

# **Drinking Water State Revolving Loan Fund (DWSRLF)**

## **Application Overview and Frequently Asked Questions**

The New Mexico Finance Authority and the New Mexico Environment Department jointly administer the DWSRLF. The DWSRLF provides low-cost financial assistance to eligible water systems in order to finance the cost to repair, replace, and build drinking water infrastructure. These FAQs provide an overview of how the program works, what the requirements are, and how to apply for a DWSRLF loan.

### **I. [Drinking Water State Revolving Loan Fund \(DWSRLF\)](#)**

[What is the DWSRLF?](#)

[Which water systems are eligible for DWSRLF financial assistance?](#)

[What kinds of projects are eligible for DWSRLF financial assistance?](#)

[What kinds of projects are NOT eligible for DWSRLF funding?](#)

[How do NMED and NMFA oversee the DWSRLF?](#)

[How are projects prioritized?](#)

[How does a project get on the Fundable List?](#)

[What is “technical, managerial and financial capacity”?](#)

[What is a “disadvantaged community” vs. a “severely disadvantaged community”?](#)

[What are the loan terms and interest rates?](#)

[Does the DWSRLF require a match?](#)

[How to apply for a DWSRLF loan?](#)

[How does the application cycle work?](#)

### **II. [Important Dates](#)**

### **III. [Application Process](#)**

[How do we get started on an application to NMFA?](#)

[Who can set up additional users to assist and access the online application?](#)

[How is the application submitted?](#)

[What are the required attachments and how are they submitted?](#)

[How will I know if my application has been submitted?](#)

### **IV. [Questions?](#)**

## I. [Drinking Water State Revolving Loan Fund \(DWSRLF\)](#)

### **Q: What is the DWSRLF?**

**A:** The DWSRLF Program is a federal-state partnership created by the 1996 Amendments to the Safe Drinking Water Act (SDWA) which provides financial assistance to help water systems and states to achieve the health protection objectives of the SDWA (See [42 U.S.C. §300j-12](#)). NMFA and NMED jointly administer the DWSRLF for the state of New Mexico, and each manage specific functions.

### **Q: Which water systems are eligible for DWSRLF financial assistance?**

**A:** All publicly or privately-owned community water systems, non-profit water systems, and non-community water systems are potentially eligible to receive DWSRLF funding.

### **Q: What kinds of projects are eligible for DWSRLF financial assistance?**

**A:** Water projects that further public health protection objectives are eligible, including those that:

- Rehabilitate or develop water resources to replace contaminated sources
- Install or upgrade facilities to improve quality of water (treatment)
- Install or upgrade storage facilities
- Install or replace transmission or distribution lines
- Consolidate or regionalize water systems
- Create a new water system to address existing public health problems caused by unsafe drinking water supplied by individual wells or surface water sources

### **Q: What kinds of projects are NOT eligible for DWSRLF funding?**

**A:** Projects and costs that are not eligible for DWSRLF assistance include the following:

- Projects needed primarily for fire protection
- Projects primarily intended to serve future growth
- Projects for the sole purpose of water system expansion
- Purchase of water rights
- Construction or rehab of a dam
- Construction or rehab of a reservoir (except for projects involving a finished water reservoir, or a reservoir that is part of the treatment process)
- Operation and maintenance expenses
- Lab fees for routine monitoring
- Refinancing of a private water system

### **Q: How do NMED and NMFA oversee the DWSRLF?**

**A:** The NMED solicits and accepts Project Interest Forms (PIF), assesses water system eligibility to receive DWSRLF funds, compiles Fundable Priority Lists, coordinates with NMFA to produce federally required DWSRLF Program plans and reports, and performs DWSRLF-funded Set-Aside activities to provide technical assistance to water systems to increase their technical, managerial, and financial capacity.

