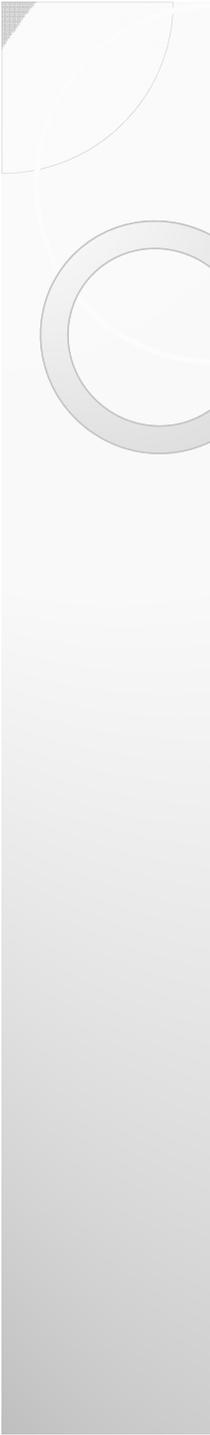




Water Trust Board

**New Mexico Finance Authority
Oversight Committee
October 6, 2010**

**Presented by Jana M. Amacher, Sr. Program Administrator
Marquita Russel, Chief of Programs
New Mexico Finance Authority**



The Water Trust Board

In 2001 the New Mexico State Legislature, through the Water Project Finance Act, created the diverse Water Trust Board.

Water project recommendations to the Legislature come from a consensus among this broad representation of interests on how best to address New Mexico's water needs into the future and how to best allocate precious resources.

The **Water Trust Board** is charged with:

- prioritizing projects for recommendation to the Legislature for financing from the Water Project Fund; and
- adopting rules and regulations governing the terms and conditions of grants or loans made from the Water Project Fund.

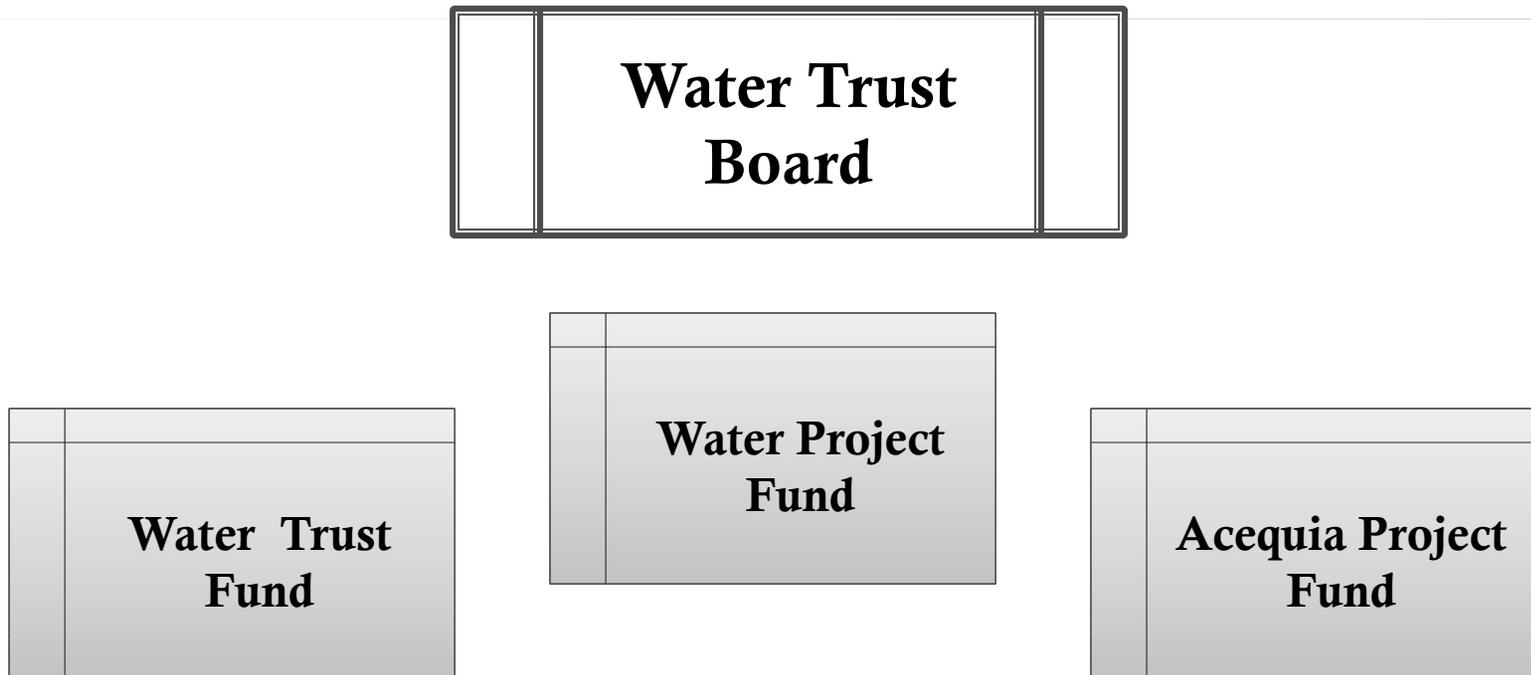
The Water Trust Board

The current membership:

