

2021 Water Trust Board Application Overview of Recommended Projects

Presentation to the
New Mexico Finance Authority
Oversight Committee

State Engineer John R. D'Antonio, Jr., Water Trust Board Chair
Marquita Russel, NMFA Chief Executive Officer

November 30, 2020

2021 Application Cycle

- ▶ 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
- ▶ Applications are submitted on-line and must be accompanied by evidence of additional funding and mandatory planning documents
- ▶ Using the evaluation criteria set forth in the WTB Project Management Policies, a Project Management Team comprised of staff from seven agencies and the Legislative Finance Committee evaluated the applications and provided its evaluations to the WTB on November 24th



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Chief Executive Officer
NM Finance Authority
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2021 Application Cycle

- ▶ 55 Notices of Intent to File an Application were received
- ▶ 50 applications totaling more than \$59.6 million were ultimately filed
- ▶ Three applications did not meet the policy requirements for planning documents and will not move forward
- ▶ Six applications did not meet policy requirements for expenditures. Those applicants submitted waiver requests and five of the requests were approved by the WTB
- ▶ The Water Trust Board reviewed the 46 projects and approved the recommendation of 38 projects at its November 24th meeting



Overview of WTB Evaluation Criteria

- ▶ Applications were reviewed using evaluation criteria that weighs health and safety factors as well as criteria from statutory language and the State Water Plan, adjusted for project types

<u>Criterion</u>	<u>Weight</u>	<u>Direction</u>
◦ Urgent for ISC-accepted Plan	5%	Statutory
◦ Local Contribution	15%	Statutory
◦ Readiness	10%	Statutory
◦ Regionalization	10%	State Water Plan
◦ Health and Safety	25%	Health & Safety
◦ Planning/Design	10%	Statutory
◦ Emergency	25%	Health & Safety



Expected Funding for 2021 Applications

- ▶ The recommended project list is sized to the amount of funds expected in 2021, with some additional projects in case any of the higher rated projects are by-passed for compliance issues (e.g., water rights, state drinking water regulations, etc.)
- ▶ The Water Project Fund annually receives 9% of the Senior Severance Tax Bond proceeds and a distribution from the Water Trust Fund, less funds directed to the Office of the State Engineer for adjudication
 - Expected Severance Tax Bonds \$39,700,000
 - 2021 Water Trust Fund Distribution 4,000,000
 - Sub-Total 43,700,000
 - Less 10% to OSE/AOC for Adjudication (4,370,000)
 - **Maximum Funding Expected for 2021** **\$39,330,000**



Recommendations

- ▶ The WTB Policies provide targets for annual funding by project type. Once authorized, projects will be funded in the order in which they prioritized

Project Type	Policy Targets	Application Requests			Projects Recommended			Recommended v. Expected Funding
ESA Collaborative	Up to 5%	\$ -	0	0.0%	\$ -	0	0%	0%
Flood Prevention	Up to 10%	\$ 2,290,000	5	6.0%	\$ 2,290,000	5	5%	6%
Water Conservation	15% - 30%	\$ 6,480,000	5	11.7%	\$ 4,500,000	2	9%	11%
Water Storage	50% - 75%	\$ 44,293,538	32	80.0%	\$ 38,661,538	27	81%	97%
Watershed	10% - 20%	\$ 2,300,000	4	4.2%	\$ 2,300,000	4	5%	6%
		\$ 55,363,538	46	102%	\$ 47,751,538	38	100%	120%

The recommended project list includes 38 projects with application requests totaling approximately 120% of the amount of funds expected to be available



Recommended Projects by County

County	Projects	Application Requests
Bernalillo	2	\$ 6,965,000
Chaves	2	\$ 1,225,000
Curry	1	\$ 4,540,000
Dona Ana	2	\$ 2,625,000
Eddy	1	\$ 2,506,722
Guadalupe	1	\$ 880,316
Harding	1	\$ 600,000
Hidalgo	1	\$ 1,446,701
Lea	1	\$ 882,114
Lincoln	2	\$ 1,447,500
Los Alamos	1	\$ 2,500,000
Luna	1	\$ 315,000
McKinley	2	\$ 5,000,000
Mora	2	\$ 1,991,405
Otero	1	\$ 223,000
Rio Arriba	3	\$ 2,958,184
Sandoval	3	\$ 2,303,106
San Juan	1	\$ 500,000
San Miguel	1	\$ 713,990
Santa Fe	1	\$ 1,500,000
Sierra	1	\$ 750,000
Taos	4	\$ 4,278,500
Torrance	2	\$ 1,200,000
Valencia	1	\$ 400,000
	38	\$ 47,751,538

The 38 recommended projects are located in 24 counties



Next Steps

- ▶ Projects recommended to the Legislature are invited to submit a Readiness Application that focuses on policy, regulatory compliance and financial readiness
- ▶ Readiness applications are evaluated on a pass/fail basis – those not meeting requirements are provided an opportunity to request a waiver from the WTB, with input from relevant agencies
- ▶ Applicants that submit Readiness Applications are underwritten for debt capacity (awards contain a loan component of between 10%-40%)
- ▶ Funding is awarded to projects in the order in which they are prioritized. Awards will be sized to an amount that can be expended within two years. Projects will be by-passed if the applicant is not compliant with certain readiness or regulatory requirements
- ▶ The WTB is scheduled to recommend a final list of projects, including specific amounts of funding, to the NMFA in May, which NMFA expects to approve at its May meeting. Awards are subject to terms and conditions established by the NMFA

