

**NEW MEXICO WATER TRUST BOARD**  
**c/o New Mexico Finance Authority**  
**207 Shelby Street**  
**Santa Fe, NM 87501**

**MEMORANDUM**

**TO:** Water Trust Board Applicants  
**FROM:** Jana Amacher, NMFA Director of Water Resources  
**DATE:** August 2, 2013  
**SUBJECT:** 2014 Water Trust Board Application Cycle

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This memo regards information relating to the 2014 Water Trust Board Application Cycle. This information corresponds with the 2014 Sequence of Events, the Water Trust Board Application Checklist and the Application Process; these documents are attached and available on-line at <http://www.nmfa.net/financing/water-programs/water-trust-board/>.

Earlier this year a Task Force committee was created to consider options in streamlining the application process, allow for an earlier exchange of information on projects with the Legislature, and increase regulatory compliance (January 2013). In May 2013, the Water Trust Board (Board) adopted recommendations from the Task Force that resulted in several amendments in the application process and review. The Task Force, with the support of the Water Policy Committee, have also recommended changes to the Project Management Policies that are still subject to Board approval. It is anticipated the Board may adopt the policy amendments at the next scheduled meeting on August 21, 2013.

The application process was amended to split the application into two phases: the Initial Application and the Fundable Application. As in previous cycles, the application form is available electronically through the New Mexico Finance Authority (NMFA). The Initial Application will capture a broad-level of information. The Legal Team will review these applications for project and applicant eligibility per the statutory limits of the Water Project Finance Act. Those that pass this legal review will be listed for legislative authorization. This list will then accommodate the request by the NMFA Legislative Oversight Committee to have the Board's recommendation a few months ahead of session.

As the Oversight Committee reviews the list and the legislative session commences, the applicants will have two areas to focus on: **1) regulatory compliance and 2) completing a Fundable Application.** As outlined in greater detail on "Water Trust Board Application Checklist", **applicants must work directly with key agencies and be in compliance with:**

- **Safe Drinking Water Act;**
- **Water Rights;**
- **Water Conservation Plan;**
- **Sanitary Projects Act; and,**
- **Certified Operator.**

This regulatory compliance represents another amendment to the application process adopted by the WTB in May creating a pass/fail review. This pass/fail eliminates the previous years' Tier I criteria and process of passing with a score of 60% or greater which then supported the recommendation to the legislature. This new amendment also includes compliance with the following:

- **State Audit Rule;**
- **Approved Operating Budget;**
- **Financial Statements (three year minimum); and**
- **Open Meeting Act Resolution.**

Certification based on the regulatory compliance, a complete pass on all items as outlined, will then allow the Fundable Application to be considered eligible for further review by the Project Management Team (PMT).

The PMT is comprised of staff from seven agencies: the NM Environment Department, Department of Game & Fish, Department of Agriculture, New Mexico Finance Authority, Department of Finance & Administration, Office of the State Engineer and NM Energy Minerals & Natural Resources Department.

These agencies working in collaboration will evaluate the Fundable Applications and will recommend to the Board a funding amount and appropriate scope of work. Guided by the amended Project Management Policies, the PMT will utilize established criteria for the Fundable Application review. This process and criteria was formerly known as the Tier II criteria. The established criteria measures project readiness on the following levels:

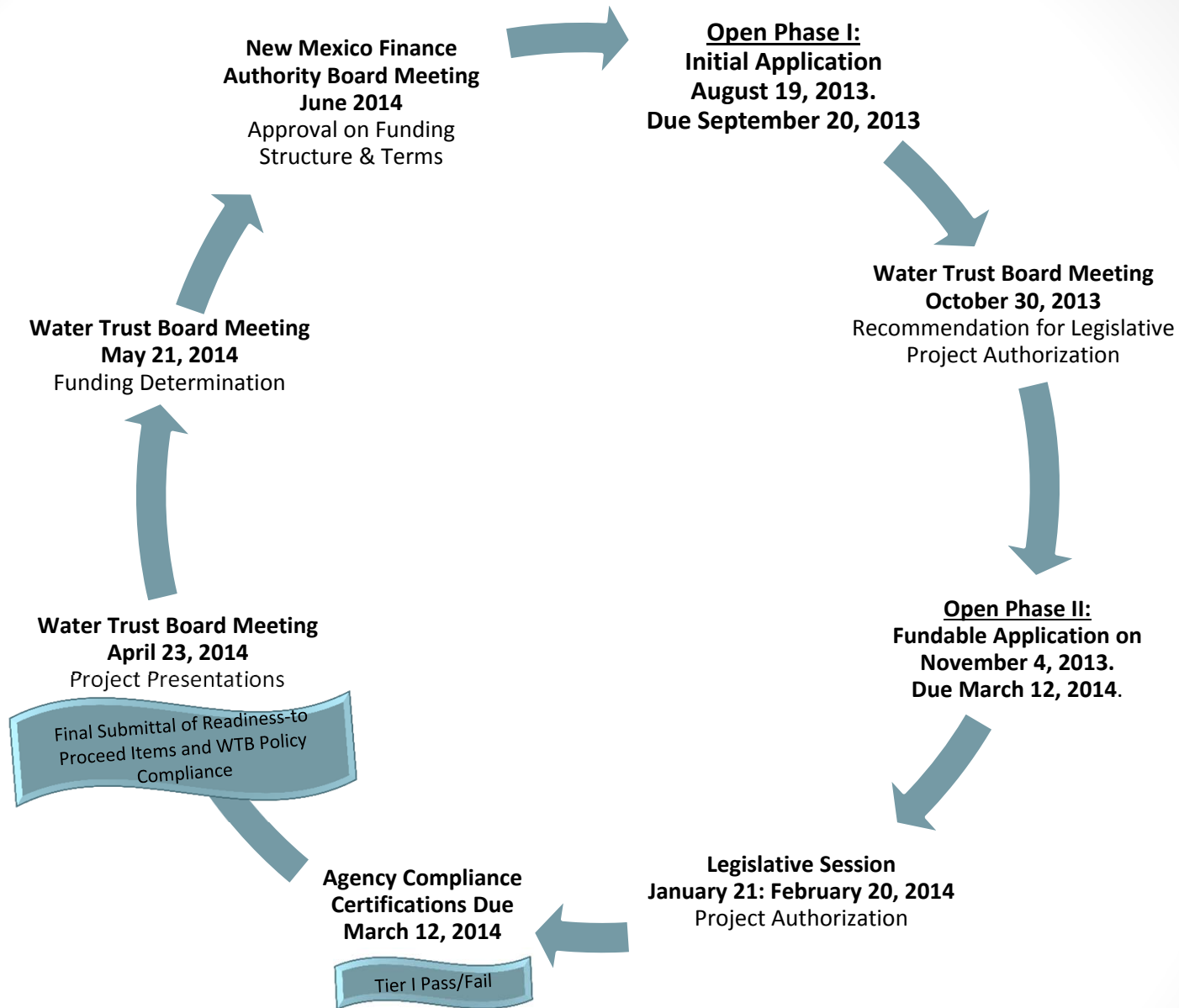
- Local Contribution;
- Regional Nature of Projects;
- Leveraging of Funds;
- Contribution to Water Quality/Watershed Improvement;
- Attention to Human Health & Safety;
- Project Design & Execution;
- Integrated Water Conservation & Management;
- Readiness & Long Term Stewardship; and
- Attention to Wildlife & Environmental Compatibility.

