



NEW MEXICO
FINANCE AUTHORITY

**Recommendation to the
New Mexico Finance Authority Oversight Committee**

2026 Water Trust Board Funding Cycle Authorization List

AJ Forte, NMML Executive Director, WTB Vice Chair
Marquita D. Russel, NMFA CEO, WTB Member

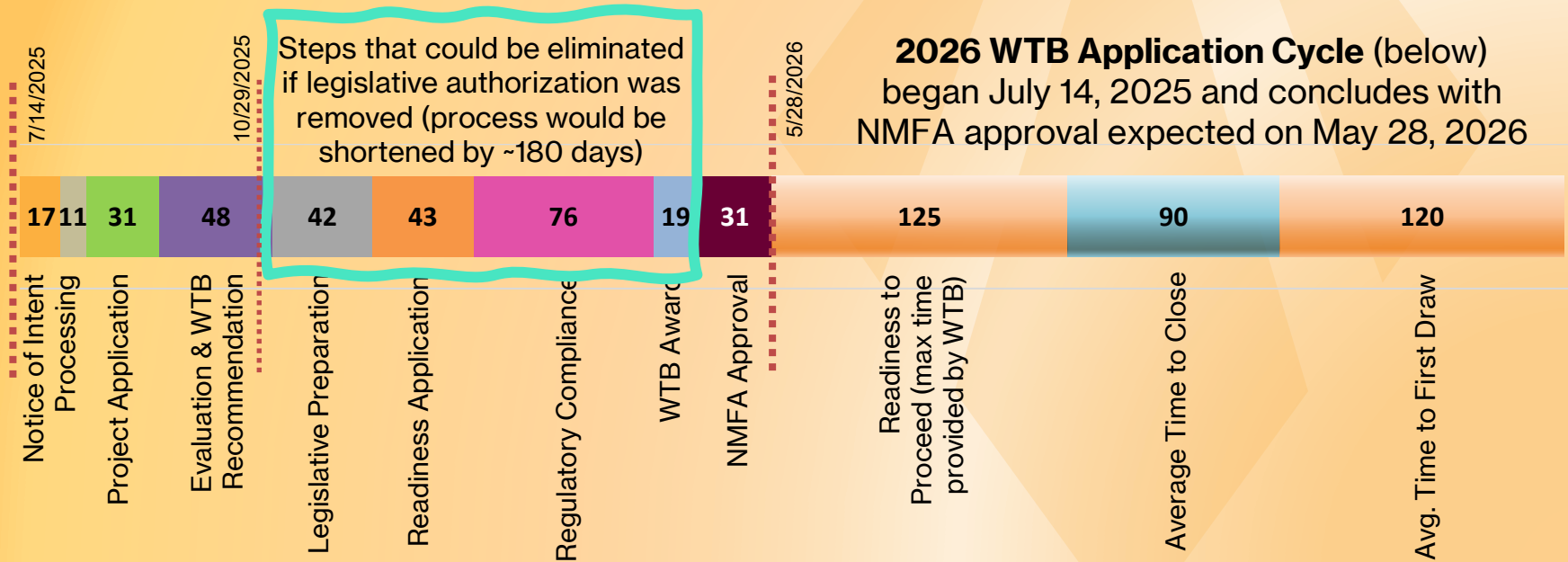
November 3, 2025

- ❑ **Elizabeth Anderson, Chair**, NM State Engineer
 - ❑ **A.J. Forte, Vice Chair**, NM Municipal League
 - ❑ **Michael Sloane, Secretary**, NM Dept. of Game & Fish
 - ❑ **Mark Thompson, Treasurer**, Indian Affairs Dept. Appointee
 - ❑ **Greg Alpers**, Irrigation/Conservancy District - Surface Water
 - ❑ **Joy Esparsen**, New Mexico Counties
 - ❑ **Melanie A. Kenderdine**, Energy, Minerals & Natural Resources
 - ❑ **James Kenney**, NM Environment Dept
 - ❑ **Priscilla Lucero**, Environmental Community Representative
 - ❑ **Timothy McGinn**, Irrigation/Conservancy District – Ground Water
 - ❑ **Dr. Buu Nygren**, President of the Navajo Nation
 - ❑ **Wayne Propst**, NM Dept of Finance & Administration
 - ❑ **Marquita Russel**, NM Finance Authority
 - ❑ **Brent Van Dyke**, Soil & Water Conservation District
 - ❑ **Jeff Witte**, Department of Agriculture
 - ❑ Vacant, Acequia Water Users
- ◆ Created in 2001. NMFA serves as staff to the 16-member board and administers the Water Project Fund
 - ◆ Board's duties are to authorize NMFA to make loans and grants to six types of water projects: 1) Storage, conveyance or delivery of water to end users; 2) Federal Endangered Species Act implementation projects; 3) Restoration and management of watersheds; 4) Flood prevention; 5) Water conservation or recycling, treatment or reuse of water; and 6) Wastewater Projects
 - ◆ The Act created two funds:
 - ❑ Water Trust Fund, an SIC-managed permanent fund, that makes annual distributions to the Water Project Fund
 - ❑ Water Project Fund, created in the NMFA, which is used to make grants and loans recommended by the Water Trust Board and authorized by the Legislature.
 - The Water Project Fund receives annual distributions from the Water Trust Fund and a net 8.1% earmark of senior severance tax bonds
