

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

Minutes of Water Trust Board Meeting
October 20, 2022
Teleconference/Via Zoom

Members Present:

| | |
|---------------------------|---|
| Mike Hamman, Chairman | NM State Engineer |
| A.J. Forte, Vice Chairman | Executive Director, NM Municipal League |
| Michael Sloane, Secretary | New Mexico Department of Game & Fish |
| Brent Van Dyke, Treasurer | Soil & Water Conservation District Representative |
| Jason John | Designee, Navajo Nation |
| Katherine Crociata | Designee, New Mexico Counties |
| Judi Kahl | Designee, New Mexico Environment Dept. |
| Julie Maitland | Designee, Department of Agriculture |
| Marquita Russel | CEO, New Mexico Finance Authority |
| Priscilla Lucero | Environmental Community Representative |
| Wesley Billingsley | Designee, NM Department of Finance and Administration |

Absent:

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| Robert Baracker | Acequias Water Users Representative |
| Greg Alpers | Irrigation or Conservancy District Surface Water Rep. |
| Sarah Cottrell Propst | New Mexico Energy and Minerals Department |
| Mark Thompson | New Mexico Indian Affairs Department |
| Tim McGinn | Irrigation or Conservancy District Surface Water Rep. |

Finance Authority Staff:

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| Angela Quintana | Senior Program Administrator |
| Alysia Sanchez | Program Administrator |
| Joe Maldonado | Senior Administrative Assistant |
| Kryshana Madrid | Legal Secretary |
| Michael Vonderheide | Managing Director, Program Administration |
| Bryan Otero | Legal and Compliance Counsel |
| Connie Marquez | Executive Assistant |

Guests:

| | |
|--|-------------------------------------|
| Aaron Ramsey, Wilson & Co. | Juan Fuentes, City of Roswell |
| Adam Lucero, Sangre de Cristo MDWCA | Judy McSweeny, MRGCD |
| Adrian Marrufo, City of Gallup | Julie Kuhlan, Village of Angel Fire |
| Alicia Lopez, MRGCD | Kimberly Redhorse, MRGCD |
| | Lisa Campbell, Stantec |

Amanda Davis, City of Roswell
Andrea Telmo, NMED-CPB
Andy Miera, Lower Arroyo Hondo
MDWCA
Angelina Grey, NWNMCOG
Anna, Village of Pecos
Arvind Patel, NV5
Cally Carswell, NMLFC
Carlos Abeyta, Penasco MDWCA
Charlotte Petsol, Abiquiu MDWCA
Clyde Gurule, Rio Lucio MDWCA
Colleen Cunningham, NMISC
Craig Hoover, Bohannon-Huston
David Bailey, Luna County
Diedre Tarr, Claunch-Pinto SWCD
Diane Agnew, ABCWUA
Orlando Ortega, ENMWUA
Emily Oster, City of Santa Fe
Eric Hamilton, Wilson & Co.
Eric Zamora, MRGCD
Georgiana Real, Town of Red River
Gilbert Sena, Chapelle MDWCA
Glenn Lovato, Ojo Caliente MDWCA
Herb Martinez
Jonna Stack, City of Santa Fe
James Alarid, Los Alamos County
James Martinez, Los Alamos County
Jaqueline Bowens, ENMWUA
Jennifer Viereck, Abiquiu MDWCA
Jesse Roach, City of Santa Fe
Jo Ingram, Enchanted Forest MDWCA
Jody Garcia, Souder Miller

Larry Pacheco, Union del Llano MDWCA
Lilliam Maestas, Souder Miller
Lorenzo Sanchez, City of Roswell
Luz Carreon, ABCWUA
Mario Juarez-Infante, City of Anthony
Marc DePauli, DePauli Eng.
Mark Martinez, City of Tucumcari
Marta Ortiz, ABCWUA
Martin Lopez, Lower Rio Grande PWWA
Marty Howell, Souder Miller
Maryann Ustick, City of Gallup
Matt White, City of Jal
Mayor Bonaguidi, City of Gallup
Mayor Ted Benavidez, Village of Pecos
Norman Vigil, Upper Chama SWCD
Pam Fanelli, MRGCD
Patricia Bollinger, Stantec
Randy Dominguez, Pendaries Village MDWCA
Richard Runyon, Dennis Engineering
Robert Apodaca
Robert Storey, Souder Miller
Ross Gabaldon, Wilson & Co.
Sara Mason, Souder Miller
Steve King, Eldorado Area WSD
Terry Jones, Sierra Vista MDWCA
Traci Johnson, Enchanted Forest MDWCA
Travis Day, Guadalupe SWCD
Trevor Birt, OSE
Wayland Oliver, Stantec
Yossie Nieblas, Luna County

1. **Call to Order and Roll Call.** Chairman Hamman, called the Water Trust Board (“WTB”) meeting to order at 9:04 a.m. Roll call was taken, and a quorum was established.
2. **Approval of Agenda.** Member Forte made a motion for approval of the agenda, seconded by Member Lucero. The motion passed unanimously by a voice vote.
3. **Approval of the August 18, 2022, Board Minutes.** Member Lucero made a motion, seconded by Member Forte, to approve the minutes of the August 18, 2022, meeting. The motion passed unanimously by a voice vote.

