

Drinking Water State Revolving Fund

Intended Use Plan

State Fiscal Year 2023

DWSRF Base and General Supplemental Funding

Amended to Include BIL Lead Service Line Replacement and

BIL Emerging Contaminants



New Mexico Environment Department

&

New Mexico Finance Authority

Drinking Water State Revolving Fund
DWSRF Base and General Supplemental (BIL) Funding
Addendum (BIL) Emerging Contaminants and Lead Service Line Replacement

Capitalization Grant Intended Use Plan State Fiscal Year 2023
July 1, 2022 – June 30, 2023

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State Fiscal Year 2023 Update Summary

The State of New Mexico will apply for the two-year Environmental Protection Agency (EPA) 2022 Capitalization Grant (base funds) in June 2022; this draft Intended Use Plan (IUP) is submitted as a required component of the application. Prior to the award a revised IUP will be submitted in July to the EPA for approval after a 30-day public comment period. New Mexico is requesting a grant project period of July 1, 2022 – June 30, 2023, this application so grant funding may be used during the State Fiscal Years (SFY) 2023 and 2024.

This IUP covers SFY 2023 and is updated annually with each annual DWSRF Capitalization Grant application. Public Comment Period: June 16, 2022, through July 16, 2022. This IUP has been amended with a public comment period of April 17, 2023, to May 17, 2023.

ADDENDUM:

SFY 2023 DWSRF and Bipartisan Infrastructure Law Appropriations for NM

- DWSRF Emerging Contaminates Funds = \$7,540,000
- DWSRF Lead Service Line Replacement Funds = \$28,275,000

New this year is the inclusion of additional funds to the DWSRF program. The Bipartisan Infrastructure Law (BIL) passed by the U.S. Congress in November 2021 provides a historic influx of water and wastewater infrastructure funding through the Clean Water and Drinking Water State Revolving Funds; this IUP covers only the DWSRF. BIL will provide these additional appropriations to the DWSRF each year from Federal Fiscal Year (FFY) 2022 – FFY 2026. New Mexico will apply for the BIL DWSRF Supplemental Funds through EPA's grant program in June 2022 with the same IUP and project dates as the Base Funds shown above.

SFY 2023 DWSRF and Bipartisan Infrastructure Law Appropriations for New Mexico

Funding sources for New Mexico represented in this IUP:

- **DWSRF Capitalization Grant – Base Funds = \$7,283,220**
- **DWSRF General Supplemental Funds (BIL) = \$17,955,000**

Funding sources for New Mexico represented in this IUP amended April 2023:

- ***DWSRF Emerging Contaminants Funds = \$7,540,000***
- ***DWSRF Lead Service Line Replacement Funds = \$28,275,000***

In SFY 2023, the DWB will continue to focus on promoting the public health aspects of the SDWA, provide capacity assistance to those communities most in need. The NMFA will continue to ensure that loan funds move expeditiously and responsibly. Both agencies will continue to review and improve the fund distribution policies and process.

I. Introduction

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

A. Drinking Water State Revolving Fund and EPA Capitalization Grants

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

Drinking Water State Revolving Fund budget is allocated to states through the U.S. Environmental Protection Agency's (EPA) Capitalization Grant (Cap Grant). The maximum amount each state can apply for through the annual Cap Grants is determined by Congress and administered by the EPA. The SDWA allows each state the discretion to utilize up to 31% of each annual DWSRF Capitalization Grant to fund four different Set-Aside categories, with the remainder of the Capitalization Grant directed to the state's loan funds. NMED manages and utilizes the DWSRF Set-Asides within the Drinking Water Bureau; these funds support various bureau assistance and compliance programs.

➤ *Federal Statute: Section 40 CFR Subchapter B Part 35 Subpart L (§§35.3500-35.3585)*

EPA's DWSRF Capitalization Grant Components

a breakdown of a state's annual grant allocation:

- **Financial assistance to systems – loans & subsidies** (at least 69%)
- **Set-Aside funds** (up to 31%)
 - Loan Fund program administration and assistance ($\leq 4\%$)
 - Small System Technical Assistance ($\leq 2\%$)
 - State Program Management ($\leq 10\%$)
 - Local Assistance ($\leq 15\%$)
 - Capacity Development & Assistance (10%)
 - Source Water Protection (5%)

MORE INFO: Learn more about how the DWSRF and Cap Grants work [here on EPA's website](#).

B. New Mexico’s Drinking Water State Revolving Loan Fund Program

In response to the SDWA amendments of 1996, the State of New Mexico passed the Drinking Water State Revolving Loan Fund Act (the Act) in 1997 which created a self-sustaining revolving loan program. Under the Act, the New Mexico Finance Authority (NMFA) serves as the State’s grantee for Cap Grants allotted to the State, and it administers the New Mexico Drinking Water State Revolving Loan Fund program (DWSRLF) in cooperation with the New Mexico Environment Department (NMED) Drinking Water Bureau (DWB). This loan fund program consists of the annual Cap Grant from the EPA and the 20% State-funded Match required by the SDWA.

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

NM DWSRLF Program Components

a breakdown of program financial resources:

- Annual EPA Capitalization Grant to NMFA
- State match approved by NM Legislature (20% of Cap Grant)
- Loan principal, interest, and other payments (“Tier II” funds)
- Transfers from other State Revolving Funds (as applicable)

C. DWSRF Intended Use Plan

Federal regulations require that states prepare an Intended Use Plan (IUP) each year they apply for the DWSRF Cap Grant. This plan outlines how the state intends to utilize grant funding throughout the year to support the overall goals of the Safe Drinking Water Act (SDWA). Although each Cap Grant is issued for a two-year period, the IUP is updated annually with each new Cap Grant application. This includes outlining short and long-term goals for the Drinking Water State Revolving Loan Fund (DWSRLF) program funded by these grants. Also included is an annual Priority List of projects in line for DWSRLF funding. Federal guidelines require each state to seek meaningful public review and comment during the development of the IUP. Following public comment, the IUP is submitted to the EPA for approval.

The State publishes a DWSRF project Priority List in the IUP (Appendix A) which contains projects to be funded in the current funding cycle (Fundable) and projects to be funded at a later time (Comprehensive). A water system or other qualifying entity must meet eligibility criteria such as managerial, financial, and technical capacity in order to move forward in the DWSRF process and be placed on the Priority List. This Priority List is updated on a quarterly basis throughout the state fiscal year to reflect additional projects which are ranked through a scoring system ensuring projects with the greatest need will be offered DWSRF assistance first. The DWB maintains the Priority List for

Intended Use Plan Components

Federal statute requires an IUP to contain:

- Short and long-term program goals
- Criteria for a loan fund priority ranking system
- Priority List – a combined list of application status:
 - “Fundable” = projects expected to receive funds in the current funding cycle
 - “Comprehensive” = projects expected to receive funding in a later funding cycle
- Criteria for distribution of loan funds & loan fund financial status
- DWSRF Set-Aside activities and budget
- Disadvantaged community assistance
- Transfer process between DWSRF and CWSRF

NOTE: The IUP and/or Priority Lists can be updated throughout the year.

multiple years if an applicant is not able to move forward in the current funding cycle.

D. Implementation of New Mexico’s DWSRF Program

New Mexico accomplishes the DWSRF Capitalization Grant goals through two primary uses:

- Drinking Water State Revolving Loan Fund for infrastructure funding
 - Primarily administered by NMFA in cooperation with NMED
- DWSRF Set-Asides for public water system assistance and compliance
 - Primarily administered by NMED in cooperation with NMFA

E. Drinking Water State Revolving Loan Fund (DWSRLF) Program Structure

Funding of Capital Planning, Design, and Construction Projects for Public Water Systems

Drinking Water State Revolving Loan Fund (“DWSRLF”) is operated in partnership with the New Mexico Environment Department (“NMED”) to provide low-cost financing for the construction of and improvements to drinking water facilities throughout New Mexico in order to protect drinking water quality and the public health. This federally funded program, managed by the NMFA on behalf of the State of New Mexico, is funded through a federal capitalization grant of approximately \$8 million annually. The BIL supplemental will provide approximately \$18 million in SFY 23. The State is required to match the federal grant by 20 percent for the base program and 10 percent for the BIL supplemental program. The primary use of the funding is for below market rate loans (0-4%) to drinking water systems to fund vital water quality projects.

Community water systems and nonprofit non-community water systems are eligible to apply for DWSRLF funding. Projects that protect drinking water quality and public health are eligible for the DWSRLF, including new and replacement water sources, treatment, transmission and distribution lines, storage, supervisory control and data acquisition (SCADA) systems, and infrastructure to interconnect or regionalize water systems. In addition to funding costs needed for project construction, the DWSRLF can also finance planning, design and associated pre-project costs, and land acquisition needed for locating project components.

The NMFA has established low interest rates for the DWSRLF program to promote a low-cost viable source of funding to address drinking water projects in the State.

The NMFA will provide loans with interest rates ranging from 0% to 4%, depending on a PWS’s ownership and Median Household Income. If a PWS is publicly owned, then it is eligible to receive a DWSRLF loan at 0% or .01% (lowered from 1%). The NMFA uses available subsidy from the Capitalization Grant to assist entities that are Disadvantaged or Severely Disadvantaged (see Section IV, Part E) that could not otherwise afford DWSRLF loans, and to provide incentive to undertake projects that meet other EPA priority goals. New this year, the NMFA is reviewing its disadvantage definition and subsidy policies.

F. DWSRF Set-Aside Programs

Assistance and Compliance Supervision for Public Water Systems

New Mexico utilizes DWSRF Cap Grant Set-Aside funds to support a number of programs. These programs help to administer the DWSRLF at NMFA; assist water systems to build and maintain

technical, managerial, and financial capacity; achieve and maintain compliance with federal and state drinking water regulations; and to optimize their operations.

NMFA uses:

- **Administration Set-Aside (4%)** for support the operation and management of the DWSRLF.

NMED Drinking Water Bureau uses:

- **Small Systems Technical Assistance (2%)** for assisting small systems with fewer than 10,000 people with an emphasis on helping systems return to regulatory compliance.
- **State Program Management (10%)** for supporting the Public Water System Supervision (PWSS) Group overseeing compliance and enforcement activities and for supporting the Sustainable Water Infrastructure Group (SWIG) administrative, engineering review, and operator certification activities.
- **Local Assistance (15%)** for supporting capacity development, engineering review, operator certification, and source water protection activities.

G. DWSRF BIL Lead Service Line Replacement Set-Aside Programs

Assistance and Compliance Supervision for Public Water Systems

New Mexico utilizes DWSRF BIL Lead Service Line Replacement Set-Aside funds to support a number of programs. These programs assist water systems to build and maintain technical, managerial, and financial capacity; achieve and maintain compliance with federal and state drinking water regulations; and to optimize their operations.

NMFA uses:

- **Administration Set-Aside (4%)** for support the operation and management of the DWSRLF.

NMED Drinking Water Bureau uses:

- **Small Systems Technical Assistance (2%)** for assisting small systems with fewer than 10,000 people with an emphasis on helping systems return to regulatory compliance.
- **State Program Management (10%)** for supporting the Public Water System Supervision (PWSS) Group overseeing compliance and enforcement activities and for supporting the Sustainable Water Infrastructure Group (SWIG) administrative, engineering review, and operator certification activities.

- **Local Assistance (10%)** for supporting capacity development, engineering review, operator certification, and source water protection activities.

NMED will not take the 5% set aside specified for source water for the DWSRF BIL Lead Services Line Funding for FY23.

II. 2022 Drinking Water State Revolving Loan Fund Disadvantaged Community Program and Proposed Changes

Background:

Pursuant to the Drinking Water State Revolving Loan Fund Act (the “Act”), the New Mexico Finance Authority (“NMFA”) and the New Mexico Environment Department (“NMED”) established in 1997 affordability criteria for “disadvantaged communities.” The federal Safe Drinking Water Act (“SDWA”) required the state to establish, with meaningful public review, affordability criteria for its disadvantaged community assistance program prior to the state accepting any capitalization grants. The state uses the affordability criteria to determine access to enhanced loan terms and technical assistance as outlined in the annual Intended Use Plan (“IUP”) published by the state.

On November 15, 2021, the President signed the Bipartisan Infrastructure Law (BIL), also known as the Infrastructure Investment and Jobs Act (IIJA) of 2021. Among its provisions are amendments to the SDWA that provide changes to the Drinking Water State Revolving Loan Fund (“DWSRLF”), including a requirement to provide a minimum of 12% of federal funds in additional subsidy to state-defined disadvantaged communities through the Base DWSRLF Program. The BIL also creates three new DWSRLF funds that include General Supplemental, Lead Service Line Replacement, and Emerging Contaminants funding with appropriations authorized through 2026. As such, the BIL has a 5-year implementation period. The BIL mandates that 49% of the federal funds made available through the DWSRLF General Supplemental and Lead Service Line Replacement funding be provided in the form of additional subsidy to water systems that meet the State’s disadvantaged community criteria. The BIL also requires that not less than 25% of funds provided through the Emerging Contaminants funding be provided as forgivable loans or grants to disadvantaged communities or public water systems serving fewer than 25,000 people.

Current Affordability Criteria

NMFA provides by policy two levels of disadvantaged entity status: Disadvantaged and Severely Disadvantaged. The affordability criteria used to determine disadvantaged entity status considers a community’s Median Household Income (MHI).

Median Household Income (MHI)

- Disadvantaged Entities – to be considered a Disadvantaged entity, the applicant's Median Household Income must be greater than 80% but less than 100% of the **State's Median Household Income**, based on the most recent 5-year average of Median Household Income from census data or through a survey acceptable to NMFA.
- Severely Disadvantaged - to be considered a Severely Disadvantaged entity, the applicant's Median Household Income must be 80% or less of the **State's Median Household Income**, based on the most recent 5-year average of Median Household Income from census data or through a survey acceptable to NMFA.

Proposed Affordability Criteria

NMFA would continue to provide by policy two levels of disadvantaged entity status: Disadvantaged and Severely Disadvantaged. The affordability criteria used to determine disadvantaged entity status would still consider a community's Median Household Income (MHI) but would be in comparison to the most recent National 5-year average rather than the State's.

Median Household Income (MHI)

- Disadvantaged Entities – to be considered a Disadvantaged entity, the applicant's Median Household Income must be greater than 75% but less than 100% of the **National Median Household Income**, based on the most recent 5-year average of Median Household Income from census data or through a survey acceptable to NMFA.
- Severely Disadvantaged - to be considered a Severely Disadvantaged entity, the applicant's Median Household Income must be 75% or less of the **National Median Household Income**, based on the most recent 5-year average of Median Household Income from census data or through a survey acceptable to NMFA.

Current Assistance to Disadvantaged Communities

- Disadvantaged Entities – receive an interest rate of 0% on the first \$1,000,000 of the loan and 1% for amounts greater than \$1 million. When provided for in Capitalization Grants, subsidy in the form of principal forgiveness up to 50% of the loan.
- Severely Disadvantaged Entities – receive an interest rate of 0% on the first \$1,000,000 of the loan and 1% for amounts greater than \$1 million. When provided for in Capitalization Grants, subsidy in the form of principal forgiveness up to 75% of the loan.

Proposed Assistance to Disadvantaged Communities

- Disadvantaged Entities – receive an interest rate of 0% with no cap. When provided for in Capitalization Grants, subsidy in the form of principal forgiveness up to 50% of the loan.

- Severely Disadvantaged Entities – receive an interest rate of 0% with no cap. When provided for in Capitalization Grants, subsidy in the form of principal forgiveness up to 75% of the loan.

Current Regionalization Incentives

Applications for proposed regionalization projects may use the Median Household Income of the regionalized community to be incorporated into the water system’s service area for purposes of determining disadvantaged entity status.

These applications will be limited in scope to project elements related to the provision of water to the regionalized community and all assets funded by the loan must be owned and maintained by the borrower.

The following table list the regionalization criteria for scoring projects.