**The attached Water Trust Board Application Checklist, the 2014 Sequence of Events, and the Application Process provides further information on the changes, the new deadlines, and which supporting documents are required at time of submitting a Fundable Application. The Application Checklist also notifies interested applicants as to what is required moving forward into the 2015 cycle.**

**For further information or questions please contact:**

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## Water Project Fund Application Cycle 2014

# NEW MEXICO WATER TRUST BOARD

## APPLICATION PROCESS 2014

### **Introduction:**

Pursuant to direction by the Water Trust Board on May 22, 2013, the application process, the application, and what was once known as the Tier I criteria have been amended to create greater efficiencies in the application process and regulatory compliance. These improvements are supported by the Water Trust Board Project Management Policies and Rules (19.25.10 NMAC) which encourage best practices management of various water projects.

The new application process has been streamlined to provide a list of projects with a broad-level of information to the Legislature ahead of the legislative session. The new process allows for the applicant to address regulatory compliance directly with the regulating agencies. And it allows several months to develop and complete a more detailed application.

The application form has two phases: an Initial Application and a Fundable Application. The Initial Application consists of project information that includes a project description, a description of the critical nature of the project and preliminary cost estimates. The qualified Initial Applications will comprise the list of projects for legislative authorization. The Fundable Application consists of in-depth project information and readiness items.

Both phases of the application, legislative authorization, regulatory certification, and all levels of review must be completed prior to consideration by the Water Trust Board for financial assistance.

### **Application Format:**

The application format is electronic and available on line at <http://www.nmfa.net/financing/water-programs/water-trust-board/>. Required documents requested as part of the application must be attached in electronic form as outlined in the online format. Compliance documents must be submitted directly to the agency contacts as outlined.

### **Application Review:**

The applications will go through several levels of review in addition to a regulatory compliance determination. The Initial Applications will be reviewed for project and applicant eligibility by the Legal Team. The Legal Team is tasked to ensure the applicant and projects are eligible per the statutory limits of the Water Project Finance Act. If deemed ineligible, the applicant will be notified by written notice outlining the ineligible determination and the review of the application will cease.

After the list of eligible projects and applicants has been determined the applicant will then work directly with regulatory agencies to ensure compliance. The Regulatory Compliance Assessment outlines compliance of critical areas in financial, managerial, and technical foundations of the project.

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Compliance certification by the appropriate regulatory agency must be secured for the Regulatory Compliance assessment. Further direction and contact information is provided on the Readiness to Proceed Checklist available on <http://www.nmfa.net/financing/water-programs/water-trust-board/>, and by contacting NMFA staff. For the 2015 application cycle (Fall 2014 through Spring 2015), the list of required items for the Regulatory Compliance will increase and are noted in more detail on the Readiness to Proceed Checklist.

**For the 2014 application cycle**, the applicants must assist in the Regulatory Compliance by working directly with the agency for certified compliance (as outlined on the Readiness to Proceed Checklist). A pass must be certified for each item for the Fundable Application to be considered eligible.

- Water Rights
- Conservation Plans
- Safe Drinking Water Act
- Sanitary Projects Act
- Certified Operator
- State Audit Rule
- Approved Operating Budget
- Financial Statements (three year minimum, unless the applicant is newly created and three years of financial statement are unavailable)
- Open Meeting Act Resolution

The applications that have all certifications secured, a pass on each item, will then be reviewed with the established criteria. The applications that do not pass will be notified by written notice with comments provided by the regulatory agency with recommendations for technical assistance through other State programs.

The Project Management Team will then review for applicant readiness and project readiness on established criteria. Applications identified as non-qualified or incomplete will be given a short period of time to demonstrate their eligibility, qualifications or completeness. The Project Management Team is tasked by the Board to review projects on the established criteria for applicant and project readiness as guided by the Water Trust Board.

The Project Management Team is comprised of representatives from New Mexico (NM) Environment Department, NM Finance Authority, NM Department of Finance & Administration, NM Department of Energy, Minerals & Natural Resources, the NM Department of Agriculture, the NM Department of Game & Fish and the Office of the State Engineer.

