Match) required by the SDWA. The amount of annual Capitalization Grant is determined by Congress and administered by the Environmental Protection Agency (EPA). The SDWA allows each state discretion to utilize up to 31% of each annual DWSRF Capitalization Grant (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 Systems 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. The DWB, as the State's primacy agency, is responsible for the oversight of the Small Systems Technical Assistance, State Program Management, and Local Assistance and Other State Programs Set-Asides.

To date, the State has received approximately \$121.8 million in Capitalization Grants and has provided the 20% State Match totaling approximately \$18.6 million. To date, all State Matches plus 69% of each Federal Capitalization Grant, now totaling approximately \$84.1 million, have been directed to the DWSRLF. To date, the NMFA has entered into loan agreements for approximately \$83.8 million with approximately \$31.7 million (38%) loaned to



small PWSs that serve a population of 10,000 or fewer. Overall, the DWSRLF and associated Set-Asides are vital to the goal of providing safe drinking water to all citizens of the State.

B. Intended Use Plan Overview

Section 40 CFR 35.3555 requires each state to prepare annually an IUP that describes how it intends to use the federal funds to support the overall goals of the SDWA, including short and long-term goals of the programs funded by the Capitalization Grants. These goals are intended to continue the State's efforts to: (1) ensure public health protection; (2) identify and provide funding for maintaining and/or bringing the State's PWSs into compliance with the SDWA; (3) enable access to affordable drinking water and promote PWS sustainability; and (4) maintain the long-term financial health of the DWSRLF. This IUP describes how DWSRLF funds will be used during SFY 2013 (July 1, 2012 through June 30, 2013). This IUP addresses the intended uses of Federal Fiscal Year (FFY) 2011 and FFY 2012 Capitalization Grants along with the unexpended Set-Aside and DWSRLF balances from previous Capitalization Grants.

C. State Match

The FFY 2011 and 2012 Capitalization Grant allotments in the amount of \$9,418,000 and \$8,975,000, respectively will be applied for and received in SFY 2013. The 20% State Match for the FFY 2011 Capitalization Grant was appropriated from the Public Project Revolving Fund through House Bill 13, New Mexico 2011 Regular Legislative Session, in the amount of \$2,000,000. Similarly, the 20% State Match for the FFY 2012 Capitalization Grant was appropriated from the Public Project Revolving Fund through House Bill 39, New Mexico 2012 Regular Legislative Session, in the amount of \$2,000,000.

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. If a PWS is publicly owned, then it is eligible to receive a DWSRLF loan at 0% or 2%. The State's Constitution limits the NMFA's ability to offer below-market rates and subsidy to non-public bodies, including all privately-owned PWSs; whether non-profit or for-profit. As such, 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. Disadvantaged Entity Loans

The NMFA provides up to \$600,000 of loan funds at 0% interest loans to PWSs considered “disadvantaged.” A PWS on the Comprehensive Priority List that is in a community with an annual median household income (MHI) below 90% of the State’s MHI is preliminarily deemed to be “disadvantaged”. This preliminary designation does not guarantee that a PWS will retain the disadvantaged status after the NMFA conducts an in-depth disadvantaged system analysis upon a PWS’s application for DWSRLF funding. A detailed description of disadvantaged system analysis is provided in Section V.

F. Subsidy and Green Project Reserve Requirements

From time to time, Congress may require Capitalization Grant recipients to provide “additional subsidy” to loan recipients. This is the case with the FFYs 2010 and 2011 Capitalization Grants which require that a minimum of 30% of the Capitalization Grants be used to provide additional subsidy and with the FFY 2012 Capitalization Grant which requires that a minimum of 20% and a maximum of 30% of the Capitalization Grant be used to provide additional subsidy to qualified water systems. New Mexico has elected to provide the “additional subsidy” in the form of loans with partial principal forgiveness. The portion not forgiven will be structured and priced as provided in the DWSRLF Loan Management Policies in effect at the time of the NMFA Board’s approval.

Additionally, pursuant to 40 CFR 35.3525(b)(2), New Mexico is electing to use up to 30% of the FFYs 2008 and 2009 Capitalization Grants to provide additional subsidy to those systems determined to be “Severely Disadvantaged”. The Fundable Priority List identifies the projects expecting to receive the additional subsidy and the corresponding Capitalization Grant expected to fund the additional subsidy.

To the extent possible, the NMFA will use subsidy to help entities that could not otherwise afford DWSRLF loans and to provide incentive to undertake projects that meet other



priority EPA goals. The NMFA may choose to blend its Capitalization Grants to provide a broader pool of applicants with subsidy. The following charts illustrates the current expected subsidy to be provided through existing Capitalization Grants, though the State reserves the right to increase the amount to the maximum allowed provided that the State’s Cash Flow and Perpetuity Model demonstrates that such use of subsidy will not impair the long-term viability of the Fund.

Capitalization Grant		Additional Subsidy -- Capitalization Grant Funds (Exclusive of State Match)					
Year	Total Amount	Minimum		Maximum		Expected	
FFY 2008	\$ 8,146,000	\$ -	0%	\$ 2,443,800	30%	\$ 2,443,800	30%
FFY 2009	\$ 8,146,000	\$ -	0%	\$ 2,443,800	30%	\$ 2,443,800	30%
FFY 2010	\$ 13,573,000	\$ 4,071,900	30%	\$ 9,365,370	69%	\$ 5,429,200	40%
FFY 2011	\$ 9,418,000	\$ 2,825,400	30%	\$ 6,498,420	69%	\$ 3,767,200	40%
FFY 2012	\$ 8,975,000	\$ 1,795,000	20%	\$ 2,692,500	30%	\$ 2,692,500	30%

The current DWSRLF Loan Management Policies provide subsidy to projects in the form of principal forgiveness using the following guidelines:

1. All projects will be provided a base principal forgiveness of 25%;
2. Additional subsidy will be provided to disadvantaged entities that have (1) an annual median household income (MHI), as determined by the NMFA, of 90% or less of the State’s MHI and (2) an Affordability Ratio calculated by dividing (x) projected average annual user charges upon the completion of the proposed project by (y) the MHI of the PWS’s service area, falling within one of the following two ranges:
 - a. Public Water Systems (PWSs) with an Affordability Ratio from 0.010 to 0.015 (based on a financial analysis based on a twenty-year loan) qualify as “disadvantaged” and are provided an additional 25% principal forgiveness (*e.g.*, 25% base principal forgiveness plus 25% disadvantaged principal forgiveness, for a total of 50% principal forgiveness).
 - b. PWSs with an Affordability Ratio greater than 0.015 (based on a financial analysis based on a twenty-year loan) qualify as “severely disadvantaged” and will be provided an additional 50% principal

forgiveness (e.g., 25% base principal forgiveness plus 50% severely disadvantaged principal forgiveness, for a total of 75% principal forgiveness).

3. “Green projects” (GPR) include green infrastructure, water conservation, energy efficiency improvements, or other environmentally innovative activities. Green projects or phases of projects will be provided with an additional 25% principal forgiveness based upon that portion that qualifies as Green. 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.

4. No project will receive more than 75% in total principal forgiveness; Additionally, as provided in the DWSRF minimum of 30% of the FFY 2011 Capitalization Grant will be provided as subsidy. The FFY 2012 Capitalization Grant does not include a programmatic condition regarding a minimum subsidy requirement;

A minimum of 20% of the FFYs 2010 and 2011 Capitalization Grants will be provided to qualified GPR projects. The FFY 2012 Capitalization Grant does not include a programmatic condition regarding a minimum GPR requirement.

G. Davis-Bacon Wage Rates

The FFY 2011 and FFY 2012 Capitalization Grants require the application of Davis-Bacon prevailing wage rates to all projects funded in whole or in part by the DWSRLF. Davis-Bacon wage rates apply to construction contracts over \$2,000 and to any subcontracts under such contract regardless of the subcontract amount. To ensure compliance with these requirements, the NMFA will confirm that the correct wage determinations are included in bid



specifications and construction contracts. The NMFA will provide assistance recipients with the EPA's Davis-Bacon contract language to be included in bid specifications and contracts. Certifications of Davis-Bacon compliance from assistance recipients will be required prior to approval of disbursement requests.

H. Set-Asides

The SDWA specifies that up to 31% of each Capitalization Grant may be designated for Set-Aside activities. The State uses the maximum Set-Aside allocation of 31% from all Capitalization Grants to ensure public health protection. The DWB uses 27% of each Capitalization Grant for eligible Set-Asides programs to: (a) increase the technical, managerial, and financial capacity of local PWSs; (b) assist entities in qualifying for loans; and (c) provide technical assistance targeted to small PWSs serving a population of 10,000 or fewer. The NMFA uses 4% of each Capitalization Grant as Set-Aside funds to cover reasonable administrative costs of the DWSRLF. The remaining 69% of each Capitalization Grant is dedicated to the DWSRLF along with the required State Match. The NMFA then loans DWSRLF funds to eligible PWSs for eligible projects.