<u>Regionalization Activities</u> : Project is a regionalization effort among two or more public water systems that results in the consolidation or physical connection of the public water systems that will begin to operate as one system, full time.
<u>Provide regulated water service to areas not currently served</u> : Project extends water service to existing homes or businesses not currently served by a centralized water system.
<u>Emergency Interconnection</u> : Project addresses the need for an emergency or back up source through an interconnection with another public water system.
<u>Regional Resource Coordination</u> : System participates in a regional sharing of resources with other water system(s).

Proposed Regionalization Incentives for Disadvantaged Communities

Applications for proposed regionalization projects may continue to use the Median Household Income of the regionalized community to be incorporated into the water system’s service area for purposes of determining disadvantaged entity status.

For disadvantaged communities, NMFA will consider loans with 90% principal forgiveness for regionalization projects related to the provision of water to a regionalized community when all assets funded by the loan will be owned and maintained by the borrower.

Current Amortization Terms

Amendments to the SDWA in 2018 extended the maximum-authorized DWSRLF loan amortization period up to 30 years (from 20 years) for any DWSRLF eligible recipient or up to 40 years for state-defined disadvantaged communities. NMFA revised its policies in 2019 to allow any DWSRLF eligible recipient loan amortizations of up to 30 years.

There are no proposed changes to the current amortization terms.

Current Cap on Additional Subsidy

No single applicant may receive more than 50% of the total additional subsidy available for disadvantaged communities in any given year.

There are no proposed changes to the 50% cap.

III. Short-Term and Long-Term Goals

The State of New Mexico is committed to providing safe, clean drinking water to all of its citizens and visitors. These short- and long-term goals are used to meet the needs of the Public Water Systems (PWS) in our state and this framework guides the decision-making.

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

Bipartisan Infrastructure Law (BIL) Funding 2022-2026

In addition to the DWSRF Cap Grant "Base" funding, the DWSRF program is supported for the next five years with additional funding source from BIL. The short-term and long-term goals in this IUP address uses for DWSRF Base Funding and DWSRF General Supplemental Funding.

A. DWB Short-Term Goals (2022-2023):

1. DWB will provide targeted assistance to systems that have applied to the DWSRLF but are unable to qualify for funding and move forward in the process because of capacity deficiencies.
2. DWB will develop comprehensive outreach and assistance for DWSRF and BIL funding to include multiple stakeholders.
3. DWB will continue to review the Priority Ranking Criteria and work with NMFA to develop policies and program processes that increase benefit to water systems. This will include any new policies or goals for BIL funding.
4. DWB will continue to work with NMED financial staff to develop quarterly invoices to NMFA in a timely manner. NMED leadership is working to address process issues in the Administrative Services Division that affect the timeliness of invoices.
5. DWB will work with internal administrative support to fill multiple vacancies in the PWSS and SWIG programs. These positions support work critical to public water systems and reaching DWSRF program goals. This staffing activity includes filling three new positions for the Sustainable Water Infrastructure Group that will be supported by a combination of state and federal DWSRF funds. These positions form the new Regionalization and Sustainability team that will focus on regionalization assistance, planning, and policy; system sustainability through long-term planning and climate change resiliency; and emergency response and planning.

6. DWB will work with NMFA and other entities such as New Mexico Councils of Government and counties to create innovative and effective pathways for providing assistance and funding to small community water systems throughout the state. Approaches such as developing supportive regional assistance hubs through public entities and regional planning and collaboration between small systems.

B. DWB Long-Term Goals (ongoing):

1. DWB will regulate and assist PWSs in New Mexico to provide safe, clean, and affordable drinking water to the citizens and visitors of New Mexico. The DWB will support PWSs using the set-aside funds to maximize SDWA compliance, promote public health protection, affordable drinking water, PWSs' sustainability, and PWSs' capacity with a focus on PWSs serving populations of 10,000 or fewer and particular emphasis on those serving 3,300 or fewer.
2. DWB provides online and in-person training and individual assistance to PWS board members and operators through internal staff and contractors. This training serves to increase the technical, managerial, and financial (TMF) capacity of the PWS, preparing them to handle the demands of operating a new and more efficient water system, as well as planning to protect quantity and quality of source water, and assistance to meet funding requirements for capital improvements.
3. DWB and its partners work with community PWSs throughout the State to encourage and assist systems to have a rate structure in place which supports normal operation, maintenance, emergency replacements, and planned infrastructure replacement costs. DWB will collaborate with other agencies and assist PWSs in need of funding for infrastructure improvements with funding requirements, building the capacity to manage the new infrastructure project, becoming ready to proceed to construction, and gaining the debt capacity to be fundable for a project.
4. DWB will develop methods for assessing the needs and risk of community water systems in order to help prioritize federal and state funds and to address system issues before they result in an emergency type of situation.
5. DWB will collaborate with organizations, agencies, and individuals to develop sustainable supplies of healthy drinking water for the PWSs of the State through Source Water Protection Program (SWPP) planning activities. This includes the work of the PFAS Technical Work Group and a focus on sampling for PFAS throughout the state.

C. DWB/NMFA Collaborative Short-Term Goals (2022-2023):

1. NMFA and DWB will continue to expend and process invoices for DWSRF grant funds in the order awarded, using a first-in-first-out (FIFO) method. NMFA and DWB will strive to keep only two DWSRF Cap Grants open at any given time, banking excess funds ahead of time as necessary.

2. DWB and NMFA will provide an opportunity for public comment by posting this IUP for public comment on the NMFA and DWB websites from June 16, 2022, through July 16, 2022, and will accept comments throughout this period.
3. DWB and NMFA will complete and submit the SFY 2022 Annual Report by September 30, 2022.
4. DWB and NMFA will ensure supplemental conditions are up to date with the annual appropriation guidance.
5. DWB and NMFA will collaboratively develop goals and priorities for DWSRLF that meet the environmental needs of the State of New Mexico.

D. DWB/NMFA Collaborative Long-Term Goals (ongoing):

1. In accordance with EPA timelines, NMFA and DWB will strive to complete 100% of all reports accurately and timely, maintain efficient administrative functions, and find innovative ways to utilize the DWSRLF to its full potential.
2. NMFA and DWB will submit the Intended Use Plan, Capitalization Grant application, Fundable Priority Lists, and Annual Report to EPA within the established deadlines.
3. DWB and NMFA will review and update the Memorandum of Understanding (MOU) and clarify roles and responsibilities to ensure efficient program implementation and collaboration.

E. NMFA Short-Term Goals:

1. NMFA will provide at least 20% of all loans (contingent on Fundable Priority List) in SFY 2023 from the FFY 2022 Capitalization Grant and the BIL supplemental Capitalization grant as low-cost loans to PWSs in Disadvantaged Communities and 20% to small PWSs for eligible projects, as allowed by the SDWA.
2. NMFA will execute 100% of binding commitments during SFY 2023, contingent on applicant willingness to take on a loan and the submission of required ready to proceed documents.
3. NMFA will close 10% of loans to communities that make the ready to proceed deadlines outlined in the binding commitments during SFY 2023, contingent on community willingness to take on a loan.
4. NMFA will approve drawdowns for a minimum of \$12 million on planning, design, and construction projects during SFY 2023.
5. NMFA will approve requisitions from loan entities within 10 calendar days of complete submission to both NMED Construction Programs Bureau and NMFA.
6. NMFA will allocate the loan portion of the 2022 Federal Capitalization Grant of \$7,008,000 and State Match of \$1,401,600 and the BIL supplemental capitalization grant of \$17,955,000 and

State Match of \$1,795,500 for a combined loan fund allocation of \$28,160,100 contingent on the Fundable Priority List.

7. NMFA will increase the pace of DWSRF funds going to NM communities with a Tier II loan in SFY 2023.
8. NMFA will ensure that all appropriate federal requirements are addressed in each loan agreement (ex: Suspension and Debarment, American Iron and Steel, Davis Bacon, Build America Buy America Act, etc.).
9. NMFA will continue to keep the EPA current on the status of its audit, including during the SFY Annual Program Evaluation Review.
10. NMFA will review the Operating Agreement with the EPA, dependent on the MOU with NMED DWB.
11. NMFA will enter into binding commitments with entities equal to 120% of the federal Capitalization grant and BIL supplemental funding in SFY 2023, as contingent on the Fundable Priority List.
12. NMFA will report on the following: Federal Funding Accountability and Transparency Act (Sub award reporting system “FFATA”), Office of Water State Revolving Funds database (OWSRF), fund utilization rate (FUR), Single Audit Report, Federal Financial Reports,) and Minority Business Enterprise/Women’s Business Enterprise (MBE/WBE).

F. NMFA Long-Term Goals:

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

IV. Criteria and Method for Distribution of Funds

A. Criteria for Project Selection

All project applications (with the exception of declared emergencies IV F. Emergency Condition) are required by DWSRF federal regulation to be ranked using a state’s priority system and to go through a public review process prior to receiving funding.

Eligible Borrowers

A Public Water System is eligible for DWSRF project assistance if it is a privately or publicly owned community water system, or a non-profit non-community PWS (40 CFR 35.3520). A public water system is a system for the provision of water for human consumption to the public through pipes or other constructed conveyances, if such system has at least fifteen service connections or regularly serves at least twenty-five individuals. Tribal systems are included as public community water systems and subject to the same requirements, even though they are not regulated by DWB. Only Public Water Systems are eligible to apply for DWSRF and must meet the minimum criteria for technical, managerial and financial capacity. Eligible borrowers are:

- A community water system is a public water system that serves at least 15 service connections used by year-round residents of the area served by the system or regularly serves at least 25 year-round residents. A community water system may be privately or publicly owned.
- A non-profit non-community water system is a public water system that is not a community water system and is owned and operated as a non-profit entity such as a school. The non-profit entity could be government owned.
- New community water systems that represent cost-effective solutions to existing public health problems with serious risks caused by:
 - Unsafe drinking water provided by individual wells or surface water sources, with the scope of the service area limited to the specific geographic area affected by contamination.
 - Technical, managerial, and/or financial difficulties that can be addressed by consolidation into a new regional community water system with the scope of the service area limited to that of the systems involved.

To receive assistance from the DWSRF, systems must have the technical, managerial and financial (TMF) capacity to ensure compliance with the SDWA.

- Technical: Obtain an adequate and reliable source of water; establish and maintain an adequate infrastructure; employ operators with technical knowledge.
- Managerial: Accountability over system; responsive to system demands; ability to work with jurisdictional, regulatory and other governmental agencies, trade organizations, and persons served by the system.
- Financial: Established user rates that cover maintenance, operations, debt service, and required reserves; maintain creditworthiness; establish and maintain adequate fiscal controls and accounting methods required for the operation of the system and ability to repay a DWSRF loan.

If DWB determines that a system lacks technical, managerial and financial capability, that system may be eligible to receive assistance if it agrees to undertake feasible and appropriate changes in operations (including ownership, management, accounting, rates, maintenance, consolidation, alternative water supply, or other procedures). DWB must determine that such changes by the system are necessary to ensure that the system has the capacity to comply with the SDWA over the long term.

Systems in significant noncompliance with any requirement of a national primary drinking water regulation are not eligible to receive DWSRF assistance unless it is determined that the assistance will ensure compliance.

Multiple community water systems can join together in a consortium to apply for a single loan for a mutually beneficial project or set of projects.

Ineligible Borrowers

The SDWA identifies the following types of water systems as ineligible to receive financial assistance from DWSRF loan fund:

- Federally-owned public water systems
- For-profit non-community water systems
- Systems that lack the technical, managerial and financial capability to ensure compliance with the requirements of the SDWA, unless the assistance will ensure compliance and the owner or operator of the system agrees to undertake feasible and appropriate changes in operation to ensure compliance over the long term
- Systems that have enforcement priority with any national primary drinking water regulation or variance, unless:
 - The purpose of the assistance is to address the cause of significant non-compliance and the assistance will ensure that the system returns to compliance
 - The purpose of the assistance is unrelated to the cause of the significant non-compliance and the system is on an enforcement schedule (for maximum contaminant level and treatment technique violations) to return to compliance

Eligible Projects

The SDWA provides that DWSRF financial assistance may be used by an eligible public water system only for expenditures of a type or category which the EPA Administrator has determined will facilitate compliance with national primary drinking water regulations or otherwise significantly further the health protection objectives of the Act. There are eight categories of projects are eligible to receive DWSRF assistance. These categories and examples of projects within them are:

- Treatment: Projects to install or upgrade facilities to improve drinking water quality to comply with Safe Drinking Water Act (SDWA) regulations
- Transmission and distribution: Rehabilitation, replacement, or installation of pipes to improve water pressure to safe levels or to prevent contamination caused by leaky or broken pipes
- Source: Rehabilitation of wells or development of eligible sources to replace contaminated sources
- Storage: Installation or upgrade of finished water storage tanks to prevent microbiological contamination from entering the distribution system
- Consolidation/Regionalization: Interconnecting two or more water systems
- Creation of new systems: Construct a new system to serve homes with contaminated individual wells or consolidate existing systems into a new regional water system
- Rehabilitation of Dams and Reservoirs (July 14, 2021, national deviation was signed, must connect to the water system)
- Purchase of water rights (December 2019, national deviation was signed, cannot be for growth)

In addition, other activities eligible for an assistance agreement could include planning and design, water utility audits, leak detection studies, identification of service line materials, optimization studies, drought contingency plans, and other evaluations that might result in a capital project or in a reduction in demand to alleviate the need for additional capital investment. Details on fundable project categories can be found on the EPA website in the DWSRF eligibility handbook:

<https://www.epa.gov/dwsrf/drinking-water-state-revolving-fund-eligibility-handbook>

DWSRF BIL Lead Service Line Replacement Eligible Projects

Project eligibility under this appropriation is limited to lead service line replacement (LSLR), planning and design for LSLR projects and associated activities, and developing lead service line inventories in accordance with the Lead and Copper Rule Revisions (LCRR.) A “lead service line” is defined as, “...a service line made of lead, which connects the water main to the building inlet. A lead service line may be owned by the water system, owned by the property owner, or both. For the purposes of this subpart, a galvanized service line is considered a lead service line if it ever was or is currently downstream of any lead service line or service line of unknown material. If the only lead piping serving the home or building is a lead gooseneck, pigtail, or connector, and it is not a galvanized service line that is considered an LSL the service line is not a lead service line. Any project funded under this appropriation involving the replacement of a lead service line must replace the entire lead service line, not just a portion.

DWSRF BIL Emerging Contaminant Funding

The funding will be provided to eligible recipients as loans with 100% principal forgiveness pending approval of revised DWSRF Loan Management Policies by the NMFA Board of Directors. Funds provided shall be to address emerging contaminants including removing manganese in drinking water with a focus on perfluoroalkyl and polyfluoroalkyl substances.

The complete list of emerging contaminants can be found at <https://www.epa.gov/ccl>

Ineligible Projects

The following projects are ineligible for DWSRF assistance. Deviations are possible for any except those projects explicitly prohibited by statute, as discussed further below.

- Construction or rehabilitation of non-water system of dams or for growth.
- Purchase of water rights for growth, unless the water rights are owned by a system to be purchased for consolidation as part of a capacity development strategy
- Construction or rehabilitation of reservoirs that are primarily for growth, except for finished water reservoirs and those reservoirs that are part of the treatment process and are on the property where the treatment facility is located
- Projects needed primarily for fire protection
- Projects needed primarily to serve future population growth (prohibited by statute -- see below for further explanation)
- Projects that have received assistance from the national set-aside for Indian Tribes and Alaska Native Villages under the SDWA §1452(i) (prohibited by statute)

B. Application Process

Drinking Water Bureau

1. Fill out the preliminary eligibility form on the DWB funding page website (https://www.env.nm.gov/drinking_water/infrastructure-projects-and-funding/). The DWSRF preliminary eligibility form is accepted, reviewed, and scored year-round project. Scored projects are ranked for placement on the Priority List on a quarterly basis.
2. After submitting the preliminary eligibility form an automatic email will be sent to the email entered with a list of supplemental documents required to evaluate your project for inclusion on the DWSRF priority list. The list of documents along with the descriptions can be found here: (Need to add the descriptions and list of needed items to the website and a link here) All documents must be received to rank the projects and place them on the priority list.

