

# 2018 Water Trust Board Application Overview of Recommended Projects

Presentation to the  
New Mexico Finance Authority  
Oversight Committee

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## 2018 Application Cycle

- ▶ The Water Project Finance Act provides that the New Mexico Finance Authority ("NMFA") may make loans and grants to projects recommended by the Water Trust Board ("WTB") and authorized by the Legislature
- ▶ Applications are submitted on-line and must be accompanied by evidence of additional funding and mandatory planning documents
- ▶ Using the evaluation criteria set forth in the WTB Project Management Policies, a Project Management Team comprised of staff from seven agencies and the Legislative Finance Committee evaluated the applications and provided its evaluations to the WTB on November 29<sup>th</sup>



## 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
  - Two applicants formally requested the Board's reconsideration of their waiver requests; the Board reconsidered the waivers and ultimately granted the waivers
- ▶ 63 projects were reviewed and the Board approved the recommendation of 22 projects at its November 29<sup>th</sup> meeting

3



## Overview of WTB Evaluation Criteria

- ▶ Applications were reviewed using evaluation criteria that weighs health and safety factors as well as criteria from statutory language and the State Water Plan, adjusted for project types
 

<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
- ▶ The recommended projects were ranked in the upper half of their project type categories

4



## Expected Funding for 2018 Applications

- ▶ The recommended project list is sized to the amount of funds expected in 2018, with some additional projects in case some of the higher rated projects are by-passed for compliance issues (eg, water rights, Executive Order compliance, etc.)
- ▶ The Water Project Fund receives annually 9% of the Senior Severance Tax Bond proceeds and a distribution from the Water Trust Fund, less funds directed to the Office of the State Engineer for adjudication
  - Expected Severance Tax Bonds (August est) \$14,800,000
  - 2017 Water Trust Fund Distribution 4,000,000
  - 2018 Water Trust Fund Distribution 4,000,000
  - Sub-Total 22,800,000
  - Less 10% to OSE/AOC for Adjudication (2,280,000)
  - **Maximum Funding Expected for 2018** **\$20,520,000**

5



## Recommendations

- ▶ The WTB Policies provide targets for annual funding by project type. Once authorized, projects will be funded in the order in which they are prioritized

Project Type	Policy Targets	Application Requests			Projects Recommended			Recommended v. Expected Funding
ESA Collaborative	Up to 5 %	\$ 100,000	1	0.2%	\$ -	0	0%	0%
Flood Prevention	Up to 10%	\$ 5,135,283	6	8.0%	\$ 2,481,500	3	9%	12%
Water Conservation	15% - 30%	\$ 8,800,820	8	13.7%	\$ 5,392,805	5	20%	26%
Water Storage	50% - 75%	\$ 46,311,551	42	72.2%	\$ 17,090,731	11	63%	83%
Watershed	10% - 20%	\$ 3,766,800	6	5.9%	\$ 2,066,800	3	8%	10%
		<b>\$ 64,114,454</b>	<b>63</b>	<b>100%</b>	<b>\$ 27,031,836</b>	<b>22</b>	<b>100%</b>	<b>132%</b>

The recommended project list includes 22 projects with application requests totaling approximately 1.3x the amount of funds expected to be available

6



## Recommended Projects by County

County	Projects	Application Requests
Bernalillo	1	\$ 1,400,000
Curry	2	\$ 4,800,000
Dona Ana	2	\$ 4,026,030
Eddy	1	\$ 2,000,000
Lea	1	\$ 580,000
Lincoln	1	\$ 677,794
Luna	1	\$ 1,681,500
McKinley	1	\$ 2,900,000
Rio Arriba	6	\$ 3,107,497
Roosevelt	2	\$ 2,910,410
Santa Fe	1	\$ 1,632,000
Sierra	1	\$ 466,800
Taos	1	\$ 249,805
Torrance	1	\$ 600,000
<b>14</b>	<b>22</b>	<b>\$ 27,031,836</b>

The 22 recommended projects are located in 14 counties

7



## Next Steps

- ▶ Projects recommended to the Legislature are invited to submit a Readiness Application that focuses on policy, regulatory and Executive Order compliance and financial readiness
- ▶ Readiness applications are evaluated on a pass/fail basis – those not meeting requirements are provided an opportunity to request a waiver from the WTB, with input from relevant agencies
- ▶ Applicants that submit Readiness Applications are underwritten for debt capacity (awards contain a loan component of between 10%-40%)
- ▶ Funding is awarded to projects in the order in which they are prioritized. Awards will be sized to an amount that can be expended within two years. Projects will be by-passed if the applicant is not compliant with certain readiness or regulatory requirements.
- ▶ The WTB is expected to recommend a final list of projects, including specific amounts of funding, to the NMFA in May. NMFA expects to approve the awards at its May meeting. Awards are subject to terms and conditions established by the NMFA.

8