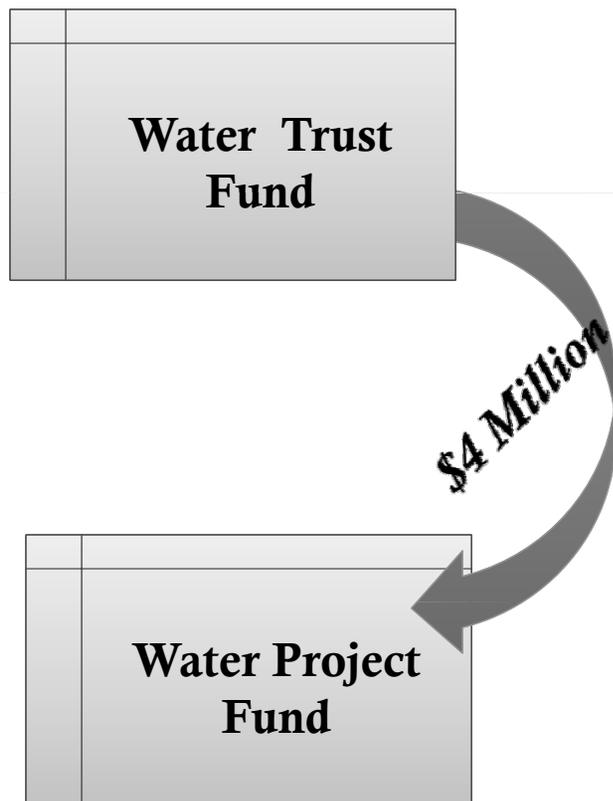
Name	Representing
John R. D'Antonio, Jr., <i>Chair</i>	State Engineer
Danette Burch	Department of Finance & Administration
William F. Fulginiti, <i>Vice Chair</i>	New Mexico Municipal League
Trudy Healy, <i>Treasurer</i>	Irrigation or Conservancy District, Surface Water
Denise Fort, <i>Secretary</i>	Environmental Community
Richard Luarkie	NM Commission on Indian Affairs
Preston Stone	Soil & Water Conservation Districts
Bill Sisneros	New Mexico Finance Authority
Dr. Joe Shirley, Jr.	Navajo Nation – Division of Natural Resources
Joseph David Ortiz	Acequia Water Users
I. Miley Gonzales	Department of Agriculture
S. Thomas Overstreet	Irrigation or Conservancy District, Ground Water
Paul Gutierrez	NM Association of Counties
Jim Noel	Department of Energy, Minerals & Natural Resources
Ron Curry	Department of Environment
Tod Stevenson	Department of Game and Fish

Financial Assistance

- Funding from the Water Trust Board is supported through the financial framework of these three funds for statewide water projects.



Financial Assistance



Water Trust Fund

- Held in the State Treasury
- Invested by the State Investment Officer
- Endowed with \$40 million in Spring 2006
- Fall 2006: the Water Trust Fund became a Permanent Fund
- Annual distribution of \$4 million into the Water Project Fund

Financial Assistance

The Water Project Fund:

- Created in the New Mexico Finance Authority
- Receives an annual 10% distribution of the State's Severance Tax Bond Proceeds (\$29.6 million in 2010)
- Receives an annual distribution from the Water Project Fund (\$4 million in 2010)
- Net 10% of funds for water rights adjudication
- Loans & grants awarded to authorized & approved water projects (\$31,488,476.62 in 2010)

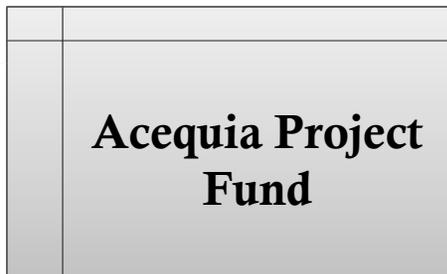
Severance Tax Bond
Proceeds
Plus
Water Trust Fund
Distribution

Net 10% Adjudication

Water Project Fund

Project Funding

Financial Assistance



The **Acequia Project Fund**:

