

NMED

New
Mexico
Environment
Department



WATER INFRASTRUCTURE FUNDING: CHALLENGES, PROGRESS, AND PARTNERSHIP

November 1,
2017

Michaelene Kyrala
Policy Director
New Mexico Environment Department

2

Funding Challenges

Funding Challenges – Capital Outlay

3

- All water, solid waste, and wastewater capital outlay projects are directed to NMED to manage.
 - Many entities are not audit compliant.
 - Funds do not move as quickly during planning and design as they do during construction.
 - Funds are often insufficient for entities to progress with their projects.



Funding Challenges

4

- Individual agencies face challenges in securing loans with applicants who qualify:
 1. Grants not loans
 2. Capital outlay
 3. Small system's lack of capacity (managerial, financial, and technical) make securing funding difficult if not impossible
 - Lack of revenue/revenue base
 - Unwillingness to raise rates to meet their needs
 - Lack of asset management plans



Example: Clean Water State Revolving Loan Fund (CWSRF)

5

- ❑ In FY2015 \$21M in loans were declined (over \$4M were offered at 0% interest)
- ❑ In FY2016 \$21.7M in loans were declined
- ❑ FY2017 CWSRF Priority List

| DECLINED OFFERS WITH SUBSIDY | | | | |
|-------------------------------------|---------------------------|--------------------|--------------------|-------------------------|
| COMMUNITY | NMED AMOUNT NEEDED | LOAN | GRANT | GRANT PERCENTAGE |
| San Juan County (Flora Vista) | \$6,100,000 | \$4,500,000 | \$1,600,000 | 26% |
| ABCWUA | \$1,955,000 | \$1,302,500 | \$652,500 | 33% |
| Bosque Farms, Village of | \$1,800,000 | \$1,605,028 | \$194,971 | 11% |
| Anthony W&SD | \$1,333,000 | \$1,133,000 | \$200,000 | 15% |
| TOTALS | \$11,188,000 | \$8,540,528 | \$2,647,471 | |

CWSRF – FY18 Update

6

- The 2018 priority list includes 29 projects seeking \$50.1M.
 - 14 communities have accepted funding totaling \$18.07M including \$2.0M in grants.
 - 5 communities have offers pending or will receive offers shortly
 - 5 communities did not receive offers
 - 5 communities declined funding offers totaling \$8.365M
 - \$228,650 in subsidy



CWSRF – FY18 Update

7

- Loan only funding has been accepted by:
 - Hobbs - \$6.143M million
 - Gallup - \$1.925M
 - El Valle de Los Ranchos - \$1.543M
 - Espanola - \$1.07M

- Loan plus subsidy packages in varying amounts have been accepted by:
 - Bluewater Water and Sanitation District
 - Bosque Farms
 - Estancia Valley Solid Waste Authority
 - Springer
 - City of Anthony
 - Las Vegas
 - Chama
 - Santa Rosa
 - Corrales
 - Town of Mesilla



Funding Challenges - Suggestion

8

- Tie capital outlay allocation to application of other sources of funds (i.e. CWSRF, WTB, etc).
 - ▣ Reach out to NMED or NMFA to see if entities applied for funding
 - ▣ If they have, did they accept? If not, why?

- Note: offers are not made to entities who would be unable to service debt and repay a loan.



Progress

1. Statutory and Rule Changes to the Clean Water State Revolving Loan Fund (CWSRF)
2. Creation of Water Infrastructure Team

Clean Water State Revolving Loan Fund (CWSRF) – Statutory and Rule Updates

10

- Adjust terms of loans
 - 2014 - loan terms may be up to a maximum of 30 years vs 20 years (depending on the project)
 - Decreased the interest rate from a max of 3% to a new, lower max rate of 2.375%

- Increase the number of eligible entities
 - 2014 - Mutual Domestic Water Users Associations became eligible
 - 2017 - State agencies became eligible



Water Infrastructure Team Overview

11

- In 2013, Secretary Flynn formed the Water Infrastructure Team (WIT) to address concerns and frustrations he heard from NMED bureaus and other stakeholders around competition and the lack of coordination between water funding mechanisms.
- As a team of agencies and non-governmental organizations, the WIT discusses challenges members experience and collaborates on solutions to address New Mexico's vast water infrastructure needs.