3. The projects will be ranked and prioritized based on the DWB established ranking criteria (Appendix B and link to webpage). The priority list will be combined with the comprehensive list and updated on a quarterly basis. PWSs can stay on the comprehensive list for up to three years and when all DWSRF requirements are met, and the project is deemed fundable can stay on the list for 12 months. PWSs must make a request in writing to DWB to keep the same project on the list beyond 12 months, including an explanation of why the project did not move forward the prior year.
4. If the PWS is determined to have adequate managerial and technical capacity, and the project is determined ready-to-proceed, the DWB will recommend that NMFA perform a preliminary financial analysis of the PWS's ability to repay the loan, in order to be updated on the Priority List to fundable status. The Priority List will include systems that are ranked and waiting to proceed along with fundable projects and will be published on the NMFA's and NMED's websites. If the dollar amount of projects submitted by the submission date does not equal project costs equivalent to the Capitalization grant amount, the NMED and NMFA may extend the deadlines, at the discretion of the two agencies.

Projects are reviewed at the following schedule:

Quarter 1- ends September 30 (July, August, September)

Quarter 2- ends December 31 (October, November, December)

Quarter 3- ends March 31 (January, February, March)

Quarter 4- ends June 30 (April, May, June)

New Mexico Finance Authority

5. Projects that are moved to fundable on the priority list will be submitted to NMFA by DWB. NMFA will provide a link to the NMFA loan application via email. NMFA will work with PWSs for maximum of 45 days from the publishing of the updated Fundable Priority List to submit a loan application. After receiving the application, NMFA staff will perform a detailed financial analysis of the PWSs' ability to repay the loan. If the entity is deemed to meet coverage requirements, then NMFA staff takes the loan in the following month to the NMFA Board for approval. After NMFA Board approval, NMFA staff will send a binding commitment letter to the entity. The binding commitment letter is an EPA requirement to provide the entity with the loan terms, and the ready-to-proceed items needed to close the loan.
6. Once approved by the NMFA Board, the applicant will have six months to provide necessary documents, as determined by NMFA as noted in the binding commitment letter, to close the loan. If a PWS does not submit the required documentation within the six-month timeframe, then NMFA's commitment to fund the project may be withdrawn or extended, at the sole

discretion of the NMFA. The commitment to fund a project is not expected to exceed eight months from the date of NMFA Board approval. Once the loan is closed, unless agreed upon before Board approval, the borrower has two years to complete construction.

To be eligible for a loan from the NMFA DWSRLF, public water system projects must:

- be in the Fundable status section of the Priority List;
- submit a loan application to the NMFA and accept a loan;
- submit a letter of approval for DWSRF debt parity (if applicable) (for example, if the water system has a loan with USDA/NMED, etc. a letter of consent to take on new debt is required); and
- be found by the NMFA to be credit-worthy (40 CFR 35.3555(c)(2)(i))

Applicants not meeting the timeframe or the eligibility criteria will be removed from the Fundable status on the Priority List and placed back on the Comprehensive section of the Priority List.

Each PWS currently unable to meet the criteria for inclusion on the fundable section of the Priority List, or on the quarterly updates of this list, will receive follow up from the DWB capacity program staff explaining any deficiencies that prevented its inclusion, including recommended steps for addressing such deficiencies. The DWB expects to use the resources of the Set-Asides to assist such PWSs in increasing their capacity should they accept the offer for assistance. Thus, these PWSs potentially will be able to meet all eligibility requirements for the DWSRLF in the future.

The DWB and NMFA will supplement the Priority list quarterly to add/subtract projects in the Fundable section of the Priority List based on the criteria described above or by the request of the applicant. The State of New Mexico will publish the Priority List for the duration of the active period. The Fundable Priority List will be published on both the NMFA and NMED websites at:

<https://www.nmfinance.com/water-project-fund/drinking-water-state-revolving-loan-fund/>

and https://www.env.nm.gov/drinking_water/infrastructure-projects-and-funding/ . Questions regarding the ranking process or the development of the Fundable Priority List should be directed to the DWB at (505) 231-2120. Questions on financial eligibility or the loan application process should be directed to the NMFA at: (505) 984-1454 or toll free at (877) 275-6632.

C. Project Prioritization

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

- The Priority List (a consolidated Fundable and Comprehensive list as allowed by federal regulation) is updated quarterly.

- Projects ready to proceed with funding through the NMFA application process will be listed as “Fundable” status.
- Projects not ready to proceed with funding through the NMFA application process will be listed as “Comprehensive” status and can remain on the list for up to 3 years unless or until moving forward in the funding process.

D. Tie Breaking Procedure

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

E. Bypass Procedure

The DWB and the NMFA expect to fund the projects on the Priority List in order of rank but reserve the right to bypass certain projects using the by-pass procedure. The State reserves the right to fund lower priority projects over higher priority projects, if in the opinion of the DWB or the NMFA, the higher priority project did not submit its application in the allowed 45 days to NMFA. The State further reserves the right to by-pass certain projects if during the period there is no financial impact to the by-passed PWS, i.e., the available subsidy is fully allocated and there are adequate reserves to fund all Fundable status projects on the Priority List.

F. Emergency Condition

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 President of the United States, the Governor of New Mexico, a Cabinet Secretary, or the County. A proposed project must specify any such emergency conditions in its application. Such emergency projects will be identified in the Annual Report.

G. Distribution of Funds Analysis

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

H. Disadvantaged Communities Support

NMFA and DWB are directed by the DWSRLF Act (Laws of 1997, Chapter 144) to establish procedures to identify affordability criteria for disadvantaged communities and to extend a program to assist those communities. The programs offered to New Mexico PWSs are designed to maximize the eligibility of disadvantaged communities. By policy, NMFA provides two levels of disadvantaged status; Disadvantaged and Severely Disadvantaged. The below information has been updated to the potential new disadvantage definition subject to public comments. The below information describes the benefits offered to each community:

- **Disadvantaged Communities** benefit from 0% interest rate of their loan portion, and subsidy in the form of principal forgiveness up to 50% of the loan when provided for in Capitalization Grants (see C. Subsidy below) for construction projects.
- **Severely Disadvantaged Communities** benefit from 0% interest rate of their loans, and subsidy in the form of principal forgiveness up to 75% of the loan when provided for in Capitalization Grants (see C. Subsidy below) for construction projects.

In order to determine the level of disadvantaged status of a community, NMFA utilizes the percentage of the **National Median Household Income (MHI)**. Both levels are included in the State's disadvantaged definition.

- **Disadvantaged Entities** – to be considered a Disadvantaged entity, the applicant's Median Household Income must be greater than 75% but less than 100% of the National Median Household Income, based on the most recent 5-year average of Median Household Income from census data.
- **Severely Disadvantaged** - to be considered a Severely Disadvantaged entity, the applicant's Median Household Income must be 75% or less of the National Median Household Income, based on the most recent 5-year average of Median Household Income from census data.

I. Subsidy

The NMFA provides subsidies to DWSRLF borrowers as part of the EPA's Capitalization Grants (base program and BIL supplemental), and as provided for under SWDA (section 1452 (d)). The FFY 2022 Capitalization Grant requires 14% of the funds available as additional subsidy assistance for projects on the fundable list, and at the state's discretion, for green infrastructure projects.

The SDWA (Section 1452(d)) requires not less than 12% and up to 35% of the Capitalization Grant to be used to subsidize Disadvantaged Projects as described in section b. New Mexico opts to allocate the maximum of both pools of subsidy, totaling 49% of the FFY 2022 Capitalization. The total amount of available subsidy is \$3,433,920 from the FFY 2021 Capitalization Grant and \$8,797,950 of the FFY 2022 BIL Capitalization Grant. Available subsidy will be distributed in the ranking order on the Fundable Priority List, subject to the bypass procedure.

Subsidy that is not awarded, will roll over to the next Fundable Priority List. Subsidy is based on available amounts, and applicants are not guaranteed subsidy as part of the loan package. An applicant ranked below the available subsidy amounts, or not identified as Disadvantaged or Severely Disadvantaged, may not receive subsidy. Subsidy will be available to new entities on the current Fundable List if an applicant returns unutilized subsidy at the end of the construction period or fails to close on the loan.

Current DWSRLF Loan Management Policies can be viewed online at

<https://www.nmfinance.com/wp-content/uploads/2022/08/DWSRLF-Loan-Management-Policies-Amended-7.28.22.pdf> and define additional subsidy as principal forgiveness which is the amount of principal that does not require repayment using the following guidelines when funds are available. minor changes are being proposed to these guidelines at this time (in bold).

Subsidy policy

1. NMFA will provide the capitalization grant and the disadvantage subsidy following the same policies. The subsidy will go by the Priority ranking on the Fundable List, and by eligible Disadvantaged status. Applicants will receive subsidy, when available, through the following policies:
 - a. Compliance with federal statute and capitalization grant requirements (see L. Compliance with Special Grant Conditions for more details) will be offered a 25% subsidy.
 - b. Disadvantaged PWSs undertaking construction are provided an additional 25% principal forgiveness (e.g., 25% federal requirements principal forgiveness plus 25% disadvantaged principal forgiveness, for a total of 50% principal forgiveness).
 - c. Severely Disadvantaged PWSs are provided an additional 50% principal forgiveness (e.g., (25% federal requirements principal forgiveness, plus 25% Disadvantaged principal forgiveness plus 25% severely disadvantaged principal forgiveness, for a total of 75% principal forgiveness).
 - d. “Green projects” include green infrastructure, water conservation, energy efficiency improvements, or other environmentally innovative activities. Green projects that are 100% green will be provided with an additional 25% principal forgiveness. Projects not considered “categorically green” (projects that clearly support the intent of the GPR, such as water meters, rain gardens, green roofs, and alternative energies such as solar panels and other water and energy efficiency infrastructure for new facilities) will require a Business Case Explanation to support the need for the project and to describe how it meets the GPR requirement for water and/or energy efficiency. GPR projects and their Business Cases, where required, are submitted to the NMED and posted on the DWB’s and NMFA’s websites at: https://www.env.nm.gov/drinking_water/wifunding/ and <http://nmfa.net>, respectively.
 - e. Applications for proposed regionalization projects may continue to use the Median Household Income of the regionalized community to be incorporated into the water system’s service area for purposes of determining disadvantaged entity status. **For**

disadvantaged communities, NMFA will consider loans with 90% principal forgiveness for regionalization projects related to the provision of water to a regionalized community when all assets funded by the loan will be owned and maintained by the borrower.

2. To the extent possible, the NMFA will use subsidy through the Capitalization Grant to help entities that could not otherwise afford a DWSRLF loan, and to help provide incentive to projects that meet other priority EPA goals. NMFA may blend or offer one subsidy type to allow for the highest number of projects to receive subsidy. PWSs that are severely disadvantaged are considered communities that could not otherwise take on a loan. PWS considered Severely Disadvantaged will be given priority in the allocation of disadvantaged subsidy.
3. No single applicant may receive more than 50% of the total additional subsidy available for disadvantaged communities in any given year. Any additional funds required to complete the proposed project will be financed at the terms offered to non-disadvantaged communities. This limitation may be waived if there is not sufficient demand among disadvantaged communities.

G. Refinancing Existing Loans

Loan Refinancing is an allowable use of the DWSRLF since certain high-cost debt can hinder essential new water improvement projects and limit the long-term financial health and capacity of the water system. Under limited circumstances, and by law, DWSRLF loans are eligible for refinancing. Private entities are not eligible for loan refinancing.

The NMFA is able to refinance existing loans if:

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

H. Compliance with Special Grant Conditions

The State of New Mexico strives to comply with all grant conditions set forth in the Capitalization Grant agreements including Davis Bacon Wage Act, Federal Crosscutters, Signage, American Iron and Steel, and Buy America Build America (BABA). All financial agreements entered into between the PWSs and NMFA contain language found in Appendix F, which satisfies the grant condition’s compliance.

Davis Bacon Wage Act

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

Federal Crosscutters

A number of federal laws, executive orders, and federal policies apply to projects receiving federal financial assistance, regardless of whether the federal laws authorizing the assistance make them applicable. These federal authorities are referred to as crosscutting authorities or crosscutters. Federal Crosscutters apply to projects whose cumulative funding equals the amount of the SRF Capitalization Grants. Projects receiving federal assistance funds must comply with the crosscutter requirements in an amount equivalent to the Capitalization Grant.

Crosscutters are divided into three groups: environmental, social policies, and economic and miscellaneous authorities.

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

A complete list of crosscutting authorities can be found at the EPA website:

<https://www.epa.gov/sites/production/files/2015-08/documents/crosscutterhandbook.pdf>

Signage

The recipient agrees to comply with the SRF Signage Guidelines in order to enhance public awareness of EPA assistance agreements. See memo, "Guidelines for Enhancing Public Awareness of SRF Assistance Agreements," June 3, 2015 for more information.

American Iron and Steel

Borrowers shall comply with federal requirements applicable to the loan, including the 2014 Appropriations Act and related SRF Policy Guidelines. All iron and steel products used in the Project will be produced in the United States ("American Iron and Steel Requirement") unless (i) the borrower has requested and obtained a waiver from the Finance Authority or (ii) if the Finance Authority, or its contractor, has otherwise advised the borrower in writing that the American Iron and Steel Requirement is not applicable to the Project. See memo, "AIS final guidance 3-20-14" for more information.

Build America Buy American Act

On November 15, 2021, President Joseph R. Biden Jr. signed into law the Infrastructure Investment and Jobs Act ("IIJA"), Pub. L. No. 117-58, which includes the Build America, Buy America Act ("the Act"). Pub. L. No. 117-58, §§ 70901-52. The Act strengthens Made in America Laws and will bolster America's industrial base, protect national security, and support high-paying jobs. The Act requires that no later than May 14, 2022—180 days after the enactment of the IIJA—the head of each covered Federal agency shall ensure that "none of the funds made available for a Federal financial assistance program for infrastructure, including each deficient program, may be obligated for a project unless all of the iron, steel, manufactured products, and construction materials used in the project are produced in the United States." (Build America, Buy America (BABA) Act, P.L. 117-58, Secs 70911 - 70917).

V. Financial Management and Status

A. Sources and Uses of Funds

State Match Source

The SDWA requires states to provide a 20% match to Capitalization Grants received from the federal government. The BIL requires states to provide a 10% match to the BIL Supplemental Capitalization Grant. The required State matches are \$1,401,600 for SFY 2022 and \$1,795,500 for the BIL supplemental. NMFA will provide the 20% state match through an appropriation from the Public Project Revolving Fund to the Drinking Water State Revolving Loan Fund, or by issuing state match bonds as allowed under the Safe Drinking Water Act. Appendix C summarizes the sources and uses of funds.

Fee Income

The NMFA charges borrowers a cost-of-issuance fee as permitted by federal regulations to cover legal fees and closing costs of each DWSRLF loan when required by the capitalization grant. This 1% fee is included in the loan as principal and is held in an account outside of the DWSRLF as allowed by EPA policy. 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 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%. The 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. Administration Set-Aside fees are used for eligible purposes under 40 CFR §35.3530(b)(2), and cost-of-issuance fees included as principal in loans are assessed and used in accordance with the limitations set forth in 40 CFR §35.3530(b)(3)(i)–(iii).

Transfers from Set-Asides to the Loan Fund

The State reserves the right to make transfers from the set-asides to the loan fund to ensure timely and expeditious spending of federal capitalization grants.

Leveraging

The State of New Mexico does not currently leverage the DWSRLF.

