

Water Trust Board
2016 Application Cycle
Recommended Projects List

Presentation to the
New Mexico Finance Authority
Oversight Committee

January 14, 2016

Project Management Policies

- ▶ WTB guided by comprehensive Project Management Policies established in 2007
- ▶ In 2013, the WTB changed its rules and policies to:
 - eliminate scoring on applicant governance which tended to favor larger systems
 - increase evidence of project readiness and governance
 - asset management plans over two years
 - regulatory compliance (pass/fail)
 - mandatory planning documents
 - give applicants more time to complete applications
- ▶ End result was presentation of comprehensive project list to Legislature rather than evaluated list of projects



Streamlined Program for 2016 Applicants

- ▶ Amended rules were finalized April 30, 2015 to provide for projects to be evaluated prior to recommending projects to the Legislature
- ▶ In October 2015, the Water Trust Board approved significant policies revisions which:
 - ▶ streamlined the format of the policies
 - ▶ provided category specific requirements
 - ▶ eliminated requirements deemed onerous, duplicative, or too broad to ensure consistent implementation
 - ▶ focused on elements of project benefits
 - ▶ Increased transparency by including criteria and loan structuring practices in policies, rather than in separately adopted documents



Policy Development: Public Comment

- ▶ Public comment solicited in fall of 2014, prior to work on policy amendments
- ▶ WTB established task forces to develop category-specific policies
- ▶ Public comment was solicited again in late summer 2015
 - the first time ever that public was offered the opportunity to comment on evaluation criteria
 - Public given four weeks to provide comments
- ▶ 21 sets of comments submitted from various technical agencies, prior awardees, consultants and other interested parties. The majority of the comments suggested clarifying language which was incorporated into final policies



Project Evaluation Criteria

- ▶ Based upon statutory direction, all projects scored on three elements:
- ▶ Meeting the Needs of an ISC-Accepted Regional Water Plan (5 points, scored by ISC)
- ▶ Local contribution (15 points, scored by NMFA)
 - Contributes hard match in excess of minimum required by greater than 30%
- ▶ Readiness (15 points)
 - Project is ready to proceed (other funding secured and all permits, licenses and authorizations are in place)



Additional Flood Prevention Criteria

- ▶ Regionalization (15 points, scored by OSE/NMED)
 - Maximum points give to projects that mitigates flood damage to an area that represents >80% of the population
- ▶ Health and Safety (20 points, scored by OSE/NMED)
 - Maximum points given to projects that specifically addresses imminent or existing catastrophic floods and threats to human health and safety
- ▶ Plan & Design (10 points, scored by OSE/NMED)
 - Maximum points given to projects where design concept is substantively complete, that set forth clear methodology for project selection and design, set forth clear objectives in an overall framework of infrastructure improvement, and incorporate water saving technologies
- ▶ Economic Protection and/or Benefit (20 pts, scored by OSE/NMED)
 - Maximum points given to projects specifically addressing imminent or existing catastrophic conditions related to flooding that threaten economic vitality of an area



Additional Watershed Criteria

- ▶ Regionalization (15 points, scored by 4 agencies)
 - Maximum points given to a “substantial watershed restoration that is incorporated into a completed watershed, ecosystem restoration (include non-native Phreatophyte and other ecosystem restoration projects), forest health or community wildfire project plan. The project is considered a priority in the watershed, ecosystem restoration, forest health or community wildfire protection plan. The project will complete current or planned priority projects across the landscape.”

- ▶ Health and Safety (20 points, scored by 4 agencies)
 - Maximum points given if the overall purpose of the project is to protect public health by mitigation of catastrophic fire and its threat to public and firefighter safety and damage to property or rehabilitate post-fire damage. Project proposals should consider all elements required to implement treatments on the ground, which includes conducting all consultations needed to complete plans and assessments.