- Created in 2004, provides grant funding to legislatively authorized acequia projects
- Endowed with \$200,000 by private donation
- January 2009, rules and polices were adopted establishing a means to award acequia project funds
- Projects are reviewed by an inter agency team with staff from the New Mexico Finance Authority & the Interstate Stream Commission
- The Acequia Project Fund projects are prioritized by the Water Trust Board for recommendation to the Legislature and funding by the New Mexico Finance Authority

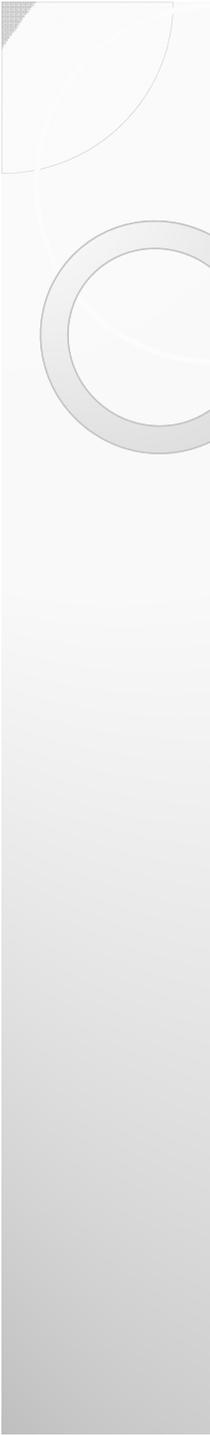
Adjudication

The 2005 legislature created House Bill 1110 which transfers 10% of the WTB funding to the State Engineer for water rights adjudication

- 10% of the funds in the Water Project Fund are appropriated to the Office of the State Engineer (and the Administrative Office of the Courts) for adjudication
- 20% of the funds for OSE water rights adjudication is allocated to the Administrative Office of the Courts for eligible costs associated with those adjudications

Water Project Fund Adjudication Funding Year to Date

• 2005	\$1,772,140
• 2006	2,792,653
• 2007	4,333,755
• 2008	3,624,630
• 2009	4,256,835
• 2010	<u>3,364,527</u>
Total	\$20,144,540