4. **Cost Overrun Award Update – La Cueva MDWCA 5425-WPF21.** Ms. Angela Quintana, Senior Program Administrator

Cost overrun award update for La Cueva MDWCA (“Association”) on their 2021 WTB project #5425-WPF21.

The Water Trust Board (“WTB”) at its April 13, 2022, meeting, approved the balance from 2021 canceled projects and the 2022 Water Trust Fund distribution be set aside for shortfalls in construction costs for the 2021 and 2022 awards.

The Association was awarded \$713,990 in the 2021 cycle for the construction of a supplemental water supply well. In August 2022, the Association went out to bid with the lowest bid coming in higher than the available funding for the supplemental water supply well. The Association requested \$105,100 of additional funds to complete the project. The \$105,100 will cover the total construction cost plus a 5% contingency.

NMFA staff with the concurrence of our technical partners, NM Environment Department-Construction Programs Bureau recommended the additional amount of \$105,100 to be delivered as a 100% grant.

The New Mexico Finance Authority Board approved the recommendation at its September 22, 2022, meeting.

(Informational only)

5. **Project Cost Overrun Assistance Process Recommendation.** Ms. Angela Quintana, Senior Program Administrator

The process and criteria for Water Trust Board projects awarded in the 2021 and 2022 cycle seeking additional funds because of construction cost overruns.

The Water Trust Board (“WTB”) at its April 13, 2022, meeting, approved the balance from 2021 canceled projects and the 2022 Water Trust Fund distribution be set aside for possible shortfalls in construction costs for the 2021 and 2022 awards.

The WTB is tasked with recommending a list of qualified projects for funding to the New Mexico Finance Authority (“NMFA”). The NMFA provides financial assistance for qualified projects as recommended by the WTB under policies jointly established by the WTB and NMFA.

Since the WTB does not meet monthly, staff is proposing a process to provide those awardees timelier access to the set-aside funds.

Once staff receives a formal request for a construction shortfall, staff will require at a minimum:

- Verification of construction costs at the time of the bid.
- Concurrence from technical partners (if applicable); and

- Financial capacity of the entity.

If an entity cannot internally provide the shortfall of funds due to an increase in construction costs and requires additional funds from the set-aside, staff will make a recommendation to the NMFA Board based on the financial capacity of the entity as prescribed by the Water Trust Board Project Management Policies for an amendment to the existing funding agreement.

At the next WTB Board meeting following NMFA Board approval, staff will provide an update to the WTB on the use of the set-aside funds.

Staff recommends approval of the process and criteria for project cost overrun assistance from the set-aside for the 2021 and/or 2022 WTB awardees.

Member Lucero made a motion, seconded by Member Forte to concur with staff's recommendation to approve the process and criteria for project cost overrun assistance for the 2021 and/or 2022 WTB awardees. The motion passed unanimously by a voice vote.

6. Consideration and Recommendation of the 2023 Water Project Fund Waiver Requests. Ms. Angela Quintana, Senior Program Administrator

Consideration of requests from 2023 Water Trust Board (WTB) applicants for waivers to WTB policies.

The 2023 WTB application cycle process provides that projects are evaluated in the fall based upon health and safety factors, and those that are recommended to the Legislature for authorization are then invited to complete a readiness application, which gauges regulatory and policy compliance.

The Preliminary Expenditure Target ensures that applicants timely expend outstanding project funds. Specifically, Section 2.1, Recommendation to the Legislature, requires that the preliminary expenditure target be met at the time the Project Application is submitted. For the 2023 cycle, the preliminary expenditure target date was September 23, 2022. Applicants unable to meet the expenditure target by September 23 were instructed to include a waiver request within their application. Applications not meeting the preliminary expenditure target and not being granted waivers by the Board will not continue in the evaluation process. Every entity with outstanding WTB balances was notified of the policy requirement and the deadline date to meet that requirement in early July as well as part of the NOI review (August 1 – August 15, 2022).

