

2017 Water Trust Board Report

Presentation to the
New Mexico Finance Authority
Oversight Committee

State Engineer Tom Blaine, Water Trust Board Chairman
Marquita Russel, NMFA Chief of Programs

November 1, 2017

Historical Look at WTB Funding

- ▶ For the first five years of its existence, the Water Trust Board operated as an extension of the capital outlay
 - Funds delivered solely as grants
 - Process did not require any concrete signs of readiness as a condition of approval
- ▶ Early in its history, the Water Trust Board attempted to “spread the wealth” and did not focus on fully funding projects, thus delaying the implementation of many early projects
- ▶ In November 2007, the Water Trust Board established the first set of policies which provided applicant and readiness thresholds
- ▶ Policies were amended in 2015 to increase readiness standards



Water Trust Board Activities

The 2015 amendments required that projects be fully evaluated prior to recommending projects to the Legislature. Additionally, the amended policies:

- Streamlined the format of the policies
- Provided category specific application requirements and evaluation criteria
- Eliminated requirements deemed onerous, duplicative, or too broad to ensure consistent implementation
- Focused on elements of project benefits
- Increased access to the Fund, particularly for small, economically disadvantaged communities
- Increased transparency
- Increased spending requirements and reduced time to expend funds



Overview of WTB Evaluation Criteria

- ▶ Under Board-established criteria, health and safety factors constitute 50% of the evaluation criteria and the remainder is 40% from statutory direction and 10% from the State Water Plan

<u>Criterion</u>	<u>Weight</u>	<u>Direction</u>
◦ Urgent for ISC-accepted Plan	5%	Statutory
◦ Local Contribution	15%	Statutory
◦ Readiness	10%	Statutory
◦ Regionalization	10%	State Water Plan
◦ Health and Safety	25%	Health & Safety
◦ Planning/Design	10%	Statutory
◦ Emergency	25%	Health & Safety



Board Focus on Expenditures

- ▶ Since 2007, the Water Trust Board has required applicants to expend a minimum amount of funds prior to being awarded new funds
- ▶ The Water Trust Board amended its policies in 2016 to require that applicants expend a minimum amount of prior awarded funds before it can be recommended to the Legislature for a new award

	Preliminary Target <i>Project Application</i>	Final Target <i>Readiness Application</i>
State Sponsored Regional Infrastructure Projects	35%	50%
Regional Water Association Projects	60%	80%
All Other Projects	70%	95%

The calculation excludes funds awarded as part of the most recent application cycle



