

**NEW MEXICO
CLEAN WATER STATE REVOLVING FUND
INTENDED USE PLAN
STATE FISCAL YEAR 2021**

June 30, 2020
Revised October 19, 2020

U.S. Environmental Protection Agency-Region 6
Water Quality Protection Division
SRF & Project Section (6WQ-AP)
1201 Elm Street, Suite 500
Dallas, Texas 75270-2102

Submitted by:
New Mexico Environment Department
Water Protection Division, Construction Programs Bureau
P.O. Box 5469
Santa Fe, New Mexico 87502-5469

Contacts:
Rhonda Holderman, NMED CPB Financial Manager
505-469-3365
Judith L. Kahl, P.E., NMED CPB Bureau Chief
: (505) 470-6385
Email: NMENV-cpbinfo@state.nm.us



TABLE OF CONTENTS

PART **PAGE**

Table of Contents

II. FUND GOALS, Clean Water Act Sec. 606(c)(2) 2

III. CRITERIA AND METHOD ESTABLISHED FOR DISTRIBUTION OF FUNDS, Clean Water Act Sec. 606(c)(5) 4

IV. ELIGIBLE PROJECTS TO BE FUNDED, Clean Water Act Sec. 606(c)(1)..... 6

V. SUPPORTED ACTIVITIES, Clean Water Act Sec. 606 (c) (3)..... 7

VI. FINANCIAL DATA, Clean Water Act Sec. 603 (d) (1) (a)..... 7

VII. STATE MATCH 7

VIII. PROGRAM ADMINISTRATION..... 8

IX. ASSURANCE AND SPECIFIC PROPOSALS 8

X. AUDITS AND REPORTING..... 11

XI. PLAN FOR THE USE OF CWSRF FUND 12100..... 12

ATTACHMENTS:

Table 1 Cash Flow Projections and Graph

Table 2 Project Priority List

Table 3 Subsidy Eligible Projects That Support Sustainability Criteria

Attachment 1 Priority Ranking System

I. FUND ESTABLISHMENT-INSTRUMENTALITY OF THE STATE, Clean Water Act Sec. 603 (a) & (b)

Through enactment of the Wastewater Facility Construction Loan Act (Loan Act), Chapter 74, Article 6A, NMSA 1978, as amended, the New Mexico Legislature created a revolving loan fund (Fund). The purpose of the Loan Act “is to provide local authorities in New Mexico with low-cost financial assistance in the construction of necessary wastewater facilities through the creation of a self-sustaining program to improve and protect water quality and public health” §74-6A-2 NMSA (1978).

The Fund is administered by the New Mexico Environment Department Construction Programs Bureau (NMED CPB) as agent for the Water Quality Control Commission (WQCC). State money is appropriated to NMED CPB to carry out the provisions of the Loan Act and is used to match Federal funds allocated to New Mexico pursuant to the Federal Water Pollution Control Act, also known as the Clean Water Act (CWA). Federal capitalization grants, loan principal, and interest repayments as well as interest earnings on the Fund balance are deposited into the Fund. Administrative fee and refinance fee revenues are deposited into a separate dedicated Clean Water Administrative Fund.

The WQCC is New Mexico’s water pollution control agency and has adopted regulations, application procedures, and a project priority ranking system pursuant to the Loan Act, used by NMED CPB in administering the loan program. The New Mexico Water Quality Act §74-6-4 NMSA (1978) identifies the duties and powers of the WQCC related to loans and grants. The provision states:

“The Commission:

- A. may accept and supervise the administration of loans and grants from the federal government and from other sources, public or private, which loans and grants shall not be expended for other than the purposes for which provided;”

II. FUND GOALS, Clean Water Act Sec. 606(c)(2)

A. Long-term Goals for State Fiscal Year 2021:

1. Provide local authorities, state agencies, interstate agencies and other qualified borrowers in New Mexico with low-cost financial assistance for the construction of wastewater facilities or other eligible water quality projects by maintaining a self-sustaining Clean Water State Revolving Fund (CWSRF).
2. Maintain the CWSRF into perpetuity by including repayment and investment interest to the fund (Table 1, Cash Flow Projections)
3. Maintain the fiscal integrity of the CWSRF.
4. Make funding available to potential borrowers who meet the criteria of one of the twelve CWSRF eligibilities found in Section 603(c) of the CWA as amended and as it applies to New Mexico.

5. Encourage green projects by providing funding opportunities for eligible projects that support energy efficiency, water efficiency, green infrastructure and environmental innovation.
6. Provide available subsidy to eligible entities.
7. Pursue funding scenarios as afforded by state statute to fully maximize lending opportunities.