The State must provide a process and rationale for distribution of funds between the DWSRLF and Set-Aside accounts. The rationale for use of the maximum 31% in Set-Asides is multi-layered. Due to the combination of the dispersed nature of the State's population and the State's large geographic area, consolidated training and services do not optimally reach the majority of rural PWSs. In order to effectively implement the Set-Aside programs, a high degree of individual training and assistance is required. The Set-Aside programs must allow for a greater percentage of individual or "small-cluster" trainings and interactions which, while more burdensome, costly, and time-consuming, are more effective in assisting the State's PWSs in complying with the SDWA.

I. Public Input, Review, and Comment Procedures

The draft IUP will be made available to the public through a presentation to the NMFA Board on August 24, 2012 and then posted on both the NMFA and the DWB websites. A notice was also published in three major newspapers statewide notifying the public of the availability of



the draft IUP on the websites and asking the PWSs to submit written comments on the IUP within 15 days after posting.

II. LONG-TERM AND SHORT-TERM GOALS OF THE DWSRLF AND SET-ASIDE PROGRAMS

A. Long-Term Goals

1. Support PWSs using the Set-Aside activities outlined in this IUP, and the EPA-approved work plan, for the DWB Set-Asides in order to maximize SDWA compliance, public health protection, affordable drinking water, PWSs' sustainability, and PWSs' capacity with a particular focus on PWSs serving populations of 10,000 or fewer.
2. Maintain the DWSRLF as a perpetual funding source with fiscal integrity to support PWSs in the State.
3. Maintain timely, accurate, and complete administrative functions to sustain the DWSRLF, including Capitalization Grant applications and reporting requirements.
4. Provide training and direct assistance to all PWSs, as resources allow, through contractors (if applicable) and in-house staff to increase technical, financial, and managerial capacity and ensure that training and services are designed to target small PWSs serving populations of 10,000 or fewer.
5. Collaborate with organizations, agencies, and individuals to ensure a sustainable supply of healthy drinking water for the State through Source Water Assessment and Protection (SWAP) activities.
6. Provide assistance to small PWSs that lack the capability to operate and maintain the system in a cost-effective manner and in accordance with SDWA, including encouraging consolidation and/or regionalization.
7. Improve the capacity of PWSs through assistance activities.

8. The DWB and its partners will work with PWSs throughout the State to ensure that each system has a rate structure in place to support normal operation and maintenance as well as infrastructure replacement costs.

B. Short-Term Goals

1. Post the SFY 2013 IUP for public review in September 2012. Provide an opportunity for public participation by posting this IUP for public comment on the NMFA and the DWB websites.
2. Prepare and submit the FFY 2011 and FFY 2012 Capitalization Grant Applications by September 30, 2012.
3. Submit the FFY 2011 and FFY 2012 Capitalization Grants Set-Aside work plan detailing the use of the DWSRLF funds from open Capitalization Grants within 90 days of receiving the capitalization grant agreement approval for the FFY 2011 and FFY 2012 Capitalization Grants.
4. Provide training, education, and in-house professional technical resources targeted to small PWSs serving a population of 10,000 or fewer to assist these PWSs in achieving and maintaining long-term sustainability and SDWA compliance.
5. Provide loans to PWSs listed on the Fundable Priority List to the extent possible and in accordance with federal and state laws.
6. Provide low-cost loans to PWSs in disadvantaged communities for eligible projects, as allowed by the SDWA.
7. Execute ten (10) binding commitments during SFY 2013.
8. Continue working to achieve the estimated objectives for each Set-Aside category, including “Outputs” and “Outcomes.” Complete and submit the SFY 2013 Annual Report by September 30, 2012.
9. Review and revise the priority system ranking criteria to better reflect public health priorities and other measures used for the establishment of the Fundable Priority List and Comprehensive Priority List.

10. Provide technical assistance through the capacity development program to target PWSs that are on the Comprehensive Priority List but are unable to qualify for the Fundable Priority List.
11. Provide technical assistance for PWSs to assist with the review and implementation of sustainable rates and to encourage long-term planning.
12. Update the Capacity Development Strategy.
13. Assist EPA with completion of the four-year Needs Survey.
14. Provide required three-year report to the Governor on the efficiency of the State Capacity Development Strategy and progress toward improving the capacity of PWSs in the State.

III. SOURCES AND USES OF FUNDS

SOURCES OF FUNDS (as of July 31, 2012)	<u>Technical Set</u>		<u>Administrative</u>	<u>Total</u>
	<u>Asides</u>	<u>Set Asides</u>	<u>Loan Fund</u>	
Balances from State Match	\$0	\$0	\$5,568,950	\$5,568,950
Unused Balances from 2008 Local Assistance	(\$202,181)	\$0	\$202,181	\$0
Balances from Prior Unexpired Awards	\$3,816,809	\$440,760	\$20,379,501	\$24,637,070
Total Liquid Asset Balance from Prior Years	\$3,614,628	\$440,760	\$25,948,451	\$30,003,839
Federal Cap Grant Payments (FFYs 2011 & 2012 Award)	\$0	\$0	\$0	\$0
State Match (FFYs 2011 and 2012 award)	\$0	\$0	\$0	\$0
Interest on Investment	\$0	\$0	\$28,442	\$28,442
Leveraged Bond Proceeds	\$0	\$0	\$0	\$0
FY 2013 Loan repayments (Principal & Interest)	\$0	\$0	\$1,050,000	\$1,050,000
Prior Years Loan repayments (Principal & Interest)	\$0	\$0	\$22,873,154	\$22,873,154
Fees generated from lending for FY 2013	\$0	\$0	\$46,208	\$46,208
Other cash inflows ³	\$0		\$277,318	\$277,318
	\$0	\$0	\$24,275,122	\$24,275,122
TOTAL SOURCES OF FUNDS	\$3,614,628	\$440,760	\$50,223,573	\$54,278,961
USES OF FUNDS				
Loans				
Unexpended amounts on existing loans ¹	\$0	\$0	\$7,135,759	\$7,135,759
SFY 2013 loans anticipated	\$0	\$0	\$25,295,576	\$25,295,576
Total for loans	\$0	\$0	\$32,431,335	\$32,431,335
Set-Asides				
Administration (4%)	\$0	\$376,720	\$0	\$376,720
Small Systems Tech Assistance (2%)	\$665,922	\$0	\$0	\$665,922
State Program Mgt (1452(g)(2)-(10%)) ²	\$2,794,203	\$0	\$0	\$2,794,203
Local Assistance/St Prog (1452(k)-15%)	\$5,120,613	\$0	\$0	\$5,120,613
Total for Set Asides	\$8,580,738	\$376,720	\$0	\$8,957,458
Other				
Debt Service on Leveraged and Match Bonds	\$0	\$0	\$0	\$0
Debt Service Reserve Funding	\$0	\$0	\$0	\$0
Other cash outflows	\$0	\$0	\$277,318	\$277,318
Funds that will be extended from previous awards	\$0	\$0	\$0	\$0
Ending Balances (Resources Carried Over to Next Year)	\$0	\$64,040	\$17,514,920	\$17,578,960
Total for Other	\$0	\$64,040	\$17,792,238	\$17,856,278
TOTAL USES OF FUNDS	\$8,580,738	\$440,760	\$50,223,573	\$59,245,071
1: Projects currently under design or construction phases.				
The required 1:1 match for State Programs is met by the NMED with existing expenditures from the Water Conservation Fee Fund				
2: (within the purposes of the fund) (see Appendix B). This time and effort match is based on actual cash outlays by the NMED.				
3: Cost-of-issuance and administrative fee payments.				

IV. SET-ASIDE ACTIVITIES

Administration Set-Aside

Section 1452(g) of the SDWA authorizes states to provide funding for DWSRF administration as a Set-Aside activity. Administration of the DWSRLF is delegated by State statute to the NMFA. Administration of the DWSRLF includes reporting activities; 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.

In accordance with 1452(g) of the SDWA, the DWSRLF Administration Set-Aside will be utilized by the NMFA and held in a separate account apart from the Loan Fund, the three NMED Set-Asides (respectively, 2%, 10% and 15% of each Capitalization Grant). As allowed by the SDWA, the NMFA will reserve and specify 4% of each of the FFY 2011 and FFY 2012 Capitalization Grants for the DWSRLF Administration Set-Aside. The NMFA anticipates that it will use an estimated \$376720 from the FFY 2010 Capitalization Grant to fund the Base DWSRLF Administration Set-Aside activities in SFY 2013. The Administration Set-Aside will fund activities that allow NMFA to implement, administer, and operate the DWSRLF program during SFY 2013. The NMFA estimates that nine of its employees will work on the DWSRLF program, for an equivalent of approximately 3.5 full-time employees working on the DWSRLF. The NMFA staff charge time to the DWSRLF based on actual hours worked. The NMFA contracts with the NMED's Construction Programs Bureau for engineering and construction oversight and also contracts with other parties chosen through a competitive procurement process, for other technical services that include environmental compliance reviews and legal services. The estimated SFY 2013 expenditures for services are approximately \$120,000.