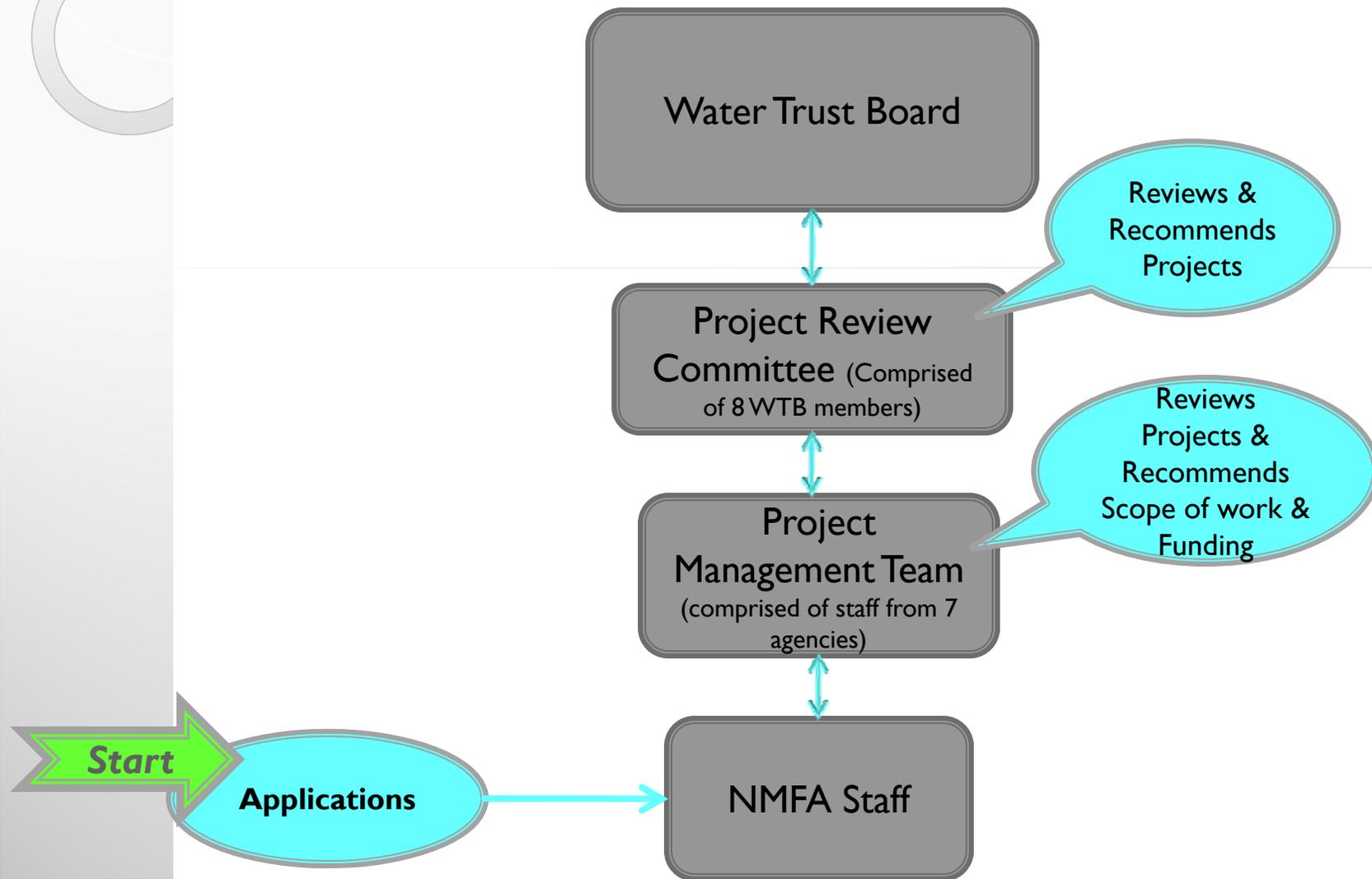


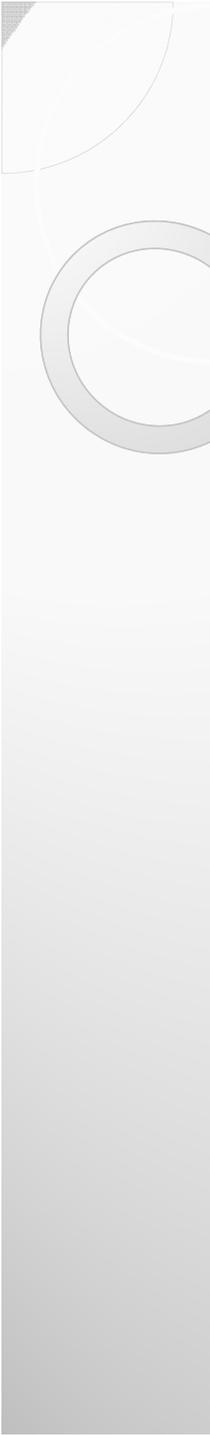
Application Process

- The application process follows an annual cycle.
- The Project Management Team evaluates applications and makes recommendations to the Water Trust Board's standing committee (Project Review Committee).

- These applications are ranked using Water Trust Board approved criteria and the projects are recommended to the Legislature. Legislative authorized projects are then eligible for funding.
- The Water Trust Board determines funding on terms and conditions established by the Water Trust Board and the New Mexico Finance Authority.
- New Mexico Finance Authority then makes loans and grants to qualified entities for projects prioritized by the Board and authorized by the Legislature.

