

New Mexico Finance Authority
810 W. San Mateo Road., Santa Fe, New Mexico 87505
(505) 984-1454
Water Trust Board Meeting Minutes
April 2, 2025
Teleconference

Members Present:

Alison Nichols, Co-Chair	Designee, NM Municipal League
Joy Esparsen	Director, NM Counties
Mark Thompson	NM Indian Affairs Department
Fernando Martinez	Designee, NM Finance Authority
Jason John	Designee, Navajo Nation
Albert Chang	Designee, NM Energy, Minerals and Natural Resources Dept.
Dennis Romero	Designee, NM Environment Department
Brent Van Dyke	Soil & Water Conservation District Representative
Timothy McGinn	Irrigation/Conservancy District Ground-Water Rep.
Michael Sloane	Director, NM Department of Game & Fish
Max Henkels	Designee, NM Department of Agriculture
Priscilla Lucero	Environmental Community Representative
Greg Alpers	Irrigation/Conservancy District Ground-Surface Rep.

Member Absent:

Elizabeth Anderson, Chair	NM State Engineer
Wayne Propst	Secretary, NM Department of Finance & Admin.

New Mexico Finance Authority Staff:

Anthony Maestas
Angela Quintana
Bryan Otero
Charlotte Larragoite
Erika Falance
Kryshana Madrid
Michael Vonderheide
Sharon Romero

Guests:

Taylor Sanchez
Nathan Dial
David Bailey
Charles Thomas
Larry Pierce

1. **Call to Order and Roll Call.** Co-Chair Nichols called the meeting to order at 10:03 a.m. A quorum was established.

2. **Approval of Agenda. Member Martinez moved, seconded by Member Alpers, to approve the agenda. The motion passed 13-0.**

3. **Approval of Board Minutes.**

3.1 Member Martinez moved, seconded by Member Alpers for approval of the December 17, 2024, minutes. Member Romero abstained. The motion passed 12-0.

4. **Open Meetings Act Resolution.**

4.1 Consideration and Approval of Open Meetings Act (the “Act”). Staff presented the Open Meetings Resolution. The Open Meetings Act requires all meetings of a quorum of members of any board, commission, administrative adjudicatory body or other policymaking body to be open to the public at all times. The Board is subject to the provisions of the Act. Section 10-15-1(D) of the Act requires the Board to determine annually what constitutes reasonable notice of its public meetings. The Resolution complies with the requirements of the Act. Staff recommends that the Board approve the Open Meetings Resolution for 2025, as presented.

Member Esparsen moved, seconded by Member VanDyke for approval of item 4.1. The motion passed 13-0.

5. **Water Trust Board Amended Rules.**

5.1 Approval of Proposed Rule Amendments. Staff presented for approval the adoption of proposed rule amendments to 19.25.10 NMAC, Review and Eligibility of Proposed Water Projects (“Rules”).

The Notice of Proposed Rulemaking and Public Hearing was published in the New Mexico Register on February 11, 2025, and a virtual public hearing was held on Friday, March 14, 2025. The proposed amendments were published in the New Mexico Register and available on both the New Mexico Sunshine Portal and the NMFA website. Final amendments were presented to the Water Trust Board Policy Committee on March 24, 2025, and recommended for adoption by the full Board. Upon approval by the Board, the rule will be filed with the State Center for Records and Archives to be published in the New Mexico Register and become effective on April 22, 2025.

Public comments were received during the public hearing by and in support of written comments submitted by Heather Kinkade, Executive Director of ARCSA International. Written comment was also received from Charlee Myers, Owner of Mountain and Mesa Construction. The public comments received, which are contained in the accompanying meeting materials, ask the Board to “amend the definition of a “qualifying water project” to expressly include rainwater harvesting.” Staff did not incorporate the changes suggested by the public comments as the definition of a qualifying water project is set out in statute. Staff recommends adoption of the final Rules as presented.

Member Esparsen moved, seconded by Member Alpers for approval of item 5.1. The motion passed 13-0.