B. Short-term Goals for State Fiscal Year 2021:

1. Complete the annual audit, intended use plan and annual report in a timely manner. CWA Sec. 606(b)(c)(d).
2. Identify recipients from the SFY 2021 project priority list (PPL) to receive funding, including additional subsidization, from the Federal Fiscal Year (FFY) 2020 Allotment. Draw-down and complete the FFY 2020 Allotment of \$7,780,000.
3. Identify green projects equal to no less than 10% of the FFY 2020 capitalization grant.
4. Apply for the federal allotment in the first year that it is appropriated.
5. Complete the environmental benefits in the Clean Water Benefits Reporting System (CBR) by the end of the quarter in which a loan agreement is signed.
6. Work to improve the State's average financial indicators that are reported and compiled in the National Information Management System (NIMS): federal return on investment; executed loans as a percentage of funds available; percentage of funds disbursed to executed loans; retained earnings excluding subsidy; change in Net Position. Strive to meet the national averages.
7. Pursue linked deposits, or other financial instruments, to secure loans for private entities.
8. NMED appeared before the New Mexico WQCC on September 8, 2020 with a petition to revise New Mexico administrative code 20.75 NMAC:
 - a. To remove the restriction that grant subsidy may only be used for rural communities;
 - b. To revise the Priority List Ranking system to better address expanded eligibilities and borrowers and remove the socioeconomic aspect of the ranking that is already addressed through the Affordability Criteria, and;
 - c. To lower interest rates to better serve New Mexico's local entities and to come more in line with the national average for CWSRF interest rates.
9. After the WQCC meeting NMED CPB will solicit CWSRF applications to fully meet the binding commitment obligation and to fully utilize the FFY20 capitalization grant.
10. Execute binding commitments equal to 120% of the FFY 2020 capitalization grant within one year after receipt of that grant award. NMED CPB considers a binding commitment to be executed when the loan documents are signed by both parties.

Projected Borrowers FY 2021

Projected Borrowers	Projected Funding Amount
North Star RV Park	\$200,000
Quemado Mutual Domestic Water Consumers Association	\$2,500,000
Village of Tijeras	\$538,000
Village of Eagle Nest	\$490,332
Roosevelt County	\$652,000
Potential Commitments from 2021 Priority List	\$4,380,332
Binding Commitments Goal-120% of Grant	\$9,336,000

III. CRITERIA AND METHOD ESTABLISHED FOR DISTRIBUTION OF FUNDS, Clean Water Act Sec. 606(c)(5)

Pursuant to the Loan Act, the WQCC adopted regulations describing eligibility requirements for financial assistance, application procedures, the priority ranking system and administration of the loan program and Fund. The current priority ranking system was adopted by the WQCC on September 8, 2020. NMED CPB, Surface Water Quality Bureau (SWQB) and Ground Water Quality Bureau staff evaluate and rank eligible projects. (See Table 2, Project Priority List).

All CWA §319 activities implement the state’s §319 Nonpoint Source Management Plan. The state utilizes this plan when determining the eligibility of non-point source project applications. NMED CPB and SWQB staff evaluate and rank projects that will mitigate non-point source (§319) impacts.

Public notice of the Project Priority List (PPL) process is provided through publication in independent newspapers statewide, by email to the CWSRF distribution list, and on the NMED CPB website. NMED CPB accepted public comments regarding the SFY 2021 PPL from June 19 through June 28, 2020.

Projects must be on the current New Mexico state fiscal year PPL to be eligible for funding. It is the policy of NMED CPB to make loans in order of priority ranking while also considering the following (Attachment 1):

1. willingness to accept a loan;
2. financial capability of the community to service the loan;
3. the ability of the community to operate and maintain the proposed project; and
4. readiness to proceed.

Applicants that do not meet the above criteria may be by-passed; those that can demonstrate that they are actively working to meet the criteria may stay on the list to receive funding from the current fiscal year allocation. Applicants that are not offered funding for the current fiscal year will need to re-apply for the next year's allocation. Applicants are encouraged to discuss projects and financials with the NMED CPB team members prior to application. The NMED CPB team will provide guidance regarding eligibility, program requirements and project and financial readiness.

Application to the CWSRF: The applicant must fill out a CWSRF Application for each project. Applications may be submitted to the CPB electronically, by e-mail, fax, or by mail.

Method of Cash Draw: The method of cash draw for all capitalization grants is to expend 100% of the required state match first and then expend the federal funds. Once the federal funds are fully expended, repayment from EPA will be requested.

Additional Subsidization: On September 8, 2020, the New Mexico Water Quality Control Commission approved the removal of 20.7.5.14.H(3) New Mexico Administrative Code which limited additional subsidization to rural, hardship communities. New Mexico may now provide additional subsidization in accordance with the 603(i)(1) (B) of the Clean Water Act in addition to using additional subsidization in accordance with the New Mexico Affordability Criteria.

The Affordability Criteria looks at user rates as a percentage of per capita income, population trends, and unemployment levels. The CWSRF Affordability Criteria System can be viewed at <https://www.env.nm.gov/cpb/CWSRFPPage.htm> With the change to the administrative code, New Mexico may also award additional subsidization for projects that implement sustainability components in water or energy efficiency, stormwater mitigation or sustainable planning design and construction.

The impact of subsidization on the future of the fund is evaluated annually. It is the goal of NMED CPB to provide the maximum amount of subsidy allowed by each capitalization grant. The FFY20 allotment of \$7,780,000 allows optional subsidization of \$2,334,000 and mandatory subsidization of \$778,000 for a total of \$3,112,000.

Green Project Reserve (GPR): The FFY 2020 Allotment requires, to the extent possible, that \$778,000 of the allotment be used for green project reserve activities. To date, subsidy has not been awarded for GPR eligible projects due to the state rule restricting subsidy to rural

communities for hardship funding. With the recent rule change, New Mexico may consider awarding additional subsidization for GPR initiatives. NMED CPB has identified and noted potential Green Project Reserve (GPR) projects on the Project Priority List along with the GPR category. Actual project expenditures are used to account for final green amounts. New Mexico expects to fully achieve this goal.

CWSRF-DWSRF Fund Transfers: The State of New Mexico reserves the authority to transfer up to 33 percent of the CWSRF Capitalization Grant to the DWSRF, or an equivalent from the DWSRF to the CWSRF. New Mexico does not anticipate utilizing this authority in SFY 2021.

