

New Mexico Finance Authority  
207 Shelby St.  
Santa Fe, NM 87501  
(505) 984-1454

**Minutes of Water Trust Board Meeting**

November 24, 2020

Teleconference/Zoom Meeting

**Members Present:**

|                              |   |
|------------------------------|---|
| John D’Antonio Jr., Chairman | New Mexico State Engineer                                   |
| A.J. Forte, Vice Chairman    | New Mexico Municipal League                                 |
| Michael Sloan, Secretary     | New Mexico Department of Game and Fish                      |
| Brent Van Dyke, Treasurer    | Soil and Water Conservation District                        |
| Debra Hughes                 | Environmental Community Representative                      |
| Judi Kahl                    | New Mexico Environment Department Designee                  |
| Joy Esparsen                 | New Mexico Association of Counties Designee                 |
| Tim McGinn                   | Irrigation/Conservancy District-Ground Water Representative |
| Jason John                   | Navajo Nation Designee                                      |
| Todd Leahy                   | New Mexico Energy, Minerals, Natural Resources Designee     |
| Wesley Billingsley           | NM Department of Finance & Administration Designee          |
| Dora Cde Baca                | New Mexico Finance Authority Designee                       |

**Members Absent:**

|                 |   |
|-----------------|---|
| Greg Alpers     | Irrigation & Conservancy District Surface Water, Representative |
| Robert Baracker | Acequias Water Users Representative                             |
| Richard Luarkie | New Mexico Indian Affairs Department Representative             |
| Jeff Witte      | New Mexico Department of Agriculture Secretary                  |

**NMFA Staff:**

Bryan Otero, Legal and Compliance Counsel  
Angela Quintana, Senior Program Administrator  
Michael Vonderheide, Managing Director, Program Administrator  
Joe Maldonado, Senior Administrative Assistant

**Guests:**

Alan Hook  
Chuck Thomas  
Stevie Olsen  
Deidra Tarr, Claunch-Pinto SWCD representative

1. **Call to Order and Roll Call:** Chairman John D’Antonio, Jr., called the Water Trust Board (“WTB”) meeting to order at 10:00 a.m. Roll call was taken, and a quorum was established.

2. **Approval of Agenda:** Member Forte made a motion, seconded by Member Van Dyke, to approve the Agenda. The motion passed unanimously by a voice vote.
3. **Approval of October 29, 2020 Board Minutes:** Member Van Dyke made a motion, seconded by Member Forte, to approve the minutes of the October 29, 2020 meeting. The motion passed unanimously by a voice vote.
4. **Consideration and Recommendation of Request for Scope Change and Time Extension:** Canoncito at Apache Canyon Mutual Domestic Water Consumers and Mutual Sewage Works Association Project No. 4325-WPF18- presented by Ms. Angela Quintana, Senior Program Administrator.

The Canoncito at Apache Canyon MDWCA (“Association”) is requesting a scope change and extension of time to complete project #4325-WPF18.

The Association secured funding on December 14, 2018, for a water storage, conveyance and delivery project in an amount not to exceed \$1,632,000 (90% grant/ 10% loan). The approved project is for the construction/replacement of waterlines, 120 service meters and hydrants. The funding agreement provides two years from the date of closing to fully expend the funds. The current balance is \$867,740.

The Association has partnered with Santa Fe County to plan and design this phase of the project identified as Canoncito Regional Water System Improvements (CRWSI) Phase II. This project is a part of a larger separate phased project by Santa Fe County to make water available to the Association’s constituents. Santa Fe County contracted with the same engineer to design a larger separate phase of the project identified as Canoncito-Eldorado Waterline (“CEW”) which provides for water infrastructure leading up to the current constructed awarded project. Because both projects were planned for concurrent construction, the WTB project was delayed due to Santa Fe County’s procurement process for the larger project, CEW.

Currently, CRWSI Phase II project is anticipated to be complete by the ending of December 2020. Construction costs were significantly lower than anticipated due to ideal field conditions which required less rock excavation and no significant cultural resources discovered for environmental services. The balance remaining from 4325-WPF18 is estimated at \$500,000.

In order to utilize the entire funds, the Association is requesting an expansion of the scope to include 3,500 linear feet of 10-inch waterlines, 4,000 linear feet of 8-inch waterlines and 22 additional service connections within the Association’s Service Area. This expansion will allow the Association a closer connection to the Canoncito-Eldorado waterline project which ultimately delivers the new water supply to Canoncito and remove them from their old water supply that is contaminated and too expensive to treat.

The Association is also requesting a time extension to complete the expanded scope from the current deadline of December 14, 2020 to April 30, 2021.

The Project Review Committee has reviewed this request and concurs with staff's recommendation.

Staff, with concurrence from NM Environment Department-Construction Programs Bureau, recommends approval of an expansion of scope to include additional waterlines and service connections as noted and a time extension from December 14, 2020 to April 30, 2021 for WTB Project #4325-WPF18.

**Member Kahl made a motion, seconded by Member Esparsen, to approve staff's recommendation for the scope change and time extension to complete project #4325-WPF18, Canoncito at Apache Canyon, MDWCA. The motion passed unanimously by a voice vote.**

**5. 2021 Application Cycle, Consideration and Recommendation of Project Recommended for Legislative Authorization.** Presented by Ms. Angela Quintana, Senior Program Administrator.