 - ◆ In 2024, HB 211 authorized NFMA to use Water Project Funds to hire contractors to provide technical assistance and capacity development. The WTB and NMFA have approved two uses of these fund: 1) facilitation of regionalization and 2) small-system planning

- ❑ The annual WTB application cycle operates in the same manner and by the same personnel that operates the Colonias Infrastructure Team, with policy and application procedures reviewed and refined annually.
- ❑ The annual application cycle has multiple phases that typically occurs over 18-24:
 - ❑ Notice of Intent - which allows NMFA to gauge volume of applications (key for estimating the number of days needed for applicant presentations) and provides access to the on-line application.
 - ❑ Project Application – used by evaluation team to vet and prioritize applications
 - ❑ Legislative Authorization – typically begins 2-3 months after the Water Trust Board makes its recommendation and lasts 30 or 60 days
 - ❑ Readiness Application – begins approximately one month after the Water Trust Board makes its recommendation to the Legislature and lasts an average of 6 weeks
 - ❑ Regulatory Compliance – provides applicants an opportunity to update project information that may have changed since application was submitted and allows agencies to determine regulatory/policy compliance
 - ❑ Water Trust Board Award – made in order applications were prioritized in the fall, bypassing projects only for regulatory/policy non-compliance and lack of funding
 - ❑ NMFA Approval – final terms of grants and loans recommended by the WTB and authorized by the Legislature
 - ❑ Readiness to Proceed – clients have approximately 4 months to submit all conditions of closing
 - ❑ Closing – typically occurs within 3 months of meeting Readiness to Proceed
 - ❑ First draw typically occurs within 120 days of closing

Prior to the 2017 application cycle, applications were either not fully vetted and/or prioritized before legislative authorization. In many years, all complete applications from qualified entities for qualified projects were presented for legislative authorization without complete vetting.

Full vetting of applications prior to the NMFA Oversight Committee Meeting endorsement consideration requires that the application start date occur approximately 3 ½ months before the last NMFA Oversight Committee Meeting.