IV. ELIGIBLE PROJECTS TO BE FUNDED, Clean Water Act Sec. 606(c)(1)

Priority Ranking System: On September 8, 2020, the New Mexico Water Quality Control Commission approved a revised Priority Ranking System for the NM CWSRF (Attachment 1). The revised system focuses solely on projects and the water quality impact. The previous system considered socio-economic data. Socio-economic data is considered through the interest rate structure and the Affordability Criteria, removing it from the Priority Ranking System reduces redundancy and keeps the focus of the Priority System on the water quality benefits. The simplified priority system allows for both surface water and groundwater considerations to be scored and provides greater consideration for sustainability.

Table 2, Project Priority List contains a list of projects eligible for assistance pursuant to the CWA. With the September 8, 2020 passage of a simplified Priority Ranking System (Attachment 1) and the approval of lower interest rates discussed in Section VI., NMED CWSRF is currently increasing solicitation activity to ensure the NMED CWSRF meets the obligatory binding commitment requirement of 120% of the capitalization grant.

In accordance with §35.3555 CFR Intended Use Plan:

New Mexico CWSRF reserves the right to provide for the funding of projects which require immediate attention to protect public health on an emergency basis as declared by the Cabinet Secretary of the New Mexico Environment Department or by the Office of the Governor.

For emergency projects NMED CPB will accept applications and expeditiously rank and score the projects and evaluate available funding. If funding is available an offer will be made.

Underserved/Disadvantaged Communities:

NMED CPB defines underserved/disadvantaged communities through the interest rate structure: entities with a per capita income of less than the statewide average have an interest rate of .5%, down from 1% for per capita incomes greater than the statewide average; those with a per capita income of less than three-quarters of the state wide average and an average user cost of 1.82% or greater borrower at 0%. New Mexico also utilizes Affordability Criteria to evaluate applicant's eligibility for additional subsidization for purposes of mitigating potential economic hardship.

V. SUPPORTED ACTIVITIES, Clean Water Act Sec. 606 (c) (3)

Table 2, Project Priority List contains information on activities to be supported, including a description of the project, discharge permit information, and communities or borrower served.

VI. FINANCIAL DATA, Clean Water Act Sec. 603 (d) (1) (a)

The NMED CWSRF is a direct loan program with all loans underwritten by NMED. The program does not leverage.

Pursuant to the Loan Act a loan shall be made for a period not to exceed thirty (30) years. The 30-year term cannot exceed the useful life of the project; documentation from the borrower must be provided to demonstrate the useful life of the project.

CWSRF interest rates have been governed by Subsections F. through I. of 20.7.5.14 NMAC. On September 8, 2020, the WQCC approved interest rates of 2.375% for private entities, 1% for public entities with a per capita income (PCI) greater than the statewide average, .5% for public entities with a PCI less than the statewide average, and 0% when the PCI is less than three-quarters of the statewide PCI and the average user wastewater rate cost is greater than 1.82% of the PCI. The WQCC also approved that future interest rates may be set by NMED CPB by policy.

Loans are set up to be repaid in annual installments. Borrowers may prepay the loan or any portion of the loan at any time. No penalty is charged for prepayment of loan principal. NMED CPB prepares repayment schedules for the borrower. The first annual installment is due no later than one (1) year after completion of the project.

Cash flow modeling allows the CWSRF to continue to effectively execute loans for environmentally important construction projects needed in New Mexico. As discussed in Section II A. 2 and shown in the attached Cash Flow Projection, Table 1, the State maintains the long-term health of the Fund by adding the repayment interest and investment interest to the revolving fund.

VII. STATE MATCH

The State of New Mexico has proposed, and EPA Region 6 has accepted, that NMED CPB will expend all the required CWSRF state match funds prior to using the federal funds. Once the total required state match for each CWSRF capitalization grant has been expended, the State will draw down the federal funds for each respective CWSRF capitalization grant. This drawing arrangement is for the convenience of the state and does not alter any other provision that would have otherwise been applicable if federal funds had been drawn proportionately with State funds.

During the 2020 Legislative Session held January 21, 2020 through February 20, 2020 the New Mexico Legislature appropriated \$1,800,000 from the Public Projects Revolving Fund (PPRF) for

state match funds for the FFY 2020 Allotment. This amount exceeds the required state match of \$1,556,000. The 2020 federal capitalization grant application for \$7,780,000 was submitted on April 1, 2020.

VIII. PROGRAM ADMINISTRATION

Reasonable costs for administering the loan program are paid out of the loan fund in conformance with 40 CFR Part 35.3120, the CWA and 74-6A-4, NMSA 1978, as amended, including WRRDA amendments. NMED CPB uses 1/5th percent of the current valuation of the CWSRF fund for the costs of administering the fund. As of June 30, 2019, the audited current valuation (Total Net Position) of the CWSRF fund) was \$332,360,451 allowing for \$664,721 to be used for administration of the program in SFY21. NMED CPB has no remaining amounts for administrative costs from open capitalization grants.