Additional Watershed Criteria (cont)

- ▶ Plan & Design (10 points, scored by 4 agencies)
 - Maximum points if there is a clear description of existing condition and associated problem. Project design concept is substantively complete, sets forth clear methodology for project selection and design, sets forth a clear description of how the project will improve the existing conditions and provides measurable results
- ▶ Attention to Wildlife & Environmental Compatibility (10 pts)
 - Maximum points if project improves watershed ecosystem, including wildlife habitat (especially for threatened and endangered species), soil health and range or forest condition.
- ▶ Water Quality Improvement (10 pts, scored by 4 agencies)
 - Maximum points if project improves water quality in streams identified as impaired by the State of New Mexico, or extent of water quality protection of high-value water bodies



Additional Water Conservation Criteria

- ▶ Regionalization (15 points, scored by NMED)
 - Maximum points if project provides "regionalization" of several smaller water systems and/or provides regional service which replaces individual well-septic systems. Applicant has collaborated with all adjacent governmental, municipal interests, sanitation districts, water associations, and/or private ownerships within five miles of current service area. Project incorporates an area >80% of the population within an area. Project proposes to "share" infrastructure or manpower, equipment, processes, etc. Project has multiple partners who have entered into a Joint Powers Agreement for the proposed project.

- ▶ Health and Safety (20 points, scored by NMED)
 - Maximum points if project specifically addresses identified threat(s) to human health and safety relative to water quantity where only a single source of water is available for drinking water



Additional Water Conservation Criteria (cont)

- ▶ Plan & Design (10 points, scored by NMED)
 - Maximum points if project design concept is substantively complete, sets forth clear methodology for project selection and design, set forth clear objectives in an overall framework of infrastructure improvement and incorporates water saving technologies

- ▶ Emergency (20 points, scored by NMED)
 - Maximum points if project specifically addresses imminent or existing catastrophic conditions related to water quality or quantity or cures severe violations related to water quality



Additional Water Storage Criteria

- ▶ Regionalization (15 points, scored by NMED)
 - Maximum points if project provides "regionalization" of several smaller water systems and/or provides regional service which replaces individual well-septic systems. Applicant has collaborated with all adjacent governmental, municipal interests, sanitation districts, water associations, and/or private ownerships within five miles of current service area. Project incorporates an area >80% of the population within an area. Project proposes to "share" infrastructure or manpower, equipment, processes, etc. Project has multiple partners who have entered into a Joint Powers Agreement for the proposed project.
- ▶ Health and Safety (20 points, scored by NMED)
 - Maximum points if project specifically addresses identified threat(s) to human health and safety relative to water-borne disease, Safe Drinking Water Act violations



Additional Water Storage Criteria (cont)

- ▶ Plan & Design (10 points, scored by NMED)
 - Maximum points if project design concept is substantively complete, sets forth clear methodology for project selection and design, set forth clear objectives in an overall framework of infrastructure improvement and incorporates water saving technologies

- ▶ Emergency (20 points, scored by NMED)
 - Maximum points if project specifically addresses imminent or existing catastrophic conditions related to water quality or quantity or cures severe violations related to water quality



Additional Endangered Species Act Criteria

- ▶ Regionalization (15 points, scored by 3 agencies)
 - Maximum points if the proposed project substantially impacts the potential impact on population recovery within the project area. The project is considered a priority within the Endangered Species Act Implementation Plan.
- ▶ Health and Safety (20 points, scored by 3 agencies)
 - Maximum points if project substantially benefits the targeted threatened or endangered species.



