

Water Project Fund

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The Water Project Fund annually **receives 9% of senior Severance Tax Bonds and a distribution from the Water Trust Fund**, creating a reliable revenue stream for the program.

Water Trust Board awards are generally a **combination of grants and loans**, depending on the financial capacity of the applicant.

Estimated available funding for the 2023 cycle is between \$90 - \$100 million



The Water Trust Board anticipates an increase in funding over the next few years, which will help finance more water projects in NM.

Changes to the WTB policies are designed to help applicants:

- ◆ **Reduced planning document requirements** - A Technical Memorandum prepared by a licensed engineer with cost estimates not older than one year may be accepted in lieu of a full Preliminary Engineering Report
- ◆ **Additional time to meet regulatory compliance requirements** - Regulatory agencies will certify applicants' compliance with all relevant regulations as part of the Project Application. This will allow applicants to work directly with regulatory agencies much earlier in the process to resolve any compliance issues

Reduced Match Requirements:

The WTB requires applicants to demonstrate project commitment in the form of a minimum local match based on project type and applicant MHI

Project Type	Scale of Request (in thousands)	Category I = or > than State MHI	Category II = or > than 75% but less than State MHI	Category III less than 75% of State MHI
Storage	\$2,500 or larger	20%	15%	10%
	\$1,000 to \$2,499	15%	10%	5%
	Less than \$1,000	10%	5%	0%
Conservation	\$1,500 or larger	20%	15%	10%
	\$750 to \$1,499	15%	10%	5%
	Less than \$750	10%	5%	0%

Match Requirement Waivers:

For small water systems that may have difficulty providing the required match, the Board may waive the match requirement when:

- i. The applicant serves fewer than 250 connections and has previously secured WTB funding for the proposed project as defined by planning documents; or
- ii. System upgrade is to consolidate with another system; or
- iii. System upgrade/expansion is to incorporate previously unserved customers (not for future development); and
- iv. Applicant has implemented an asset management plan for the current and future maintenance, replacement and repair of the system.

Loan Requirement Waivers:

To assist smaller systems that may not have the financial capability to take on a loan, the NMFA may waive the loan requirement for water projects when:

- i. The applicant serves fewer than 500 connections and has previously secured WTB funding for the same project: or
- ii. The project is to consolidate with another system.
- iii. To qualify for the loan waiver, the applicant must have implemented an asset management plan for the current and future maintenance, replacement and repair of the system.

Grants for Design:

The Board may consider awarding 100% grant to “design only” projects with the following conditions:

- i. The project serves or will serve fewer than 500 connections
- ii. Scope is limited to design only – “design” is defined as necessary technical work required to prepare a complete and final set of plans and specifications ready to be bid for construction
- iii. Costs for design must be substantiated with a coordinating approved planning document
- iv. Grants for design may not exceed \$500,000.

Water Trust Board Policies require:

- ◆ minimum contributions from applicants in the form of local or federal matching funds; **waivers may apply**
- ◆ loan component of between 10% - 40% for projects supported by a rate-paying constituency; **waivers may apply**
- ◆ to the greatest extent possible, awards will be sized to projects that represent a functional project or stand-alone phase of a project that can be accomplished within 12-24 months of award
- ◆ applicants applying for one or more projects in a given cycle may not receive more than 15% of the available funds in any year

August 1, 2022: Notice of Intent period opens

August 25 – September 23, 2022: On-line Project Application open

September 23, 2022: All applications due

September 28 – October 25, 2022: Compliance Review

November 2022: WTB Recommendation to the Legislature

December 12, 2022 – January 27, 2023: Readiness Application due

March 22, 2023: Regulatory Compliance Deadline

May 2023: Expected WTB Decisions

Information about the Notice of Intent and Project Application is available at <https://www.nmfinance.com/water-project-fund/>