Use of All Funds Available

The source and uses of the DWSRLF is presented in Appendix C. New Mexico anticipates the loan fund to be capitalized from the federal 2022 Capitalization Grant to be \$7,008,000 with 69% going to the loan fund and 31% being used for set-asides, and \$17,955,000 from the BIL Supplemental capitalization grant with 69% going to the loan fund and the remaining 31% being used for set asides. The loan fund will also be capitalized with the 20% match state funds of \$1,401,600 and the 10% BIL state match of \$1,795,500. Additionally, in SFY 2022, estimated loan and interest repayments of \$7,000,000 will be available for a total of \$27,421,570 of new money available to lend in SFY 2023.

Annually, Congress has the right to require additional subsidy to help fund federal priorities. NMFA anticipates up to 49% of the 2022 Capitalization Grant, 49% of the BIL supplemental Capitalization Grant from DWSRF funding legislation to be additional subsidy in the form of principal forgiveness. For SFY 2023, there is an additional \$5,000 carrying over from SFY 22 for a total amount of subsidy of \$12,236,870 available for projects in SFY 23. This subsidy will allow for the pace of recent lending to continue and maintain the financial perpetuity of the revolving loan fund (see Section I. regarding the use of subsidy).

B. Financial Terms of Loans

Section III details the financial terms of loans as proposed in the policy changes. All loans are provided to entities at below-market interest rates. The table below provides the interest and terms associated

with each type of PWS. In 2019, the State of New Mexico lowered the public non-disadvantaged interest rate from 2% to 1 %. For FY 23, the State of New Mexico is lowering the interest rate from 1% to .01% for non-disadvantaged communities. These rates apply to the base, BIL supplementary funding, and the lead remediation programs. The emerging containments will be 100% principal forgiveness with no amount in repayment upon approval of revised DWSRLF Loan Management Policies by the NMFA Board of Directors.

Community Economic Status	Interest Rate	Terms
Regular*	0.01%, 3%, 4%	up to 20 years
Disadvantaged	0%	up to 30 years
Severely Disadvantaged	0%	up to 30 years
* Public systems receive 0.01%, private non-profit systems receive 3%, and for-profit systems receive 4%.		

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

C. Loan Disbursements

As of May 20, 2022, the State of New Mexico has closed on 177 loans totaling over \$245.9 million. Loans are made in accordance with policies and are prorated between federal and state funds.

D. DWSRF-CWSRF Fund Transfers

The State of New Mexico reserves the authority to transfer up to 33 percent of the DWSRF Capitalization Grant to the CWSRF, or an equivalent amount from the CWSRF to the DWSRF. New Mexico does not anticipate utilizing this right in SFY 2023.

E. Financial Planning

NMFA uses a cash flow model as its financial plan and updates it with triannual reviews as new projects are placed on the Fundable List. The goal of financial planning is to ensure fund perpetuity, and NMFA can confirm the fund's perpetuity. The perpetuity model is included in the Annual Report to the EPA, using historical averages of loan origination.

F. Cash Draw Proportionality

New Mexico is electing to spend the state match funding first, then the federal capitalization grants. Proportionality will not be used in SFY 23.

See Appendix G: Cash Draw Ratio and Grant Payment section for more information.

VI. Set-Aside Activities

A. DWSRF Administration (4%)

The SDWA authorizes the states to issue funding for DWSRF administration as a set-aside. Administration of the DWSRLF program is delegated by state statute to the NMFA. The NMFA will reserve and specify 4% of the FFY 2022 Capitalization Grant for the Administration set-aside in an amount totaling \$280,320 and from the BIL SRF \$718,200 for a total amount of \$998,520.

The administration set-aside will be used to pay for salaries for staff working on the DWSRLF and administering the loan funds. Loan administration includes reporting, payment processing, pre-application activities; application review; engineering, construction and environmental review; portfolio, audit, and cash management; and financial management. DWSRLF programmatic administration costs also include contractual technical services for engineering and construction oversight, environmental reviews, and legal fees associated with closing DWSRLF loans.

B. Small Systems Technical Assistance (2%)

The SDWA authorizes states to use this Set-Aside to support a state technical team to provide technical assistance to return systems to compliance with the SDWA. Assistance will be offered through the following activities:

- DWB staff will offer assistance to small water systems upon recommendation by the DWB enforcement coordinator and/or the compliance officer through a Technical Services Request.
- DWB will also offer assistance to help small water systems return their outstanding violations to compliance and will prioritize those systems with high ETT scores.
- DWB will work with contract assistance providers to offer water loss assessments for small systems.

C. State Program Management (10%)

The SDWA authorizes states to use this Set-Aside to address additional program requirements of the Public Water System Supervision Program, Utility Operator Certification Program, and administration for DWSRF Capacity Development and Assistance Programs.

Public Water System Supervision (PWSS) Program

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

Utility Operator Certification Program (UOCP)

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

DWSRF Set-Aside Administrative Support for Local Assistance Capacity Programs

The State Program Management Set-Aside will support the administrative requirements of the DWB in operating DWSRF Local Assistance Capacity programs. Activities include developing and managing grant set-aside application documents (including the IUP), budgets, workplans, and reporting; timekeeping; internal program meetings; staff and program management; program planning; and other such activities.

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

The Local Assistance and Other State Programs Set-Aside is used to support multiple DWB assistance program activities within the Sustainable Water Infrastructure Group.

Capacity Development and Assistance (10%)

- Infrastructure Support (engineering plan reviews, DWSRF assistance)
- Capacity Assistance (technical, managerial, financial; emergency response & planning)
- Needs & Capacity Assessments (rate surveys, need survey, risk analysis, policy review)
- Regional Planning & Sustainability (regionalization & collaboration projects, climate resilience)
- Utility Operator assistance & training (UOCP outreach, assistance, compliance, trainings)

Source Water Protection (5%)

- Source water assessments & plans
- Special source water & emerging contaminant studies (PFAS)
- Source sampling waiver reviews
- NEPA and Subdivision environmental impact reviews
- Groundwater Under Direct Influence (GWUDI) determinations
- Water reuse studies and collaborative planning

VII. BIL Lead Service Line Replacement and Emerging Containments Set-Aside Activities

E. DWSRF –Lead Service Lines Administration (4%)

The SDWA authorizes the states to issue funding for DWSRF administration as a BIL Lead Service Line Replacement set-aside. Administration of the DWSRLF program is delegated by state statute to the NMFA. The NMFA will reserve and specify 4% of the FFY 2022 Capitalization Grant for the Administration set-aside in an amount totaling \$280,320 and from the BASE BIL SRF \$718,200 for a total amount of \$998,520. The NMFA will utilize the 4% set aside for the lead remediation BIL capitalization grant up to \$1,134,000 (based on eligible projects).

NMFA will not utilize the 4% set aside for the emerging containment BIL capitalization grant.

The administration set-aside will be used support the DWSRLF Lead line BIL and administering the loan funds. Loan administration includes promotion of funds, marketing, reporting, payment processing, pre-application activities; application review; project underwriting and financial reviews; engineering, construction and environmental review; portfolio, audit, and cash management; and financial management. DWSRLF programmatic administration costs include staff salaries, contractual technical services for engineering and construction oversight, environmental reviews, and legal fees associated with closing DWSRLF loans.

F. Small Systems Technical Assistance (12%)

The SDWA authorizes states to use this BIL Lead Service Line Replacement Set–Aside to support a state technical team to provide technical assistance to return systems to compliance with the SDWA. Assistance will be offered through the following activities:

- DWB will work with contract assistance providers to offer lead service line surveys for small systems.

G. State Program Management (10%)

The SDWA authorizes states to use this BIL Lead Service Line Replacement Set-Aside to address additional program requirements of the Public Water System Supervision Program, and administration for DWSRF Capacity Development and Assistance Programs.

Public Water System Supervision (PWSS) Program

The State Program Management BIL Lead Service Line Replacement Set-Aside will be used, in part, to support the Public Water System Supervision (PWSS) program related to Lead Service Line and the LCC rule. The activities planned to support the PWSS program include implementing new and enforcing existing rules and regulations.

DWSRF Set-Aside Administrative Support for Local Assistance Capacity Programs

The State Program Management BIL Lead Service Line Replacement Set-Aside will support the administrative requirements of the DWB in operating DWSRF Local Assistance Capacity programs. Activities include developing and managing grant set-aside application documents (including the IUP), budgets, workplans, and reporting; timekeeping; internal program meetings; staff and program management; program planning; and other such activities.

H. Local Assistance and Other State Programs (5%)

The Local Assistance and Other State Programs BIL Lead Service Line Replacement Set-Aside is used to support multiple DWB assistance program activities within the Sustainable Water Infrastructure Group.

Capacity Development and Assistance (5%)

- Infrastructure Support (engineering plan reviews, DWSRF assistance)
- Capacity Assistance (technical, managerial, financial; emergency response & planning)

NMED will not utilize the 27% set aside for the emerging containment BIL capitalization grant.

VIII. Public Participation

To ensure the public has an opportunity to review and provide input on the IUP, a public comment period will be open for 30 days. The draft IUP will be made available to the public through notifications on social media, email listservs, and posting to both the NMED and NMFA websites:

NMED Funding: www.env.nm.gov/funding-opportunities/ and <https://nmed.commentinput.com/comment/search>

NMFA DWSRLF: www.nmfinance.com/water-project-fund/drinking-water-state-revolving-loan-fund/

A summary of the comments received will be included as part of Appendix E in the final version of this IUP. The final IUP updated through the public comment process and approved by EPA will be posted on the NMED and NMFA websites above.

IX. Audits and Reporting

To ensure transparency and accountability, the state agrees to submit an Annual Report and Annual Audit to the EPA Region 6 pertaining to the actual uses of funds, and how the State has met the goals and objectives for the previous fiscal year, as identified in the previous year's IUP. The scope of the

Annual Report covers the DWSRLF and all approved Set-aside activities funded by the DWSRLF program. The Annual Audit covers the financial transactions for the DWSRLF and Set-aside drawdowns.

The NMFA will have an annual independent financial compliance audit conducted, including a single audit, as required of its DWSRLF program in accordance with Generally Accepted Government Accounting Standards (GAGAs) issued by the Comptroller General of the United States. The audit report will contain an opinion on the financial statement of the DWSRLF; a report on internal controls; and a report on compliance with the SDWA. The audit report will be completed within one year of the end of the SFY and will be submitted to EPA's Office of Inspector General (OIG) within 30 days of completion.

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

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

X. Amendments to the IUP and Attachments

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

The Priority List included at Appendix A will be updated on a quarterly basis as a stand-alone document. All updates to the Priority List will be posted on the NMED website at:

NMED Funding: www.env.nm.gov/funding-opportunities/

And the NMFA website: <https://www.nmfinance.com/water-project-fund/drinking-water-state-revolving-loan-fund/>

XI. Appendices

Appendix A-1: Priority List



Drinking Water State Revolving Loan Fund Priority List 3rd Quarter FY2023

Projects Recommended to NMFA for Funding

This list will be updated quarterly- Updated 4/13/2023

Rank	Public Water System Name and Number	Score	Population	County	Disadvantaged Status	Project	Requested Funding	Subsidy Amount	Mandatory Cap Grant Subsidy (\$165,961Balance)	Elected Disadvantaged Assistance Subsidy (\$30952 balance)	Projected Repayable Amount	Interest Rate	Projected Commitment Date
1	Greater Glorieta MDWCA, NM3504526	65	153	Santa Fe	No	The East Glorieta distribution project (Phase 3B) 1. Installation of new 8" waterline, fittings, and appurtenances,2. Installation of new 6" waterline, fittings, and appurtenances,3. New service lines and meters and/or modification of existing service lines and relocation of water meters.4. Connection to existing waterlines, service lines, and meters,5. Installation of fire hydrants, valves, and appurtenances. 6. Pavement removal and replacement,7. Water Supply Well including pilot testing, well development, pump testing, and water quality monitoring.8. Other items as specified and/or shown on the drawings	\$1,014,156	25% no disadvantaged non BIL funds	\$165,961		\$848,195	0.01%	6/29/2023
2	Alamogordo Domestic Water system, NM353319	54	36,828	Otero	Yes	This project phase includes construction of approximately 6.5 miles of 24-inch raw water line from Snake Tank Well 5, located approximately 10 miles north of Tularosa, NM, to serve as a dedicated pipeline to the 1-MGD Brackish Water Treatment facility, located in Alamogordo, NM. The design for this project phase is complete and shovel-ready. This project phase will extend from the existing pipeline connection approximately 6,600 ft. south of the intersection of Snake Tank Road and US Hwy 54 to the US Hwy 54 overpass bridge crossing the UP railroad where it will be capped for future phase connection.	\$ 12,000,000	75%		\$ 30,952.00	\$11,969,048	0%	6/29/2023
3	Las Cruces Water System, NM3511707	44	87,389	Dona Ana	Yes, Severely	The City of Las Cruces is seeking funding to support an array of individual projects. Projects include the rehabilitation of two existing storage tanks, the Airport Elevated Water Storage Tank and the Upper Griggs Water Tank. Other projects include adding a booster station, the Spruce Tank Booster Station and the connection of two existing wells to the water system, Well 64 and Well 72 and replacement of another well, Well 39.	\$ 11,113,000	75%			\$ 11,113,000	0%	6/29/2023
4	Farmington Water System, NM3510224	38	38,000	San Juan	Yes	To perform the next phase feasibility study to determine if Farmington Dam could be raised 25 feet. The three studies are geotechnical, spillway, and outlet works.	\$ 5,000,000	50%			\$ 5,000,000	0%	6/29/2023

Notes:

This priority list is the fundable list that contains projects expected to receive assistance this quarter only



Comprehensive -Eligible Projects Submitted Not Recommended for Funding at This Time

***Projects on this list have submitted a pre-application for funding but have not been reviewed or ranked for final eligibility**

Quarter Submitted	Public Water System Name and Number	Population	County	Project Description	Requested Funding
FY22 Q4	Fawn Ridge Mutual Domestic Water Users Association, NM3559014	less than 500	Lincoln	Plan, design, construction management, construction of a new deep community water well and piping for the Fawn Ridge Property Owner's Association	\$150,000
FY22 Q4	Paakweree Village Mutual Domestic Water Consumers Association, NM3501901	less than 500	Bernalillo	Water System Improvements	\$750,000
FY22 Q4	Canada de los Alamos Mutual Domestic Water Consumers Association, NM3504026	less than 500	Santa Fe	This water improvement project is to connect Santa Fe County Water via a new booster pump and waterline to the existing Canada de los Alamos MDWCA 50,000-gallon storage tank. Water will be wheeled through the Sunlit Hills Water System from Santa Fe County's Rancho Viejo Storage Tank, and then will be transported through the new waterline from a booster pump at Two Trails Road and Old Las Vegas Hwy through a 3.5 mile waterline to our tank. This project supports the County regionalization goal to connect utilities to its Surface water source thereby preserving Ground water for future use and for those unable to access County water.	\$5,200,000
FY22 Q4	El Vadito de los Cerrillos, NM3504126	less than 500	Santa Fe	We are seeking money to carry out the recommendations from a PER.	\$250,000
FY22 Q4	Espanola Water System, NM3501921	greater than 10,000	Rio Arriba	The project will include construction of a new municipal water supply well (approximately 460-foot deep) to supplement the City's existing wells. The project also includes construction of approximately 810 linear feet of 6-inch PVC waterline, a new well building, site piping, and electrical and controls. Ancillary work will include an overhead power extension, site grading, fencing, and basecourse. The amount we are requesting for funding is for engineering services during construction (including bid, construction administration, and construction observation), and construction of all improvements.	\$2,466,425
FY22 Q4	Whispering Cedars Domestic Water Association, NM3510517	less than 500	Mckinley	Water Well	\$80,000
FY22 Q4	Whispering Cedars Domestic Water Association, NM3510518	less than 500	Mckinley	Up grade meters with new sending units per meter, meter reading tool, tablet to compile readings	\$50,000
FY22 Q4	Enchanted Forest MDWCA, NM3563814	less than 500	Lincoln	To plan, design, purchase, and install a sustainable water system for subdivision: purchase land for new well, drill well, new distribution lines throughout subdivision, and new meters.	\$850,000
FY22 Q4	Canon Mutual Domestic Water Consumers & Sewage Works Association, NM3535223	less than 500	Sandoval	Drill a well, build a pumphouse and storage tank with distribution lines to serve approximately 14 families without potable water due to wells drying up. This project will be connected to the existing Canon system to provide a secondary source of water for the current 135 members.	\$1,500,000
FY23 Q1	Village of Capitan, NM3512514	greater than 1000	Lincoln	Construct building to store water department parts and equipment. The engineering has already been completed.	\$600,000
FY23 Q1	Ojo Caliente, NM3506621	less than 500	Taos	This project includes the construction of a new 42,000-gallon water storage tank, including all appurtenances and connection to existing system. This water storage tank will be located at a higher elevation than the Association's existing tank – this will allow the current distribution system to serve additional homes near the tank and improve system pressures. Project design is currently underway and therefore the construction project will be shovel-ready by July 2022.	\$587,500