The established criteria measure the project readiness on the following levels:

- Local Contribution

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- Regional Nature of Projects
- Leveraging of Funds
- Contribution to Water Quality/Watershed Improvement
- Attention to Human Health & Safety
- Project Design & Execution
- Integrated Water Conservation & Management
- Readiness & Long Term Stewardship
- Attention to Wildlife & Environmental Compatibility

The Project Management Team reviews the projects in order of priority and makes a recommendation for consideration by the Water Trust Board. Recommendations include funding and a final scope of work (construction/planning).

### Sequence of Events:

August 19, 2013	Open Initial Application
September 20, 2013	Initial Applications Due to NMFA
September 23, 2013	Application Check and Legal Review Begins
October 4, 2013	Initial Application Reviews Due
October 30, 2013	WTB Meeting – Recommendation for Legislative Authorization
Oct. 31, to Nov. 1, 2013	Project List Submitted to NMFA Oversight Committee
November 4, 2013	Open Fundable Application
November 25-26, 2013	Water Project Fund Project List Presentation to NMFA Oversight Committee
January 21, 2014	Opening Day of Legislative Session
February 20, 2014	Closing Day of Legislative Session
March 12, 2014	Fundable Applications Due to NMFA
March 12, 2014	Agency Compliance Certifications Due to NMFA
April 23, 2014	WTB Meeting – Public Presentations on Qualified Projects, Final Submittal for Readiness to Proceed Items* and WTB Policy Compliance Deadline of Requisition Submittals**
May 21, 2014	WTB Meeting – WTB Determines Funding
June 2014	Selected Projects Presented for NMFA Board Approval on the Term & Structure of each Water Project Fund Award
July 2014	Award Letters Mailed to Applicants with Approved Projects Commence Securing Loan/Grant Agreements for Projects that Have Fulfilled all Funding Conditions

*\*Example: Permits; Match Identification.*

*\*\*Section 1.9 Project Continuation Policy – If you have any questions about an existing balance or requisition submittals; please contact staff by April 16, 2014 by 5pm MST. This will allow time to address questions and submit any additional documentation by the April 23, 2014 deadline.*

## Water Trust Board Application Checklist

The following item is **required** for the Initial Application for the Water Trust Board:

- Signed **Certification** form by highest elected official and finance officer/director.

The following items must be certified, for eligibility for the Fundable Application, with the appropriate agency as specified by the deadlines below:

- OSE Water Rights Verification (water rights form as included in application – contact: John Romero, Water Rights Division Director, OSE, (505) 827-4187, [john.romero2@state.nm.us](mailto:john.romero2@state.nm.us); or Yvonne Vigil, Administrative Assistant, OSE, (505) 827-6173, [Yvonne.vigil2@state.nm.us](mailto:Yvonne.vigil2@state.nm.us) by January 1, 2014;
- Verification that a copy of the Water Conservation Plan submitted to OSE in accordance with Chapter 72, Article 14 NMSA 1978, and any other Conservation Plans as required by law – contact John Romero, Water Rights Division Director, OSE, (505) 827-4187, [john.romero2@state.nm.us](mailto:john.romero2@state.nm.us); or Yvonne Vigil, Administrative Assistant, OSE, (505) 827-6173, [Yvonne.vigil2@state.nm.us](mailto:Yvonne.vigil2@state.nm.us) by January 1, 2014;
- Compliance with the Safe Drinking Water Act – contact: Danielle Shuryn, NMED – Drinking Water Bureau Office (505) 476-8637, [danielle.shuryn@state.nm.us](mailto:danielle.shuryn@state.nm.us), by December 2, 2013;
- Compliance documents with the Sanitary Projects Act– contact: Danielle Shuryn, NMED – Drinking Water Bureau Office (505) 476-8637, [danielle.shuryn@state.nm.us](mailto:danielle.shuryn@state.nm.us), by December 2, 2013; and
- Certified Operator compliance as appropriate for the system– contact: Danielle Shuryn, NMED – Drinking Water Bureau Office (505) 476-8637, [danielle.shuryn@state.nm.us](mailto:danielle.shuryn@state.nm.us), by December 2, 2013.