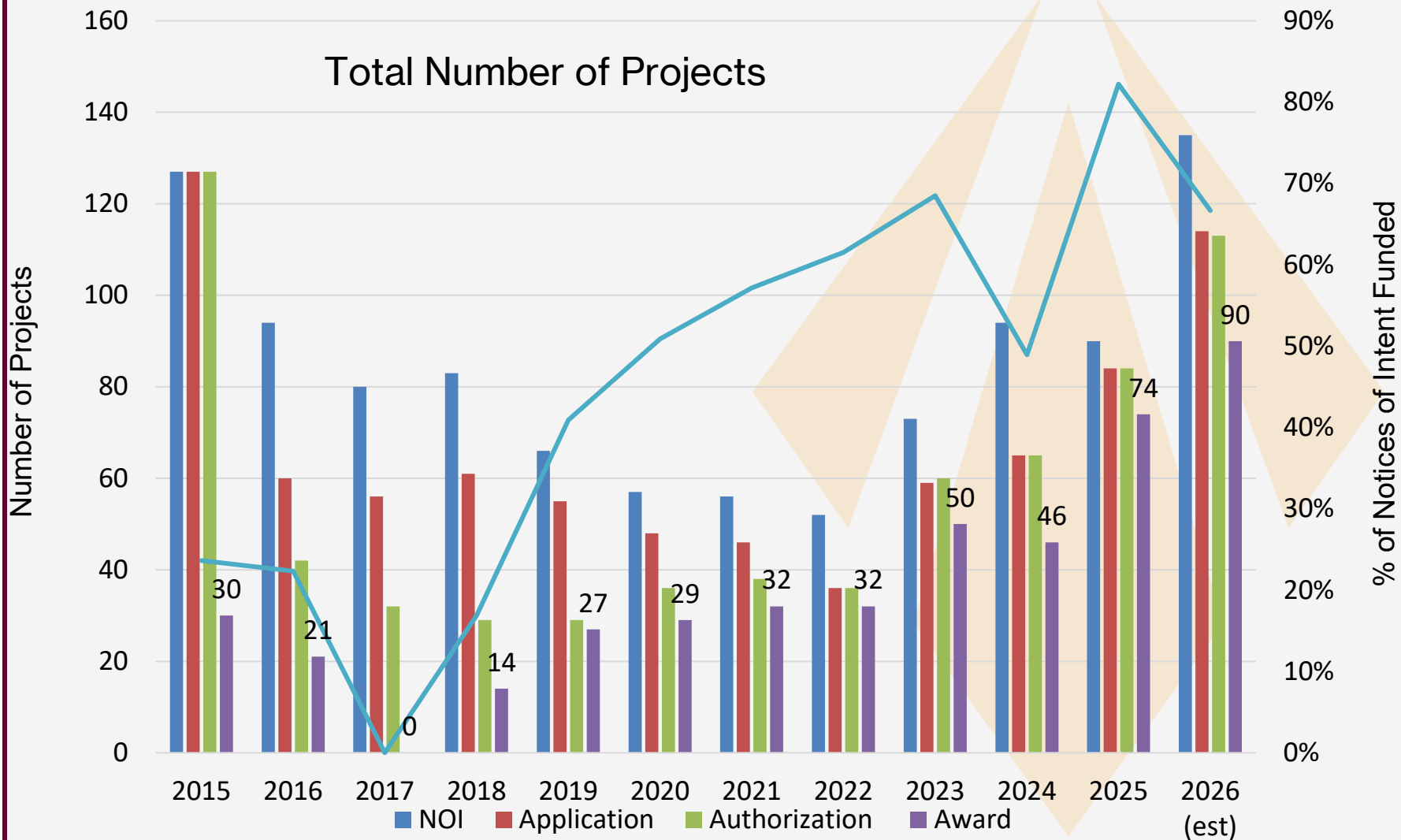
- ❑ Primary responsibility of the Water Trust Board is to recommend projects for funding to the Legislature and the NMFA
- ❑ Since the 2017 application cycle, the WTB has relied upon comprehensive policies and evaluation criteria to prioritize project applications and set conditions for funding
- ❑ A six-agency Project Management Team evaluates applications and recommends prioritization to the WTB
 - ❑ Watershed projects reviewed by ENMRD, NMED, and Dept. of Agriculture – scores averaged
 - ❑ All others evaluated by NMED or NMFA
 - ❑ Evidence of appropriate planning required for all design and/or construction projects
- ❑ Funding recommendations made in priority order by project type within WTB Policy Targets