Application Process

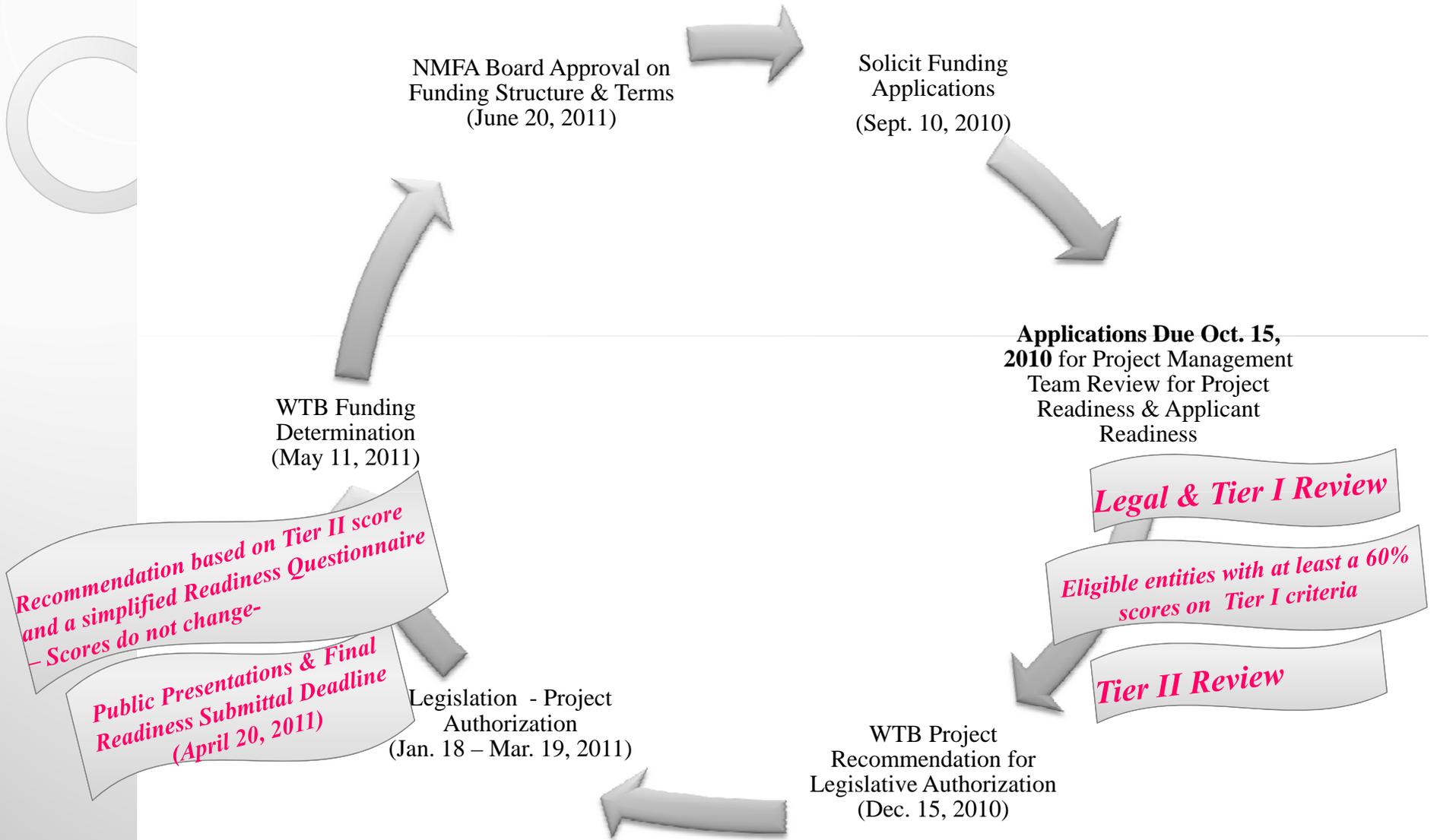




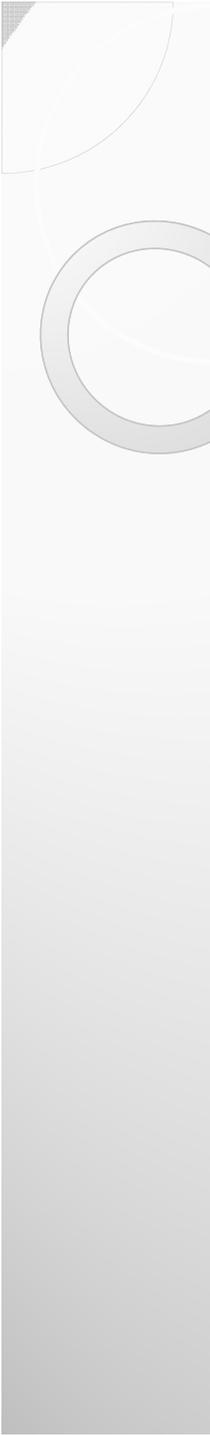
Application Process

- By statute, the Water Trust Board may fund **five** types of projects:
 1. Storage, Conveyance and Delivery of Water;
 2. Implementation of the Endangered Species Act Collaborative Programs;
 3. Restoration and Management of Watersheds;
 4. Flood prevention; and
 5. Conservation, Recycling, Treatment or Reuse.

Water Project Fund Application Cycle



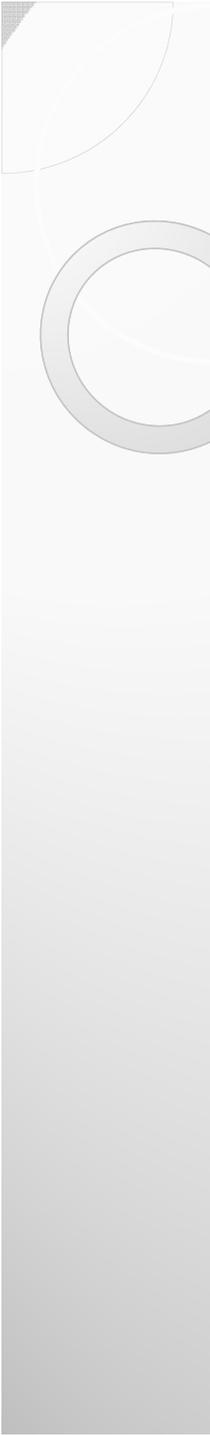
The passing score from Tier I indicates the projects that are more ready to move forward in the application process; thereby providing a firmer project recommendation for legislative authorization.