FY23 Q1	Albuquerque Water System, NM3510701	Greater than 10,000	Bernalillo	This expansion will create approximately 700 new high-paying jobs at Intel and is expected to indirectly create another 2,500 jobs in the local economy. One of the requirements for this expansion is additional water to support production. Intel recently reached out to the Albuquerque Bernalillo County Water Utility Authority (Water Authority) to provide water service. In order to provide this service, substantial infrastructure is required to convey water to Intel, while continuing to provide uninterrupted service to current customers. Intel is required to install a \$31M dedicated non-potable water transmission line and equip two existing high arsenic wells. The drinking water infrastructure in this part of the system was obtained through the acquisition of New Mexico Utilities which lacks water transmission capacity and redundancy. In order to make the requested water available to Intel, the Water Authority requires approximately \$34M in water treatment and transmission improvements, including a new arsenic treatment plant and drinking water pump station improvements, transmission pipelines and reservoir. The Water Authority's water resources strategy (Water 2120) supports full utilization of surface water when available, while storing and preserving groundwater to be used in times of drought. Expanding service to Intel is supportive of multiple Water 2120 policies. Intel will be utilizing high arsenic impaired groundwater. Intel returns over 80 percent of water delivered in the form of wastewater, which serves as a source of supply for reuse water. By providing additional water service to Intel they will not need to acquire native pre-1907 (i.e. agricultural) water rights to expand their process. The arsenic treatment plant will also provide drought resiliency, putting five existing high arsenic wells back in service.	\$20,000,000
FY23 Q1	Albuquerque Water System, NM3510702	Greater than 10,000	Bernalillo	Aquifer Storage and Recovery (ASR) is an important water resources management tool that provides the ability store San Juan-Chama water in the aquifer for droughts. ASR is a vital part of the Water Authority's 100-year Water Plan (Water 2120). This request would fund permitting and design for the next phase of the direct injection or an infiltration project on the eastside of Albuquerque.	\$5,000,000
FY23 Q1	Albuquerque Water System, NM3510703	Greater than 10,000	Bernalillo	The Water System Improvements will provide an extension of the water system that consists of an eight-phase project which could connect about 800 existing households in the Carnuel community. A Preliminary Engineering Report (PER), Environmental Report, and Supplemental Engineering Reports have been completed for all phases of the project. The Wastewater System Improvements will provide the design of a low-pressure sewer system for residents located between NM 333 and I-40. Once completed the new sewer system will include approximately 16,300 linear feet of small diameter sewer lines and serve approximately 139 single family households. A PER was completed in December 2010, received NMED approval in August 2012. The Environment Document was completed in May 2013, received NMED approval in August 2013. An additional Design Analysis Report (DAR) was performed in 2019 to further analyze study area C as identified in the 2010 PER. It was concluded that a low-pressure sewer would be the best option for area C between NM 333 and I-40. Design for the Phase 1 sewer system is currently funded and underway.	\$10,000,000
FY23 Q1	Cottonwood Rural Water Association, NM3555008	less than 1000	Eddy	Funds will be used to improve the Association's water system by replacing approximately 7,100 linear feet of existing distribution lines on Compress Road between 13th Street and Pecos Avenue with 8" PVC pipe. The pipe will be upgraded to 6" PVC pipe on Compress Road between Pecos Avenue and Haldeman Road. The existing distribution lines on Bolton Road, Mill Road, and Haldeman Road will be replaced with 6" PVC pipe. Approximately 28,700 linear foot of new 6" PVC pipe will be installed along the project corridor. In addition, installing a tripod mixer at the bottom of the Firehouse Tank.	\$2,220,652
FY23 Q1	Timberon Water and Sanitation District, NM3546419	less than 1000	Otero	Tank 3 was inspected yesterday August 23rd 2022; consequently the tank is too structurally damaged to repair or put back in service without impacting adversely the water system.	\$350,000



FY23 Q1	Catalpa Water Association, Yet to be determined	less than 500	McKinley	To plan, design, construct, and equip a new waterline system, including essential equipment and materials. The project will entail developing a new waterline that will be connected to the City of Gallup's distribution system. This is based on cost estimates for Alternative #4 of the Catalpa WA Preliminary Engineering Report (PER). The distribution line will be equipped with valves, meters, and fire hydrants to ensure access to safe drinking water and for fire suppression.	\$4,500,000
FY23 Q1	Glorieta Camps, NM3504626	greater than 1000	Santa Fe	Glorieta 2.0 is a Christian outdoor adventure camp that hosts 35,000 guests annually and houses our 60 full-time staff members and their families. Our water system supports our residents, guests, and the Glorieta, New Mexico residents. Our Well #5 was one of our primary wells that could provide drinking water to our entire facility and provide redundancy for our other primary Well #8. Well #5 had a collapse in 2015 that we were able to repair, but the well started producing water with trace amounts of uranium which continued to be a problem for the community. In 2020, the well was taken off the drinking water system per NMDWB and has since been used as an irrigation well. The goal of this project is to rehabilitate Well #5 by repairing the broken casing, plugging the source of uranium, and bringing the well back onto drinking water by itself or via blending with Well #8. This will provide our community with needed drinking water and allow us to not pull from one source which has been an issue during the past years of drought.	\$500,000
FY23 Q1	EVWA-Ilfeld MDWCA, NM3500125	less than 500	San Miguel	To Replace the existing 25,000 gallon tank with a 55,000 gallon tank.	\$50,000
FY23 Q1	Greater Glorieta MDWCA, NM3504526	less than 500	Santa Fe	In September 2022 we put an RFP out through Santa Fe County for the drilling of a new well in Glorieta Estates (which will also serve the village) and the replacement of degraded distribution lines in Glorieta East. The only bid we received was beyond the project budget, so we will be splitting the projects up and using the CDBG (\$1,131,968) and WTB funds (\$787,227) for the well construction now, which leaves us with approximately \$287,000 in obligated capital outlay funds for the distribution line project. We are requesting an additional \$750,000 in DWSRF to make up the difference and be able to construct the distribution line project in 2023.	\$750,000
FY23 Q1	EMWT Regional Water Association, NM3501230	less than 500	Torrance	The development of a new public water system to serve the unincorporated community of McIntosh in Torrance County, New Mexico. The project approved PER identifies a new well, storage tank, disinfection system, transmission piping, distribution piping, valves, hydrants, meter, and associated improvements to serve approximately 161 existing developed lots with drinking water and become an initial component in the EMWT regional water system serving the Estancia Basin	\$12,000,000
FY23 Q1	EMWT Regional Water Association, NM3501231	less than 501	Torrance	The EMWT Regional water System has been approached by two water systems seeking EMWT to acquire, improve and operate each water system as a component in the EMWT Regional Water System. EMWT is in final negotiations with the Homestead Estates Water System to convey the ownership of the fully functional private water system to EMWT at no cost. EMWT does however intend to make some immediate improvements to the system upon acquisition to improve the system and ensure regulatory compliance. EMWT is in negotiations with the Sunset Acres Water System to purchase the full system with water rights and make improvements to the source wells to insure regulatory compliance. Both systems are in Torrance County, near Moriarty and in very close proximity to each other within the EMWT's approved masterplan service area. Technical memos have been completed for both systems by the association Engineer, Bohannon Huston, Inc.	\$2,000,000
FY23 Q2	Cloudcroft Water System, NM3513519	greater than 1000	Otero	Replace Approximately 10,000' of old lead pack joints and a mixture of C-900 and P.V.C. Replace approximately 80-3/4" water services new saddles, corbstops, curbstops, meter cans, meter risers, 13- Fire Hydrants, and gate valves.	\$4,000,000
FY23 Q3	Truth or Consequences, NM3514327	greater than 1000	Sierra	Replacement of deteriorated and failing distribution waterlines and associated appurtenances throughout the City to reduce operation and maintenance costs, number of reoccurring leaks, breaks and overall water loss.	\$20,262,864



FY23 Q3	Santo Domingo Pueblo, PWS #063500120	greater than 1000	Sandoval	Santo Domingo Pueblo Transmission Water Line Replacement Project aims to plan, design, construct, and repair drinking water related infrastructure improvements for Santo Domingo Pueblo, NM. The immediate need identified is to replace the transmission waterline with larger diameter pipe and implement flow control measures to resolve the system hydraulic issues. Additional needed improvements include increasing water storage and supply capacity to meet the projected demand and fulfill the system goals to provide clean drinking water to residential community members and meet commercial demands, which are all on the same water line system. PER has been completed. Funding request is for design and construction. Upon award design can start immediately.	\$14,586,000
FY23 Q3	Timberon Water and Sanitation District, NM3546419	less than 1000	Otero	To design and construct water system improvements. These improvements can be phased to begin to mitigate the 84% potable water losses to the districts potable water distribution system. The metrics used to determine which areas are the best candidates for line replacement are the following: the past 10 years of line leak repair data for the entire distribution system, Historical system flow data from the SCADA (supervisory control and data acquisition), and also utilizing data set conclusions from the Preliminary Engineering Report "Master Water Plan" product produced by Bohannon and Huston Engineering, Inc. The work, materials and equipment required to begin to mitigate the 70-80% water losses will include the following; valves, adapters, fire hydrants, pumps, relief valves, tanks and associated piping connectors in 4" and 6" HDPE piping systems and other water related system improvements. Potable water mass balancing indicates that the rate of water losses are growing due primarily to accelerating rates of water losses in the distribution system overall. Data from 2018-2019 indicated ~70% water losses which have grown to 84% losses in just 3 years. Currently to keep up with maintaining storage tank levels and adequate line pressure due to the accelerating water losses 2 sources of potable water are now required to maintain the required tank levels. Additional Community Information: The water distribution system is nearing full depreciation and beginning to show signs of catastrophic failure as the district has logged over 319 water line distribution system repairs since 2013 records show. This project once completed will allow the district to replace water distribution lines, which will in turn begin to reduce the districts water losses as well as a reduction in operating cost associated with repairing leaks.	\$2,250,000
FY23 Q3	Socorro County Water Hauler, NM3500828	less than 500	Socorro	emergency water source	\$10,000
FY23 Q3	Tyrone Water and Wastewater Association, NM3500309	less than 1,000	Grant	The Tyrone domestic water system is over 50 years old and all system components are aging. The fire hydrants are not repairable as parts are not available. The water valves at each intersection are inoperable, and the 4+ miles of buried are transite (asbestos) pipes and are deteriorating. The elevated water tank needs rehabilitation and repairs.	\$8,000,000
FY23 Q3	Southside MDWA, NM3509924	less than 1,000	San Juan	not sure	\$20,000
FY23 Q3	Jemez Springs Domestic Water Association, NM3509123	less than 1000	Sandoval	We have roughly one mile remaining of a main distribution line we have been replacing. The funding we currently have has allowed us to do the project in phases. We want to finish the last phase of construction of the line. Once the line is finished we want to upgrade the remaining meters on our system to be newer, radio read meters to help us more quickly locate and repair leaks as well as have more reliable and accurate readings, over the last year we have upgraded 70 meters to radio read meters.	\$300,000
FY23 Q3	Ranchos De Placitas Sanitation District, NM3509423	less than 500	Sandoval	Renovation of Well #2 well house, including new piping, electrical and SCADA upgrades, and well house structure improvements	\$250,000
FY23 Q3	Whispering Cedars Domestic Water Association, NM3510517	less than 500	Mckinley	Meter upgrades	\$70,000
FY23 Q3	Vallecitos MDWCA, NM3503521	less than 500	Rio Arriba	We need to fix valves in our treatment plant to control water flow, automate backwash, add some reporting to operators	\$150,000



FY23 Q3	Miami Domestic Water Users Association, NM3526504	less than 500	Colfax	Replacement of water meters that the majority have been online over 50 years and have rolled over a couple of times. All meter would be replaced with radio/remote read meters with associated hardware and software.	\$78,750
FY23 Q3	Nogal MDWCA, NM3513014	less than 500	Lincoln	Drill and equip back-up well	\$50,000
FY23 Q3	Village of Taos Ski Valley, NM3533329	greater than 1000	Taos	upstream and downstream clear distances are satisfied. By installing these new master meters, the distribution waterline between the CS and Green Tank (~4,600 LF) can be isolated. As identified in Section 3.2.2.1, the meter readings from existing mechanical meters indicate an apparent average unaccounted-for water of 80,000 gpd (60% of the total documented unaccounted-for water).5.2.2 PRIORITY NO. 2Install a new master meter at the intersection of Twining Road and Pioneer Glade, prior to the branch line to Pioneer Glade. The installation of this meter along with the installation of the master meter on the Green Tank outlet and customer meters will isolate approximately 3,200 LF of 8-inch ductile iron waterline, 1,600 LF of 6-inch ductile iron waterline, 1,400 LF of 8-inch PVC waterline, and 1,200 LF of 4-inch PVC waterline. All waterlines isolated were installed prior to 2010 and are likely to contribute to unaccounted-for water. It is important to prioritize this segment as it not only provides water to residential lots but is the only water main that provides water from the Green Tank to the Pioneer Glade Tank and the remainder of the Core Village Base Area and Commercial/ Business Base Area.5.2.3 PRIORITY NO. 3 Install four (4) new master meters. One master meter should be installed on the 4-inch inlet to the Pioneer Glade Tank in a separate valve vault. This meter along with customer meters will isolate approximately 400 LF of 8-inch ductile iron waterline and 800 LF of 4-inch ductile iron waterline. All waterlines in this isolated segment were installed after 2010 and are unlikely sources of unaccounted-for water; however, it is necessary to isolate these waterlines in order to evaluate the remainder of the isolated segment.5.2.4 PRIORITY NO. 4Install a new master meter on the 6-inch ductile iron waterline installed in 2017 near the Children's Center. This meter, along with customer meters, will isolate approximately 750 LF of 6-inch PVC waterline and 2,200 LF of 2-inch PVC waterline. All waterlines isolated in this segment were installed prior to 2010 and are likely to contribute to unaccounted-for water. The primary users for this isolated segment are those located along Firehouse Rd. and VTSV's wastewater treatment facility. 5.2.5 PRIORITY NO. 5 As noted in Section 3.2.3.1, there are locations within the distribution system where 4-inch water mains are utilized for fire protection. There is approximately 1,200 LF of 4-inch PVC water mains in the segment isolated by the master meters identified in Priority No. 3 and 4,400 LF of 4-inch PVC water mains in the segment isolated by the master meters identified in Priority No. 4 utilized for fire protection. These water mains should be thoroughly evaluated to determine fire protection capabilities. If it is determined that these 4-inch water mains are unable to provide adequate fire protection, these water mains should be immediately replaced with adequately sized water mains to satisfy water protection needs.5.2.6 PRIORITY NO. 6 Based on available mapping, there are approximately 1,200 LF of 2-inch galvanized water lines within the distribution systems. Galvanized waterlines are subject to corrosion overtime which can reduce flow through the waterlines and cause pinholes to develop within the waterline. Galvanized waterlines should be replaced with adequately	\$3,000,000,000
FY23 Q3	Watrous MDWCA, NM3516719	less than 500	Mora	WMDWCA existing storage tank was not manufactured for potable water and does not meet AWWA criteria for public water tank. The road to the water tank needs to be repaired. The new water storage tank will resolve the deficiencies identified in the 2018 Sanitary Survey Report. To be compliant with the new lead and copper rule by installing new distribution line upgrades	\$294,200
FY23 Q3	Mosquero Water System, NM3526811	less than 500	Harding	To plan, design, construct much needed upgrades to current water distribution pipes estimated 2 miles in length, install new water pipes for incoming residential sites, and upgrade water meter system to radio frequency meters to better increase water use efficiency within the village limits.	\$5,000,000
FY23 Q3	National Solar Observatory, NM3564119	less than 500	Otero	blast cleaning of interior tank surfaces and coating of the interiors of the 3 water storage tanks	\$87
FY23 Q3	Tucumcari, NM3528020	greater than 1,000	Quay	Replacement of old 3" AC water lines on the South side of West Rt 66 from Mile Marker 334 to 334 with 6" C-900.	\$1,200,000
FY23 Q3	Fort Sumner Municipal Water System, NM3527706	less than 1,000	De Baca	Replace 10" asbestos cement water line with C-900 PVC pipe from the Grizzle Well to the Grizzle storage tank to the Village.	\$10,000,000