Additional Endangered Species Act Criteria (cont)

- ▶ Plan & Design (10 points, scored by 3 agencies)
 - Maximum points if there is a clear description of existing condition and associated problem. Project design concept is substantively complete, sets forth clear methodology for project selection and design, sets forth a clear description of how the project will improve the existing conditions and provides measurable results.
- ▶ Habitat Recovery (20 points, scored by 3 agencies)
 - Maximum points if project represents a substantial amount of habitat restored specific to the targeted species



Amended Policies: Highlights

- ▶ Clarified that Asset Management Plans are needed only from water systems and an additional year was given to complete the process
- ▶ Certain requirements were eliminated (written contractor job descriptions, operating procedures, cross-connection control programs and source water protection plans)
- ▶ Relevant Planning Documents were identified for each project category and exceptions made for replacements of existing infrastructure
- ▶ Recognize a new category of regional water board or authorities which incentivize merging of mutual domestics



Amended Policies: Highlights

- ▶ Policies eliminated debt capacity as an evaluation criteria
- ▶ Local Match Sliding Scale: policy revisions included consideration of Median Household Incomes (MHI) in addition to project category and funding request.
 - 2016 applicants average MHI was less than 90% of the State's MHI
 - MHI's ranged from 37% to 180% of the State's MHI
 - 1 applicant's local match dropped from 20% to no local match
 - 22 applicants saw their local matches decrease 10%
 - 18 applicants saw their local match drop by 5%
 - 19 applicants saw no change from prior policies
- ▶ Additionally, the policies allow for additional loans in lieu of the required match



2016 Application Cycle

- ▶ Applicants provided by category specific applications written to the criteria
- ▶ 94 Notices of Intent to File Application Submitted
- ▶ 77 Applications filed
 - 2 deemed not eligible
 - 7 deemed incomplete, largely due to non-existent, outdated or inadequate planning documents
 - 8 applications withdrawn
- ▶ 60 Applications reviewed by Project Management Team
- ▶ Representatives from 58 Applicants presented project to WTB at its December 2nd meeting



2016 Recommended Project List

- ▶ 2016 funding expected to total approximately \$22 million
- ▶ 42 applications totaling approximately \$42 million are being recommended
- ▶ Projects in top half of category recommended, plus additional projects where concerns about prior award spending exists
 - 13 applications in Water Conservation and Water Storage categories with requests totaling more than \$18 million preliminarily identified with potential prior award spend-down issues



2016 Recommended Project List

Project Category Type	<i>Applications Requested</i>			<i>Applications Recommended</i>		
	# of Apps	% of Amount	Total Requests	# (%) of Apps	% of Dollars	Total Amount
Flood Prevention	8	10.4%	\$ 5,696,350	5 (62.5%)	8.75%	\$3,644,500
Watershed Restoration and Management	6	5.6%	\$ 3,100,000	4 (66.7%)	5.28%	\$2,200,000
Water Conservation or Treatment, Recycling or Reuse	12	18.7%	\$ 10,267,716	10 (83.3%)	21.26%	\$8,853,596
Water Storage, Conveyance and Delivery	34	65.3%	\$ 35,951,575	23 (67.6%)	64.70%	\$26,936,912
TOTAL ELIGIBLE AND COMPLETE APPLICATIONS	60	100%	\$ 55,015,641	42 (70%)	75.68%	\$41,635,008



2015 WTB Application Timeline

Activity	Date & Time allotted
<i>NMFA Oversight Committee Considers Endorsement</i>	1/14/2016
Readiness Application for Applicants Recommended to Legislature	Jan 7-Feb 4 (~4 weeks)
<i>Legislative Session: Consider Authorization for Recommended Projects</i>	<i>Jan 19-Feb 18,</i>
Project Management Team: Regulatory Compliance Review	Feb 8 - Mar 4 (~4 weeks)
Notice of Regulatory Non-Compliance & Deadline to Submit Waiver Requests	Mar 5 - Mar 17 (~2 weeks)
Final Regulatory Compliance Certifications Due	3/18/2016
Project Management Team Meeting	4/4/2016
Review PMT Policy Waiver Recommendations	4/8/2016
Water Trust Board Meeting: Consider Policy Waivers	4/13/2016
WTB Approve 2016 Funding Recommendations & Certify Need for Bonds	5/11/2016
NMFA Board Meeting: Approve Final Grants and Loans	5/26/2016