The NMFA charges its borrowers a 1% 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).

Please see the below list for a further description of DWSRLF Administration Expenses.

- **Reporting Activities** - This includes preparing Capitalization Grant applications; assisting with annual solicitation of projects; assist with preparing the annual IUP; assisting with the preparation the annual report, financial reports, and audits; project tracking and reporting; reporting to the EPA National Information Management System; and participating in EPA site visits.
- **Payment Processing** - This includes closing loans, processing requests for reimbursement, making wire transfers, processing cash draws from the automated clearing house (ACH), and preparing and submitting annual outlay reports.
- **Pre-Application Activities** - This includes contacting PWSs on the IUP Fundable Priority List to arrange for pre-application meetings; scheduling and conducting meetings with potential applicants; and providing counseling and information regarding the preparation of financial applications, engineering feasibility reports and environmental information documents.
- **Application Review** - This includes conducting financial, engineering, environmental, financial, and legal reviews of financial assistance application materials; and preparing and presenting agenda items to the NMFA Board in connection with its approval of loan commitments.
- **Engineering, Construction, and Environmental Review** - This includes reviewing and approving engineering and construction plans and contract documents; reviewing and approving bid documents and checking for compliance

with federal cross-cutters; completing environmental reviews; preparing documents for loan closings; authorizing contract award and issuing notices to proceed; participating in pre construction conferences; monitoring of construction progress; reviewing and approving contract change orders; and reviewing and approving project close-out documents.

- **Portfolio, Audit and Cash Management** - This includes audit monitoring to ensure finance-related legal and contractual compliance and ongoing financial stability of applicants; and managing program cash flows, related banking, and investment activities in compliance with applicable laws, contracts, and NMFA policies.
- **Financial Management** - This includes processing payments (loan closings, making wire transfers, processing cash draws from EPA, and administration), preparing accounting entries to the general ledger, preparing reports (Quarterly Federal Cash Transaction Report and Annual Financial Status Report), preparing reconciliations and monitoring Federal Capitalization Grants.
- **Contractual Technical Services** – This includes contractual technical services for engineering and construction oversight, environmental reviews, and legal fees associated with closing DWSRLF loans.

A. Small Systems Technical Assistance Set-Aside

The SDWA authorizes states to use this Set-Aside to support a state technical assistance team or to support contracts with outside entities and individuals in order to provide technical assistance to PWSs serving a population of 10,000 or fewer. The goal for the Small Systems Technical Assistance (TA) Set-Aside is to enable small PWSs to achieve and maintain compliance with the SDWA and State regulations. The DWB will reserve and specify 2% of each of the FFY 2011 and FFY 2012 Capitalization Grants for the TA Set-Aside expected to be expended in subsequent fiscal years.

The DWB provides staff assistance to small PWSs on a daily basis. The DWB staff across the State work to assist small PWSs with questions and problems and also provide guidance materials to small PWSs as needed. When a small PWS is in violation of the SDWA or



New Mexico Drinking Water Regulations, the DWB Compliance staff prepares a notification letter that details the violation(s) and procedures for compliance. Compliance staff can provide detailed explanations of the violation(s) and the recommended steps to correct deficiencies. Compliance staff works with small PWSs to develop strategies to return to compliance as part of informal compliance agreements. If the violation(s) of a small PWS rise to the level of formal enforcement, the system is referred to the Enforcement Unit of the Technical Services Section for appropriate enforcement action. Small PWSs under enforcement actions receive priority technical, financial, and managerial assistance from DWB staff and/or contractors. Applicable contracts are funded through the Local Assistance and Other State Programs Set-Aside.

B. State Program Management Set-Aside

The State Program Management Set-Aside is used to support: Source Water Assessment and Protection, Public Water System Supervision, Operator Certification, and Capacity Development. The DWB will reserve and specify 10% of each of the FFY 2011 and 2012 Capitalization Grants for the State Program Management Set-Aside. See Appendix C for expected expenditures.

Source Water Assessment and Protection Program

The State Program Management Set-Aside will be used, in part, to administer the Source Water Assessment and Protection (SWAP) program. The SWAP program facilitates ongoing state efforts to protect public drinking water supplies from contamination. Activities planned to administer the SWAP program include modifying the statewide SWAP Program Implementation Strategy as needed; managing, tracking and reporting SWAP program activities; and developing SWAP outreach and training materials.

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 appropriate violation documentation in support of formal

enforcement actions taken by the State, providing an immediate response to confirmed acute contamination events and PWS problems that may impact public health, and collecting discretionary monitoring samples to confirm suspect sampling results as needed.

Operator Certification Program

The State Program Management Set-Aside will be used, in part, to provide training, attend meetings, 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. The UOC program is organizationally located in the Facility Operations Team of the NMED Surface Water Quality Bureau (SWQB). The DWB coordinates reviews and oversees the SDWA components of the UOC program administration in conjunction with the SWQB.

Capacity Development Program

The State Program Management Set-Aside will be used, in part, to support Capacity Development. The State has a large number of small, community-administered PWSs with board members that have little formal experience running a water system or other business. This situation presents a significant and ongoing challenge to the State. Capacity Development increases the technical, managerial, and financial capacity of PWSs through the work of staff and contractors (if applicable) to provide assistance, training, and professional oversight.

C. Local Assistance and Other State Programs Set-Aside

The Local Assistance and Other State Programs Set-Aside is used to support three programs: the Capacity Development program, Operator Certification program, and the SWAP program. The DWB will reserve and specify 15% of the FFY 2011 and FFY 2012 Capitalization Grants for Local Assistance Set-Aside which is expected to be expended in subsequent fiscal years.

Capacity Development Program

Capacity development is the process by which PWSs acquire and maintain the technical, managerial, and financial capacities necessary to consistently provide safe drinking water. The State is authorized to assist PWSs in developing and upgrading technical, managerial, and financial capacities. This Set-Aside involves completion of capacity assessments to determine

existing resources and inadequacies; general assistance and training of both PWS operators and board members by the DWB staff and contractors (if applicable); targeted assistance to PWSs identified in the Enforcement Targeting Tool list; and development of educational materials. An important capacity development component will include the leveraging of resources. Funding from this Set-Aside will also be utilized to support engineering review of projects (including plans, specifications, and preliminary engineering reports) to ensure that new PWSs and existing PWSs that propose modifications will meet current and future SDWA and State regulations. These activities are focused on assessing and assisting new and existing PWSs to ensure they are able to meet the requirements of the SDWA at present and in the future.

Activities that will be pursued under this Set-Aside include providing administrative support for the Capacity Development Program, enhancing public outreach efforts with new materials and increased participation in a broader scope of events and venues, conducting a minimum of two Drinking Water Advisory Group meetings per year, performing timely review of plans and specifications submitted to the DWB engineering staff, providing direct assistance and training to PWSs to address technical, managerial, and financial capacity deficiencies, and conducting capacity assessments in a timely manner in response to (1) a PWS's submittal of a DWSRLF Project Interest Form (2) a PWS's request for managerial and/or financial assistance, or (3) the DWB becoming aware of a new PWS.

Operator Certification Program

The DWB staff and its contractors (if applicable) will perform SDWA related training for PWS operators and will assist PWSs in need of a certified operator by providing a contact list of available operators.

Implementation of Source Water Assessment and Protection Program

This Set-Aside will be used to implement the SWAP program. The SWAP program is a composite of the Well Head Protection Program (WHPP) and source water assessment (SWA) elements. The DWB hired a Source Water Coordinator during SFY 2012 to promote the SWAP program and encourage PWSs with a Source Water Protection Plan (SWPP) to move forward with substantial implementation. The DWB will assist PWSs with the development of SWPP plans using either staff or contract resources. The DWB staff will update the SWPP areas as a component of sanitary surveys. PWSs will be evaluated for, and granted as appropriate, chemical monitoring flexibility based on SWA data and other applicable data.

Actions considered by the State as “substantial implementation of a source water protection strategy” may include but are not limited to:

- Zoning and related land-use measures that prohibit or restrict uses (*e.g.*, by overlay zoning or related actions);
- State or local health regulations (*e.g.*, sanitary setbacks);
- Land acquisition/conservation easements;
- Enforceable (*i.e.*, enforceable under state and/or local laws) or voluntary Best Management Practices;
- Public outreach, involvement and education programs related to each significant threat; and
- Other actions taken under federal or state statutes such as the Clean Water Act (*e.g.*, Total Maximum Daily Load, Non-Point Source Management).

These actions may occur for one CWS, or multiple CWSs, and be: (a) state-wide, including federal actions taken within the State; (b) regionally across jurisdictions; or (c) locally.

Currently all sanitary surveys include a source water protection component. This source water protection component can be used by a PWS to update its SWPP. If the system is in need of assistance with updating the SWPP, it may contact the Technical Services Section of the DWB.