6. 2025 NM State Legislative Session Overview.

6.1 2025 NM State Legislative Session Overview. Deputy Director Fernando Martinez provided a general overview of the legislative session.

Informational Only.

7. Consideration of Scope Change.

7.1 Consideration of Scope Change for Cedar Creek MDWCA. Staff presented a scope change request for Cedar Creek. Initially Cedar Creek secured funding to design and construct a supplemental well and waterline replacement to connect to the Kellerman well house. Wildfires in the area significantly disabled the Kellerman well house. Cedar Creek is now requesting an expansion of the funding to include the design of the Kellerman well house. The Project Review Committee concurs with staff's recommendation to approve of the scope change as presented.

Member Lucero moved, seconded by Member Romero for approval of item 7.1. The motion passed 13-0.

8. Consideration of 2025 Water Project Fund Waiver Requests.

8.0 2025 Water Project Fund Waiver Requests. Staff presented the 2025 waivers to the Board. Eighty of the eighty-four legislatively authorized applicants submitted Readiness Applications except for Regina MDWCA, Rio Chiquito MDWCA, City of Santa Fe (San-Juan Chama project) and City of Texico. The readiness application initiates the review of regulatory, policy and Executive Order Compliance including mandatory spending of prior WTB awards. The policies require that applicants evidence compliance with all relevant regulations and WTB polices prior to receiving awards from the WTB. Applicants were given till March 14, 2025, to correct compliance issues, discontinue their applications or request a waiver. For those applicants that become compliant after the Board awards on April 22, 2025, staff may recommend a 2nd iteration in August if additional funds become available. The Project Review Committee has reviewed these waiver requests and concurs with staff's recommendations as presented.

8.1 Albuquerque Bernalillo County WUA (WPF-6545) Water Conservation, Treatment, Recycling.

Waiver Request: Project Continuation

Justification: The Authority has 2021, 2022 and 2023 WTB awards - \$18,508,271 combined (42% expended) that do not meet the 95% expenditure requirement for Project Continuation. The Authority anticipates completion of the 2021 and 2023 projects by the ending of September 2025 and the completion of the 2023 award by January 2026.

Recommendation: Staff recommends approval.

8.2 Town of Bernalillo (WPF-6547) Water Storage, Conveyance and Delivery.

Waiver Request: Project Continuation

Justification: The Town has a 2022 award - \$1,913,000 (2% expended) that does not meet the 95% expenditure requirement for Project Continuation. The Town's project was awarded in January with an anticipated completion by June 2025.

Recommendation: Staff recommends approval.

8.3 Eastern NMWUA (WPF-6565) Water Storage, Conveyance and Delivery.

Waiver Request: Project Continuation

Justification: The Authority has 2022 and 2023 awards - \$28,410,522 combined (47% expended) that do not meet the 50% expenditure requirement for Project Continuation. The Authority anticipates fully expending both awards by February 2026.

Recommendation: Staff recommends approval.

8.4 City of Gallup (WPF-6576) Water Storage, Conveyance and Delivery.

Waiver Request: Project Continuation

Justification: The City has a 2023 award - \$10,800,000 (0% expended) that does not meet the 50% expenditure requirement for Project Continuation. The project went out to bid for the drilling of the well in September 2024 with an anticipation of a 38% expenditure being completed by June 2025 and project completion by January 2026.

Recommendation: Staff recommends approval.

8.5 Los Alamos County (WPF-6583; WPF-6584) Water Storage, Conveyance and Delivery.

Waiver Request: Project Continuation

Justification: The County has a 2023 award - \$5,000,000 (0% expended) that does not meet the 95% expenditure requirement for Project Continuation. The project awarded a contractor in September 2024 with an estimated project completion by January 2026.

Recommendation: Staff recommends approval.