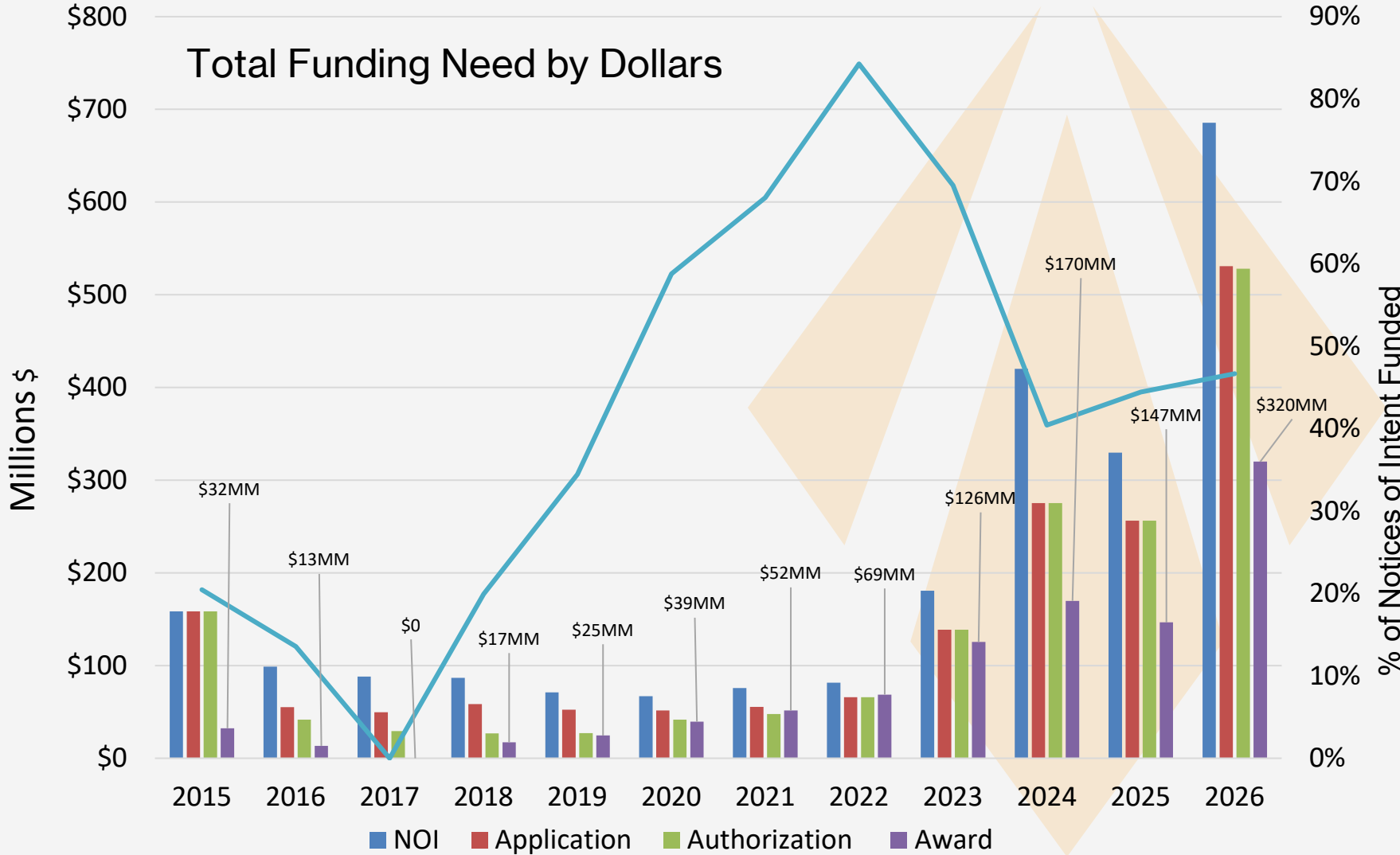
	Policy Target	2023	2024	2025
Conservation, Treatment, Reuse	15% - 30%	10%	18%	9%
Flood Prevention	Up to 10%	10%	7%	12%
Storage, Delivery, Conveyance	50% - 75%	75%	75%	78%
Watershed Restoration & Mgmt	Up to 5% (from 10 - 20%)	5%	1%	1%
Wastewater Collection and Treatment	15% - 30%	n/a	n/a	n/a
Endangered Species Act	Up to 5%	0%	0%	0%
Authorizations as a % of Expected Funding		121%	207%	157%