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

V. CRITERIA AND METHOD FOR DISTRIBUTION OF FUNDS

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 the projects on the Fundable Priority List in rank order, but reserves the right to by-pass certain projects, using a by-pass procedure, as described below in Section V. H. In such an instance a lower ranked project may be funded over a higher ranked project if, in the opinion of the NMFA, 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. The NMFA reserves the right to not provide funding to a PWS that is financially nonviable or to recommend such a PWS seek funding from other funding agencies. Questions regarding the ranking process or the development of the Fundable Priority List should be directed to the DWB or the NMFA. The DWB can be reached at (505) 476-8620 or toll-free at (877) 654-8720 and the NMFA can be reached at: (505) 984-1454 or toll free at (877) 275-6632.

The following narrative is an overview of the screening process that has been used for projects receiving funding from the DWSRLF. It is important to understand that the ranking and other screening processes will occur in a phased approach. These activities will contribute both to project ranking for the DWSRLF and to focusing the resources of the DWSRLF Set-Asides. The State's project ranking process is initiated and implemented in the following manner:

1. On a FFY quarterly basis beginning October 1, 2012, the DWB will notify all eligible PWSs of the availability of DWSRLF Project Interest Form, which

allows interested PWSs to identify proposed projects for inclusion in the DWSRLF priority list. Interested systems may apply either by email or hardcopy via US Mail;

2. The DWB will perform a capacity assessment (if a current one is not available) on PWSs that have submitted a Project Interest Form;

3. PWSs that submit a completed Project Interest Form by November 1, 2012 and every three months thereafter will be prioritized through the DWB prioritization and be included on the multi-year Comprehensive Priority List updated January 1, 2013 and every three months thereafter;

4. On a quarterly basis, the DWB will perform an analysis of the administered capacity assessments for technical, managerial, and financial capacity. Projects that meet these criteria and are able to demonstrate ability to begin the project within six months will be forwarded to the NMFA for a subsequent preliminary financial analysis of the PWS's ability to undertake a loan for the proposed project. PWS's that pass this preliminary analysis will be moved from the Comprehensive Priority List to the Fundable Priority List (Appendix E) which shall be published on the NMFA's and NMED's websites;

5. PWSs will have 45 days from the publishing of the updated quarterly Fundable Priority List to submit a loan application to the NMFA. Once approved by the NMFA Board for funding, the applicant will have six months to complete the readiness to proceed identified by the NMFA Board of Directors. If a PWS does not submit the required readiness items within the six month timeframe, then NMFA's commitment to the 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 one year from the date of the NMFA Board approval. Applicants not meeting this timeframe will be removed from the Fundable Priority List and placed on the Comprehensive Priority List. Once the PWS completes the necessary readiness items, 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; and
 - c. 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 Fundable Priority List will receive an explanation of the deficiencies that have prevented its inclusion, including recommended steps for addressing such deficiencies, and may be referred to the DWB capacity development program. The DWB and the NMFA expect to use the resources of the Set-Asides to assist such PWSs in addressing any deficiencies, 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 NMED and the NMFA may supplement this IUP quarterly to add/subtract projects on the Fundable Priority List based on the criteria described above. Updates to the IUP will be posted on DWB's and the NMFA's websites (www.nmenv.state.nm.us/dwb and www.nmfa.net, respectively) will provide interested parties with information regarding current IUP status, the Comprehensive Priority List, and the Fundable Priority List.

The State's ranking process includes federal ranking criteria and state ranking criteria for PWS projects. In addition to the ranking criteria, a PWS and its project is screened according to a policy for allocating a percentage of the DWSRLF to disadvantaged or small PWSs, if emergency conditions exist, and if the project is ready to proceed.

B. Federal Ranking Criteria for Water System Projects

1. **Public Health Threat:** A PWS that proposes a project addressing a serious threat to human health will receive a higher ranking than a project with an equal score that does not address a serious threat to human health. The State reserves the right to include projects that address a threat to human health on the Fundable Priority List through the annual process described under Section V.A.



or at any time such a public health threat emerges during the year at an eligible PWS (see Section V.G. – Emergency Conditions, below). Such projects will be identified in the Annual Report and during the annual review.

2. **SDWA Compliance:** PWSs that have projects which are necessary to ensure compliance with SDWA requirements including filtration.
3. **Affordability:** Assistance to PWSs most in need, on a per-household basis, according to state affordability criteria, outlined in Section D.
4. **Water Conservation:** Including water conservation programs and metering.
5. **Sustainability:** Energy efficiency, green infrastructure, environmentally innovative projects, asset management and operation improvements.

C. State Ranking Criteria for Water System Projects

1. **Water System Regionalization:** Including source and storage reliability, mitigation of SDWA contaminants for one or more PWSs, and/or initiation of concrete measures to bring about regionalization of two or more PWSs.
2. **Population:** Population points are only available to community PWSs. In the State, the PWS population will be calculated differently by the DWB and the NMFA. In all cases, the DWB will calculate the population based on the PWS inventory information in Safe Drinking Water Information System (SDWIS). For example, any reference to population in the DWB capacity assessment, or the DWB ranking document, will refer to SDWIS for population information. The NMFA will use the population information found in the most recent U.S. Census to calculate MHI and to determine categorical exclusion eligibility. In all other instances, the NMED and the NMFA will specify the population calculation to be utilized, as needed. Because of the potential for changes in a community's population over time, the IUP opening date in which a specific project is listed will serve as the date for all subsequent population determinations. If more than one PWS has the same ranking score, the smaller PWS will be ranked higher than the larger PWS, based on the population served.

{Population points are calculated according to the following formula: A system serving a population of 3,300 receives 50 points; whereas systems with a population between 3,300 and 10,000 receive a proportional amount of points via a linear decrease in points with a system serving a population of 10,000 receiving zero points. A linear decrease is also used for systems having a population between 3,300 and 1 with a population of 1 receiving zero points}

D. Disadvantaged Communities and Small Water Systems

The State, through the NMFA, will provide 0% interest loans to disadvantaged communities. In addition, the State will provide at a minimum 15% of available loan funds for small PWSs, which are defined as serving populations of 10,000 or fewer, based on the most recent U.S. Census (40 CFR 35.3525(a)(5) and 40 CFR 35.3525(b)). PWSs in communities with an MHI at or below 90% of the State's MHI are preliminarily deemed to be disadvantaged. This preliminary designation will receive further analysis should a PWS preliminarily deemed disadvantaged apply for a DWSRLF loan. The preliminary designation of disadvantaged community does not guarantee or imply that the PWS so designated will retain disadvantaged status after the NMFA has conducted its in-depth analysis described below.

Disadvantaged Community Loan Eligibility

The NMFA is directed by the federal DWSRF Program (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. To assess affordability in a manner which takes into account both the price and the ability to pay, the NMFA will calculate for each applicant the ratio of average annual user charges that would result from the completion of a proposed project to the MHI of the PWS service area.

{Affordability Ratio = Average Annual User Charges / MHI}

Assistance to Disadvantaged Communities

The NMFA intends to provide subsidies to its DWSRLF borrowers. The NMFA uses the DWSRLF to provide low-interest loans and enhanced financing terms to disadvantaged communities. Disadvantaged communities are defined as communities with an MHI at 90% or less of the State's MHI and with a projected affordability ratio (after completion of the proposed project) greater than 0.010 and less than or equal to 0.015. Communities with a projected



affordability ratio greater than 0.015 based on a financial analysis for a 20-year loan are considered severely disadvantaged. The interest rate on loans to disadvantaged communities will be 0% up to \$600,000, with a maximum loan repayment term of 20 years. Severely disadvantaged communities may receive loans exceeding \$600,000 financed at 0%; however, an affordability ratio of 0.015 is the maximum affordability ratio that any community should bear. Therefore, in an attempt to bring the affordability ratio of a severely disadvantaged system down to 0.015 or less, the NMFA will provide, to the extent available and necessary, the following, in this order:

1. loan amortization extension to a maximum of 30 years; and/or
2. forgiveness of a portion of principal payments on the loan; and/or
3. assistance in obtaining grants from other sources.

If these reductions by the NMFA fail to bring the affordability ratio down to 0.015 or less, the project will be by-passed until sufficient additional funding can be secured. The NMFA may waive the goal to use 10% of DWSRLF funds to finance PWSs in disadvantaged communities if there is insufficient ready demand. The final determination of a community's disadvantaged status cannot be made until the NMFA is able to review the financial statements of the applicant. The NMFA, either directly or through its technical assistance contracts, works with PWSs on the Fundable Priority List to determine the suitability of the applicant for the DWSRLF funding and the loan interest rate to be offered. The NMFA will offer "additional subsidy" to disadvantaged and severely disadvantaged communities as described in Section I. of this IUP.

E. Priority Lists

The DWSRF rules state that an IUP "must include a priority system for ranking individual projects for funding" and that the prioritization (i) address the most serious risk to human health; (ii) ensure compliance with the requirements of the 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 D.