8.6 Luna County (WPF-6587) Flood Prevention Project.

Waiver Request: Project Continuation

Justification: The County has 2022 and 2023 awards - \$4,600,000 combined (8% expended) that do not meet the 95% expenditure requirement for Project Continuation. Securing ROW easements, environmental and cultural resource permits as well as international requirements from the Border Authority delayed the 2022 project. Both projects are under construction and are anticipated to be completed by December 2025.

Recommendation: Staff recommends approval.

8.7 Middle Rio Grande CD (WPF-6591) Water Storage, Conveyance and Delivery.

Waiver Request: Project Continuation

Justification: The District has a 2023 award - \$7,080,000 (8% expended) that does not meet the 95% expenditure requirements for Project Continuation. The project was delayed due to on-going negotiations with Sandia Pueblo on easements within the Rio Grande Floodway. The District is currently redesigning the project to be built on MRGCD property. The anticipated project completion timeline is March 2026.

Recommendation: Staff recommends approval.

8.8 Pendaries Village MDWCA (WPF-6595) Water Storage, Conveyance and Delivery.

Waiver Request: Project Continuation

Justification: The Association has a 2023 award - \$499,999 (25% expended) that does not meet the 95% expenditure requirement for Project Continuation. The project was delayed due to changes in Board staff but is currently moving forward with an anticipated completion date of May 31, 2025.

Recommendation: Staff recommends approval.

8.9 Rio Lucio MDWCA (WPF-6602) Water Storage, Conveyance and Delivery.

Waiver Request: Project Continuation

Justification: The Association has a 2023 award - \$825,130 (30% expended) that does not meet the 95% expenditure requirement for Project Continuation. The project was delayed due to long lead times on materials. It is currently moving forward with an anticipated completion date of April 30, 2025.

Recommendation: Staff recommends approval.

8.10 Village of Ruidoso (WPF-6605; 6606; 6607; 6608) Flood Prevention and Water Storage.

Waiver Request: Project Continuation

Justification: The Village has a 2023 award - \$918,415 (37% expended) that does not meet the 95% expenditure requirement for Project Continuation. The Village was unable to secure the funds in a timely manner due to the wildfires that closed a large portion of the Village. Once the funding was secured, the Village moved forward with bidding and hiring a contractor. Unfortunately, the project could not begin during the monsoon season. The project is under way with an anticipated completion date of January 2026.

Recommendation: Staff recommends approval.

8.11 Storrie Project WUA (WPF-6617) Water Storage, Conveyance and Delivery.

Waiver Request: Project Continuation

Justification: The Association has a 2023 award - \$13,900,000 (0% expended) that does not meet the 95% expenditure requirements for Project Continuation. The Association was unable to secure the 2023 funding in a timely manner. The 2023 project, awarded for the design and construction of phase I, is in the early stages of the design process (ROW/easements/surveying).

Recommendation: Staff recommends approval.

8.12 City of Truth or Consequences (WPF-6621) Flood Prevention.

Waiver Request: Project Continuation

Justification: The City has a 2021 award - \$750,000 (76% expended) that does not meet the 95% expenditure requirements for Project Continuation. Due to the nature of the dam project including outside partners with the BLM, the initial planning phase was delayed. The project is in construction with an anticipated completion date of April 2025.

Recommendation: Staff recommends approval.

8.13 Cedar Creek MDWCA (WPF-6551) Water Storage, Conveyance and Delivery.

Waiver Request: Project Continuation

Justification: The Association has a 2023 award \$458,600 (\$0 expended) that does not meet the 95% expenditure requirements for Project Continuation. The wildfires in July 2024 disrupted the progress of the project. The intent of the project was to connect to the Kellerman well house which was destroyed by the fire. The Association's 2025 application is for the rebuilding of the well house.

Recommendation: Staff recommends approval.

Waiver Request: State Audit Rule/EO-Compliance

Justification: The Association is currently out of compliance with the State Auditor's office. An auditor is on contract with an anticipated.

Recommendation: Staff recommends approval.

