

2016 Water Trust Board Report

Presentation to the
New Mexico Finance Authority
Oversight Committee

May 23, 2016

Overview of 2016 Application Cycle

- ▶ 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



Overview 2016 Application Cycle

- ▶ Applicants provided category-specific applications written to the criteria
- ▶ 94 Notices of Intent to File Application Submitted
- ▶ 77 Applications totaling more than \$73 million were 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 - 7 deemed incomplete, largely due to non-existent, outdated or inadequate planning documents
 - 8 applications withdrawn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 their projects to WTB at its December 2nd meeting



Overview of 2016 Application Cycle

- ▶ On January 7, 2016 the WTB recommended to the Legislature 42 applications totaling approximately \$42 million
- ▶ Projects recommended were those in the top half of their respective project type categories, plus additional projects where concerns about prior award spending existed
 - At that time, 13 applications in Water Conservation and Water Storage categories with requests totaling more than \$18 million preliminarily identified with potential prior award expenditure issues
- ▶ On January 14, 2016 the NMFA Oversight Committee met to review the recommendations and unanimously endorsed the authorization legislation



Project Evaluation Criteria

- ▶ The recommendations were based upon statutory direction (72-4A-5 (A)) to the WTB to prioritize projects that:
 - “have been identified as being urgent to meeting the needs of a regional water planning area that has a completed regional water plan that has been accepted by the interstate stream commission”
 - “have matching contributions from federal or local funding sources available”
 - “have obtained all requisite state and federal permits and authorizations necessary to initiate the project”
- ▶ State Water Plan direction to fund regional projects; and
- ▶ Health and safety criteria relevant to each of the five authorized project types



Overview of 2016 Application Cycle

- ▶ Senate Bill 106 and House Bill 167 authorized the NMFA to make grants and loans to the recommended 42 projects. Both bills passed each chamber without amendment and were signed by Governor Martinez
- ▶ 41 of the 42 projects recommended to the legislature submitted Readiness Applications which gauged organization readiness and regulatory and WTB policy compliance.
 - Lower Arroyo Hondo withdrew its application



Overview of 2016 Application Cycle

- ▶ Five projects were ineligible for funding due to Executive Order compliance and/or excess prior year awards:
 - Village of Cimarron – Executive Order compliance (behind in its 2014 and 2015 audits)
 - Cuatro Villa MDWUA – Executive Order compliance (behind in its 2015 audit) and excess prior year awards (all of its 2014 and 2015 awards undrawn)
 - City of Carlsbad – Excess prior year awards (more than 50% of its 2014 award and all of its 2015 award undrawn)
 - Greater Glorieta MDWCA – Excess prior year awards (more than 50% of its 2012 award undrawn)
 - Town of Taos – Excess prior year awards (approximately 60% of its 2012 award undrawn)



2016 Recommended Project List

- ▶ Funding awarded in order prioritized, subject to policy guidelines and availability of funds
- ▶ 21 projects recommended; 1 project not recommended
- ▶ 14 projects not awarded due to insufficient funds

Section 2.2 Targeted annual Funding Percentage by Project Category	Percentage of Funding Set in Policy		Funding Recommended		Not Recommended	Insufficient Funds
	Min	Max				
Flood Prevention	Up to 10%	\$ -	\$ 1,340,732	\$ 1,137,000	8%	\$ 2,619,500
Watershed Restoration and Management	5% to 15%	\$ 670,500	\$ 2,011,099	\$ 1,800,000	13%	\$ 400,000
Water Conservation or Treatment, Recycling or Reuse	15% to 30%	\$ 2,011,099	\$ 4,022,197	\$ 3,209,996	24%	\$ 1,040,000
Water Storage, Conveyance and Deliver	50% to 75%	\$ 6,703,622	\$ 10,055,493	\$ 7,260,328	54%	\$ 9,602,496
Endangered Species Act Implementation	Up to 10%	\$ -	\$ 1,340,732	\$ -	0%	\$ -
TOTAL	70% to 140%	\$ 9,385,221	\$ 18,770,253	\$ 13,407,324	100%	\$ 1,040,000



Proposed* 2017 WTB Application Timeline

Activity	Action	Timeline	Deadlines for Nov. 2016 Recommendation
Water Trust Board Meeting	Vote on changes to policies and procedures prior to opening application cycle		July 6, 2016
Applicant Training	Training on policies and new application system	4 weeks	August 1, 2016
Notice of Intent to Apply Due	Applicant's Notice of Intent to File a Project Application	3 weeks	August 8th – August 26, 2016
Project Application	Project Application	4 weeks	September 6 – October 3, 2016
Application Evaluations	Technical Evaluation of Applications	4 weeks	October 12 – November 9, 2016
Water Trust Board Meeting	Project Presentations		November 2nd & 3rd
<i>Deadline for Preliminary Expenditure of Money</i>	Section 2.4 of the WTB Project Management Policies provides that applicants expend a minimum amount of funds prior to being awarded new funding. Staff recommends inserting a preliminary target that must be met in order to receive legislative authorization		<i>November 14th</i>
Water Trust Board Meeting	Approval of Projects recommended for Legislative Authorization; Notice to Applicants moving forward to Readiness Application		November 30, 2016
NMFA Oversight Committee Meeting	Legislature to Consider Authorization for Recommended Projects		To Be Determined
Readiness Application	Projects recommended for Legislative Authorization	6 weeks	December 15, 2016-January 26, 2017
2017 Legislative Session Governor's Deadline to Enact Legislation			January 17 - March 18, 2017 April 7, 2017
Compliance Certifications Due	Regulatory Agencies to provide compliance certification to NMFA	4 weeks	February 23, 2017
Non-Compliance Notifications	Applicants notified of non-compliance items (pass/fail)	3 weeks	February 27, 2017
Final Compliance Certifications/Waiver Request	Submission of waiver requests to the Project Management policies and/or regulatory compliance.		March 16, 2017
Water Trust Board Meeting	Policy Waiver Determinations		April 26, 2017
Water Trust Board Meeting	Final Funding Recommendations		May 10, 2017
NMFA Meeting	Final Approval of Water Trust Board awards		May 25, 2017

**scheduled and procedures recommended by NMFA, not yet approved by WTB*