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." The DWB



has interpreted this as a list of all submitted projects where the PWS meets the capacity requirements. PWSs that do not meet the capacity requirements will be offered assistance through set-aside activities to qualify for the Comprehensive List. Projects will remain on the Comprehensive list until funded or three (3) years, whichever is sooner.

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.” The NMED has interpreted this as a project on the comprehensive list which is expected to close on the DWSRLF loan within the six months covered by this IUP. A PWS with a project that appears on the Fundable Priority List must pass a detailed financial review by the NMFA.

PWSs whose project did not qualify for the Comprehensive List will be notified with an explanation of capacity deficiencies and an offer for direct assistance. When the PWS meets capacity requirements the project will be added to the Comprehensive List. If the DWSRLF has funds available the project will be added to the next FFY quarter Fundable Priority List.

F. Small System Funding

The DWSRF rules state that “of the total amount available for assistance from the Fund each year, a State must make at least 15 percent available solely for providing loan assistance to small systems to the extent such funds can be obligated for eligible projects.” 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) based on the most recent U.S. Census. Currently, the NMFA has provided 29% of the total value of its loans to PWSs with populations of 10,000 or fewer. The NMFA continuously markets to these communities at different statewide conferences held by organizations such as the New Mexico Municipal League, New Mexico Rural Water Association, or at the New Mexico Infrastructure Finance Conference. The NMFA is striving to meet the needs of small PWSs in the State and in SFY 2013 looks to provide up to 25% of all loans to these small PWSs.

G. Emergency Conditions

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.

H. By-Pass 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 by-pass certain projects using the by-pass procedure described below. 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 criteria discussed below.

A PWS on the Fundable Priority List must be ready and willing to apply for a loan and be ready to proceed with construction within six months of being placed on the Fundable Priority List as covered by this IUP and subsequent quarterly updates. After a PWS has been notified of the PWS's eligibility for DWSRLF funding, the PWS has 45 calendar days to submit a complete application to the NMFA to follow through with DWSRLF funding. The PWS must expeditiously complete all required funding documentation and prepare to initiate construction within six months of being placed on the Fundable Priority List. If the PWS does not expeditiously complete all required funding documentation and move toward construction or does not agree to undertake a loan, the PWS will be by-passed, and placed back on the Comprehensive Priority List, to allow other PWSs to take advantage of the DWSRLF. Once the PWS completes all required funding documentation, is ready to move forward, or is willing to take a loan, the PWS will be placed back on the Fundable Priority List in the next FFY quarter in its newly prioritized rank.

I. DWSRLF Project Funding Summary

Using the criteria and processes as set forth in this IUP, the NMFA will proceed through the Fundable Priority List 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.

VI. REPORTING

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 agrees to comply with the revised reporting requirements contained in the Procedures for the FFY 2011 Appropriation and the FFY 2012 Appropriation. Project data will be entered into PBR no less often than quarterly.

VII. ASSURANCES AND CERTIFICATIONS

1. Instrumentality of the State – The State of New Mexico has authorized the DWSRLF through the New Mexico Drinking Water State Revolving Loan Fund Act. This legislation establishes the NMFA as the instrument of the State to manage the DWSRLF loan program. The State Attorney General certifies that the legislation grants the NMFA the power and authority necessary to implement and administer the DWSRLF program consistent with the SDWA and all applicable State and Federal regulations.
2. Establishment of the DWSRLF and Non-Project Accounts – The NMFA certifies that the DWSRLF account is a separate account, dedicated solely to providing loans and other forms of assistance for the construction of Section 1452 public water supply systems.
3. Payment Schedule – The NMFA will include in its annual DWSRLF Capitalization Grant Applications a proposed payment schedule supported by the IUP. The State agrees to



accept Capitalization Grant payments in accordance with the negotiated payment schedule.

4. State Matching Funds – The NMFA agrees to deposit the 20% state match into the DWSRLF on the date of or before receiving payments under the Capitalization Grant.
5. Entering into Binding Commitments with Assistance Recipients – The NMFA agrees to enter into binding agreements with assistance recipients. Projected schedules for commitment of DWSRLF funds to specific projects will be provided in the annual IUP.
6. Expeditious and Timely Expenditures – The State agrees to expend all funds in an expeditious and timely manner.
7. Enforceable Requirements of the Act – The NMFA agrees that all funds in the DWSRLF (*i.e.*, DWSRLF grants funds, state match monies, and loan repayments) will be used for projects on the Priority List or allowable set-asides.
8. Applicable State Laws and Procedures – The NMFA agrees to commit or expend each quarterly grant payment in accordance with New Mexico Laws and Procedures.
9. State Accounting and Auditing Procedures – The NMFA will arrange to have conducted an annual independent financial compliance audit of its DWSRLF program in accordance with generally accepted government auditing standards (GAGAS) issued by the Comptroller General of the United States. The audit report will contain: an opinion on the financial statements 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 State fiscal year that is audited and will be submitted to EPA’s Office of Inspector General (OIG) within 30 days of its completion.
10. DWSRLF Assistance Recipient Accounting and Audit Procedures – The NMFA will require DWSRLF assistance recipients to maintain project accounts in accordance with Generally Accepted Accounting Principles (GAAP). This requirement will be implemented through a condition in the financial assistance agreement reached between the NMFA and DWSRLF assistance recipients.
11. Annual Report and Annual Audit – The State agrees to submit an Annual Report and Annual Audit to the EPA Region 6 on the actual use of funds and how the State has met

the goals and objectives for the previous fiscal years as identified in the IUP for the previous year. The scope of the Report and Audit covers the DWSRLF and all approved Set-Aside activities funded by the DWSRLF program.

12. Environmental Review – The NMFA agrees that binding commitments on DWSRLF projects will be made on those projects which will receive a portion of the loan funds made available from the Capitalization Grant. However, only after the NMFA has conducted an environmental review and a determination is made using the EPA-approved State Environmental Review Process (SERP) will a binding commitment be converted into an assistance agreement.
13. Intended Use Plan – An annual IUP will be prepared in accordance with the Memorandum of Understanding Describing and Allocating Duties and Responsibilities Pursuant to the DWSRLF Act (MOU) and with provisions for public review and comment on the IUP. The annual IUP will be included with the annual Capitalization Grant application. This IUP will include a list of projects proposed for assistance, long-term and short-term goals of the DWSRLF program, information on DWSRLF activities to be supported, criteria and methods for distributing DWSRLF funds, and assurances and specific proposals. The IUP and attached information will be provided in accordance with the SDWA.
14. Repayment to the Fund – The NMFA agrees that all principal and interest payments on loans, and returns on invested DWSRLF funds, will be credited directly to the DWSRLF.
15. Staff Technical Capability – The NMFA agrees to provide documentation demonstrating that it has adequate personnel and resources to establish, operate and manage the DWSRLF (*e.g.*, current and future staffing plan, background/qualifications statements). The documentation will be admitted as part of the annual Capitalization Grant application package.
16. Recipient of Funds – The NMFA agrees that it and all recipients of DWSRLF funds will comply with applicable Federal law and regulations. The NMFA also agrees to inform EPA when consultation or coordination is necessary to resolve issues regarding compliance with those requirements.

17. Procedures to Assure Borrowers Have Dedicated Source of Repayment – The NMFA agrees that it will make a determination whether or not an applicant has the ability to repay a loan according to its terms and conditions, prior to making that loan. The NMFA will develop criteria to evaluate an applicant’s financial ability to repay the loan, in addition to paying for operation and maintenance costs, and other necessary expenses.
18. Capacity Development Authority – The State of New Mexico has the legal authority to ensure that all community and non-transient non-community water systems demonstrate technical, managerial, and financial capacity. The NMFA will evaluate loan applicants regarding fiscal stability of the proposed water system, and will require changes necessary to assure adequate ability to provide proper operation.
19. Operator Certification – The state administers a mandatory Operator Certification Program for operators of community public water supply systems.
20. Review of Technical, Financial, and Managerial Capability of Assistance Recipients – The NMFA agrees to propose a method to review and reevaluate the technical, financial, and managerial capability of assistance recipients. The NMFA will submit this program element to EPA for review.
21. System to Minimize Risk of Waste, Fraud, Abuse and Corrective Action – The NMFA agrees to devise and institute measures which will alert its staff to project deficiencies as they emerge, and which will set forth NMFA actions to correct such deficiencies as quickly as possible so as to preclude the need for corrective action by the EPA. If the recipient of financial assistance from the NMFA’s DWSRLF funds exhibits evidence of waste, fraud, or abuse, the NMFA will impose sanctions on the recipient. Section VI.B.3 of the Interim Guidance – DWSRF outlines procedures and potential actions to be taken by EPA and the State in the event non-compliance has been determined.
22. Development and Submittal of a Project Priority Ranking System – The NMED will develop a Project Priority Ranking System to determine the annual Comprehensive Priority List and Fundable Priority List required as part of the IUP, and after public review and comment, the Fundable Priority List will be submitted as part of the Capitalization Grant application. The system will describe, in detail, the by-pass

procedures which clearly identify the conditions which would allow a project to be by-passed and how the NMED will identify which projects would receive the by-pass funds.