The maximum amount of funds anticipated at this time to be available for the 2023 cycle is \$93.3 million (9% STB + WTF distribution – OSE adjudication). Per policy, Applicants may not receive more than 15% of the available funds in any year, the 15% CAP this year is \$13.9 million.

For the 2023 cycle, twelve waiver requests were submitted for the Preliminary Expenditure Target. The Project Review Committee did not establish a quorum; therefore, the waiver requests were reviewed without recommendations. Below are the requested waivers and staff recommendations:

a) **Albuquerque Bernalillo County Water Utility Authority**, Watershed Restoration and Management Project; (Preliminary Target Drawdown)

Waiver Request: Preliminary Expenditure Target – 70%

Recommendation: NMFA staff recommends approval of the waiver request.

Justification: The applicant has two outstanding 2021 awards (\$9,708,271) with a current combined balance of \$8,070,471 (17% expended). The Authority anticipates project completion of project #5401-WPF by December 2022; project #5402-WPF is anticipated to begin in January 2023.

b) **Buena Vista MDWCA**, Water Storage, Conveyance and Delivery Project, (Preliminary Target Drawdown)

Waiver Request: Preliminary Expenditure Target – 70%

Recommendation: NMFA staff recommends approval of the waiver request.

Justification: The applicant has an outstanding 2019 award (\$499,999) with a current balance of \$459,884 (8% expended). The Association's Board turnover and easement issues delayed the project. The project has been awarded and the Association anticipates completion of the 2019 project by December 2022.

c) **Chapelle MDWCA**, Water Storage, Conveyance and Delivery Project, (Preliminary Target Drawdown)

Waiver Request: Preliminary Expenditure Target – 70%

Recommendation: NMFA staff recommends approval of the waiver request.

Justification: The applicant has an outstanding 2019 award (\$565,000) with the full balance remaining (0% expended). The project was delayed due to ROW, easements, and utility permitting. The project has since gone out to bid and awarded. The Association anticipates project completion by February 2023.

d) **Claunch Pinto SWCD**, Watershed Restoration and Management Project (2), (Preliminary Target Drawdown)

Waiver Request: Preliminary Expenditure Target – 70%

Recommendation: NMFA staff recommends approval of the waiver request.

Justification: The applicant has two outstanding 2020 awards (\$1,200,000) and two outstanding 2021 awards (\$1,200,000) with a combined balance of \$1,483,835 (38% expended). In 2020, the district's contractors shut down, and some decided not to reopen their businesses or were unable to find employees to work. Because of the fires in Northern New Mexico, many of the current contractors were working on the fire lines and post-fire recovery. The district is currently seeking out-of-state contractors to assist in completing some of the work. The district's 2020 awards will be completed by December 2022 and the 2021 awards will be completed by the Summer of 2023 (winter weather conditions permitting).

e) **Eastern NMWUA, Water Storage, Conveyance and Delivery Project, (Preliminary Target Drawdown)**

Waiver Request: Preliminary Expenditure Target – 35%

Recommendation: NMFA staff recommends approval of the waiver request.

Justification: The applicant has an outstanding 2021 award (\$7,708,272) with a current balance of \$7,662,023 (1% expended). The Authority received \$177.4 million in federal funds that will be distributed over a five-year period. Due to the additional federal funds, additional mandatory components are required, specifically, the “Build America, Buy America Act” requirements. The Authority extended the RFP proposal from June 15, 2022, to September 28, 2022, to provide additional time for interested contractors. The Authority anticipates awarding the project and notice-to-proceed by December 2022.

f) **El Salto MDWCA, Water Conservation or Treatment, Recycling or Reuse Project, (Preliminary Target Drawdown)**

Waiver Request: Preliminary Expenditure Target – 70%

Recommendation: NMFA staff recommends approval of the waiver request.

Justification: The applicant has an outstanding 2021 award (\$1,500,000) with a current balance of \$141,174 (6% expended). The project is currently awaiting drilling permits from the Office of the State Engineer.

g) **Los Alamos County, Water Storage, Conveyance and Delivery Project, (Preliminary Target Drawdown)**

Waiver Request: Preliminary Expenditure Target – 70%

Recommendation: NMFA staff recommends approval of the waiver request.

Justification: The applicant has a 2020 (\$900,000) and 2021 (\$2,500,000) outstanding awards with full balances remaining (0% expended). The County has gone out to bid on both projects. Due to continued supply delays, the construction of the 2020 project will begin in November 2022 and the 2021 project in February 2023.

h) **Rio Lucio MDWCA, Water Storage, Conveyance and Delivery Project, (Preliminary Target Drawdown)**

Waiver Request: Preliminary Expenditure Target -70%

Recommendation: NMFA staff recommends approval of the waiver request.