Pursuant to Subsection C (1) and (2) of 20.7.5.14 NMAC the NMED CPB may assess an administrative fee not to exceed five percent of the total loan amount. The fee is variable, dependent upon the term and interest rate of the loan and is earned annually on the principal amount. The administrative fee is included in the interest rate charged to borrowers and does not add to the financial burden of the borrowers. This administrative fee is deposited into the Clean Water Administrative Fund (CWAF) which is budgeted and tracked separately from the Loan Fund). The fee serves to perpetuate the administration of the revolving loan fund with no fiscal impact on the State’s general fund or any material impact on the financial strength of the fund itself. In SFY 2021, the CWAF has the following activity projected:

CWAF SFY 2021 Activity	Amount
Projected Cash Balance beginning of as of July 1, 2020	\$3,636,439
Estimated investment interest earned	\$65,685
Loan Administrative Fees anticipated to be collected in SFY 2021	\$452,095
Program operating expenses budgeted from Fund 32700 in SFY 2021	(\$658,100)
Projected Balance end of SFY 2021	\$3,496,119

The expenses budgeted for use in SFY 2021 from the CWAF will be used for eligible expenses and will be tracked for EPA’s review and verification.

IX. ASSURANCE AND SPECIFIC PROPOSALS

Environmental Reviews: The State certifies that it will conduct environmental reviews of each project receiving assistance from the Fund in accordance with 40 CFR 35.3140. Environmental review procedures have been adopted following criteria established by the EPA. The State Environmental Review Process was revised and approved by EPA Region 6 on August 15, 2016.

Binding Commitments: Sec. 602 (b) (3). The State certifies that it will enter binding commitments equal to 120% of each grant awarded within one year. NMED CPB considers a Binding Commitment to be executed when the loan documents are signed by both parties.

Timely Expenditures: Sec. 602 (b) (4). The State certifies that it intends to expend all funds in an expeditious and timely manner.

Davis-Bacon Wage Rates. Davis-Bacon applies to construction contracts over \$2,000 and their subcontractors regardless of the subcontract amount. To ensure compliance with these requirements, NMED CPB will continue to confirm that the correct wage determinations are being included in the bid specifications and construction contracts. NMED CPB will also continue to aid assistance recipients with the specific EPA Davis-Bacon contract language that is to be included in bid specifications and/or contracts. In addition, NMED CPB will continue to ensure compliance through project inspections and Certifications.

Generally Accepted Accounting Principles: Section 602(b)(9) of the CWA requires States to have sub-recipients maintain project accounts per Generally Accepted Accounting Principles (GAAP) as issued by the Governmental Accounting Standards Board (GASB). This provision requires assistance recipients to use standards relating to the reporting of infrastructure assets. NMED CPB includes this information in the Loan Agreements and reviews compliance annually during Single Audit reviews.

Cost and Effectiveness: Section 602(b) (13) of the CWA (amended effective June 10, 2014) requires that assistance recipients for CWSRF applications submitted on or after October 1, 2015 must certify that they:

- (A) have studied and evaluated the cost and effectiveness of the processes, materials, techniques, and technologies for carrying out the proposed project or activity for which assistance is sought under this title; and
- (B) have selected, to the maximum extent practicable, a project or activity that maximizes the potential for efficient water use, reuse, recapture, and conservation, and energy conservation, considering:
 - (i) the cost of constructing the project or activity;
 - (ii) the cost of operating and maintaining the project or activity over the life of the project or activity; and
 - (iii) the cost of replacing the project or activity.

The State of New Mexico utilizes the USDA RUS Bulletin 1780-2 as the required format for a Preliminary Engineering Reports (PER). A PER is the vehicle for determining a project's "cost and effectiveness." This Bulletin includes in the alternatives section, sustainability considerations including water and energy efficiency, and the cost effectiveness of the selected alternative. The cost of operating and maintaining the project over the life of the project is included in the cost analysis of the PER. The NMED CPB technical staff review and approve the PER as part of the project review. The technical staff utilize a checklist when reviewing the PER to ensure that all the required elements are included in the report. The reports are required to be signed and sealed by a licensed professional engineer.

For projects that do not require a PER, the funding recipient will be required to provide a certification signed by a professional engineer stating that a cost and effectiveness analysis has been completed.

Architectural and Engineering Contracts Procurement: NMED CPB satisfies Section 602(b) (14) of the CWA as amended by WRRDA through compliance with federal procurement 40 U.S.C. 1101 *et seq.*

Financial Sustainability Plan: Section 603(d) (1) (E) of the CWA requires that a recipient of a loan for a project that involves the repair, replacement, or expansion of a publicly owned treatment works, develop and implement a fiscal sustainability plan (FSP) or certify that it has developed and implemented such a plan.

The statute requires that FSPs include, at a minimum:

- an inventory of critical assets that are a part of the treatment works;
- an evaluation of the condition and performance of inventoried assets or asset groupings;
- a certification that the recipient has evaluated and has or will be implementing water and energy conservation efforts as part of the plan; and
- a plan for maintaining, repairing, and as necessary, replacing the treatment works and a plan for funding such activities.

NMED CPB incorporates the FSP requirement in the Interim Loan Agreement and ensures that:

- recipients that self-certify provide certification that an FSP has been developed and is being implemented; certification is due at the time of loan closing.
- recipients that are developing an FSP must submit certification to NMED CPB before the final disbursement is approved.
- the borrowers meet the minimum requirements listed above.

Procurement Assurances: The State certifies that it shall comply with regulations contained in the Uniform Administrative Requirements, Cost Principles and Audit Requirements, 2 CFR Parts 200 and 1500 and the Davis Bacon Act requirements.

Fair Share objectives were waived on October 1, 2019 through the DBE exception.

Assistance for the Non-Federal Share: Sec. 603 (h). The State certifies it will not provide loans from the Fund to a borrower for the non-federal share of a project receiving construction grant assistance from the EPA unless allowed by Federal law.