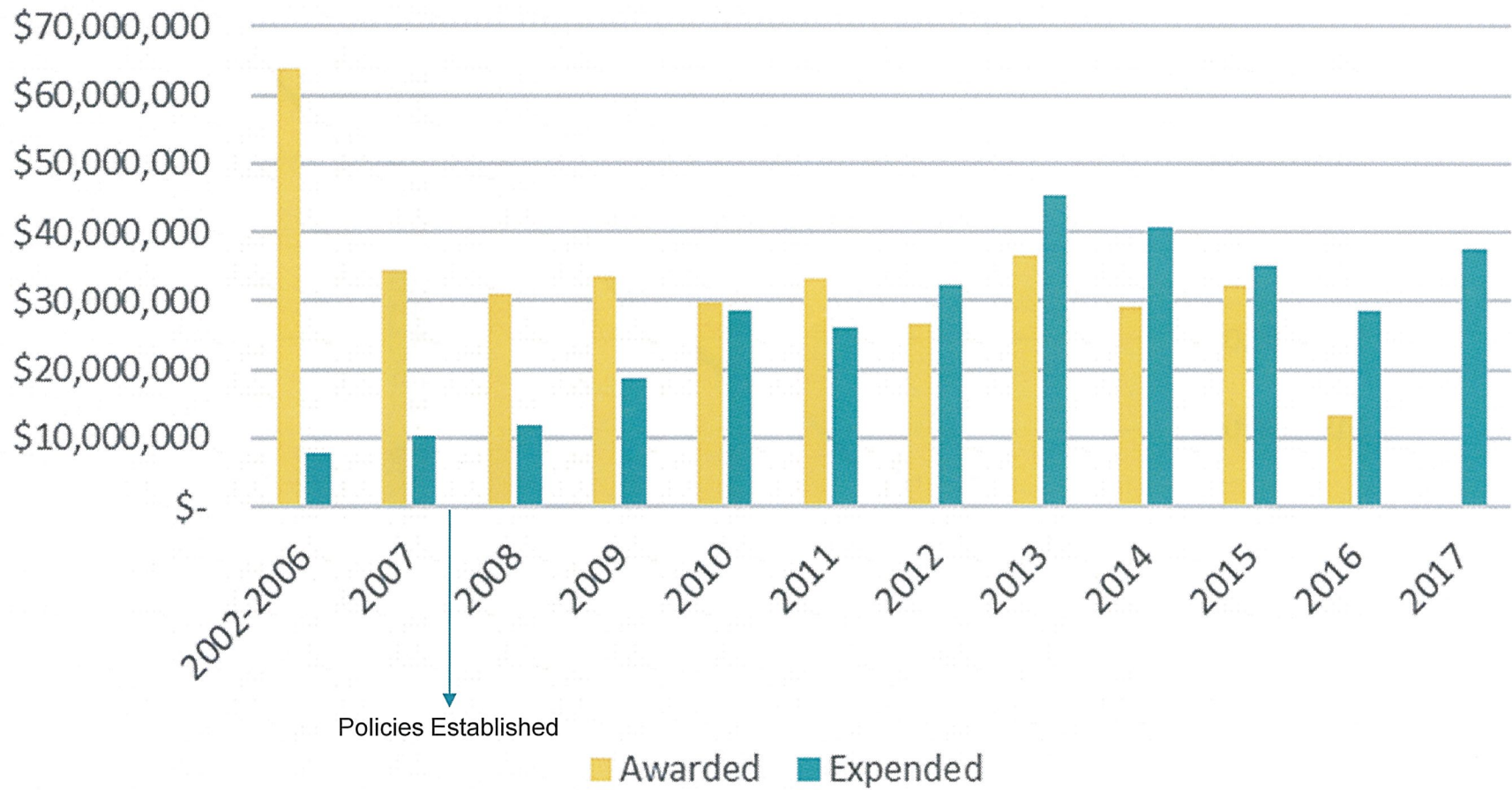
WTB Award History

Fiscal Year	Annual		Aggregate	
	Awarded	Expended	Awarded	Expended
2002-2006	\$ 63,915,407	\$ 7,825,782	\$ 63,915,407	\$ 7,825,782
2007	\$ 34,597,680	\$ 10,265,454	\$ 98,513,087	\$ 18,091,236
2008	\$ 31,178,611	\$ 11,894,198	\$ 129,691,698	\$ 29,985,434
2009	\$ 33,664,530	\$ 18,496,118	\$ 163,356,228	\$ 48,481,552
2010	\$ 29,695,268	\$ 28,520,222	\$ 193,051,496	\$ 77,001,774
2011	\$ 33,243,844	\$ 26,153,353	\$ 226,295,341	\$ 103,155,127
2012	\$ 26,795,507	\$ 32,257,819	\$ 253,090,847	\$ 135,412,946
2013	\$ 36,571,680	\$ 45,339,931	\$ 289,662,527	\$ 180,752,877
2014	\$ 29,318,195	\$ 40,619,643	\$ 318,980,722	\$ 221,372,520
2015	\$ 32,401,574	\$ 35,028,103	\$ 351,382,296	\$ 256,400,623
2016	\$ 13,407,324	\$ 28,590,745	\$ 364,789,620	\$ 284,991,368
2017	\$ -	\$ 37,553,662	\$ 364,789,620	\$ 322,545,030
Total	\$ 364,789,620	\$ 322,545,030	303 of 350 Projects Completed (87%)	