Appendix A-2: BIL Lead Service Line Priority List



Drinking Water State Revolving Loan Fund Priority List 3rd Quarter FY2023
Projects Recommended to NMFA for BIL Lead Funding

This list will be updated quarterly- Updated 4/13/2023

Rank	Public Water System Name and Number	Score	Population	County	Disadvantaged Status	Project	Requested Funding	Subsidy Amount	Mandatory Cap Grant Subsidy (\$0 Balance)	Elected Disadvantaged Assistance Subsidy (\$0 balance)	Projected Repayable Amount	Interest Rate	Projected Commitment Date
1	Lower Rio Grande Public Water Works Authority, NM3512007, NM3513607, NM3502407, NM3513107, NM3512207	28	14,255	Dona Ana	Yes	Lead service line inventory	\$1,375,000	\$1,031,250			\$343,750	0.00%	8/24/2023
2	Gallup Water System, NM3508317	28	21,253	Mckinley	Yes	To investigate lead service lines for replacements and to meet state and federal compliance requirements. City of Gallup is largely a minority and disadvantaged community.	\$ 1,000,000	\$ 500,000			\$500,000	0.00%	8/24/2023
3	Farmington Water System, NM3510225	28	38,000	San Juan	Yes	<p>Utilities will be required to complete a comprehensive service material inventory and make it publicly available by the EPA's Lead and Copper Rule Revisions (LCRR) compliance deadline October 16, 2024.</p> <p>Any unknown service line will be considered lead until identified otherwise.</p> <p>Step 1: Gather all existing records Collect all existing records—both digital and paper. The inventory will include both utility and privately owned sides of the service line as required by the LCRR. Common sources for data include:</p> <ul style="list-style-type: none">•main replacement programs <p>Step 2: Combining and digitizing records Scan all paper records and create a compiled hosted database. These records are required to be publicly available on request. A system will be created to allow access and maintenance of the system to keep this information accurate and current. It will be combined with GIS data to leverage the different information streams for the best result.</p> <p>Step 3: Verifying unknown service line materials Unknown service lines will be verified through record searches, building plans, GIS, and excavation when necessary. All collected information will be added to the digital data tracking system. Local builders, plumbers, and municipal ordinances will be utilized to add to the known data.</p>	\$ 6,000,000	\$ 3,000,000			\$3,000,000	0.00%	8/24/2023

Notes: This priority list is the fundable list that contains projects expected to receive assistance this quarter only



Comprehensive -Eligible BIL Lead Service Line Replacement Funding Projects Submitted Not Recommended for Funding at This Time

***Projects on this list have submitted a pre-application for funding but have not been reviewed or ranked for final eligibility**

Quarter Submitted	Pubic Water System Name and Number	Population	County	Project Description	Requested Funding
FY23 Q3	Sierra Vista South Cooperative, NM3511201	less than 500	Bernalillo	Inventory and Eliminate Lead Service Lines in accordance with regulatory requirements	\$50,000
FY23 Q3	Quemado Lake Water Association, NM3580202	less than 500	Catron	This application is to assist in the application of the state to the EPA for funding of the Lead Service Line Project	\$100,000
FY23 Q3	Hillsboro HMDWCA, NM3514127	less than 500	Sierra	To replace lead lines on the homeowner side of the system. The System has no lead lines. /	\$250,000
FY23 Q3	Cimarron Water System, NM3526204	less than 1000	Colfax	To upgrade the meters to auto read and to replace waterlines that could potentially cause a health risk	\$1,200,000
FY23 Q3	Talpa MDWCA, NM3507429	less than 1000	Taos	Replace galvanized antiquated water line approximately 1200 ft	\$500,000
FY23 Q3	Village of Floyd Water System, NM3528422	less than 500	Roosevelt	EPA Lead & Copper Rule Change	\$70,000
FY23 Q3	Village of Magdalena, NM3523528	less than 1000	Socorro	survey of service lines for lead/copper	\$150,000
FY23 Q3	Rancho Grande Water Ass. Inc., NM3523502	less than 500	Catron	Needing the lead and copper regulation Replace line if needed	\$500,000
FY23 Q3	Anthony Water & Sanitation District, NM3511207	Greater than 10,000	Dona Ana	Make an inventory of every serive line connection and assess the mateiral and condition of the service line inside private property.	\$1,750,000
FY23 Q3	Bluewater Water & Sanitation District, NM3525033	Less than 1000	Cibola	Inventory of service and distribution lines.	\$51,000
FY23 Q3	Leasburg MDWCA, NM3554207	less than 1000	Dona Ana	In compliance with New EPA requirements, this project would develop the inventory of Lead Service Lines in the Leasburg MDWCA's service area. This project would also create a plan for replacement of Lead Service Lines.	\$50,000
FY23 Q3	Chamberino MDWC&SA, NM3500807	less than 1000	Dona Ana	Complete an inventory of all your service lines and prepare an action plan on how to address any lead service lines that are identified.	\$124,000
FY23 Q3	Village of Floyd Water System, NM3528422	less than 500	Roosevelt	update all system to meet new EPA guidelines for the new lead rule	\$70,000
FY23 Q3	Garfield MDWC &MSWA, NM3529007	Greater than 1000	Dona Ana	lead service line survey	\$1
FY23 Q3	Southside Mutual Domestic Water Association, NM3509924	less than 1000	San Juan	not sure	\$20,000
FY23 Q3	City of Deming, NM3528616	greater than 10000	Luna	Survey the existing service lines and develop an inventory of lead and copper lines followed by construction to remove and replace the lead and copper service lines within City of Deming ROW.	\$3,250,000
FY23 Q3	Raton Water System, NM3526704	greater than 1000	Colfax	Lead Service Line Removal/Replacement	\$3,750,000
FY23 Q3	Madrid Water System, NM3504826	less than 500	Santa Fe	Replace iron pipes	\$1,000,000
FY23 Q3	Lower Valley Water Users Cooperative Association, NM3510324	greater than 1000	San Juan	Replace Lead Service Lines	\$200,000



FY23 Q3	Jal Water Supply System, NM3521713	greater than 1000	Lea	Revisions to the Lead & Copper Act require that the City of Jal inventory all water services lines (City and Customer owned) to identify lead piping, or galvanized piping downstream of lead pipes. October 2024 is the deadline to complete the inventory, develop a service replacement line plan, and making this information available to public. Using existing data including field performed by City staff, the goal is to complete 50% of the inventory in-house. Field work to complete the balance of the inventory will likely be performed by a third-party contractor. As lines are exposed, GIS data will need to be obtained as this will make up the layered GIS map that will be made available to the public. Services of consultants will be needed to create the GIS map together with development of the Plan. Funds are also be requested for the replacement of lead and/or galvanized piping downstream of lead pipes when encountered. City of Jal reimbursement of labor & materials \$75,000 (600 service lines @ \$125/line); third-party Contractor \$75,000 (600 service lines @ \$125/line); GIS mapping \$50,000; consultant services \$50,000.; replacement of service lines \$300,000 (estimate 10% of 1200 services = 60 services at \$5,000/service),	\$825,000
FY23 Q3	Triple J MHP, NM3557813	less than 500	Lea	lead service line inventories and lead line replacement plans	\$300,000
FY23 Q3	Cedar Creek Mutual Domestic Water Consumers Association, NM3558214	less than 500	Lincoln	Preparation of an initial service line inventory and a lead service line replacement plan to comply with EPA's January 15, 2021 Lead and Copper Rule Revisions. In addition to the identification of all system connections to properties built prior to 1986.	\$85,000
FY23 Q3	Roswell Water System, NM3520203	greater than 10,000	Chavez	The Lead and Copper Rule Revised requires public water systems to complete a service line inventory that identifies all the service lines of the public water system's distribution, including private and shared service lines. Once this is established, the second step is to determine the materials of all service lines within its entire distribution inventory. 40 CFR 141.80 (a)(3,4)	\$369,779
FY23 Q3	Dona Ana Mutual Domestic Water Consumers Association, NM3554307	greater than 10,000	Dona Ana	Complete a Lead Service Lines inventory that will be compliant with the new EPA regulation.	\$1,625,000
FY23 Q3	Santa Fe Waldorf School, NM3580726	less than 500	Santa Fe	In accordance with the new regulations, we need to complete an inventory of all our service lines to identify any lead piping. Due to the age of our campus and the lack of documentation of our plumbing systems we will likely need to excavate a number of our lines to complete the inventory. If we find lead pipes, we would also need to replace them.	\$50,000
FY23 Q3	Village of Dora, NM3528222	less than 500	Roosevelt	To find lead water lines in Dora and remove them.	\$55,000
FY23 Q3	Village of Logan, NM3526930	greater than 1000	Quay	Develop and implement lead and copper rule revision compliance plan. This includes contact with service line holders and identification of testing plan and remediation of lines, valves, and materials that may offer contaminants into the drinking water system.	\$750,000
FY23 Q3	City of Las Vegas, NM3518025	greater than 10,000	San Miguel	To inventory all service lines in the City of Las Vegas System in accordance with the Lead and Copper rule and to replace any existing lead lines. Inventory could cost \$1,000,000 and replacing and estimated 20% of our lines could cost over \$4,000,000	\$5,175,000
FY23 Q3	Canon MDWC&SA, NM3535223	less than 500	Sandoval	Project will prepare service line inventories and lead service line replacement plans that are required by the Lead Copper Revised Rule (LCRR).	\$100,000
FY23 Q3	La Union MDS&WA, NM3500707	greater than 1000	Dona Ana	on-site meter materials monitoring to comply with EPA inventory standards	\$135,000



FY23 Q3	Bernalillo Water System, NM3508923	greater than 10,000	Sandoval	The Town of Bernalillo has begun work on the compliance requirements outlined in the Lead and Copper Rule Revisions. The proposed project involves completion of the tasks required for compliance, which includes but is not limited to preparation of the following: List of schools and licensed childcare facilities and their sampling plans, Service line inventory, Lead service line replacement plan. To improve the accessibility of the service line inventory information for our customers, the Town intends to integrate the information into our GIS system. In addition to Town staff, Bernalillo will be utilizing assistance from our consulting engineer, Molzen Corbin.	\$250,000
FY23 Q3	Regina MDWCA, NM3509523	less than 500	Sandoval	Prepare an initial service line inventory, lead service line replacement plan, and school and childcare facility monitoring plan to comply with the EPA Lead and Copper Rule Revisions	\$50,000
FY23 Q3	Village of Cuba, NM3509023	less than 1,000	Sandoval	Prepare an initial service line inventory, lead service line replacement plan, and school and childcare facility monitoring plan to comply with the EPA Lead and Copper Rule Revisions.	\$100,000
FY23 Q3	Belen Water System, NM3524932	greater than 10,000	Valencia	replacement of led service line	\$1,000,000
FY23 Q3	Alto de Las Flores MDWCA, NM3536907	less than 1000	Dona Ana	Lead service line inventory	\$81,250
FY23 Q3	Talavera MDWCA, NM3577407	less than 500	Dona Ana	Lead service line inventory	\$15,000
FY23 Q3	Eunice Water Supply System, NM3521513	greater than 1000	Lea	Project is to inventory all service lines (City and Customer owned) on the City of Eunice Water System to comply with revisions to EPA's Lead and Copper Act. In addition to inventorying of service lines for lead and galvanized piping downstream of lead pipes, a lead pipe replacement plan (Plan) is to be developed to provide information obtained to the public. Using existing data from tap cards, construction plans, meter installations, and work orders, the City of Eunice is projecting that 25% of the inventory data can be obtained together with 10% of Customer service line information. The balance of the data required of the service line inventory will need to be obtained through field work, ex: potholing. Should lead or galvanized pipes requiring replacement be found, these lines would be replaced. Basis for funding is as follows: Reimbursement of the City of Eunice for 25% of City service lines (191 service lines @ \$125/line= \$23,875) and 10% of Customer service lines (153 service lines @ \$125/line= \$19,125). Third party consultant services @ \$50,000. Third party contractor for field work (potholing) to identify the remaining City/Customer service lines (1342 service lines @ \$75/line= \$100,650. Replacement of 10% of the lines (153 service lines @ 5,000/line= \$765,000.	\$958,650
FY23 Q3	La Bajada MDWCA, NM3502926	less than 500	Santa Fe	Lead Service Line Replacement from water gallery approximately 1 mile	\$500,000
FY23 Q3	Watrous MDWCA, NM3516718	less than 500	Mora	Comply with the new lead and copper rule. Construction of the road to the water tank and replacement of the water storage tank. Upgrade to the well houses	\$200,000
FY23 Q3	Yah Ta Hey W&SD, NM3532717	less than 500	McKinley	Provide labor and equipment to inventory all water services lines to determine if lead is present in the water system to prepare for the lead and copper upgrade rule.	\$59,500
FY23 Q3	Lybrook MDWCA, NM3533021	less than 500	Rio Arriba	Prepare an initial service line inventor, lead service line replacement plan, and school and child care facility monitoring plan to comply with the EPA Lead and Copper Rule Revisions	\$50,000
FY23 Q3	Yah Ta Hey W&SD, NM3532717	less than 500	McKinley	To study and evaluate for any potential lead in service lines for the Yahtahey WSD and to move forward with any needed replacements of infrastructure and materials.	\$1,000,000
FY23 Q3	Rio Chiquito MDWCA, NM3504926	less than 500	Santa Fe	Prepare an initial service line inventory and lead service line replacement plan to comply with the EPA Lead and Copper Rule Revisions.	\$50,000
FY23 Q3	Elida Water System, NM3528322	less than 500	Roosevelt	Upgrade water system, SCADA upgrade, lines within municipal, storage tanks, refurbish wells. end user for regionalized project.	\$2,000,000