The NMFA administers the financial aspects of the DWSRLF program, which include:

- Accepting applications from water systems who are on the Fundable Priority List

- Performing financial analysis of systems that have applied for DWSRLF funding
- Taking loan applications to the NMFA Board for approval
- Granting a Binding Commitment for the loan
- Securing all necessary readiness-to-proceed documents prior to loan closing
- Closing financial assistance loan agreements
- Coordinating with NMED’s Construction Programs Bureau (CPB) for the review of project cost estimates, engineering contracts, plans and specifications, bid documents, change orders, and site inspections
- Coordinating with NMED’s Construction Programs Bureau (CPB) to review and approve project reimbursement requests
- Disbursement of funds for eligible project costs
- Ensuring project compliance with federal regulations

**Q: How are projects prioritized?**

**A:** NMED-DWB ranks the projects on the Comprehensive List and the Fundable Priority List using a point system according to the following categories:

- Source Water Vulnerability
- Safe Drinking Water Act Compliance
- Affordability
- Regionalization
- Water Efficiency
- Sustainability

NMED posts a current list of the priority ranking criteria on their website here: <https://www.env.nm.gov/wp-content/uploads/2018/10/DWSRF-SFY-19-Priority-Ranking-Criteria.pdf>.

**Q: How does a project get on the Fundable List?**

**A:** The first step is to submit a Project Interest Form (PIF) to NMED through their website at <https://swim.water.web.env.nm.gov/>. Interested water systems submit a PIF to NMED and the Drinking Water Bureau contacts the water system to request supplemental documentation. All water systems that submit a PIF will be included on the Comprehensive List, and the Drinking Water Bureau places those that are able to demonstrate adequate technical, managerial, and financial capacity on the Fundable Priority List.

**Q: What is meant by “technical, managerial, and financial capacity”?**

**A:** Adequate capacity in all three areas is necessary for the successful operation of a public water system. Water system capacity is the ability to achieve and maintain compliance with all applicable drinking water standards. Technical capacity refers to a water system’s ability to operate and maintain its infrastructure. Managerial capacity refers to the ability of the water system’s personnel to administer the system’s overall operations. Financial capacity refers to the financial resources and fiscal management that support the cost of operating the water system, including debt capacity.

**Q: What is a “disadvantaged community” vs. a “severely disadvantaged community”?**

**A:** The DWSRLF Act (Laws of 1997, Chapter 144) directs NMFA to extend a program of assistance to disadvantaged communities in order to help them qualify for loans through the DWSRLF.

To determine disadvantaged entity status, NMFA uses the applicant's most recent 5-year average Median Household Income (MHI) from census data, or through a survey acceptable to NMFA.

- Disadvantaged Community – to be considered a Disadvantaged community, the applicant's MHI must be greater than 80% but less than 100% of the State's MHI.
- Severely Disadvantaged Community – to be considered a Severely Disadvantaged community, the applicant's MHI must be 80% or less than the State's MHI.

Applications for proposed Regionalization projects may use the MHI of the community proposed for incorporation into the applicant's water system service area for purposes of determining Disadvantaged entity status.

**Q: What are the loan terms and interest rates?**

**A:** All DWSRLF loans are structured with a two-year Interim period during which only interest and administrative fees are paid on the amounts drawn. Following the expiration of the Interim period, the loan is converted to a permanent loan and a final debt service schedule is provided to the borrower. The permanent loan will be structured with an amortization period of up to 30 years payable monthly. Interest rates for the DWSRLF program depend on the type of water system and Disadvantaged entity status. NMFA charges an administrative fee of 0.25% on all loans.

- Public water systems that meet the Disadvantaged or Severely Disadvantaged Entity criteria, may qualify for up to \$1,000,000 at an interest rate of 0% (plus the administrative fee of 0.25%), and an interest rate of 1% for all funds over \$1,000,000.
- Public water systems that do not meet the Disadvantaged Entity criteria, may qualify for an interest rate of 1% (which includes the 0.25% administrative fee).
- Private non-profit water systems may qualify for an interest rate of 3% (which includes the 0.25% administrative fee).
- Private for-profit water systems may qualify for an interest rate of 4% (which includes the 0.25% administrative fee).

**Q: Does the DWSRLF require a local match?**

**A:** No, the DWSRLF does not require a local match from its loan recipients.

**Q: How to apply for a DWSRLF loan.**

**A:** The first step in applying for a DWSRLF loan is to submit a Project Interest Form to NMED-DWB at <https://swim.water.web.env.nm.gov/>. The Drinking Water Bureau will work with the entity to obtain supplemental documentation in order to rank the project.