- ◆ NMFA Operates the Water Trust Board primarily from a team of three highly experienced professionals that also oversee the activities of the Colonias Infrastructure Board and funding of the Colonias Infrastructure Project Fund
 - Process not designed for the level of activity experienced over the past three years
 - Legislative authorization of Water Trust Board projects constrains the capacity of the team

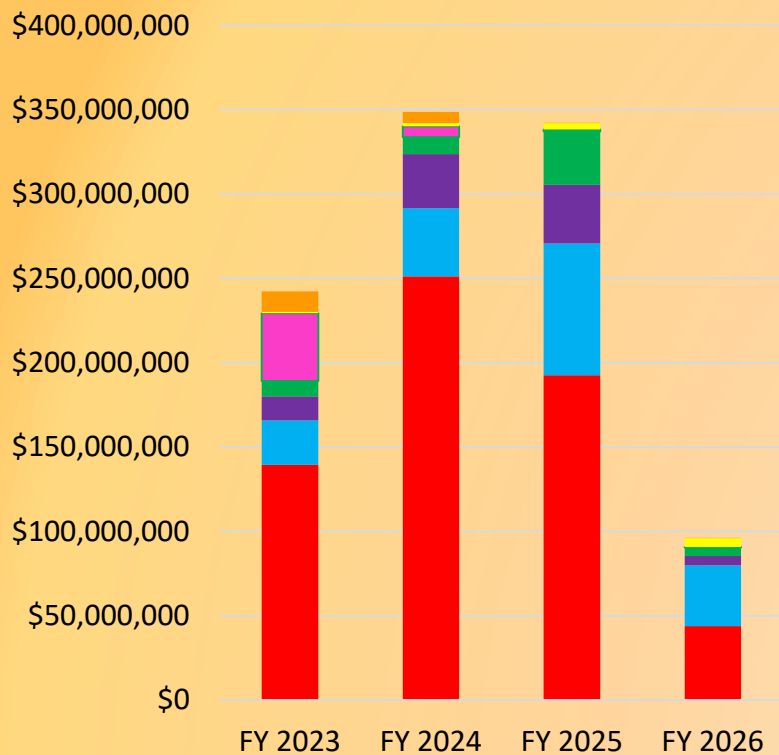
- ◆ In addition to collecting readiness to proceed and coordinating the closing, NMFA staff oversee the completion of the construction project with assistance from a technical contractor, historically NMED's Construction Program and more recently from ERG Engineering. Project oversight includes:
 - Determination of adequacy of plans and specs
 - Budget review and management
 - Change Order review and approval
 - Construction Oversight
 - Review of Quarterly Reports
 - Site visits from newly recreated NMFA Project Oversight Team (headed by Donnie Quintana) for projects not meeting identified milestones