FY23 Q3	San Pablo MDWCA, NM3500607	less than 1,000	Dona Ana	Replace lead service lines - meter material monitoring, documentation, meter reading exercises and inventory.	\$55,000
FY23 Q3	Albuquerque Water System, NM3510701	Greater than 10,000	Bernalillo	In order to comply with the Lead and Copper Rule the Albuquerque Bernalillo County Water Utility Authority (Water Authority) is currently trying to identify lead service lines to replace them. The Water Authority needs to create a tracking system for service line status and replacement within that system tracking for Schools/Child Care Centers is needed. Once the system is created, information can be provided to crews and contractor/s to replace the lines. During this time staff/contractor will develop and write the required Lead Service Line Replacement Plan to submit to NMED. They will also complete the data analyses for a desktop corrosion control study reviewing historic data.	\$170,000,000
FY23 Q3	Grady Water System, NM3564119	less than 500	Curry	Planning and designing of additional fire hydrants and lines, replace distribution lines and install updated water meters and rehab our storage tank.	\$500,000
FY23 Q3	City of Artesia, NM3520308	greater than 10,000	Eddy	Survey the community for Lead and Coper service line	\$150,000
FY23 Q3	Tucumcari, NM3528020	greater than or equal to 1,000	Quay	To replace lead and copper lines	\$1,200,000
FY23 Q3	Picacho MDWCA, NM3545907	greater than or equal to 1,000	Dona Ana	Replace lead service lines and inventory	\$100,000
FY23 Q3	Winterhaven MDWC &SWA, NM3555407	less than 500	Dona Ana	Replace lead service lines and inventory	\$20,000
FY23 Q3	Clayton MDWCA, NM3527031	greater than 1,000	Union	Prepare an initial service line inventor, lead service line replacement plan, and school and child care facility monitoring plan to comply with the EPA Lead and Copper Rule Revisions.	\$60,000
FY23 Q3	Village of Pecos, NM3518325	less than 1,000	San Miguel	The location of all water lines must be updated as water personnel has discovered lines not included in current mapping of water lines	\$100,000
FY23 Q3	La Jara MDWCA, NM3509223	less than 500	Sandoval	Service line inventory for public water system and residential; identify lead service line replacements; and replace lead service line.	\$300,000
FY23 Q3	Reserve Water Works, NM3523402	less than 500	Catron	Inventory all service lines and replace all utility owned lead service lines and components to compliance with RLCR. Offer replacement to Home Owners for customer owned lines.	\$400,000

Appendix A-3: BIL Emerging Contaminants Priority List



Drinking Water State Revolving Loan Fund Priority List 3rd Quarter FY2023
Projects Recommended to NMFA for BIL Emerging Contaminant Funding

This list will be updated quarterly- Updated 4/13/2023

Rank	Public Water System Name and Number	Score	Population	County	Disadvantaged Status	Project	Requested Funding	Subsidy Amount	Mandatory Cap Grant Subsidy (\$0 Balance)	Elected Disadvantaged Assistance Subsidy (\$0 balance)	Projected Repayable Amount	Interest Rate	Projected Commitment Date
1	EPCOR Water New Mexico Inc., Clovis, NM3527305	63	41,066	Curry	Yes, Severly	This request is for a planning grant to determine initial feasibility, technology solution and cost estimates on a project to purify Cannon Air Force Base PFAS contaminated Highland Dairy groundwater to municipal drinking water standards for delivery and blending into the EPCOR water system and its City of Clovis retail customers.	\$ 3,500,000	\$ 3,500,000					8/24/2023

Notes: This priority list is the fundable list that contains projects expected to receive assistance this quarter only



Comprehensive -Eligible BIL Emerging Contamninants Projects Submitted Not Recommended for Funding at This Time
*Projects on this list have submitted a pre-application for funding but have not been reviewed or ranked for final eligibility

Quarter Submitted	Pubic Water System Name and Number	Population	County	Project Description	Requested Funding
FY23 Q3	Triple J MHP, NM3557813	184	Lea	PFAS and other emerging contaminant possibility	\$300,000
FY23 Q3	Anasazi Trails Water Cooperative, NM3501523	400	Sandoval	PFAS Remediation	\$100,000

Appendix B-1: DWSRF Ranking Criteria

SFY 23 DWSRLF Proposed Priority Ranking System

The DWSRLF program uses a priority system for ranking individual projects for funding prioritization for both the Comprehensive and Fundable Project Lists which:

1. Address the most serious risk to human health;
2. Ensure compliance with the requirements of the SDWA; and
3. Assist PWSs most in need, on a per-household basis, according to National affordability criteria.

The total project score is the sum of the points with respect to six categories listed below to determine their ranking and prioritization for State Fiscal Year 2023 DWSRLF assistance.

1. Source Water Vulnerability
2. Safe Drinking Water Act Compliance
3. Affordability and Project Readiness
4. Regionalization
5. Water and Operational Efficiency
6. Sustainable Infrastructure

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

<u>Source Water Protection Plan:</u> Water system maintains an active Source Water Protection Plan that has been updated in the last five years.	4 points
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SAFE DRINKING WATER ACT COMPLIANCE	
<u>Acute violations:</u> System is in violation of acute treatment technique requirements or an MCL of an acute contaminant, and the proposed project will return the system to compliance.	20 Points
<u>Ground Water Under the Direct Influence of Surface Water (GWUDI) Sources:</u> System has received a formal GWUDI determination requiring the installation of surface water treatment, and the proposed project will meet compliance requirements.	15 Points
<u>Non-acute violations:</u> System is in violation of non-acute treatment technique requirements, significant deficiency or MCL exceedance of non-acute contaminants, and the proposed project will return the system to compliance.	12 Points
<u>Maintains Compliance:</u> System is in compliance with state and federal drinking water regulations.	1 point

AFFORDABILITY AND PROJECT READINESS (Community Water Systems Only)	
<u>Disadvantaged Communities:</u> System serves a population whose MHI ¹ is greater than 80% but less than 100% of the National MHI.	6 Points
<u>Severely Disadvantaged Communities:</u> System serves a population whose MHI ¹ is 80% or less of the National MHI.	10 Points
<u>Small System:</u> System serves a population of less than 1,000 people based on the average household size for the county served by system.	5 Points
<u>Very Small System:</u> System serves a population of less than 500 people based on average household size for the county served by system.	3 Points
<u>Project Funded by DWSRLF:</u> This project will fund additional phases of a prior DWSRLF project.	5 points
<u>Final Design Complete:</u> Project Final Design is 100% complete and approved by Drinking Water Bureau.	8 points

¹ MHI is the median household income of the public water system's service area based on most recent 5-year average from US Census Data.

REGIONALIZATION	
<u>Regionalization Activities</u> : Project is a regionalization effort among two or more public water systems that results in the consolidation or physical connection of the public water systems that will begin to operate as one system, full time.	5 Points
<u>Provide regulated water service to areas not currently served</u> : Project extends water service to existing homes or businesses not currently served by a centralized water system.	5 Points
<u>Emergency Interconnection</u> : Project addresses the need for an emergency or back up source through an interconnection with another public water system.	3 Points
<u>Regional Resource Coordination</u> : System participates in a regional sharing of resources with other water system(s).	1 point

WATER AND OPERATIONAL EFFICIENCY	
<u>Metering</u> : Project includes metering an unmetered system Replacing existing broken/malfunctioning water meters with AMI or smart meters. ³	8 Points
<u>Real Water Loss Reduction</u> : Project replaces or rehabilitates failing or inadequate distributions lines and real water loss has been identified to be reduced.	5 points
<u>Water Pressure</u> : Project addresses a water pressure problem.	4 Points
<u>Infrastructure Rehabilitation</u> : Project replaces or rehabilitates failing or inadequate infrastructure or equipment, other than a water source.	4 Points
<u>Operational Improvements</u> : Project streamlines, automates, or improves operations of the system (e.g. radio read meters, looping, SCADA, additional valves).	3 Points
<u>Water Use Management</u> : Water system utilizes drought contingency or water conservation policies to manage customer demand seasonally or as needed in water shortages.	2 points

SUSTAINABLE PROJECTS AND ACTIVITIES	
<u>Asset Management Plan</u> : Systems that have developed or are in the process of developing an asset management plan will receive one point for each core component completed. The core components are: asset inventory, level of service, critical asset assessment, life cycle costing, and long-term funding strategy.	5 Points Maximum
<u>Asset Management Plan Project</u> : Project is part of a current asset management long term funding strategy.	2 points
<u>Energy Efficiency</u> ² : Project implements renewable energy or energy conservation to reduce the amount of energy consumed from the grid to produce, treat and deliver water.	2 points
<u>Green Stormwater Infrastructure</u> ³ : Project preserves or restores natural landscape features and establishes policies such as infill and watershed redevelopment to reduce imperviousness. Local green infrastructure practices include bio-retention, green roofs, rainwater harvesting, or grey water use.	2 points
<u>Environmentally Innovative Projects</u> ³ : Project uses environmentally innovative concepts to produce, treat, store and/or deliver water.	2 points
<u>Resiliency</u> : Project increases resiliency to long term effects of drought and or extreme weather. (Ex. Single source water system, high treatment cost, or natural disaster mitigation)	2 points
<u>Education</u> : System Participates in Educational Activities to promote water and energy efficiency.	5 points
<u>Water Reuse Project</u> : Project increases water efficiency, to increase potable water supply by replacing potable uses with non-potable sources, such as grey water systems and wastewater effluent reuse systems.	3 points
<u>Water Loss Program</u> : System implements water loss control strategies with the AWWA M36 method by completing annual audits.	1 Point

¹ MHI is the median household income of the public water system's service area based on most recent 5-year average from US Census Data.

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

Appendix B-2: DWSRF Lead Service Line Ranking Criteria

SFY 23 DWSRLF Lead Service Line Proposed Priority Ranking System

The DWSRLF program uses a priority system for ranking individual projects for funding prioritization for both the Comprehensive and Fundable Project Lists which:

1. Address the most serious risk to human health;
2. Ensure compliance with the requirements of the SDWA; and
3. Assist PWSs most in need, on a per-household basis, according to National affordability criteria.

The total project score is listed below to determine their ranking and prioritization for State Fiscal Year 2023 DWSRLF assistance for Lead Service Line Replacement (BIL).

Lead Service Line Replacement Priority Ranking	
<u>Acute violations:</u> System is in violation of acute treatment technique requirements or an MCL of an acute contaminant, and the proposed project will return the system to compliance.	7
<u>Non-acute violations:</u> System is in violation of non-acute treatment technique requirements, significant deficiency or MCL exceedance of non-acute contaminants, and the proposed project will return the system to compliance.	3
<u>Maintains Compliance:</u> System is in compliance with state and federal drinking water regulations.	3
<u>Disadvantaged Communities:</u> System serves a population whose MHI is greater than 80% but less than 100% of the National MHI.	25
<u>Severely Disadvantaged Communities:</u> System serves a population whose MHI ¹ is 80% or less of the National MHI.	50
<u>Small System:</u> System serves a population of less than 1,000 people based on the average household size for the county served by system.	5
<u>Very Small System:</u> System serves a population of less than 500 people based on average household size for the county served by system.	10
<u>Project Funded by DWSRLF:</u> This project will fund additional phases of a prior DWSRLF project.	2

Appendix B-3: DWSRF Emerging Contaminants Ranking Criteria

SFY 23 DWSRLF Emerging Contaminants Proposed Priority Ranking System

The DWSRLF program uses a priority system for ranking individual projects for funding prioritization for both the Comprehensive and Fundable Project Lists which:

1. Address the most serious risk to human health;
2. Ensure compliance with the requirements of the SDWA; and
3. Assist PWSs most in need, on a per-household basis, according to National affordability criteria.

The total project score is the sum of the points listed below to determine their ranking and prioritization for State Fiscal Year 2023 DWSRLF Emerging Contaminant (BIL) assistance.

Emerging Contaminants Priority Ranking	
<u>Contaminant Identification:</u> Project identifies emerging contaminants in all drinking water sources for the public water system.	10
<u>Improve water quality in areas not currently served:</u> Project extends water service to existing residences that are not currently served by a centralized water system or the local groundwater is contaminated.	3
<u>Planning:</u> Survey or study provides options and solutions for removing or reducing emerging contaminants in the public water system.	5
<u>Water Use Management:</u> Water system has plan for implementing management of potentially contaminated water sources to maintain compliance.	5
<u>Source Water Protection Plan:</u> Water system maintains an active Source Water Protection Plan.	2
<u>Emergency Interconnection:</u> Project addresses the need for an emergency or back up source through an interconnection with another public water system.	3
<u>Acute violations:</u> System is in violation of acute treatment technique requirements or an MCL of an acute contaminant, and the proposed project will return the system to compliance.	10
<u>Non-acute violations:</u> System is in violation of non-acute treatment technique requirements, significant deficiency or MCL exceedance of non-acute contaminants, and the proposed project will return the system to compliance.	7
<u>Maintains Compliance:</u> System is in compliance with state and federal drinking water regulations.	3
<u>Disadvantaged Communities:</u> System serves a population whose MHI is greater than 80% but less than 100% of the National MHI.	15
<u>Severely Disadvantaged Communities:</u> System serves a population whose MHI is 80% or less of the National MHI.	25
<u>Small System:</u> System serves a population of less than 1,000 people based on the average household size for the county served by system.	10
<u>Very Small System:</u> System serves a population of less than 500 people based on average household size for the county served by system.	15

Appendix C: DWSRLF Sources and Uses

Table 2 DWSRLF SOURCES AND USES SFY 2023			
<u>SOURCES</u>	Cumulative Total through 6/30/2022	7/1/2022 - 6/30/2023(This SFY)	Cumulative Total through 6/30/23
Federal Capitalization Grants	\$241,931,500	\$7,008,000	\$248,939,500
BIL Supplemental Capitalization Grant	\$0	\$17,955,000	\$17,955,000
20% Capitalization Grant Match	\$45,616,500	\$1,401,600	\$47,018,100
10% BIL Supplemental State Match	\$0	\$1,795,500	\$1,795,500
Investment Interest	\$11,392,968	\$1,719,478	\$13,112,446
Loan Repayments -	\$80,342,094	\$6,231,397	\$86,573,491
Loan Repayments - Interest	\$19,655,379	\$1,298,164	\$20,953,543
Total Sources	\$398,938,441	\$37,409,139	\$436,347,580
<u>Uses of Funds</u>			
<u>Assistance Activity</u>			
Large System Commitments	\$181,445,218	\$62,500,000	\$243,945,218
Small System Commitments	\$77,254,624	\$3,070,000	\$80,324,624
Total Assistance	\$258,699,842	\$65,570,000	\$324,269,842
<u>Set-Aside Activity</u>			
Administration	\$9,259,100	\$998,520	\$10,257,620
Small System Technical Assistance	\$4,234,349	\$499,260	\$4,733,609
State Programs Management	\$23,106,406	\$2,496,300	\$25,602,706
Local Assistance	\$30,227,082	\$3,744,450	\$33,971,532
<u>BIL Lead Service Line Set-Aside Activity</u>			
Administration	\$0	\$350,610	\$350,610
Small System Technical Assistance	\$0	\$1,051,830	\$1,051,830
State Programs Management	\$0	\$876,525	\$876,525
Local Assistance	\$0	\$438,262	\$438,262
Total BIL Lead Service Line Set- Asides	\$0	\$2,717,227	\$2,717,227
Total Set-Asides	\$66,826,937	\$10,455,757	\$77,282,694
Total Uses	\$325,526,779	\$76,025,757	\$401,552,536
Carryover	\$73,411,662	(\$38,616,618)	\$34,795,044