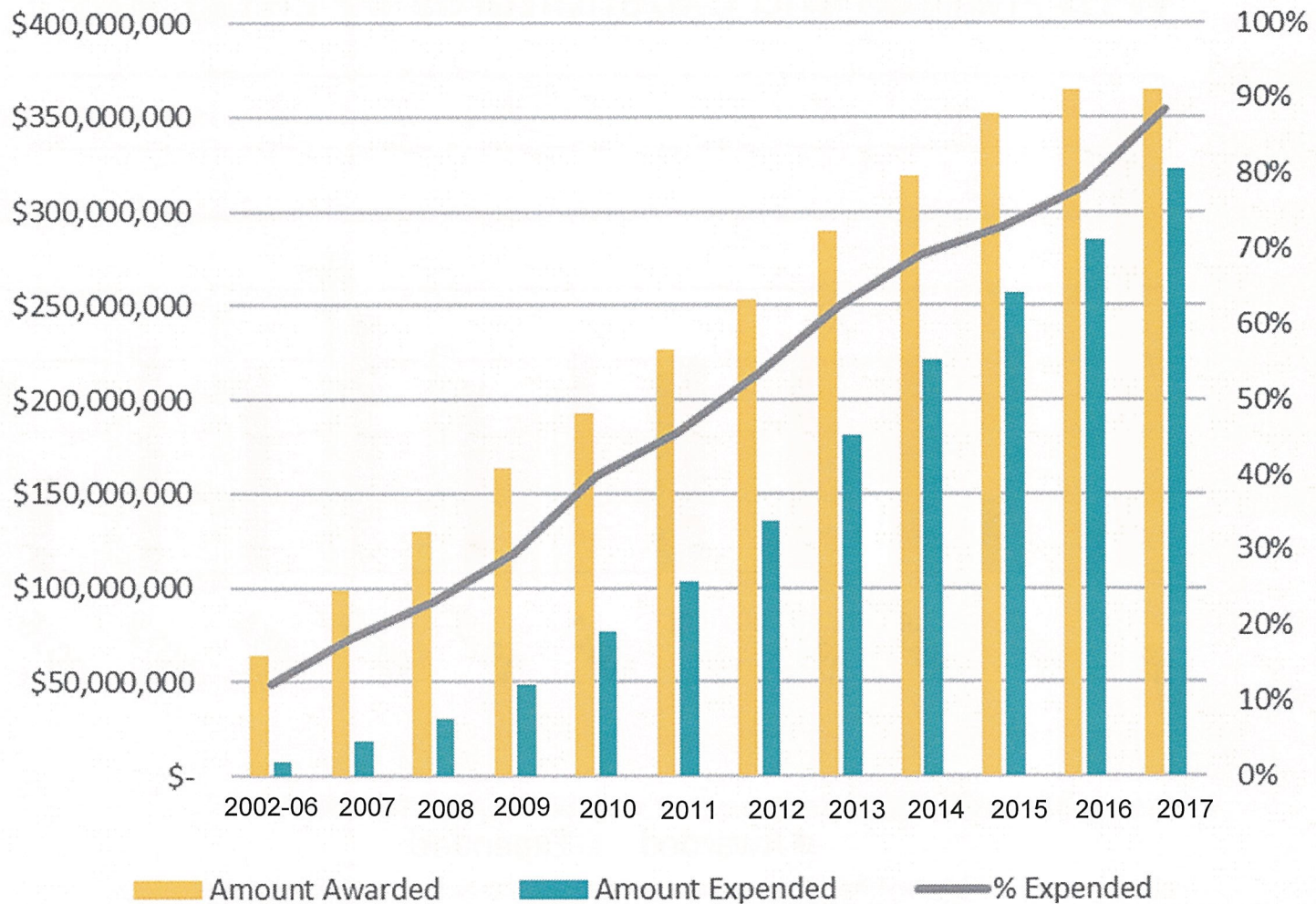
In 2017, the Severance Tax Bonds appropriated to the Water Project Fund were redirected to the State for solvency



WTB Awards and Expenditures by Fiscal Year



Closing the Gap



Pace of Expenditures



2018 Application Cycle

- ▶ 83 Notices of Intent to File an Application were received
- ▶ 73 applications totaling more than \$72.4 million were ultimately filed:
 - three were deemed ineligible
 - two were deemed incomplete due to non-submission of required planning documents
- ▶ Five applications did not meet the policy requirements for expenditures and their waivers were not approved by the WTB
- ▶ 63 projects will be evaluated by a seven agency team and presented to the WTB at its November 29, 2017 meeting
- ▶ A final list of projects to be recommended to the Legislature will be presented to the NMFA Oversight Committee at its December 1st meeting



2018 WTB Application Timeline

Activity	Action	Timeline
Applicant Training	Training on policies and new application system	August 3 – September 20, 2017
Notice of Intent to Apply Due	Applicant's Notice of Intent to File a Project Application	August 7th – August 28, 2017
Project Application	Project Application	September 6 – October 3, 2017
<i>Deadline for Preliminary Expenditure of Money</i>	<i>Section 2.1 of WTB Project Management Policies Requires applicants expend a minimum amount of funds prior to being recommended to the Legislature for authorization</i>	<i>October 3, 2017</i>
Application Evaluations	Technical Evaluation of Applications	October 16 – November 3, 2017
Water Trust Board Meeting	Applicant Presentations	October 24, 2017
Water Trust Board Meeting	Approval of Projects recommended for Legislative Authorization; Notice to Applicants moving forward to Readiness Application	November 29, 2017
NMFA Oversight Committee Meeting	Projects Recommended to Legislature For Authorization	December 1, 2017
Readiness Application	For projects recommended for Legislative Authorization	December 13, 2017-January 28, 2018
2018 Legislative Session		January 16 - February 15, 2018
Governor's Deadline to Enact Legislation		March 7, 2018
Compliance Certifications Due	Regulatory Agencies to provide compliance certification to NMFA	February 23, 2018
Non-Compliance Notifications	Applicants Notified of Non-Compliance items (pass/fail)	February 27, 2018
Final Compliance Certifications/Waiver Request	Submission of waiver requests to the Project Management policies and/or regulatory compliance	March 15, 2018
Water Trust Board Meeting	Policy Waiver Determinations	April 11, 2018
Water Trust Board Meeting	Final Funding Recommendations	May 9, 2018
NMFA Meeting	Final Approval of Water Trust Board awards	May 24, 2018