The state utilizes the class deviation from the provisions of 40 CFR 35.3125. This class deviation will allow the non-Federal; non-State match CWSRF Second Tier Funds to be used to provide loans that can be used as the match for all EPA Grant Funded treatment works projects, except

construction grant projects authorized by section 201 of the CWA. The State proposes to use its fiscal year of July 1 through June 30 as the accounting period for the Fund.

American Iron and Steel (AIS) Requirements: Section 608 of the CWA, as amended by WRRDA, requires the use of American iron and steel products in projects for the construction, alteration, maintenance, or repair of a public water system or treatment works. The Borrower shall comply with all applicable provisions of Section 608 of the CWA and related SRF Policy Guidelines found at <https://www.epa.gov/cwsrf/state-revolving-fund-american-iron-and-steel-ais-requirement> which includes the requirement that all the iron and steel products used in the Project are to be produced in the United States unless:

- (a) the Borrower has requested and obtained a waiver from EPA pertaining to the Project; or
- (b) NMED CPB has otherwise advised the Borrower in writing that the AIS Requirement is not applicable to the Project.

The Borrower shall comply with all AIS record keeping and reporting requirements under the CWA, including any reports required by a Federal agency or NMED CPB such as performance indicators of program deliverables, information on costs and project progress. The Borrower understands that:

- (a) each contract and subcontract related to the Project is subject to audit by appropriate federal and state entities; and
- (b) failure to comply with the CWA may be a default and/or result in other remedial actions.

NMED CPB will continue to ensure that AIS Requirements are met for all projects.

Enhancing Public Awareness: NMED CPB supports the EPA initiative of enhancing public awareness of the CWSRF program and has implemented this requirement in the Interim Loan Agreement. The Borrower must inform NMED CPB as to the type of public awareness utilized for a project and provide documentation of such action.

X. AUDITS AND REPORTING

NMED CPB is committed to transparency and accountability. Program information, Intended Use Plans, Annual Reports, and other program materials are posted on the NMED CPB website: <https://www.env.nm.gov/cpb/CWSRFPPage.htm>. An independent audit is conducted by an independent Certified Public Accounting firm annually. Project milestones and information are reported through EPA's Clean Water Benefits Reporting (CBR) database and the National Information Management System (NIMS). The NMCWSRF commits to entering benefits information on all projects into CBR by the end of the quarter in which the assistance agreements are signed.

Federal Funding Accountability and Transparency Act (FFATA) Reporting Requirement: NMED CPB files a FFATA sub-award report by the end of the month following the month in which a loan agreement greater than \$25,000 is signed. NMED CPB does not apply equivalency for federal cross cutters, single audit, or architectural and engineering procurement. Therefore, the first signed loan agreements that total the amount of the allotment will be reported in the FFATA sub award reporting system.

XI. PLAN FOR THE USE OF CWSRF FUND 12100

As demonstrated with the available resources in Figure 1 and in the Cash Flow projections in Table 1, NMED CPB has a growing cash balance. It is the goal of NMED CPB to fully utilize available resources. To achieve this goal NMED CPB broadened project and borrower eligibilities, lowered interest rates, simplified the priority ranking system, and removed restrictions on additional subsidization, created an easy online application, and started accepting applications year-round. NMED CPB worked with the Surface Water Quality Bureau to expand the Non-Point Source Management Plan to ensure it encompassed CWSRF eligibilities. NMED CPB will continue these efforts and pursue other means in the effort to fully utilize and deploy the resources available through the CWSRF.

Projected Beginning Cash Balance July 1, 2020	\$170,014,675
Projected Sources during SFY 2021:	
FFY 2020 Allotment	\$7,780,000
FFY 2020 Allotment State Match	\$1,800,000
2021 Repayment Principal and Interest-Projected ¹	\$11,903,753
2021 Interest on Investments-Projected ¹	\$2,352,151
Total Sources	\$193,850,579
Projected Uses	
Budgeted Admin Expense from CWSRF Fund	\$658,100
Projected Disbursements for SFY 2020	\$18,331,134
Balance to be disbursed for active projects	\$76,489,839
Offers made but not signed	\$24,269,607
Balance for future projects	\$74,101,899
Total Projected Uses	\$193,850,579

NMED CPB respectfully submits this Intended Use Plan. If readers are viewing this report from the website, the SFY 2021 PPL is also available from the CPB's website: <https://www.env.nm.gov/cpb/cbptop.html>