8.14 EMWT Regional WA (WPF-6568) Water Storage, Conveyance and Delivery.

Waiver Request: Project Continuation

Justification: The Association has a 2022 award - \$491,050 (\$0 expended) that does not meet the 95% expenditure requirements for Project Continuation. The project was awarded for phase I – design of the McKintosh water system. The Association is continuing with securing the appropriate water rights for the project and once approved, anticipates design completion within the next few months soon after.

Recommendation: Staff recommends approval.

Waiver Request: OSE Regulations

Justification: The Association has submitted a "Permit to Change an Existing Water Right" application to the OSE office and is currently awaiting review and approval from OSE with an estimated completion date of June 30, 2025

Recommendation: OSE has provided the Association a list of requirements that must be met by the June 30, 2025, date. OSE staff recommends approval.

8.15 Penasco MDWC&MSWA (WPF-6594) Water Storage, Conveyance and Delivery.

Waiver Request: Project Continuation

Justification: The Association has a 2023 award - \$323,600 (25% expended) that does not meet the 95% expenditure requirement for Project Continuation. The project was delayed due to locating underground utilities. It is currently moving forward with an anticipated completion date of June 2025.

Recommendation: Staff recommends approval.

Waiver Request: NMED-DWB Regulations

Justification: The Association received a notice of violation regarding the lead and copper monitoring in tap water. The deadline to complete the notification requirements is August 2025.

Recommendation: NMED-DWB staff recommends approval.

8.16 City of Alamogordo (WPF-6541; 6542) Water Conservation/Treatment, Recycling, Water Storage, Conveyance and Delivery.

Waiver Request: State Audit Rule/EO-Compliance

Justification: In September 2023, the City transferred management of the Housing Authority to the Eastern Regional Housing Authority (“ERHA”). The transferring of funds and assets required additional documents including the merging of two different accounting styles (ERHA’s and the City’s) to satisfy any audit requirements. The process delayed the FY2023 and now the FY2024 audit. The City anticipates the submission of their FY2024 audit by May 31, 2025.

Recommendation: Staff recommends approval.

8.17 Village of Cloudcroft (WPF-6553) Water Storage, Conveyance and Delivery.

Waiver Request: State Audit Rule/EO compliance

Justification: Due to significant personnel turnover and challenges, the Village’s FY2024 audit was delayed. The Village is anticipating their FY2024 audit submission by June 30, 2025.

Recommendation: Staff recommends approval.

8.18 City of Deming (WPF-6557; 6558; 6559; 6560) Water Conservation/Treatment, Recycling; Flood Prevention; Water Storage, Conveyance and Delivery.

Waiver Request: State Audit Rule/EO compliance

Justification: The City was under a special audit requirement which resulted in late submission of their FY2022, FY2023 and FY2024 audits. All audits are expected to be completed and submitted to the State Auditor’s office by July 31, 2025.

Recommendation: Staff recommends approval.

8.19 Village of Des Moines (WPF-6561) Water Storage, Conveyance and Delivery.

Waiver Request: State Audit Rule/EO compliance

Justification: Prior to 2023, the Village was not required to submit a full audit. Their FY2023 is complete and their FY2024 is anticipated to be completed and submitted by June 30, 2025.

Recommendation: Staff recommends approval.

Waiver Request: NMED-DWB Regulations

Justification: The Village was issued a violation in November 2024 regarding the Utility Operator Certification Act and the Sanitary Projects Act. The Village is currently working with their district office and anticipates returning to compliance by March 31, 2025.

Recommendation: NMED-DWB staff recommends approval.

8.20 City of Espanola (WPF-6569; WPF-6570; WPF-6571) Water Storage, Conveyance and Delivery.

Waiver Request: State Audit Rule/EO compliance

Justification: The City was behind on their FY2023 and FY2024 audit. The FY2023 audit was submitted on March 5, 2025. The City has a contract with an auditor to complete their FY2024 Agreed-Upon-Procedure Report to the OSA. The City anticipates completion and submission of their FY2024 AUP by May 1, 2025.