12

Partnership

WIT Team Members

13

State/Federal Agencies

- NMED
- NMFA
- DFA
- LFC
- LCS
- OSE
- IAD
- USDA – RD
- EPA

Non-Governmental Organizations

- NM Municipal League
- NM Association of Counties
- NM Rural Water Association
- Rural Community Assistance Corporation
- University of NM – Environmental Finance Center



WIT Initiatives - 2014

14

□ 2014

□ Capacity Assistance Contracts

- Developed contracts to guide deliverables for Capacity Development Assistance at Public Water and Wastewater Systems in New Mexico
- <https://www.env.nm.gov/dwb/assistance/CapacityAssistanceContracts.htm>

□ Asset Management

- Created a simple, uniform asset management plan to be used across agencies
- <https://www.env.nm.gov/WIT/documents/AssetManagementHandout.pdf>

□ Local Government Funding Source Guide

- Worked with DFA on updating The Complete Catalog of Local Assistance Programs to all funding mechanisms for projects in New Mexico
- <http://nmdfa.state.nm.us/uploads/FileLinks/6583a4770de841daa2d07b9e130326e7/The Complete Catalog of Local Assistance Programs 5 13 16.pdf>



WIT Initiatives - 2014

15

- Created the Water Infrastructure Team's Website to share information:
 - Free webinars
 - e-trainings
 - Articles
 - Value of Water Campaign materials
 - Resources benefitting water systems (small and large) and those who serve them
 - Water Infrastructure Needs Survey



WIT Initiatives - 2014

16

- Water Infrastructure Needs Survey Sent
 - Consultants
 - Council Of Governments
 - Engineering firms
 - Legislators
 - Lobbyists
 - Municipalities
 - Mutual Domestic
 - NM Municipal League
 - NM Association of Counties
 - Other state and federal agencies



WIT Initiatives - 2015

17

□ The Value of Water Campaign


- Leverages materials from The Value of Water organization to fully utilize limited NM resources while messaging the true cost of water and wastewater infrastructure to ensure, foster, and protect New Mexicans.

- Partnered with ABCWUA to have campaign images rotate on digital outdoor billboards at 7 locations:
 1. May:
 - Estimated number of people 25+ reached: 27,225
 - Estimated times they saw a spot: 2.9
 2. June:
 - Estimated number of people 25+ reached: 56,148
 - Estimated times they saw a spot: 2.6



WIT Initiatives - 2015

18



WHAT'S THE VALUE OF WATER?

#ValueWater


Learn how water works for you. Visit TheValueofWater.org.

NMED
New Mexico Environment Department

Albuquerque Bernalillo County
Water Utility Authority

Value of Water
COALITION

Presented in cooperation with the Value of Water Coalition



WHAT'S THE VALUE OF WATER?

#ValueWater

Learn how water works for you. Visit TheValueofWater.org.

NMED
New Mexico Environment Department

Albuquerque Bernalillo County
Water Utility Authority

Value of Water
COALITION

Presented in cooperation with the Value of Water Coalition



Value of Water Campaign

19

- WIT acknowledges the challenges of spreading messaging to rural communities. To date information has been shared with:
 - Infrastructure Finance Conference Members
 - NM Rural Water Association Members
 - Navajo Dam Domestic Water Users Association
 - Hollywood Ranch Water Association
 - Doña Ana Mutual Domestic Water Consumers Association
 - Ensenada MDWCA
 - Asociación de Agua De Los Brazos MDWCA

- Materials and resources are shared with all WIT members and the team's distribution list to share with their communities, members, and/or clients.



WIT Initiatives - 2016

20

□ Focused on Funding

- ▣ Annual Needs Survey was accessible online
- ▣ Funding subgroup met to vet all projects and discuss projects which could potentially qualify for respective funding (NMED, NMFA, IAD, USDA)
- ▣ Responded to applicants with information on funds they may qualify for, deadlines for application, and contact information for all 115 vetted projects



WIT Initiatives - 2016

21

Thank you for participating in the 2016 Water Infrastructure Needs survey. The Funding Group has looked over the information submitted and wanted to make you aware that your project may qualify for the below funding mechanisms.

Please reach out directly to the agency, department, or authority that manages the respective funding mechanism for more information on application process or with questions on eligibility. Please note the application submission periods for each program.

12/1/2016- 1/13/2017 [Colonias Infrastructure Board](mailto:colonias@nmfa.net) colonias@nmfa.net

12/1/2016- 1/13/2017 [Public Project Revolving Loan Fund \(PPRF\)](#) find a [Lending Officer](#) for your area

12/1/2016- 3/31/2017 [Community Development Block Grant \(CDBG\)](#) (505) 827-4985

1/6/201/- 2/3/2017 [Tribal Infrastructure Fund \(TIF\)](#) (505) 476-1600

March – April 2017 [Clean Water State Revolving Loan Fund \(CWSRF\)](#) NMENV-cpbinfo@state.nm.us

September 2017 [Water Trust Board](#) WTBAAdmin@nmfa.net

Year Round

[Drinking Water State Revolving Loan Fund \(DWSRF\)](#) find a [Community Services Member](#) for your area

[Rural Infrastructure Program \(RIP\)](#) NMENV-cpbinfo@state.nm.us

[United States Department of Agriculture \(USDA\) Water & Wastewater](#) CPAssist@nm.usda.gov



WIT Initiatives - 2017

22

- Annual Needs Survey was sent and responses have been emailed to all entities who responded to the survey.