Application Review

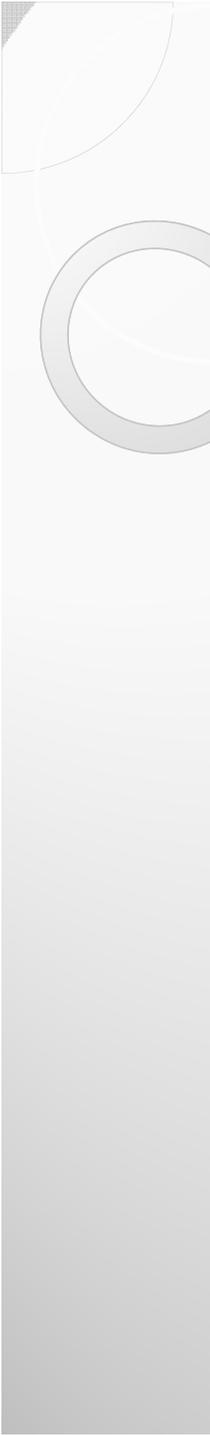
- The **Project Management Team** is comprised of staff from seven agencies:
 - NM Environment Department
 - Department of Game & Fish
 - Department of Agriculture
 - New Mexico Finance Authority
 - Department of Finance & Administration
 - Office of the State Engineer
 - NM Energy Minerals & Natural Resources Department

These agencies work in collaboration to ensure all applications submitted receive a comprehensive evaluation.



Application Review: Project Prioritization

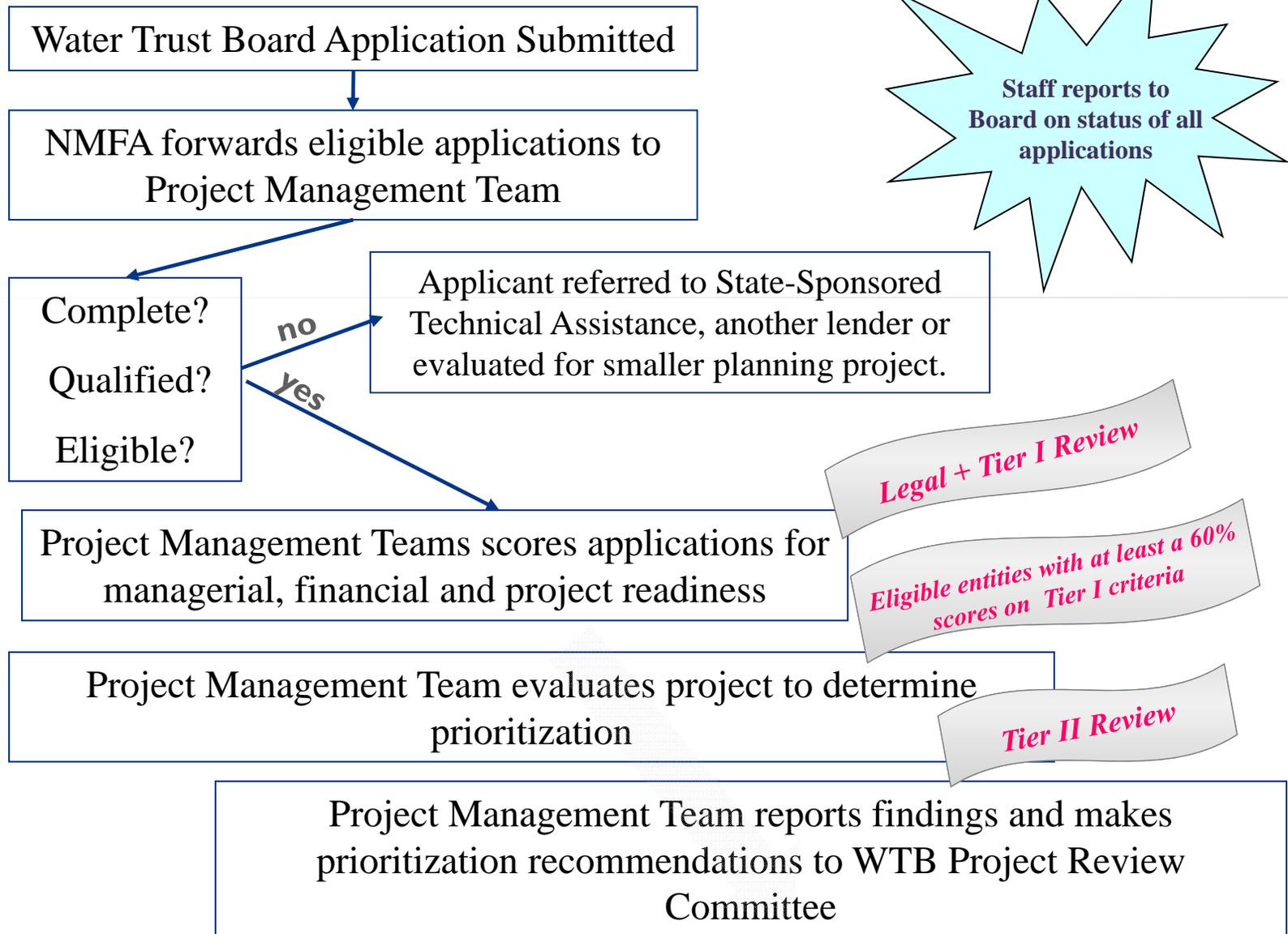
- Prioritizes projects that are ready **to put the shovel in the ground** with all water rights, funding and design requirements in place at the time of award
 - Prioritizes regional projects and projects that share services to achieve operating efficiencies
-
- Prioritizes projects that leverage state funding with local and federal funds
 - Prioritizes urgent projects
 - The Water Trust Board will lead the initiative in water infrastructure sustainability