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. In April 2015, the WTB amended its rules to provide that applications submitted by qualified entities for qualified projects will be evaluated prior to the WTB recommending projects to the Legislature.

As part of the evaluation process, applicants are required to meet certain application standards, which includes mandatory planning documents, as well as meet a Preliminary Expenditure Target which was first introduced in the 2017 application cycle.

By August 25, 2020, the NMFA received 56 Notices of Intent to File an Application. On October 8, 2020, 50 applications totaling more than \$59.6 million were filed. Three applications were deemed incomplete due to planning documents currently "in process".

At the WTB meeting on October 29, 2020, six applicants that did not meet policy requirements necessary to be reviewed submitted waiver requests for the Board's consideration. The WTB approved all but one (Chapelle MDWCA) waiver requests.

For the 2021 cycle, staff anticipates that a maximum of \$39.3 million will be available for projects -- \$39.7 million from Severance Tax Bonds plus \$4 million from the Water Trust Fund distribution, less 10% to the Office of the State Engineer for adjudication. Pursuant to WTB policies, the maximum amount a single project can receive is 15% or \$5.89 million.

Using the project-specific criteria set forth in the WTB Project Management Policies, a Project Management Team ("PMT") comprised of staff from seven agencies and the Legislative Finance Committee evaluated the applications and proposes that 38 projects be recommended for potential funding.

The PMT’s recommended list is comprised of projects ranking in the upper half of their project type categories based on average and median scores. In the 2021 Application Cycle, two projects met the “Urgency” determination as defined by policy: Eastern New Mexico Water Utility Authority (“ENMWUA”) and Ute Creek Soil and Water Conservation District. The PMT recommended the inclusion of these projects although both ranked lower than the average or median scores. To ensure that the recommended list is more appropriately sized to the amount of funds available as well as sufficient projects in case some of the highly ranked projects do not pass any part of the regulatory and/or policy compliance, the PMT also recommended the inclusion of “other” projects in the categories of Flood Prevention and Water Storage. The Legislative Authorization list includes 38 projects totaling approximately 121% of the expected available funds.

| Category           | Policy Target | Applications Requested |                      | PMT Recommended |                      |             |
|--------------------|---------------|------------------------|----------------------|-----------------|----------------------|-------------|
|                    |               | # of Apps              | Total Request        | # of Apps       | Total Amount         | %           |
| Flood Prevention   | Up to 10%     | 5                      | \$ 2,290,000         | 5               | \$ 2,290,000         | 6%          |
| Water Conservation | 15% - 30%     | 5                      | \$ 6,480,000         | 2               | \$ 4,500,000         | 11%         |
| Water Storage      | 50% - 75%     | 32                     | \$ 44,293,538        | 27              | \$ 38,661,538        | 98%         |
| Watershed          | 10% - 20%     | <u>4</u>               | <u>\$ 2,300,000</u>  | <u>4</u>        | <u>\$ 2,300,000</u>  | <u>6%</u>   |
| <b>TOTAL</b>       |               | <b>46</b>              | <b>\$ 55,363,538</b> | <b>38</b>       | <b>\$ 47,751,538</b> | <b>121%</b> |

Projects recommended to the Legislature will be invited to complete a Readiness Application that initiates a review of regulatory, policy, and executive order compliance, including mandatory spending of prior WTB awards.

Applicants who have open WTB awards from 2019 and prior (*those not yet certified as complete*) must submit any requisitions by January 27, 2021 in order to be counted towards the Final Expenditures Target as defined by WTB Policy: Section 2.5 Project Continuation. Applicants will be notified by March 2, 2021 if they have not passed their compliance checklist and will be given until March 22, 2021 to either show evidence of compliance or submit a written policy waiver that provides a justification for the waiver request. The WTB Project Management Team will first review the waiver requests and a recommendation on the requests will be made to the WTB and its Project Review Committee. At this time, staff expects to present the waiver requests to the Board at its April 15, 2021 meeting and to make final funding recommendations to the Board at its May 6, 2021 meeting.

The Project Review Committee has reviewed these recommendations and concurs with the Project Management Team and staff’s recommendations.

*Member Hughes and Member John joined the meeting late as noted by Chairman D’Antonio.*

**Member Kahl made a motion, seconded by Member Hughes, to approve 38 Projects recommended for legislative authorization in the 2021 WTB Application Cycle as presented. Motion passed unanimously by a voice vote.**


**6. Public Comment:**

No public comment

**7. Next Meetings:**

- April 6, 2021, 10:00 a.m. WTB Project Review Committee (Via Zoom)
- April 15, 2021, 9:00 a.m. Water Trust Board (Via Zoom) – Readiness Compliance Waiver Determination
- April 29, 2021, 10:00 a.m. WTB Project Review Committee (Via Zoom)
- May 6, 2021, 9:00 am. Water Trust Board (Via Zoom) – 2021 Funding Awards

**8. Adjournment: Member Forte made a motion, seconded by Member Van Dyke, to adjourn the meeting. The motion passed unanimously by a voice vote. Meeting adjourned at 10:45 a.m.**

  
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John D'Antonio, Chairman  
Date: 16 April 2021

**ATTEST:**

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**Director Michael Sloane, Secretary**