VIII. ANTICIPATED CASH DRAW RATIO

The anticipated cash draw ratio for the DWSRLF is 77.53% federal and 22.47% state. However, it is anticipated that during SFY 2013, that \$202,181 from the FFY 2008 Capitalization Grant will be transferred from the Local Assistance Set-Aside to the Loan Fund. At the point that this transfer has been approved by the EPA, then this ratio will be adjusted slightly to accommodate the additional funds in the SRF and is anticipated that the ratio would not be greater than 78.16% federal and 21.84% state.

APPENDIX A

PUBLIC OUTREACH

Sample notice published in at least three newspapers statewide:

The New Mexico Finance Authority and the New Mexico Environment Department Drinking Water Bureau invite public review and comment on the State Fiscal Year 2013 Drinking Water State Revolving Fund Draft Intended Use Plan. The Safe Drinking Water Act 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 2013. The draft IUP is available at www.NMFA.net and www.nmenv.state.nm.us/dwb or can be obtained by calling Rob Pine at (505) 476-8642. Comments will be accepted until October 8, 2012 and should be addressed to:

New Mexico Environment Department - Drinking Water Bureau
525 Camino de los Marquez, Suite 4
Santa Fe, NM 87505
Attn: Rob Pine



APPENDIX B

NEW MEXICO ENVIRONMENT DEPARTMENT MATCH FOR STATE PROGRAMS CATEGORY

NMED State Programs 1:1 Match Formula

<i>DWSRLF STATE PROGRAMS SET-ASIDE ELEMENT</i>	SFY13 Operating Budget
	July 2012-June 2013
State Programs Budget	\$981,987

State Match Funds	SFY13 Operating Budget
	July 2012-June 2013
Corrective Action Fund	\$0
Water Conservation Fee Fund	\$3,190,800
Available State Match-Current Year	\$981,987
Excess State Program Match	\$2,208,813



APPENDIX C

SET-ASIDE FINANCIAL TABLES

ADMINISTRATION SET ASIDE (4%)								
Cap Grants with Allocations to Set-Aside	Set-Aside Allocated	Set-Aside Anticipated for FFY 2011 + FFY 2012 Cap Grants	Specified Amount	Unspecified Amount	Amount Transferred to Loan Fund	Specified Expenditures through SFY 2012	Estimated Expenditures through SFY 2013	Estimated Ending Balance as of end of SFY 2013
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	\$0
FFY 10	\$542,920		\$542,920	\$0	\$0	\$102,160	\$330,000	\$110,760
FFY 11		\$368,000	\$368,000	\$0	\$0	\$0	\$0	368,000
FFY 12		\$359,000	\$359,000	\$0	\$0	\$0	\$0	\$359,000
TOTALS	\$5,654,380	\$727,000	\$6,381,380	\$0	219,049	\$4,994,571	\$330,000	\$837,760



SMALL SYSTEMS TECHNICAL ASSISTANCE SET ASIDE (2%)

Cap Grants with Allocations to Set-Aside	Set-Aside Allocated	Set-Aside Anticipated for FFY 2011 + FFY 2012 Cap Grants	Specified Amount	Unspecified Amount	Amount Transferred to Loan Fund	Specified Expenditures through SFY 2012	Estimated Expenditures through SFY 2013	Estimated Ending Balance as of end of SFY 2013
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	\$136,318	\$26,602	\$0
FFY 09 (ARRA)	\$390,000		\$390,000	\$0	\$0	\$390,000	\$0	\$0
FFY 10	\$271,460		\$271,460	\$0	\$0	0	\$165,020	\$106,440
FFY 11		\$188,360	\$188,360	\$0	\$0	\$0	\$0	\$188,360
FFY 12		\$179,500	\$179,500	\$0	\$0	\$0	\$0	\$179,500
TOTALS	\$2,827,190	\$367,860	\$3,195,050	\$0	\$0	\$2,529,128_	\$191,622	\$474,300



STATE PROGRAM MANAGEMENT SET-ASIDE (10%)

Cap Grants with Allocations to Set-Aside	Set-Aside Allocated	Set-Aside Anticipated for FFY 2011 + FFY 2012 Cap Grants	Specified Amount	Unspecified Amount	Amount Transferred to Loan Fund	Specified Expenditures through SFY 2012	Estimated Expenditures through SFY 2013	Estimated Ending Balance as of end of SFY 2013
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	\$828,500		\$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	\$810,987	\$3,613	\$0
FFY 09 (ARRA)	\$1,950,000		\$1,950,000	\$0	\$0	\$1,950,000	\$0	\$0
FFY 10	\$1,357,300		\$1,357,300	\$0	\$0	\$406,010	\$947,714	\$3,576
FFY 11		\$941,800	\$941,800	\$0	\$0	\$0	\$0	\$941,800
FFY 12		\$897,500	\$897,500	\$0	\$0	\$0	\$0	\$897,500
TOTALS	\$14,135,950	\$1,839,300	\$15,975,250	\$0	\$0	\$13,180,997	\$951,327	\$1,842,876



**LOCAL ASSISTANCE AND OTHER STATE PROGRAMS SET-ASIDE
CAPACITY DEVELOPMENT SUB-ELEMENT (10%)**

Cap Grants with Allocations to Set-Aside	Set-Aside Allocated	Set-Aside Anticipated for FFY 2011 + FFY 2012 Cap Grants	Specified Amount	Unspecified Amount	Amount Transferred to Loan Fund	Specified Expenditures through SFY 2012	Estimated Expenditures through SFY 2013	Estimated Ending Balance as of end of SFY 2013
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	\$493,372		\$0
FFY 08	\$814,600		\$814,600	\$0	\$0	\$776,847	\$0	*\$37,753
FFY 09	\$814,600		\$814,600	\$0	\$0	\$810,833	\$3,767	\$0
FFY 09 (ARRA)	\$0		\$0	\$0	\$0	\$0	\$0	\$0
FFY 10	\$1,357,300		\$1,357,300	\$0	\$0	\$23,097	\$1,257,999	\$76,204
FFY 11		\$941,800	\$941,800	\$0	\$0	\$0	\$0	\$941,800
FFY 12		\$897,500	\$897,500	\$0	\$0	\$0	\$0	\$897,500
TOTALS	\$11,224,494	\$1,839,300	\$13,063,794	\$0	\$0	\$9,519,243	\$1,261,766	\$1,953,257

*\$37,753 to be transferred to the loan fund



**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 2011 + FFY 2012 Cap Grants	Specified Amount	Unspecified Amount	Amount Transferred to Loan Fund	Specified Expenditures through SFY 2012	Estimated Expenditures through SFY 2013	Estimated Ending Balance as of end of SFY 2013
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	\$0	\$242,872	\$0	*\$164,428
FFY 09	\$407,300		\$407,300	\$0	\$0	\$62,257	\$276,424	\$68,619
FFY 09 (ARRA)	\$0		\$0	\$0	\$0	\$0	\$0	\$0
FFY 10	\$678,650		\$678,650	\$0	\$0	\$0	\$0	\$678,650
FFY 11		\$470,900.	\$470,900.	0	0	\$0	\$0	\$470,900
FFY 12		\$448,750.	\$448,750.	\$0	\$0	\$0	\$0	\$448,750
TOTALS	\$7,054,431	\$919,650	\$7,974,081	\$0	\$0	\$5,866,310	\$276,424	\$1,831,347

*\$164,428 to be transferred to the loan fund.