Application Review: Local Contribution

- Policies require minimum contributions from all applicants in the form of matching funds.
- Mandatory loan component of between 10% - 20% for all entities supported by a rate-paying constituency. Proposed amendment increase to 40% for Water Trust Board approval on September 8, 2010.
- Projects undertaken by Tribal governments, watersheds and endangered species collaborative are able to substitute additional matching funds for loan component.
- Annual “hardship waivers” available for systems not **yet** able to make loan payments.

Application Review: Process



Application Review: Process...

Project Review Committee vets recommendations and recommends project prioritizations to full Water Trust Board

Water Trust Board prioritizes projects and makes recommendation to Legislature

Legislature passes Legislative Authorization Bill

Project Management Team reviews the projects in order of priority and makes final recommendation on readiness and funding amount

Project Management Team recommends final projects and amounts to Project Review Committee

*Recommendation based on Tier II score
and a simplified Readiness Questionnaire
- Scores do not change-*

Application Review: Process...

Water Trust Board selects final projects and amounts and authorizes New Mexico Finance Authority to extend financial assistance

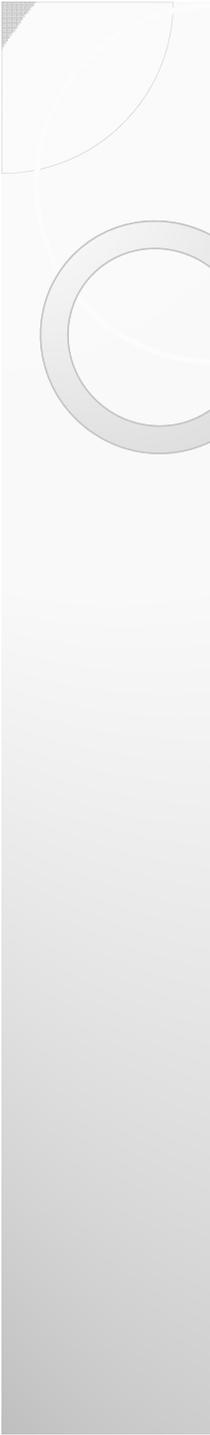
New Mexico Finance Authority structures and approves financial assistance under the terms of the joint Financial Structuring Policy

New Mexico Finance Authority staff and counsel gather last bits of readiness to proceed and enter into financial assistance agreement

Project Begins !