The following items are **required and must be submitted** with the Fundable Application for the Water Trust Board:

- **Resolution** of the governing body authorizing the submission of an application to the Water Trust Board and compliance with WTB policy;
- **Articles of Incorporation** and By-laws (if applicable);
- Compliance with the **Open Meetings Act** Resolution;
- An **Approved Operating Budget**; and,
- **Financial Statements** documenting compliance with the State Audit Rule (three year minimum, unless the applicant is newly created and three years of financial statement are unavailable.)
- **Joint Powers Agreement** or Memorandum of Understanding (if applicable);
- List of all **debt**, including debt holder, pledged revenues, payment schedule and any prohibitions or test for additional debt;
- Documentation that each **non-WTB project funding** source has been approved;
- Detailed **project** phase **schedule**;
- Explanation of **land ownership arrangements** (if applicable);
- Documentation showing status of **landowner/agency agreements** (if applicable);

- List all required **permits and licenses** necessary to complete this project (i.e., federal and state permits or compliance with National Environmental Policy Act requirements). Detail the status of each item, a plan of action, and time frame for completing incomplete permits and licenses. Also provide a copy of all permits and licenses;
- Is there **litigation pending** which would have a bearing on this project or applicant? If yes, provide a complete summary of all circumstances relating to such litigation;
- **Right of Way Acquisition** Documentation;
- Copy of the water system's long term water plan (a minimum of 10 years); and,
- A Resolution of Commitment for the Operations and Maintenance of the proposed project.

**For the 2014/2015 application cycle, the following items will be required:**

- Signed Certification form by highest elected official and finance officer/director;
- Resolution of the governing body authorizing the submission of an application to the Water Trust Board and compliance with WTB policy;
- Articles of Incorporation and By-laws (if applicable);
- Compliance with the Open Meetings Act Resolution;
- An Approved Operating Budget;
- Financial Statements documenting compliance with the State Audit Rule (three year minimum, unless the applicant is newly created and three years of financial statement are unavailable);
- Joint Powers Agreement or Memorandum of Understanding (if applicable);
- List of all debt, including debt holder, pledged revenues, payment schedule and any prohibitions or test for additional debt;
- Documentation that each non-WTB project funding source has been approved;
- Detailed project phase schedule;
- Asset Management Plan;
- Preliminary Engineering Report, Engineering Study or Feasibility Study (unless funding is sought for this purpose);
- Metering of customers, water system rates must be based on metered use;
- Written job descriptions for all staff and contractors;
- Written operating procedures;
- Documentation of an implemented cross-connection control program;
- An approved source-water protection plan;
- Emergency response plan;
- Documentation of a water accounting system and a water audit plan;
- A five year financial plan which includes internal controls;
- Explanation of land ownership arrangements (if applicable);
- Documentation showing status of landowner/agency agreements (if applicable);
- List all required permits and licenses necessary to complete this project (i.e., federal and state permits or compliance with National Environmental Policy Act requirements). Detail the status of each item, a plan of action, and time frame for completing incomplete permits and licenses. Also provide a copy of all permits and licenses;



- Is there litigation pending which would have a bearing on this project or applicant? If yes, provide a complete summary of all circumstances relating to such litigation;
- Right of Way Acquisition Documentation;
- Copy of the water system's long term water plan (a minimum of 10 years); and,
- A Resolution of Commitment for the Operations and Maintenance of the proposed project.
- OSE Water Rights Verification;
- Certification of the Water Conservation Plan submitted to OSE in accordance with Chapter 72, Article 14 NMSA 1978, and any other Conservation Plans as required by law;
- Compliance with the Safe Drinking Water Act;
- Compliance documents with the Sanitary Projects Act; and
- Certified Operator Compliance as appropriate for the system.