APPENDIX D

RANKING SYSTEM FOR DWSRLF PROJECTS



Public Health	
Inconsistent Water Supply Project is for a new well or source for systems which experience water outages.	12 Points
Backup source Project includes development of a second backup well or surface water intake.	6 Points
Improve water quality in areas not currently served 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
Provide service to areas not currently served Project extends water service to existing homes not currently served by a centralized water system.	4 Points
Water storage Project is for additional storage capacity to ensure adequate supply during emergency situations (excluding storage requirements for fire flow.)	5 Points
Inadequate water supply Project is for additional wells or sources to ensure system can provide minimum design flow requirements.	3 Points
Safe Drinking Water Act Compliance	
Acute violations System is in violation of acute treatment technique requirements or an MCL of an acute contaminant, and the proposed project will address the problem.	15 Points
Non-acute violations System has 3 or more violations of non-acute treatment technique requirements or MCL exceedances of non-acute contaminants, and the proposed project will address the problem.	10 Points
Ground Water Under the Direct Influence of Surface Water (GWUDI) Sources System has received a formal GWUDI determination, and the proposed project will address the problem.	12 Points
Distribution Compliance Project upgrades or treatment that helps maintain compliance with regulations associated with the distribution system. (e.g. UV, flush hydrants, chlorination, improve tank turnover).	6 Points
Water Pressure Project addresses a water pressure problem.	4 Points
Rehabilitation Project replaces or rehabilitates failing or inadequate infrastructure (for reasons other than water loss).	3 Points
Affordability (Community Water Systems Only)	
Affordability ratio ¹ .01 to .015	2 Points



Affordability ratio greater than .015	3 Points
Water System Regionalization/Consolidation	
Emergency Interconnection Project addresses the need for an emergency source through interconnection with another public water system.	3 Points
Regionalization Activities Project is a regionalization effort among two or more public water systems that results in the consolidation of the public water systems.	5 Points
Water Conservation	
Water Conservation Project is expected to result in 15% or more water conservation.	6 Points
Metering Project includes metering an unmetered system.	4 Points
Sustainability	
Energy Efficiency 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
Green Infrastructure Project includes green infrastructure.	2 Points
Environmentally Innovative Projects Project uses environmentally innovative concepts to produce, treat and/or deliver water.	2 Points
Asset Management Systems that have developed or are in the process of developing an asset management plan will receive one point will 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
Operation Improvements Project streamlines or improves operations of the system (e.g. radio read meters, looping, SCADA, additional valves).	3 Points
Population	
Based on Drinking Water Bureau records, Systems with a population of 3,300 will be awarded 5 points. The number of points decreases linearly to 0 as population decreases to 0 or increases to 10,000 from 3,300. Systems with a population over 10,000 will receive 0 population points.	5 Points Maximum
Total	128 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.



APPENDIX E

SFY 2013 Fundable Priority List



Comprehensive Ranking	Fundable Ranking 2013 - 1	NameNumber	Score	Comp Priority Value	Population	Designation	Disadvantaged?	Project Description	Cost Estimate	Expected Form of Financial Assistance	Sustainability Policy	Fundability Comments
1		Valley Estates MDWCA, NM3503621	13	1	200	Small System	Unknown	Install a uranium treatment system to address the Administrative Order for exceedance of the uranium MCL; install a disinfection system; replace the existing 30,000 gallon storage tank, which is poor condition, with 40,000 gallon tank; replace the existing booster station which is in poor condition.	\$ 341,000	Unknown	Fix it First	Project not ready for funding
2		El Creston, -NM350007	12	4	200	Small System	No	Construction of a well, storage tank and fill station. Approximately 1/3 of the wells in the area have gone dry with more expected to go dry in the future.	\$ 898,000	Unknown		Insufficient historic revenues to undertake debt. No reasonable projections upon which to base a loan.
3		Cimarron Water System, NM3526204	12	5	1,500	Small System	Unknown	Final design and construction of a new microfiltration water treatment plant. The current system has been in violation for inadequate TOC removal. Upgrade Well #2 with variable frequency drives; upgrade pumps and motors; install a new DC and all related electronics; install a SCADA system. All projects will assist Bosque Farms to extend service to existing residents in the newly incorporated Village of Peralta who have water quality problems due to septic system usage.	\$ 610,000	Unknown	Fix it First	Project not ready for funding
4	1	Bosque Farms Water Supply, NM3510732	12	6	4,000	Small System	No		\$ 800,000	75% loan at 2% interest and 25% principal forgiveness	N/A	Ready and fundable
5		Ojo Caliente COOP, NM3506621	11	7	350	Small System	Unknown	Install arsenic treatment and transmission line to route water from Wells #1 and #2 for treatment. Ojo Caliente MDWCA is under an Administrative Order for exceeding the Arsenic MCL.	\$ 737,000	Unknown	Fix it First	Based upon 2010 financials, insufficient historic revenues to support a loan for the entire project. May be able to fund planning and design.
6		Santa Cruz MDWCA, NM3572926	11	8	430	Small System	Unknown	Construction of two Uranium treatment plants for the 2 service wells; new water storage tanks.	\$ 900,000	Unknown	Fix it first	Project not ready for funding
7		Algodones WUA, NM3535123	11	9	675	Small System	Unknown	Install Arsenic treatment system. System is under an Administrative Order. Construction of a new well to supplement the system's one well; SCADA control system.	\$ 400,000	Unknown	Fix it First	Project not ready for funding
8		Chamita MDWCA, NM3500121	11	10	1,000	Small System	Unknown	Replace a 90-year old elevated 55,000 gallon water tank with a 293,000 gallon tank. The old tank is in poor condition.	\$ 355,000	Unknown	N/A	Project not ready for funding
9	2	Estancia Water System, NM3524030	11	11	1,800	Small System	Severely	Construction of a 250,000-gallon water storage tank; 10" interconnecting pipe; Rehabilitation of the existing 250,000-gallon water storage tank; Installation of additional meters on existing service connections water storage tank refurbishment; water delivery improvements i.e. replacement of meters and meter assemblies; installation of approximately 5 miles of transmission and distribution lines in order to connect a well and storage tank from a subdivision located on the west side of the City system; drill a new replacement water well to include construction of an adjacent Disinfection Facility	\$ 550,000	25% at 0% interest and 75% principal forgiveness	Fix it First	Ready and fundable
10		Pecos Water System, NM3518325	10	16	2,550	Small System	Unknown	Construction of approximately 5 miles of 6" C900 pipeline to serve approximately 80 existing homes where groundwater is contaminated due to septic systems.	\$ 764,000	Unknown	N/A	Project not ready for funding
11		Moriarty Water System, NM3524230	9	17	1,900	Small System	Unknown	Construction of a new pump station; new water storage tank; rehabilitate an existing storage tank; new PRV station.	\$ 623,800	Unknown	Fix it First	Project not ready for funding
12		El Valle de Los Ranchos W&S, - NM3500008	8	18	80	Small System	Unknown		\$ 1,333,000	Unknown	N/A	Project not ready for funding
13		Lower Des Montes MDWCA, NM3574729	8	19	300	Small System	Yes	Construction of a new pump station; new water storage tank; rehabilitate an existing storage tank; new PRV station.	\$ 500,000	Unknown	Fix it first	Based upon 2010 financials, insufficient historic revenues to support a loan for the entire project. May be able to fund planning and design.
14		Magdalena, Village of, NM3523528	8	20	1,005	Small System	Unknown	New well to supplement the system's single well.	\$ 205,400	Unknown	N/A	Project not ready for funding
15	3	Bloomfield Water Supply System, NM3510124	8	21	6,725	Small System	No	Replace all manual-read meters which are 15 - 20 years old with a fixed-base Advanced Meter Reading system including metering, telemetry, and advanced water-management software. The system will allow real-time reading of all meters.	\$ 1,327,000	75% loan at 2% interest and 25% principal forgiveness	Fix It First	Maybe - very tight coverage based upon NSR. The amount of GREEN will determin whether they have capacity.
16	4	Albuquerque-Bernalillo County Water Utility Authority, NM3510701	8	22	453,000	Large System	No	Construct water lines for Phase 3 of the Carnuel project to serve an area impacted by nitrate contamination and currently unserved by a Public Water System.	\$ 2,500,000	75% loan at 2% interest and 25% principal forgiveness	N/A	Ready and fundable
17		El Prado WSD, NM3515029	7	24	750	Small System	Yes	Install 2.69 miles of 12" transmission line to connect the new Well #3 to system's water storage tanks, thus giving the system a backup source and the ability to periodically rest the existing well.	\$ 750,000	Unknown	Fix it First	Entity not in compliance with State Auditor's Office
18		Hagerman Water System, NM3519903	7	25	1,150	Small System	Unknown	Design, construction, purchase, and installation of a water storage tank and pressure pump for Greenfield well.	\$ 350,000	Unknown	N/A	Project not ready for funding