Justification: The applicant has an outstanding 2021 award (\$750,500) with a current balance of \$747,828 (>1% expended). Securing ROW, easements, and utility permits during the design phase delayed the project. The Association anticipates awarding the project by late October 2022.

i) **City of Roswell, Flood Prevention and Water Storage, Conveyance and Delivery Project, (Preliminary Target Drawdown)**

Waiver Request: Preliminary Expenditure Target – 70%

Recommendation: NMFA staff recommends approval of the waiver request.

Justification: The applicant has an outstanding 2021 project (\$750,000) with a current balance of \$713,990 remaining (>5% expended). Repairing of utility failures in the project area prevented the project from moving forward. The project is expected to commence in early November with an anticipated completion date of February 2023.

j) **Sangre de Cristo MDWC&SWA, Water Storage, Conveyance and Delivery Project, (Preliminary Target Drawdown)**

Waiver Request: Preliminary Expenditure Target – 70%

Recommendation: NMFA staff recommends approval of the waiver request.

Justification: The applicant has an outstanding 2020 award (\$121,736) with a remaining balance of \$107,692 (12% expended). To move forward on the 2020 project – the design of a well, the Association worked with the Office of the State Engineer on compliance issues and modifying their current water rights. The Association also had difficulty finding a property for the proposed well. The well design is moving forward, and the Association anticipates final design completion by the end of December 2022.

k) **Union del Llano MDWCA, Water Storage, Conveyance and Delivery Project, (Preliminary Target Drawdown)**

Waiver Request: Preliminary Expenditure Target – 70%

Recommendation: NMFA staff recommends approval of the waiver request.

Justification: The Applicant has an outstanding 2021 award (\$1,700,000) with a current balance of \$1,680,195 (2% expended). The final design will be completed by December 2022 with the project anticipating going out to bid in January 2023.

l) **Upper Rio Grande WSD, Flood Prevention Project, (Preliminary Target Drawdown)**

Waiver Request: Preliminary Expenditure Target – 70%

Recommendation: NMFA staff recommends approval of the waiver request.

Justification: The applicant has an outstanding 2021 award (\$300,000) with the full balance remaining (0% expended). The design is complete, and the project is ready for construction. The Association is currently awaiting drilling permits from the Office of the State Engineer.

Member Lucero made a motion, seconded by Member Russel to approve the above items a) through l) waiver requests of the WTB Policy requirement for the Preliminary Expenditure Target. The motion passed unanimously by a roll call vote.

7. 2023 Water Project Fund Application Presentations. -Angela Quintana, Senior Program Administrator

Similar to previous years, applicants were given the opportunity to present their projects directly to the WTB so the Board can hear directly from the applicants and ask questions. Below in order of presentation are the applicants and their representatives who gave presentations to the Board:

| Applicant | County | Project Name | Amount Requested |
|--|------------|--|------------------|
| Watershed Restoration And Management | | | |
| Upper Chama SWCD (Norman Vigil) | Rio Arriba | Building resiliency in the Upper Rio Chama | \$750,000 |
| ABCWUA (Diane Agnew) | Bernalillo | SW water reclamation plant outfall project | \$3,700,000 |
| Claunch Pinto SWCD (Diedre Tarr) | Torrance | Estancia Basin watershed | \$600,000 |
| Claunch Pinto SWCD (Diedre Tarr) | Torrance | Greater Rio Grande watershed | \$600,000 |
| Guadalupe SWCD (Travis Day) | Guadalupe | Pecos River restoration | \$250,000 |
| Guadalupe SWCD (Travis Day) | Guadalupe | Pintada watershed sedimentation | \$400,000 |
| Water Conservation Or Treatment, Recycling Or Reuse | | | |
| City of Santa Fe (Jesse Roach) | Santa Fe | Water treatment plant improvements | \$3,000,000 |
| City of Clovis (did not present) | Curry | Effluent reuse Phase 2B | \$2,500,000 |
| Flood Prevention | | | |
| Luna County (David Bailey) | Luna | China Draw East Florida flood prevention | \$1,350,000 |
| City of Roswell (Juan Fuentes) | Chaves | Hobson Rd. flood prevention | \$9,605,273 |
| City of Anthony (Eric Hamilton) | Dona Ana | Donaldson Ave. storm drainage | \$400,000 |
| City of Anthony (Eric Hamilton) | Dona Ana | West South Anthony arroyo | \$1,500,000 |
| Water Storage, Conveyance and Delivery | | | |
| Enchanted Forest MDWCA (Traci Johnson) | Lincoln | New well and system | \$40,000 |
| <i>Board recess at 10:34 am reconvened at 10:40 am</i> | | | |
| Village of Angel Fire (Julie Kuhlan) | Colfax | Tank #7 replacement | \$1,364,609 |
| Eldorado Area WSD (Steve King) | Santa Fe | Service lateral replacements | \$500,000 |
| Fambrough MDWCA (Marty Howell) | Chaves | Waterline rehabilitation | \$388,050 |
| Garfield MDWCA&SA (Marty Howell) | Dona Ana | North Arrey supplemental well project | \$1,828,700 |
| La Luz MDWCA&SWA (Marty Howell) | Otero | Water system improvements | \$1,045,705 |
| Cedar Creek MDWCA (Marty Howell) | Lincoln | Supplemental well project | \$458,600 |
| City of Gallup (Mayor Bonaguidi, Marc DePauli) | McKinley | Gallup water wells | \$10,800,000 |
| Lower Rio Grande PWWA (Martin Lopez) | Dona Ana | Stern Dr. interconnect pipeline | \$2,352,800 |