If a project does not qualify for financial assistance, it may stay on the Comprehensive List for up to three years and DWB will work with the entity to obtain technical, managerial, and financial capacity, so that the project can eventually move to the Fundable List. The projects

that qualify for financial assistance are then included on the Fundable Priority List. The entity must submit an application to NMFA within 45-days of the publication of the Fundable Priority List on NMFA’s and NMED’s website.

NMFA staff will then analyze the loan application for financial capacity, and take the application to NMFA’s Board of Directors for approval. NMFA will send a Binding Commitment Letter to the borrower upon Board approval, which requires the borrower to satisfy certain requirements prior to loan closing. Once all conditions have been satisfied, NMFA will schedule the loan to close, and the borrower will sign the loan closing documents.

**Q: How does the application cycle work?**

**A:** Three times a year, the Comprehensive and the Fundable Priority Lists are updated and published. The Annual List is published for public comment for 30-days in the May-June timeframe, and is the only list that requires public comment. The Fall List is published in October, and the Spring List is published in March. PIFs may be submitted to DWB anytime and will be included on the Comprehensive List for whichever list is next. Both the Comprehensive and Fundable Lists are published on NMED and NMFA’s websites.

Once a project is on the Fundable List, the borrower has 45-days from the date of publication to submit an application to NMFA.

**II. [Important Dates](#)**

Deadline	SFY 20 Annual Priority List	Fall List Update	Spring List Update	SFY21 Annual Priority List
Project Interest Forms submitted by	February 1, 2019	August 1, 2019	November 1, 2019	February 1, 2020
Required supplemental documents submitted by	March 1, 2019	September 1, 2019	November 30, 2019	March 4, 2020
Draft Priority List Posted for Public Comment	May 30, 2019			May 30, 2020
Final Priority Lists Published	July 1, 2019	October 1, 2019	March 1, 2020	July 1, 2020

**III. [Application Process](#)**

**Q: How do we get started with an application to NMFA?**

**A:** NMFA has an online system for submitting applications called EnABLE. The first step in gaining access to the EnABLE system is to fill out an Enrollment Form and get a password. You will need to designate a Primary Contact person on the Enrollment Form, who will have access to the EnABLE system, and be able to submit the application.

NMFA staff will provide all interested applicants who appear on the Fundable Priority list with an EnABLE Enrollment Form to initiate the application process.

**Q: Who can set up additional users to assist and access the online application?**

**A:** New Mexico Finance Authority staff can enroll other local users to have access to the applicant's EnABLE account. The Enrollment Form has a section where you can request access for a Secondary Contact and up to two designated consultants who may assist in completing the application and upload documentation. If you need more than two additional consultants, please email us at [DW@nmfa.net](mailto:DW@nmfa.net).

**Q: How is the application submitted?**

**A:** You may access the online application through EnABLE once you have enrolled. The application is 4 pages, and requires certain documents to be attached in order to submit a complete application. You may also save the application and complete it at another time. Only the Primary Contact can submit the application. The EnABLE website is located here:

- <https://www.gotoenable.com/NMFAEnable/login.aspx>

**Q: What are the required attachments and how are they submitted?**

**A:** When you start the application, there will be a list of Attachments/Forms at the top of the first page. Click on the orange icons in the **Download** column to open and save each document to your computer. All of these documents are required (except the Permits Detail, which is only applicable to certain projects). You will have to print the first three documents listed below, sign the Application Certification, fill out and sign the Categorical Exclusion Checklist, and sign and pass the Authorizing Resolution at your regular meeting **before you can upload them and submit the application**. This will require you to be able to scan and save documents on your computer. Required documents to submit a DWSRLF application:

- Application Certification (signature page of the application)
- Categorical Exclusion Checklist
- Authorizing Resolution Template (this is the application resolution)
- Budget Detail

**Q: How will I know if my application has been submitted?**

**A:** When the application is complete, the Primary Contact must click the **Submit** icon. Only the Primary Contact can submit an application. If there are any missing items (e.g., questions not answered, required documents not uploaded), a list of missing information will appear at the bottom of the screen. Once the completed application is submitted, the application status will change from **Started** to **Submitted**.

#### IV. [Questions?](#)

Please contact a DWSRLF Administrator via email at [DW@nmfa.net](mailto:DW@nmfa.net) or by telephone 877-ASK-NMFA or (505) 984-1454