Table 1, Cash Flow 10 year

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Beginning Cash Balance	\$ 167,404,596.65	\$ 172,381,025.29	\$ 169,852,463.61	\$ 170,288,164.31	\$ 173,150,508.10	\$ 177,680,423.64	\$ 182,738,087.57	\$ 189,064,750.02	\$ 195,369,408.37	\$ 202,726,679.96
Cash Sources										
Capitalization Grant	7,780,000	0	0	0	0	0	0	0	0	0
State Match	1,800,000	0	0	0	0	0	0	0	0	0
Loan Repayment Principal and Interest including	11,914,758	14,275,575	16,005,750	17,054,249	17,648,930	17,689,983	17,359,843	15,603,140	\$15,099,168.13	\$13,844,396.59
Loans in Construction	2,427,582	0	3,275,796	3,672,961	1,531,842	2,914,736	4,319,820	5,764,051	7,215,133.52	8,658,180.23
Projected Future Loan Repayments	23,922,350	17,138,434	19,281,545	20,727,210	22,626,649	23,741,736	24,958,365	24,729,302	3,379,373.59	3,520,656.15
Overnight Interest on Investment										
Total Sources of Cash	23,922,350	17,138,434	19,281,545	20,727,210	22,626,649	23,741,736	24,958,365	24,729,302	25,693,675.25	25,823,272.97
Cash Uses										
Loan & Grant Disbursements including Projections	18,389,430	19,124,015	18,309,933	17,283,338	17,538,566	18,129,056	18,076,992	17,867,575	\$17,779,103.54	\$17,878,256.64
Admin Expenses (Fund 12100)	556,492	542,881	555,912	561,528	568,167	555,016	554,721	557,069	557,300.12	556,454.58
Total Uses	18,945,921	19,666,896	18,865,845	17,844,866	18,096,734	18,684,072	18,631,702	18,424,644	18,336,403.66	18,434,711.21
Cumulative Cash Balance	172,381,025	169,852,464	170,268,164	173,150,508	177,680,424	182,738,088	189,064,750	195,369,408	202,726,679.96	210,115,181.72

Table 1

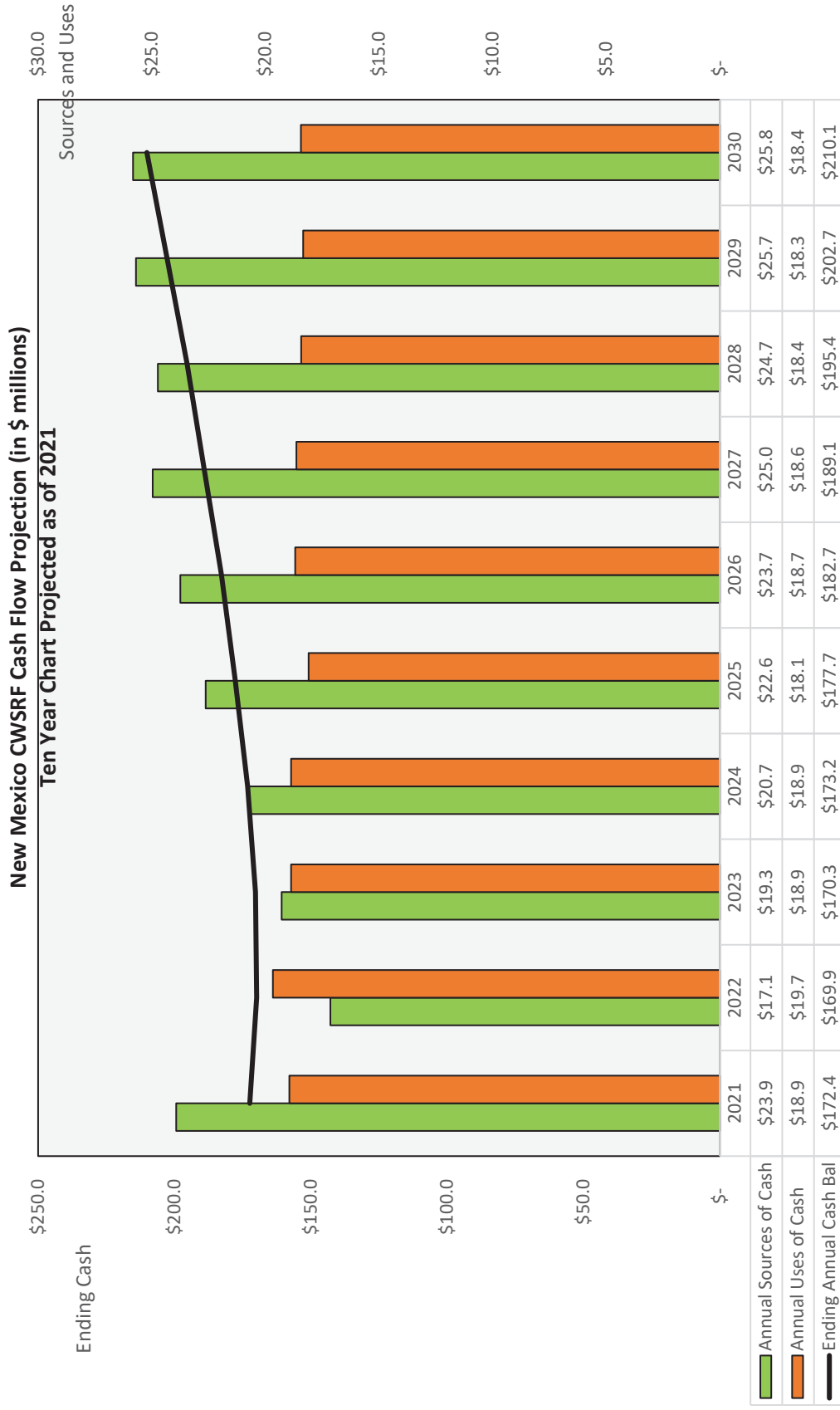


Table 2

NEW MEXICO ENVIRONMENT DEPARTMENT CLEAN WATER STATE REVOLVING FUND PROJECTS PRIORITY LIST FY2021 October 19, 2020						
Point	Entity	NPDES#	DP#	Description	Amount	
470	Village of Eagle Nest		DP-1213	Old Lagoon Remediation--Return the lagoon that is adjacent to Eagle Nest Lake back to its natural habitat.	\$490,332	
225	Village of Tijeras			Water Conservation System Improvements--Improve conservation efforts with the water system to protect groundwater supply. Project includes meters and SCADA.	\$538,000	
195	Quemado Mutual Domestic Water Consumers Association		DP-1380	Wastewater Treatment Improvements--Address problems with the existing lagoon system, including relocating to outside of the floodplain.	\$2,500,000	
160	Roosevelt County			Fairground Stormwater Project--Address the fairgrounds stormwater drainage issues that are currently impacting agricultural sites proximate to the fairgrounds.	\$652,000	
110	North Star RV Park			Wastewater Treatment Plant--Upgrade the wastewater treatment system to ensure NMED regulatory compliance.	\$200,000	

Placement on this Priority List does not constitute either a guarantee of a loan offer or a decision that all of the estimated project costs will be deemed eligible for funding under the Federal Clean Water Act or New Mexico Wastewater Facility Construction Loan Act.