Funding Availability and Need

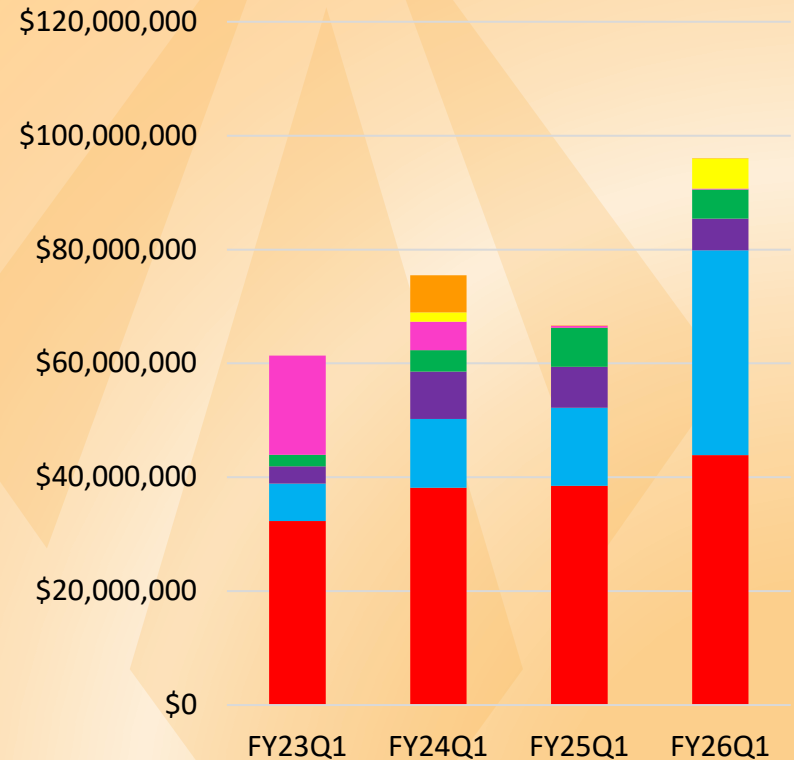




Disbursements by Program
By Fiscal year



Disbursements by Program
By FY Quarter



■ PPRF
 ■ WTB
 ■ Colonias
 ■ Drinking Water
 ■ Recovery
 ■ Private
 ■ Child Care

2026 Legislative Priority List Recommended to the Legislature

◆ Expected Funding Availability for the 2026 Applications

❑ Expected STB	\$168,600,000
❑ 2026 WTF Distribution	\$4,400,000
❑ OAC less 2%	\$(3,372,000)
❑ OSE adjudication	<u>\$(4,000,000)</u>
❑ Net STB and WTF Distribution	\$165,628,000
❑ Extraordinary Appropriation (HB2-2025) Balance	<u>\$152,181,680</u>
Estimated Available for Award	\$317,809,680

◆ For the FY2026 application cycle, 114 applications totaling \$525 million were received, approximately \$200 million more than available funding. All but one project recommended:

	Applied		Recommended	
❑ Water Conservation	3	\$19,480,000	3	\$19,480,000
❑ Flood Prevention	8	23,891,527	8	23,891,527
❑ Water Storage	64	259,380,772	63	256,528,533
❑ Wastewater	33	218,040,924	33	218,040,924
❑ Watershed	6	4,285,000	6	4,285,000
Total	114	\$525,078,223	113	\$522,226,04

Phase I: Project Prioritization and Legislative Authorization

Notice of Intent	July 14 - 31, 2025
Project Application Training	August 5, 2025
Project Application Open	August 11 - September 11, 2025
Consideration of Policy Waivers	October 1, 2025
Applicant Project Presentations	October 1 - 2, 2025
WTB Recommendations for Legislative Authorization	October 29, 2025
<i>NMFA OC Meeting to Consider Project Endorsement</i>	<i>November 3, 2025</i>

Phase II: Readiness and Selection

Readiness Application Training	December 8, 2025
Readiness Application Open	December 10, 2025 - January 22, 2026
Consideration of Regulatory Compliance Waivers	April 2, 2026
WTB Funding Recommendations to NMFA	April 26, 2026

Phase III: Securing Funding

NMFA Funding Awards	May 28, 2026
2026 WTB Awardees Training	June 3, 2026
Readiness to Proceed Deadline	September 20, 2026



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New Location!
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