Application Review: Eligibility & Prioritization Criteria

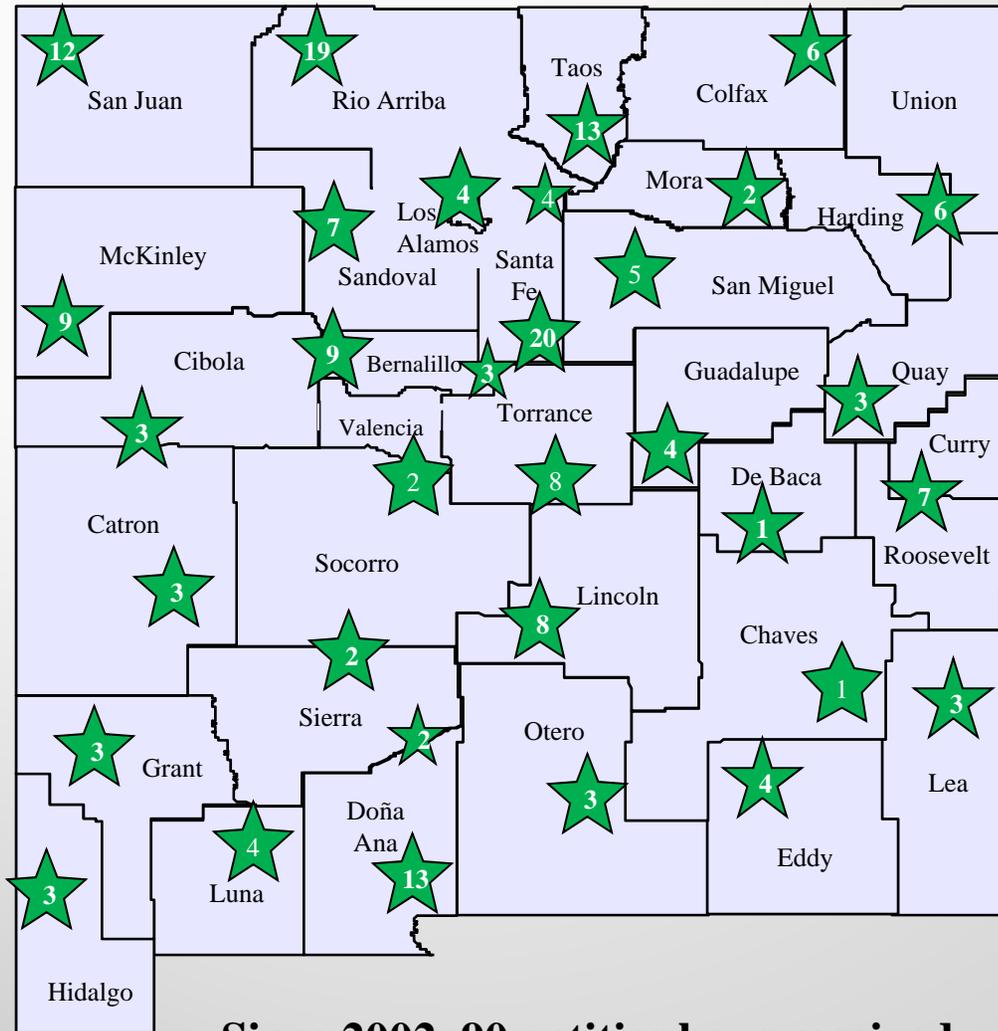
- NMAC 19.25.19.8 “the Board will develop and consider a variety of factors in reviewing and evaluating water project proposals to determine which projects to recommend as qualifying water projects for appropriation by the state legislature.”
- The minimum criteria include:
 - Cost-Effectiveness of Water Project
 - Water Rights Scientific, Hydrologic & Biological Studies
 - Comprehensive Solution/Measurable Outcome
 - Immediate Threats to Public Health, Safety & Welfare
 - Regional Dispersion
 - Local Effort
 - Ability to Pay
 - Ability to Leverage Federal Funds
 - Priority
 - Readiness to Proceed
 - Life of Water Project
 - Urgent



Application Review: Criteria

- Two sets of criteria (“Pipe”/”Watershed”):
 - Water conveyance/delivery/storage, conservation/reuse and flood prevention projects
 - Watershed management and endangered species act
- Two tiers of criteria:
 - Financial, managerial and technical capacity to develop and oversee project
 - Project readiness

WATER TRUST BOARD PROJECTS



Since 2002, 90 entities have received approval for 195 funding awards totaling \$197,973,488

County	# of Awards	Amount
Bernalillo	9	\$9,369,740
Catron	3	\$449,731
Cibola	3	\$811,097
Chaves	1	\$340,000
Colfax	6	\$2,994,800
Curry	7	\$18,372,228
De Baca	1	\$385,000
Doña Ana	13	\$13,753,716
Doña Ana & Sierra	2	\$1,020,000
Eddy	4	\$2,860,000
Grant	3	\$798,000
Guadalupe	4	\$3,643,944
Harding	6	\$3,057,143
Hidalgo	3	\$1,402,781
Lea	3	\$2,916,150
Lincoln	8	\$5,149,000
Los Alamos	4	\$2,037,860
Luna	4	\$2,131,000
McKinley	9	\$17,149,407
Mora	2	\$1,312,377
Otero	3	\$7,835,000
Quay	3	\$2,002,400
Rio Arriba	19	\$13,676,496
San Juan	12	\$12,549,135
San Miguel	5	\$2,367,521
Sandoval	7	\$7,018,821
Santa Fe	20	\$33,805,512
Santa Fe & Rio Arriba	4	\$5,982,885
Sierra	2	\$1,853,751
Taos	13	\$15,270,156
Torrance	8	\$5,146,200
Torrance, Bernalillo & Santa Fe	3	\$902,000
Valencia	2	\$859,971

WATER TRUST BOARD

**NEW MEXICO FINANCE AUTHORITY
OVERSIGHT COMMITTEE
OCTOBER 6, 2010**

- For further information on the Water Trust Board please contact:

Jana M. Amacher
Senior Program Administrator
New Mexico Finance Authority
207 Shelby St.
Santa Fe, NM 87501

jamacher@nmfa.net
505-984-1454