TABLE 3

NEW MEXICO ENVIRONMENT DEPARTMENT
 CLEAN WATER STATE REVOLVING FUND
 SUBSIDY ELIGIBLE PROJECTS THAT SUPPORT SUSTAINABILITY CRITERIA
 STATE FISCAL YEAR 2021

LIST OF SUBSIDY ELIGIBLE PROJECTS THAT SUPPORT THE FOLLOWING SUSTAINABILITY CRITERIA:

- A. Projects that focus on system upgrade & replacement in existing communities specifically.
- B. Projects that involve investigations, studies or plans that improve technical, managerial, and financial capacity of the assistance recipient to operate, maintain, and replace financed infrastructure.
- C. Projects that focus on preliminary planning, alternatives assessment, and eligible capital projects that reflect the full life cycle cost of infrastructure assets, conserve natural resources, or use alternative approaches to integrating natural or 'green' systems into the built environment.

NEW MEXICO ENVIRONMENT DEPARTMENT CLEAN WATER STATE REVOLVING FUND									
SUBSIDY PROJECTS THAT SUPPORT SUSTAINABILITY CRITERIA STATE FISCAL YEAR 2021									
POINTS	APPLICANT	NPDES #	DP #	PROJECT DESCRIPTION	TOTAL PROJECT AMOUNT	NEEDS CATEGORY	GREEN CATEGORY	ELIGIBLE FOR SUBSIDY	SUSTAINABILITY CRITERIA
225	Village of Tijeras			Water Conservation and Protection	\$538,000	Planning and Assessment, Groundwater	Water Efficiency	Yes	A.
195	Quemado Mutual Domestic Water Consumers Assoc.		DP-1380	Wastewater Treatment Improvements	\$2,500,000	Secondary Treatment		Yes	A.

PRIORITY RANKING SYSTEM FOR POINT SOURCE AND NON-POINT SOURCE PROJECTS

CRITERIA FOR THE PROJECTS PRIORITY RANKING SYSTEM

The Clean Water State Revolving Fund (CWSRF) program can fund a wide variety of water quality protection efforts. The New Mexico CWSRF Projects Priority Ranking System is used to evaluate and rank applications for projects based on several criteria. The priority ranking system awards the most points to projects that provide the highest level of protection of water quality. Projects are ranked based on their contribution to water quality protection or restoration, the applicant's commitment to promoting sustainable infrastructure through asset management, water and energy efficiencies, green infrastructure, environmentally innovative approaches, and the project's readiness to proceed.

Financial need and repayment capability of the applicant is addressed through the Affordability Criteria and through the application of interest rates as provided in 20.7.5 NMAC. In 2014, the Clean Water Act was amended by the Water Resources Reformation and Development Act (WRRDA). Included in WRRDA was a requirement that all CWSRF State programs implement Affordability Criteria. The Affordability Criteria evaluates population trends, unemployment rates and income as metrics to analyze financial capability. The New Mexico CWSRF Affordability Criteria is available on the NMED website.

POINT VALUES

WATER QUALITY IMPROVEMENT

This section is comprised of two factors used to evaluate to what extent the proposed projects protect water quality. Projects may receive up to 200 points from the ground water quality and/or the surface water quality improvement factor. Points may be awarded in both categories if applicable.

GROUND WATER QUALITY IMPROVEMENT FACTOR AND PERMIT COMPLIANCE 200 POINTS POSSIBLE

The Ground Water Quality Improvement Factor evaluates each project on how well it will protect or correct impairments to ground water resources. NMED Ground Water Quality Bureau will assign points for ground water quality protection and improvement considering the follow factors:

- Project addresses exceedances of one or more ground water quality standards;
- Project corrects individual wastewater disposal systems or wastewater discharge polluting ground water;
- Project addresses repeated failures including:
 - Plant disruption;
 - Bypasses;
 - Overflows;

- Project addresses known or potential ground water contamination;
- Project addresses facilities at or near capacity;
- Project includes measures to address Infiltration and inflow issues;
- Project addresses need for increased effluent disposal area to prevent nitrogen over-loading;
- Project includes site investigation or delineation of a known contamination;
- Project implements corrective action or abatement plans for sites with ground water contamination;
- Project addresses discharges that adversely affect public health or safety;
- Project addresses permit requirements;
- Project addresses closure or corrective action requirements of no longer used system components;
- Project addresses regulatory compliance issues.
- Project addresses other ground water quality issues not defined explicitly in the listed items.