*Amended with BIL Lead Service Line Set-asides- 03/14/2023

Appendix D: DWSRF Set-Asides

ADMINISTRATION SET ASIDE (4%)								
Cap Grants with Allocations to Set-Aside	Set-Aside Allocated	Set-Aside Anticipated for FFY 2022 Cap Grants	Specified Amount	Unspecified Amount	Amount Transferred to Loan Fund	Specified Expenditures through SFY 2022	Estimated Expenditures through SFY 2023	Estimated Ending Balance
FFY97	\$510,392		\$510,392	\$0	\$0	\$510,392		\$0
FFY98-99	\$583,404		\$583,404	\$0	\$0	\$583,404		\$0
FFY00	\$310,280		\$310,280	\$0	\$0	\$310,280		\$0
FFY01	\$311,564		\$311,564	\$0	\$0	\$311,564		\$0
FFY02	\$322,100		\$322,100	\$0	\$0	\$322,100		\$0
FFY03	\$320,164		\$320,164	\$0	\$0	\$320,164		\$0
FFY 04	\$332,124		\$332,124	\$0	\$0	\$332,124		\$0
FFY 05	\$331,420		\$331,420	\$0	\$0	\$331,420		\$0
FFY 06	\$329,172		\$329,172	\$0	\$0	\$329,172		\$0
FFY 07	\$329,160		\$329,160	\$0	\$0	\$329,160		\$0
FFY 08	\$325,840		\$325,840	\$0	\$0	\$325,840		\$0
FFY 09	\$325,840		\$325,840	\$0	\$0	\$325,840		\$0
FFY 09 (ARRA)	\$780,000		\$780,000	\$0	\$219,049	\$560,951		\$0
FFY 10	\$542,920		\$542,920	\$0	\$0	\$542,920		\$0
FFY 11	\$376,720		\$376,720	\$0	\$0	\$376,720		\$0
FFY 12	\$359,000		\$359,000	\$0	\$0	\$359,000		\$0
FFY 13	\$336,840		\$336,840	\$0	\$0	\$336,840		\$0
FFY 14	\$353,800		\$353,800	\$0	\$0	\$353,800		\$0
FFY 15	\$351,480		\$351,480	\$0	\$0	\$351,480		\$0
FFY 16	\$332,480		\$332,480	\$0	\$0	\$332,480		\$0
FFY 17	\$329,640		\$329,640	\$0	\$0	\$329,640		\$0
FFY 18	\$444,280		\$444,280	\$0	\$0	\$444,280		\$0
FFY19	\$440,160		\$440,160	\$0	\$0	\$440,160		\$0
FFY 20	\$440,440		\$440,440	\$0	\$0	\$440,440		\$0
FFY 21	\$440,440		\$440,440	\$0	\$0	\$440,440		\$0
FFY 22 BIL	\$718,200	\$718,200		\$0	\$0		\$480,000	\$238,200
FFY 22 Base	\$280,320	\$280,320		\$0	\$0		\$280,320	\$0
TOTALS	\$10,858,180	\$998,520	\$9,859,660	\$0	\$219,049	\$9,640,611	\$760,320	\$238,200

TABLE 6-B**Small Systems Technical Assistance Element (2%) Total Expenditures by FFY Capitalization Grant**

Federal Awards Allocated to Set-Aside	Total Set-Aside Allocated	Specified Amount	Unspecified Amount	Unspecified Amount Transferred to Loan Fund	Specified Expenditures through 06/30/21	Estimated Ending Balance as of 06/30/21
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
FFY04	\$166,062	\$166,062	\$0	\$0	\$166,062	\$0
FFY05	\$165,710	\$165,710	\$0	\$0	\$165,710	\$0
FFY06	\$164,586	\$164,586	\$0	\$0	\$164,586	\$0
FFY07	\$164,580	\$164,580	\$0	\$0	\$164,580	\$0
FFY08	\$162,920	\$162,920	\$0	\$0	\$162,920	\$0
FFY09	\$162,920	\$162,920	\$0	\$0	\$162,920	\$0
FFY09 (ARRA)	\$390,000	\$390,000	\$0	\$0	\$390,000	\$0
FFY 2010	\$271,460	\$271,460	\$0	\$0	\$271,460	\$0
FFY 2011	\$188,360	\$188,360	\$0	\$50,981	\$137,379	\$0
FFY 2012	\$179,500	\$179,500	\$0	\$0	\$179,500	\$0
FFY 2013	\$168,420	\$168,420	\$0	\$168,420	\$0	\$0
FFY 2014	\$176,900	\$176,900	\$0	\$0	\$176,900	\$0
FFY 2015	\$0	\$0	\$175,740	\$0	\$0	\$175,740
FFY 2016	\$166,240	\$166,240	\$0	\$0	\$166,240	\$0
FFY 2017	\$164,820	\$164,820	\$0	\$0	\$164,820.00	\$0
FFY 2018	\$222,140	\$222,140	\$0	\$0	\$222,140	\$0
FFY 2019	\$220,080	\$220,080	\$0	\$0	\$220,080	\$0
FFY 2020	\$220,220	\$220,220	\$0	\$0	\$220,080	\$95,188
TOTALS	\$4,533,870	\$4,533,870	\$175,740	\$219,401	\$4,314,329.00	\$270,928.00

TABLE 7-B**State Programs Management Element (10%) Total Expenditures by FFY Capitalization Grant**

Awards Allocated to Set-Aside	Total Set-Aside Allocated	Specified Amount	Unspecified Amount	Unspecified Amount Transferred to Loan Fund	Specified Expenditures through 06/30/2020	Estimated Ending Balance as of 06/30/2020
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
FFY04	\$830,310	\$830,310	\$0	\$0	\$830,310	\$0
FFY05	\$828,550	\$828,550	\$0	\$0	\$828,550	\$0
FFY06	\$822,930	\$822,930	\$0	\$0	\$822,930	\$0
FFY07	\$822,900	\$822,900	\$0	\$0	\$822,900	\$0
FFY08	\$814,600	\$814,600	\$0	\$0	\$814,600	\$0
FFY09	\$814,600	\$814,600	\$0	\$0	\$814,600	\$0
FFY09 (ARRA)	\$1,950,000	\$1,950,000	\$0	\$0	\$1,950,000	\$0
FFY 2010	\$1,357,300	\$1,357,300	\$0	\$28,098	\$1,329,202	\$0
FFY 2011	\$941,800	\$941,800	\$0	\$13,201	\$928,599	\$0
FFY 2012	\$897,500	\$897,500	\$0	\$0	\$331,082	\$0
FFY 2013	\$842,100	\$842,100	\$0	\$0	\$842,100	\$0
FFY 2014	\$884,500	\$884,500	\$0	\$0	\$884,500	0
FFY 2015	\$0	\$0	\$878,700	\$0	\$878,700	\$0
FFY 2016	\$831,200	\$831,200	\$0	\$0	\$831,200	\$0
FFY 2017	\$824,100	\$824,100	\$0	\$0	\$824,923.66	-\$823.66
FFY 2018	\$1,110,700	\$1,110,700	\$0	\$0	\$885,072.81	\$225,627.19
FFY 2019	\$1,100,400	\$1,100,400	\$0	\$0	\$0	\$0
FFY 2015 + 2019*		\$1,979,100	\$0	\$0	\$2,044,967	-\$65,867
FFY 2020	\$1,101,100	\$1,101,100	\$0	\$0	\$129,004.63	\$971,095.37
TOTALS	\$1,101,100	\$24,648,450	\$878,700	\$41,299	\$22,688,001.10	\$1,130,031.90

Table 8-B

Capacity Development Sub-Element (10%) Total Expenditures by FFY Capitalization Grant

Federal Awards Allocated to Set Aside	Total Set-Aside Allocated	Specified Amount	Unspecified Amount	Amount Transferred to Loan Fund or EPA In-kind services	Specified Expenditures through 06/30/2020	Estimated Ending Balance as of 06/30/2020
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
FFY04	\$830,310	\$830,310	\$0	\$0	\$830,310	\$0
FFY05	\$828,550	\$828,550	\$0	\$0	\$828,550	\$0
FFY06	\$822,930	\$822,930	\$0	\$0	\$822,930	\$0
FFY07	\$822,900	\$822,900	\$0	\$0	\$822,900	\$0
FFY08	\$814,600	\$814,600	\$0	\$37,753	\$776,847	\$0
FFY09	\$814,600	\$814,600	\$0	\$0	\$814,600	\$0
FFY09 (ARRA)	\$0	\$0	\$0	\$0	\$0	\$0
FFY 2010	\$1,357,300	\$1,357,300	\$0	\$0	\$1,357,300	\$0
FFY 2011	\$941,800	\$941,800	\$0	\$276,513	\$665,287	\$0
FFY 2012	\$897,500	\$897,500	\$0	\$0	\$897,500	\$0
FFY 2013	\$842,100	\$842,100	\$0	\$0	\$842,100	\$0
FFY 2014	\$884,500	\$884,500	\$0	\$0	\$884,500	\$0
FFY 2015	\$878,700	\$878,700	\$0	\$0	\$877,133	\$0
FFY 2016	\$831,200	\$831,200	\$0	\$400,000	\$831,000	\$0
FFY 2017	\$824,100	\$824,100	\$0	\$500,000	\$824,100.00	\$0
FFY 2018	\$1,110,700	\$1,110,700	\$0	\$0	\$1,110,700	\$0
FFY 2019	\$955,400	\$955,400	\$0	\$0	\$955,400	\$0
FFY 2020	\$1,101,100	\$1,101,100	\$0	\$0	\$236,917.13	\$864,183
TOTALS	\$20,491,594	\$20,491,594	\$0	\$1,214,266	\$19,311,378.13	\$864,183.00

Source water

TABLE 9-A**Source Water Protection Sub Element (5%)****Total Expenditures for SFY 2021**

DWSRLF Funding Source	Actual SFY 2021 QTR 1 Expenditures	Actual SFY 2021 QTR 2 Expenditures	Actual SFY 2021 QTR 3 Expenditures	Actual SFY 2021 QTR 3+4 Expenditures	TOTAL Actual SFY 2021 Expenditures
FFY17		\$94,104.14			\$94,104.14
FFY18	\$31,200.66	\$252,361.44		\$5,870.38	\$289,432.48
FFY19	\$28,028.94	\$7,798.76		\$313,831.72	\$349,659.42
FFY20	\$0	\$0		\$0	\$0
SFY21 Total	\$59,229.60	\$354,264.34		\$319,702.10	\$733,196.04

Appendix E: Public Outreach

The public notice process is described in Section VII of this document (Public Participation). Sample notification for email listserv and website. Social media posts will be more brief but based on notification and linked to website:

PUBLIC NOTICE

NEW MEXICO ENVIRONMENT DEPARTMENT AND NEW MEXICO FINANCE AUTHORITY NOTICE OF PUBLIC COMMENT AND REVIEW FOR DRINKING WATER STATE REVOLVING FUND 2023 DWSRF PROJECT PRIORITY LIST & INTENDED USE PLAN

The New Mexico Environment Department (NMED) Drinking Water Bureau (DWB) and the New Mexico Finance Authority (NMFA) produce an annual Drinking Water State Revolving Fund (DWSRF) Project Priority List (PPL) and Intended Use Plan (IUP). The IUP identifies the proposed intended uses of the funding amounts available to the DWSRF Program including from the Bipartisan Infrastructure Law. The current PPL identifies eligible projects for DWSRF funding from all sources for State Fiscal Year (SFY) 2023.

NMED DWB is accepting public comment from June 16, 2022, through July 16, 2022, regarding:

- 1) The NMED NMFA DWSRF Program's IUP for SFY 2023
- 2) Projects on the 2023 DWSRF PPL

NMED DWB is accepting public comment for amendment from April 17, 2023, through May 17, 2023, regarding:

- 1) The NMED NMFA DWSRF Program's Amended IUP for SFY 2023 to include BIL Lead Service Line Replacement and Emerging Contaminant funding sources
- 2) Projects on the 2023 DWSRF PPL, BIL Lead Service Line Replacement PPL, and BIL Emerging Contaminants PPL

A copy of the IUP and PPL may be obtained from https://www.env.nm.gov/drinking_water/infrastructure-projects-and-funding/ by or by e-mailing NMENV-dwbfunding@state.nm.us. Comments or questions regarding the IUP and PPL may be submitted by accessing the NMED comment portal at <https://nmed.commentinput.com/comment/search>.

Comments and Provided Responses:

No comments from the public were received during the April 17, 2023 through May 17, 2023 public comment period.

Appendix F: Compliance with Grant Conditions

Davis Bacon Wage Act

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

Federal Crosscutters

A number of federal laws, executive orders, and federal policies apply to projects receiving federal financial assistance, regardless of whether the federal laws authorizing the assistance make them applicable. These federal authorities are referred to as crosscutting authorities or crosscutters. Federal Crosscutters apply to projects whose cumulative funding equals the amount of the SRF Capitalization Grants. Projects receiving federal assistance funds must comply with the crosscutter requirements in an amount equivalent to the Capitalization Grant.

Crosscutters are divided into three groups: environmental, social policies, and economic and miscellaneous authorities.

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

A complete list of crosscutting authorities can be found at the EPA website:

<https://www.epa.gov/sites/production/files/2015-08/documents/crosscutterhandbook.pdf>

Signage

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

American Iron and Steel

Borrowers shall comply with federal requirements applicable to the loan, including the 2014 Appropriations Act and related SRF Policy Guidelines. All iron and steel products used in the Project will be produced in the United States (“American Iron and Steel Requirement”) unless (i) the borrower has requested and obtained a waiver from the Finance Authority or (ii) if the Finance Authority, or its contractor, has otherwise advised the borrower in writing that the American Iron and Steel Requirement is not applicable to the Project. See memo, “AIS final guidance 3-20-14” for more information.

Build American Buy American Act

On November 15, 2021, President Joseph R. Biden Jr. signed into law the Infrastructure Investment and Jobs Act (“IIJA”), Pub. L. No. 117-58, which includes the Build America, Buy America Act (“the Act”). Pub. L. No. 117-58, §§ 70901-52. The Act strengthens Made in America Laws and will bolster America’s industrial base, protect national security, and support high-paying jobs. The Act requires that no later than May 14, 2022—180 days after the enactment of the IIJA—the head of each covered Federal agency shall ensure that “none of the funds made available for a Federal financial assistance program for infrastructure, including each deficient program, may be obligated for a project unless all of the iron, steel, manufactured products, and construction materials used in the project are produced in the United States.” (Build America, Buy America (BABA) Act, P.L. 117-58, Secs 70911 - 70917).

Appendix G: Cash Draw Ratio and Grant Payment Schedule

New Mexico Finance Authority -- FY 2022 Grant Application Draw Projections Appropriation \$7,008,000 (Federal) Appropriation \$1,401,600 (State)									
Date	FFY -- QTR	Administrative Set-Aside	Small System Technical Assistance Set Aside	State Program Management Set-Aside	Local Assistance and other State Program Set Aside*	Total Set Aside	Loan Fund Federal	Loan Fund State Match	Total
July - Sept 2022	2022 - 4th	\$280,320	\$140,160	\$700,800	\$1,051,200	\$2,172,480	\$4,835,520	\$2,200,200	\$9,208,200
Oct - Dec 2022	2023 - 1st								\$0
Jan - Mar 2023	2021 - 2nd								
Apr - June 2023	2021- 3rd								
July - Sept 2023	2021 - 4th								
Oct - Dec 2023	2022 - 1st								

						Max set-aside equals	Max loan fund equals	Cash Draw Ratio
For Reference								
Max % - total award		4%	2%	10%	15%	31%	44%	
Max \$ -total federal award		\$280,320	\$140,160	\$700,800	\$1,051,200	\$2,172,480	\$4,835,520	19.92%
Max \$ -total state award							\$2,200,200	80.08%
Combined total						\$2,172,480	\$7,035,720	100.00%

New Mexico Finance Authority -- FY 2022 BIL Supplemental Grant Application Draw Projections
Appropriation \$17,955,000 (Federal)
Appropriation \$1,795,500 (State)

Date	FFY -- QTR	Administrative Set-Aside	Small System Technical Assistance Set Aside	State Program Management Set-Aside	Local Assistance and other State Program Set Aside*	Total Set Aside	Loan Fund Federal	Loan Fund State Match	Total
July - Sept 2022	2022 - 4th	\$718,200	\$359,100	\$1,795,500	\$2,693,250	\$5,566,050	\$99,000	\$19,800	\$5,684,850
Oct - Dec 2022	2022 - 1st								\$0

						Max set-aside equals	Max loan fund equals	Cash Draw Ratio
For Reference								
Max % - total award		4%	2%	10%	15%	31%	69%	
Max \$ -total federal award		\$718,200	\$359,100	\$1,795,500	\$2,693,250	\$5,566,050	\$12,388,950	25.32%
Max \$ -total state award							\$1,795,500	74.68%
Combined total						\$5,566,050	\$14,184,450	100.00%