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| Chippeway Park MDWCA (Marty Howell) | Otero | Water system improvements | \$175,000 |
| City of Santa Fe (Jesse Roach) | Santa Fe | San Juan-Chama return pipeline | \$3,491,133 |
| City of Jal (Matt White) | Lea | Transmission Line phase II | \$5,700,294 |
| City of Tucumcari (Mark Martinez) | Quay | Transmission line/tank rehab. | \$2,800,000 |
| Watrous MDWCA (Roseann Gallegos, Arvind Patel) | Mora | Water system improvement | \$294,200 |
| City of Roswell (Juan Fuentes, Lorenzo Sanchez) | Chaves | Country Club reservoir rehab. | \$8,000,000 |
| Buena Vista MDWCA (Lillian Maestas, Jody Garcia) | Mora | Water system improvements | \$440,000 |
| Canon MDWC&SWA (Jody Garcia) | Sandoval | Water system improvements | \$350,000 |
| Chapelle MDWCA (Gilbert Sena, Jody Garcia) | San Miguel | Water system improvements | \$477,500 |
| Lower Arroyo Hondo MDWCA (Andy Miera, Jody Garcia) | Taos | Water system improvements | \$499,999 |
| Ojo Caliente MDWCA (Glen Lovato, Jody Garcia) | Rio Arriba | Water storage tank project | \$452,500 |
| Penasco MDWCA (Carlos Abeyta, Jody Garcia) | Taos | Water system improvements | \$3,535,000 |
| Pendaries Village MDWCA (Randy Dominguez, Jody Garcia) | San Miguel | Water system improvements | \$499,999 |
| Rio Lucio MDWCA (Clyde Gurule, Jody Garcia) | Taos | Waterline replacement | \$825,130 |
| <i>Board recess at 12:10 reconvened at 12:20</i> | | | |
| Sangre de Cristo Regional MDWC&SWA (Adam Lucero, Jody Garcia) | Guadalupe | Water storage tank rehabilitation | \$500,000 |
| Sierra Vista MDWCA (Terry Jones) | Bernalillo | Water supply well | \$147,095 |
| Union del Llano MDWCA (Larry Pacheco, Jody Garcia) | Taos | Water system improvements | \$502,499 |
| Village of Cuba (Jody Garcia) | Sandoval | Tank improvements | \$499,999 |
| Abiquiu MDWCA (Jennifer Viereck, Arvind Patel) | Rio Arriba | Water system improvements | \$691,400 |
| Village of Pecos (Mayor Benavidez) | San Miguel | Water system improvements | \$2,228,900 |
| Middle Rio Grande CD (Pam Fanelli, Eric Zamora, Alicia Lopez) | Bernalillo | MRGCD Corrales Siphon replacement | \$7,080,000 |
| Town of Red River (Richard Runyan) | Taos | High Street Area water system improvement | \$6,701,498 |

8. Next Meetings.

- November 3, 2022, 2:00 p.m. Project Review Committee (Teleconference)
- November 8, 2022, 9:00 a.m. Water Trust Board – *Legislative Authorization (Teleconference)*
- April 6, 2023, Project Review Committee (TBD)
- April 11, 2023, 9:00 a.m. Water Trust Board (TBD)
- April 29, 2023, Project Review Committee (TBD)
- May 3, 2023, 9:00 a.m. Water Trust Board Meeting – *2023 Award Determination (TBD)*

Adjournment.

The meeting adjourned at 1:04 p.m.


Mike Hamman, Chairman
11/9/22
Date

ATTEST:

Michael Sloane, Secretary

Date