

AN ACT

RELATING TO WATER; AMENDING THE WATER PROJECT FINANCE ACT TO PROVIDE FOR CREATION OF A DROUGHT STRIKE TEAM; PROVIDING FOR WATER USE EFFICIENCY AS A CRITERION FOR WATER TRUST FUND FINANCING.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 72-4A-5 NMSA 1978 (being Laws 2001, Chapter 164, Section 5) is amended to read:

"72-4A-5. BOARD--DUTIES.--The board shall:

A. adopt rules governing terms and conditions of grants or loans recommended by the board for appropriation by the legislature from the water project fund, giving priority to projects that have urgent needs, that have been identified for implementation of a completed regional water plan that is accepted by the interstate stream commission and that have matching contributions from federal or local funding sources;

B. authorize qualifying water projects to the authority that are for:
(1) storage, conveyance or delivery of water to end users;
(2) implementation of federal Endangered Species Act of 1973 collaborative programs;

- (3) restoration and management of watersheds;
- (4) flood prevention; or
- (5) water conservation; and

C. create a drought strike team to coordinate responses to emergency water shortages caused by drought conditions."

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Section 2. Section 72-4A-7 NMSA 1978 (being Laws 2001, Chapter 164, Section 7) is amended to read:

"72-4A-7. CONDITIONS FOR GRANTS AND LOANS.--

A. Grants and loans shall be made only to state agencies or to political subdivisions that:

(1) agree to operate and maintain the water project so that it will function properly over the structural and material design life, which shall not be less than twenty years;

(2) require the contractor of the construction project to post a performance and payment bond in accordance with the requirements of Section 13-4-18 NMSA 1978;

(3) provide written assurance signed by an attorney or provide a title insurance policy that the political subdivision has proper title, easements and rights of way to the property upon or through which the water project proposed for funding is to be constructed or extended;

(4) meet the requirements of the financial capability set by the board to ensure sufficient revenues to operate and maintain the water project for its useful life and to repay the loan;

(5) agree to properly maintain financial records and to conduct an audit of the project's financial records; and

(6) agree to pay costs of originating grants and loans as determined by rules adopted by the board.

B. Plans and specifications for a water project shall be approved by the authority before grant or loan disbursements to pay for construction costs are made to a state

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agency or political subdivision. Plans and specifications for a water project shall incorporate available technologies and operational design for water use efficiency.

C. Grants and loans shall be made only for eligible items, which include:

- (1) to match federal and local cost shares;
- (2) engineering feasibility reports;
- (3) contracted engineering design;
- (4) inspection of construction;
- (5) special engineering services;
- (6) environmental or archaeological surveys;
- (7) construction;
- (8) land acquisition;
- (9) easements and rights of way; and
- (10) legal costs and fiscal agent fees."

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