SURFACE WATER QUALITY IMPROVEMENT FACTOR AND PERMIT COMPLIANCE

200 POINTS POSSIBLE

The Surface Water Quality Improvement Factor evaluates how well a proposed project addresses impairment of surface waters from both point source and non-point source pollution. The NMED Surface Water Quality Bureau will assess whether the project addresses exceedances in water quality standards and/or protects the designated uses of lakes, rivers, streams and other water bodies. Points for surface water quality will be awarded based on:

- Project includes infrastructure that will assist facilities in meeting an approved or draft TMDL;
- Project addresses water quality impairments identified in the most recent EPA approved 303(d) list;
- Projects enhances protection of one or more of the following designated uses of the receiving water:
 - Irrigation
 - Drinking water source
 - Livestock Watering
 - Wildlife Habitat
 - Aquatic Life
 - Recreation (boating, swimming)
 - Ceremonial uses
- Project addresses protection of receiving waters that flow through designated critical habitat for threatened or endangered species;
- Project implements corrective measures of a diagnostic study;
- Project includes elimination of septic systems through hook-up to public wastewater treatment;
- Project addresses sustainability and reduces overall water demand;
- Project implements BMP's designed to improve water quality;
- Project addresses regulatory compliance issues.
- Project addresses other surface water quality issues not specifically defined in the above criteria

SUSTAINABILITY

Sustainable wastewater and storm water infrastructure are critical to protecting limited water resources in New Mexico. It is important to consider how projects may increase sustainability in communities. Sustainability can include ensuring the cost and effectiveness of infrastructure investments, and efficient operation and management of the assets over time.

Physical regionalization or consolidation is also an important technique to help smaller systems move into the future with adequate resources to remain sustainable. Regionalization points will be awarded only for those projects that combine two or more existing systems into a single legal entity. Points will not be awarded for such things as the sharing of employees or other services.

Facilities should employ effective utility management practices to build and maintain the technical, financial, and managerial capacity necessary to ensure the long-term sustainability of wastewater infrastructure assets. The scoring criteria below were developed to capture the merits of project planning methodologies that address best practices in utility management, development of sustainable communities, and protection of both point source and non-point source infrastructure investments.

Projects should incorporate environmental efficiencies whenever possible. Projects that demonstrate and address environmental concerns through concepts such as water and energy efficiency, green infrastructure and innovation that addresses environmental concerns will be awarded points. Descriptions of each applicable category included in the project must be outlined in the application.

- **Green Infrastructure (GI):** GI includes a wide array of practices that manage and treat stormwater and maintain and restore natural hydrologic regimes by infiltration, evapotranspiration, and the capture and use of stormwater. Eligible projects may include, but are not limited to, riparian restoration, constructed wetlands and floodplains, bioretention, water harvesting (cisterns and distribution pipes) and reuse programs, and other practices that mimic natural hydrology and reduce impervious surfaces such as green streets that include permeable pavement, trees, green roofs and expansion of tree boxes. Equipment to maintain green streets such as vacuum trucks.
- **Water Efficiency (WE):** Use of improved technologies and practices to deliver equal or better services with less water. Eligible projects may include, but are not limited to, collection system leak detection equipment, installation of systems to recycle gray water, water reclamation, recycling and reuse, and efficient landscape or irrigation equipment. Retrofit or replace existing water meters to add automatic read (AMR) capability or leak detection equipment.
- **Environmentally Innovative (EI):** Projects that demonstrate new and/or improved approaches to manage water resources, achieve pollution prevention or pollutant removal with reduced costs. Eligible projects may include, but are not limited to, decentralized wastewater treatment solutions to existing deficient or failing on-site systems, water reuse projects that reduce energy consumption, recharge aquifers, or reduce water withdrawals and treatment costs, use of water resources management approaches, and projects that use water budgets at the project, local, or state level that preserve site, local or regional hydrology.

- Energy Efficiency (EE): Use of improved technologies and practices to reduce the energy consumption of water quality projects, including projects to produce clean energy used by a treatment works. Eligible projects may include, but are not limited to, energy efficient retrofits and upgrades to pumps and treatment processes including SCADA systems and variable frequency drives (VFD) for pumps, leak detection equipment for treatment works, and producing clean power with wind, solar, micro-hydroelectric, geothermal, or biogas combined heat and power.

SUSTAINABILITY

150 POINTS POSSIBLE

Points for sustainability will be awarded as follows:

- Project regionalizes/consolidates two or more existing systems;
- Project demonstrates an adequate rate structure to maintain facility operations;
- Project entity has Licensed/Certified Operators and will continue to do so;
- Project is incorporating environmentally aware concepts such as:
 - Water efficiency, reuse, and/conervation;
 - Energy efficiency;
 - Environmentally innovative components/aspects;
 - Green infrastructure
- Project includes a climate vulnerability assessment
- Project addresses climate change threats to infrastructure
- System has a rate structure that addresses replacement costs at design life of project

READINESS TO PROCEED

An important goal of the CWSRF program is to ensure the timely and expeditious use of funds. To achieve this goal, NMED will evaluate applications and the associated documents that provide a reasonable measure of how close an eligible applicant may be to starting the project. Points for Readiness to Proceed will be awarded as follows:

READINESS TO PROCEED

100 POINTS POSSIBLE

NMED will evaluate the following documents and corresponding approval status:

- Preliminary Engineering Report, Feasibility Study, or Technical Memorandum; 25 points
- Environmental Information Documents or Categorical Exclusion Request; 25 points
- Construction Plans and Specifications; 50 points

TOTAL SCORING

Scoring Factor	Points Available
Ground water quality improvement and permit compliance	200
Surface water quality improvement factor and permit compliance	200
Sustainability	150
Readiness to Proceed	100
Total	650