Comprehensive Ranking	Fundable Ranking 2013 - 1	NameNumber	Score	Comp Priority Value	Population	Designation	Disadvantaged?	Project Description	Cost Estimate	Expected Form of Financial Assistance	Sustainability Policy	Fundability Comments
19		Santa Rosa Water System, NM3515010	7	26	2,500	Small System	Yes	Upgrade the current SCADA system. The SCADA upgrade will allow for monitoring of flow at strategic locations throughout the system. Replace 950 manual-read meters, which are over 20 years old, with a fixed-base Automated Meter Reading System. The SCADA and AMR projects will allow for real-time leak detection. The portion of the AMR project other than the meters qualifies as green.	\$ 1,250,000	Unknown	Fix It First	Not OSA compliant - 2008 last audit reviewed
20	5	Eunice, City of, NM3521513	7	27	2,501	Small System	No	Replace old distribution line; equipping a supplemental water well and connecting it to the system; extension of the water system to the intersection of NM 18 and NM 176 to support the development of a hotel.	\$ 1,600,000	75% loan at 2% interest and 25% principal forgiveness	Fix it First	Ready and fundable
21		Truth or Consequences, NM3514327	7	28	8,520	Small System	Unknown	Redesign and rebuild network of pipes and pumps to deliver re-use effluent to municipal golf course and Hot Springs Middle School fields.	\$ 805,500	Unknown	N/A	Project not ready for funding
22		Cordova MDWCA, NM3501221	6	29	325	Small System	Unknown	Construct an additional 50,000 gal water storage tank to provide additional service capacity; Replace existing two, three, and four-inch waterline with six-inch line; Loop existing sections of the waterline; Replace existing valves, flush hydrants and water meters; Install fire hydrants; □ Upgrade pumphouse to include SCADA system and level controller.	\$ 247,000	Unknown	Fix it first	Project not ready for funding
23		Tijeras, Village of, NM3500601	6	30	1,200	Small System	No	Phase III of project to expand service area to existing Village residents currently not served by the water system. Project includes booster pump station and water distribution lines.	\$ 1,300,000	Unknown	N/A	Historic revenues are insufficient to cover debt for proposed project
24	6	Alto Lakes WSD, NM3558514	6	31	2,000	Small System	No	Phase II of water treatment project to reduce TDS and hardness by installation of an RO system and brine disposal facility. It is estimated that 220 tons of salt are used in household softeners which currently go into septic systems as a result of the hardness of the water	\$ 1,000,000	75% loan at 2% interest and 25% principal forgiveness	N/A	Ready and fundable
25	7	Alto Lakes WSD, NM3558514	6	32	2,000	Small System	No	Replace old 150,000 gal water storage tank with new 300,000 gal welded steel tank. The old tank is in poor condition and by replacing the tank, the system could add needed storage capacity.	\$ 400,000	75% loan at 2% interest and 25% principal forgiveness	Fix It First	Ready and fundable
26	8	Tucumcari Water System, NM3528020	6	33	6,000	Small System	Severely	Rehabilitate water supply wells #3, #5 and #8 in the Metro well Field that at one time were very good producers but currently are not producing due to in-well issues such as caving or sanding.	\$ 885,000	25% at 0% interest and 75% principal forgiveness	Fix it First	Ready and fundable
27		Aztec Water System, NM3509824	6	34	6,378	Small System	No	The Aztec Airport Water Tank was inspected in 2009 which indicated that the tank was in extremely poor condition and the possibility of catastrophic failure was high. The City wishes to replace this 250,000 gal tank with a 1,000,000 gal tank.	\$ 1,300,000	Unknown	Fix it First	No - Not OSA compliant - 2010 last audit reviewed
28		Los Lunas Water System, NM3525332	6	35	11,535	Large System	Unknown	Construction of a river crossing strategically located near the northern or southern Village limits as well as the associated piping to adequately create an eastside loop. The line would be approximately 5,000 feet in length and would include all necessary valves, fire hydrants, connections and appurtenances.	\$ 2,300,000	Unknown	N/A	
29		Magdalena, Village of, NM3523528	5	37	1,005	Small System	Yes	New SCADA system to replace system's current non-functional system.	\$ 50,900	Unknown	N/A	No - Not OSA compliant - 2007 last audit reviewed
30		Cimarron Water System, NM3526204	5	39	1,500	Small System	Yes	Replace old leaky cast iron service lines.	\$ 775,000	Unknown	Fix it First	Cost would have to be amortized for more than 20 years to meet coverage
31		Lower Rio Grande Public Works Authority, NM3502407	5	40	9,487	Small System	Severely	Purchase the Valle Del Rio Water System. The cost includes appraisal, due diligence inspection, legal expenses, and the cost of developing planning documents (PER & environmental documents) and design for the system. □ Improvements and interconnection with the existing LRGPWVA water system	\$ 1,000,000	Unknown	N/A	Based upon 2010 financials, insufficient historic revenues to support the requested loan
32		Silver City Water System, NM3522609	5	41	18,390	Large System	Unknown	New 1 million gallon storage tank.	\$ 581,000	Unknown	N/A	Project not ready for funding
33		Fambrough MDWCA, NM3510403	4	45	450	Small System	Unknown	Replace 6,600 lf of 1" and 2" waterline with 6" waterline, to include flush and fire hydrants. This project will also loop a currently unlooped section of the distribution.	\$ 441,000	Unknown	Fix it First	Project not ready for funding
34		Eldorado WSD, NM3537326	4	46	8,114	Small System	No	Replacement of 864 manual-read meters which are more than 15 years old with Automated Meter Reading smart-meter system (AMR infrastructure is already in place so project does not qualify as green); update outdated SCADA software and add a backup computer and critical standby components for the communication system; install and interconnect water line and a booster station between water storage tanks; install a modular building to serve as administrative offices and as operations/field offices.	\$ 1,000,000	Unknown	Fix It First	Based upon 2010 financials, insufficient historic revenues to support the requested loan

Comprehensive Ranking	Fundable Ranking 2013 - 1	NameNumber	Score	Comp Priority Value	Population	Designation	Disadvantaged?	Project Description	Cost Estimate	Expected Form of Financial Assistance	Sustainability Policy	Fundability Comments
35		Eldorado WSD, NM3537326	4	47	8,114	Small System	No	Study the best option for increasing water production and then either constructing a new well, rehabilitating existing wells, purchasing and upgrading a private well, or connecting to a proposed pipeline from the Santa Fe County water system.	\$ 1,000,000	Unknown	Fix it First	Project not ready for funding
36	9	Dona Ana MDWCA, NM3554307	4	48	8,929	Small System	No	Replace approximately 4,000 manual-read meters with a fixed-base Automated Meter Reading system; expand SCADA system to include pump stations and valves.	\$ 2,039,000	75% loan at 2% interest and 25% principal forgiveness	Fix it First	Ready and fundable
37		El Valle Water Alliance, - NM350006	3	52	200	Small System	Unknown	Construction of water system improvements for the communities of San Juan and La Sacatosa. These improvements consist of the following. San Juan: replace the existing 10,000 gallon storage tank, which is structurally unsound, with a 45,000 gallon tank; ?; ?; ?. La Sacatosa: replace the existing 10,000 gallon storage tank, which is in poor condition, with 40,000 gallon tank; ?	\$ 2,000,000	Unknown	Fix it First	Project not ready for funding
38		San Jon Water System, NM3527920	3	53	308	Small System	No	Replace 7,150 of mostly asbestos-cement water distribution lines ranging from 2" to 6" and replace 6" C-900 PVC. In addition to the concern about asbestos, many of the fittings have lead-soldered joints and the location of many of the lines and valves are unknown making it difficult to control the system.	\$ 419,000	Unknown	Fix it First	No, insufficient historic revenues to undertake debt. No reasonable projections upon which to base a loan.
39	10	Socorro Water System, NM3523728	3	54	9,800	Small System	Yes	Replace 10,000' of aging steel pipe and 10,000' of asbestos/concrete pipe.	\$ 960,000	50% loan at 0% and 50% principal forgiveness	Fix it first	Ready and fundable
40	11	Deming, City of, NM3528616	3	55	16,500	Large System	Severely	Replace the manual-read meters with an automated meter system that ties in with the city's billing system.	\$ 1,840,000	25% at 0% interest and 75% principal forgiveness	Fix it First	Ready and fundable
41		Las Vegas Water System, NM3518025	3	56	19,000	Large System	Severely	Planning and design of Peterson Dam and Desalination of Taylor Well #7. Currently Las Vegas has only one operational well to supplement its surface water supply which is inadequate in drought years.	\$ 3,000,000	25% at 0% interest and 75% principal forgiveness	Fix it First	Project not ready for funding
42	12	Carlsbad Water System, NM3520608	3	57	27,000	Large System	No	Installation of approximately 41 miles of pipeline of different sizes to deliver water from the City owned Double Eagle Water System well fields located north east and southeast of Maljamar, NM, to install approximately 41 miles of pipeline to deliver water from the City-owned Double Eagle Water System to Carlsbad.	\$ 10,000,000	75% loan at 2% interest and 25% principal forgiveness	Fix it First	Ready and fundable
43	13	Roswell Water System, NM3520203	3	58	49,000	Large System	Yes	Rehabilitate 3,675 feet of 42" and 36" concrete water line dating from 1967 by slip-lining. The old water line was experiencing so many ruptures that it was taken off line.	\$ 1,300,000	50% loan at 0% for the first \$600,000 and 2% for the remainder and 50% principal forgiveness	Fix It First	Ready and fundable
44		Santa Fe Water System, NM3505126	2	61	70,001	Large System	No	Install a 400 KW floating photovoltaic system on Nichols Reservoir by the Canyon Road water treatment facility. This PV system will generate approximately the same amount of electricity consumed by the treatment plant and will reduce evaporative loss from the reservoir by approximately 20 acre-feet.	\$ 1,700,000	Unknown	N/A	Project not ready for funding
		TOTAL							\$ 53,137,600			

14	Ready to go within 3 months & fundable
14	Ready to go within 3 months; lacking financial capacity
16	Not identified as ready to go within 3 months
44	TOTAL