Recommendation: Staff recommends approval.

8.21 Town of Estancia (WPF-6572) Water Storage, Conveyance and Delivery.

Waiver Request: State Audit Rule/EO compliance

Justification: The Town’s FY2024 audit is currently under contract with an anticipated submission to OSA by March 31, 2025.

Recommendation: Staff recommends approval.

Waiver Request: NMED-DWB Regulations

Justification: The Town has several sanitary survey deficiencies, public notice violations and consumer confidence violations that are currently being addressed by the NMED district office. The compliance and reporting requirements are anticipated to be completed by May 31, 2025. The proposed project will assist with the physical deficiency concerns.

Recommendation: NMED-DWB staff recommends approval.

8.22 Lumberton MDWCA (WPF-6586) Water Storage, Conveyance and Delivery.

Waiver Request: NMED-DWB Regulations

Justification: In October 2024, the Association received an Administrative Compliance Order for DBP violations and treatment violations. The proposed project will assist in returning the system to compliance.

Recommendation: NMED-DWB staff recommends approval.

8.23 Lybrook MDWCA (WPF-6588) Water Storage, Conveyance and Delivery.

Waiver Request: State Audit Rule/EO compliance

Justification: The Association’s auditor is currently working on the FY2022, FY2023 and FY2024 Agreed Upon Procedures Report/Tier Certification. The Association anticipated completion and submission of their audit certification by March 31, 2025.

Recommendation: Staff recommends approval.

8.24 Nogal MDWCA (WPF-6592) Water Storage, Conveyance and Delivery.

Waiver Request: State Audit Rule/EO compliance

Justification: The Association is designated as a Tier 2 audit and is currently in the process of filing the required documentation to OSA by March 31, 2025.

Recommendation: Staff recommends approval.

Waiver Request: OSE Regulations

Justification: The Association needed to provide water rights documentations for the surface water source. The documents were provided on March 11. The OSE approval is anticipated to be completed by April 2025.

Recommendation: OSE staff recommends approval.

8.25 City of Portales (WPF-6596; WPF-6597) Water Storage, Conveyance and Delivery.

Waiver Request: State Audit Rule/EO compliance

Justification: The City has been working through a high staff turnover within the last year which delayed the submission of their FY2024 audit. The City anticipates the completion and submission of their audit by March 31, 2025.

Recommendation: Staff recommends approval.

8.26 Rio Embudo MDWCA (WPF-6601) Water Storage, Conveyance and Delivery.

Waiver Request: State Audit Rule/EO compliance

Justification: For this year's FY2024 audit, the Association was required to submit a Tier 4 AUP. Based on the Tier 4 requirements, the deadline to submit to OSA is May 2025.

Recommendation: Staff recommends approval.

8.27 Sile MDWCA (WPF-6614) Water Storage, Conveyance and Delivery.

Waiver Request: State Audit Rule/EO compliance

Justification: The Association has been changed from a Tier 2 to a Tier 3 audit/AUP. The Association is currently working to execute a contract with an auditor with an anticipated submission of their FY2024 AUP by May 2025.

Recommendation: Staff recommends approval.

Waiver Request: OSE Regulation

Justification: The Association has an over-diversion of 175 acre-feet and repayment by permit to OSE is needed. The Association has recently applied for 2 permits with OSE to transfer additional water rights to the well. One application was approved, and the other is currently in the OSE Hearing unit.

Recommendation: The waiver request allows the Association to secure funds to update the infrastructure of their water system under the condition that the applicant submits 2 water rights transfer applications to OSE by December 31, 2025. OSE staff recommends approval.

Member Lucero made a motion, seconded by Member Thompson to approve agenda items 8.0-8.27 as presented. The motion passed 13-0.

9. Next Board Meeting. April 22, 2025, 10:00 a.m. - 2025 Funding Recommendations via Zoom.

10. Adjournment. The meeting adjourned at 10:44 am.

Miguel Razo

Secretary

05 / 15 / 2025

Date