- Research best practices from other states on collaboration between funding sources
 - Montana
 - Arkansas

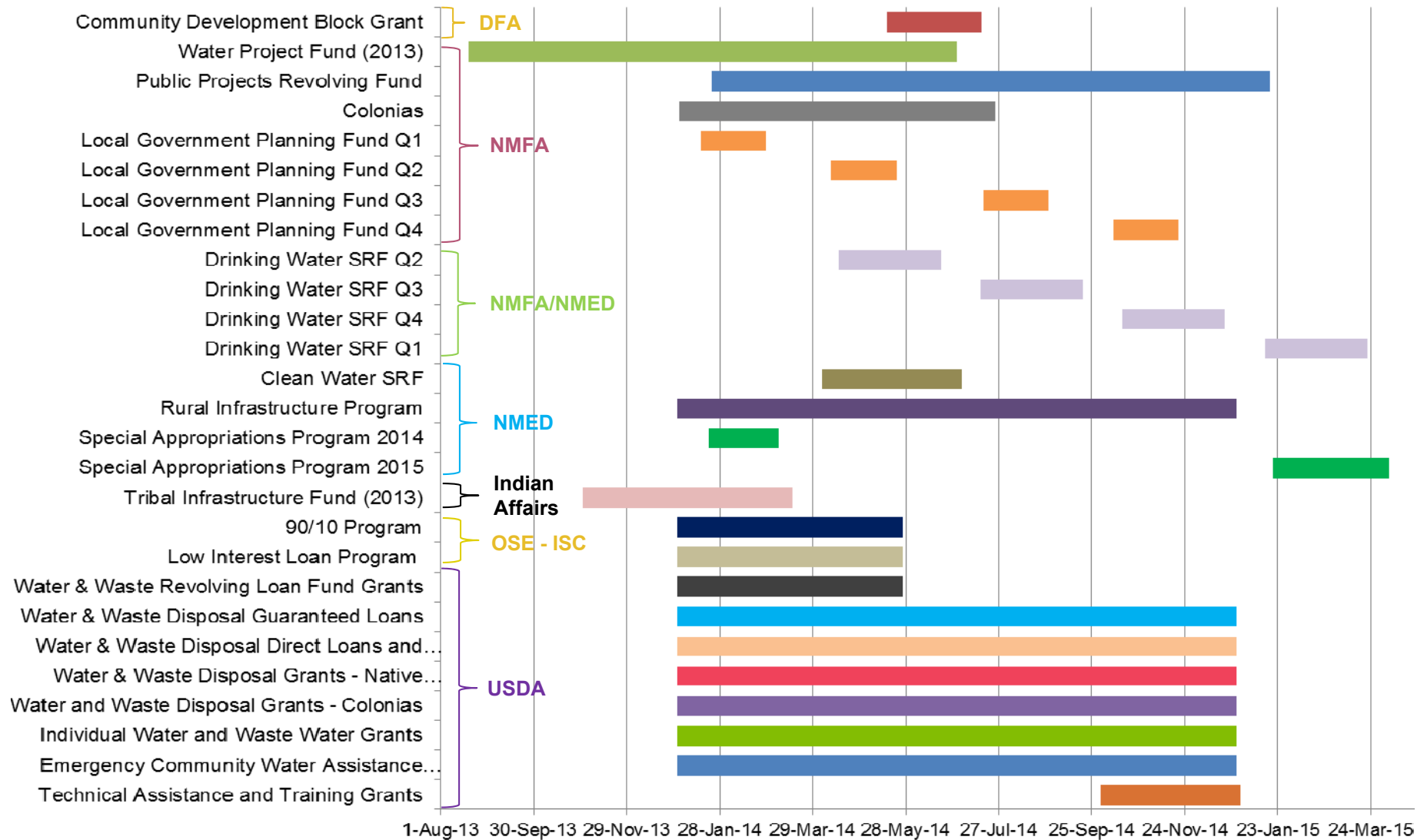


Water Funding Mechanisms Timeline

2014

23

Note: Timeline reflects duration between availability of application and decision date. It does not reflect when funds are distributed.



Going Forward

24

- The Water Infrastructure Team will continue to reach out in every way possible to help communities access fair funding for their water infrastructure needs by:
 - collaborating with stakeholders
 - being transparent with information
 - working together to have meaningful dialogue



25

Questions?

Michaelene Kyrala

Policy Director

Michaelene.kyrala@state.nm.us

505.412.0960