

WATER TRUST BOARD WATER PROJECT FUND PROJECT MANAGEMENT POLICIES

I. WATER TRUST BOARD POLICIES

PURPOSE

The statutory purpose of the Water Trust Board (“WTB” or the “Board”) is to provide for water use efficiency, resource conservation and protection, and the fair distribution and allocation of New Mexico’s scarce water resources for beneficial purposes of use within the state.

The statutory charge of the Board is to recommend qualifying water projects to the Legislature for financing by the New Mexico Finance Authority (“NMFA”) from the Water Project Fund (the “Fund”). The Board was created with broad representation of water interests in New Mexico. Recommendations for funding come from a consensus among this broad stakeholder group on how best to address New Mexico’s water needs into the future and how best to allocate precious resources.

The Board plays an important role in ensuring that the state’s populace, wildlife and economies are supported by safe and adequate water resources through the development of appropriate infrastructure for flood prevention, water delivery, water conservation and watershed management as well as for providing funds critical to restoring the habitats of endangered species.

Working in concert with the Fund Rules, these Project Management Policies (“Policies”) set forth the criteria by which the Board will prioritize water projects for financial assistance from the Fund. Section II contains policies that apply to all funding categories. Sections III-VII provide additional specific policies for each funding category.

GOALS

The goals of these Policies are to:

- Devise and implement a systematic, integrated approach to selecting projects that are fiscally sustainable and natural-resource responsible;
- Foster a coordinated, strategic, long-range approach to water management;
- Encourage participation in regional efforts to collaborate on long-term solutions with other community water systems in an appropriate geographic region;
- Promote conservation and highly efficient use of the state’s limited water supplies;

- Set standards for funding based on sound business practices, conservation and efficiency;
- Support the public health and economic vitality of New Mexico through comprehensive planning and investment in infrastructure;
- Create water delivery systems that are hydrologically and fiscally sustainable and meet state and federal statutory and regulatory requirements;
- Protect New Mexico’s investment in water by requiring accountability and stability, thereby decreasing the future demand for state funding; and
- Promote restoration and management of watersheds, including water quality improvements, riparian ecosystem restoration, Endangered Species Act protection and healthy forest initiatives.

In developing this comprehensive framework for project prioritization and readiness, the Board provides guidance to agency staff and applicants regarding suitability for financial assistance from the Fund.

IMPLEMENTATION

These Policies will be implemented by the Board as supported by agency staff and may, at times, be waived by the Board if the Board determines in a public meeting that a deviation from its adopted policies is necessary. Such waiver will be reflected in the minutes of the public meeting at which the waiver is approved.

II: PROJECT APPLICATION AND MANAGEMENT FOR ALL PROJECT CATEGORIES

SECTION 1 PROJECT PRIORITIZATION

Applications will be prioritized using the information contained in the Project Application, including the required planning document. The Board may rely on the technical assistance of agency and legislative staff in helping to review the applications and make funding recommendations to the Legislature and the NMFA. Pursuant to the WTB Rules and Regulations, the Board will evaluate the applications prior to recommending projects to the Legislature.

Section 1.1 Prioritization Criteria

As directed by the Water Project Finance Act (the “Act”), the Board will give priority to projects that:

- A. have been identified as being urgent to meet the needs of a regional water planning area that has a completed regional water plan that has been accepted by the interstate stream commission (“ISC”);

- B. that have matching contributions from federal and local funding sources available; and
- C. that have obtained all requisite state and federal permits and authorizations necessary to initiate the project.
- D. In addition, the Board will give priority to projects that have regional impacts, mitigate or alleviate human health and safety concerns, improve water quality or quantity and meet other goals of the Board, as appropriate to each project type and as identified in Sections III – VII of these Policies. Overall, each application will be prioritized using the following weighted criteria:

1. Urgent to Meet the Needs of ISC-accepted Regional Water Plan	5%
2. Local Contribution	15%
3. Readiness	10%
4. Regionalization	10%
5. Health and Safety	25%
6. Planning/Design	10%
7. Other (as described in Sections III-VII)	25%

Section 1.2 Regionalization of Water Resources

The Board identifies, prioritizes and recommends funding for water-related infrastructure projects that protect New Mexico’s water resources for New Mexico uses.

- A. The Board defines regionalization as a process through which multiple communities or existing water systems collaborate to consolidate physical infrastructure and/or management and operations, including other shared resources to achieve efficiency and economies of scale.
 - 1. This definition includes regionalization that occurs at different scales depending on the geographic context.
 - 2. The Board recognizes that regionalization is not universally feasible for eligible water projects and therefore does not preclude consideration of funding water systems unable to regionalize.
- B. The Board encourages regional projects to collaborate in order to self-prioritize the timing sequence of their federal and state funding requests and support state and federal authorizing legislation for multi-phase projects.

Section 1.3 Definitions of Urgent Project

The Board may provide greater policy consideration to projects determined to be Urgent. To qualify as Urgent, a state agency head, or authorized designee, must first determine that the project meets at least one of the following criteria:

- 1. Public Health Threats including waterborne disease outbreak and inadequate water supply so long as the proposed project addresses the existing or imminent threats;

2. Safe Drinking Water Act Compliance, including acute and chronic risk contaminants, that result in three violations in the past year so long as the project addresses the existing or imminent threats;
3. Wildfire Public Safety projects including watershed projects that modify or break up fuels in such a way as to lessen catastrophic fire and its threat to public safety, and damage to property;
4. Dam Safety projects that correct safety deficiencies identified by the Office of the State Engineer and restore the facilities to a satisfactory condition; or
5. Other projects needed to address conditions declared an emergency by the Governor of New Mexico.

Section 1.4 Threatened and Endangered Species Act Sensitivity and Conservation

The Board supports implementation of river riparian and watershed restoration projects that aid in the recovery of listed species, satisfy water demands for the species, or reduce the likelihood of additional listings. Furthermore, the Board supports projects that will not have an adverse impact on the state's ecological resources.

SECTION 2 PROJECT AWARD RECOMMENDATIONS

The Board seeks to strategically prioritize and package water projects that make the best use of state dollars and ensures it meets its statutory charge to “provide for water use efficiency, resource conservation and protection and fair distribution and allocation of New Mexico’s scarce water resources for beneficial purposes within the state.” It is the goal of the Board to quickly implement project funding while ensuring that selected projects get completed and are able to be fully utilized by the benefiting communities.

Section 2.1 Recommendation to the Legislature

In addition to the prioritization criteria outlined in Section 1.1, the Board will consider applicants’ ability to timely expend prior awards in determining which water projects to recommend as qualifying water projects for appropriation by the state Legislature. Specifically, the Board will require that applicants meet the following preliminary expenditure targets by the submission date of the Project Application in order to be eligible for recommendation to the Legislature:

- A. Applicants requesting funds for a state-sponsored regional infrastructure project must expend at least 35% of prior awards that have not yet been certified as complete. Funds awarded in the most recent application cycle are excluded from this expenditure calculation. A state-sponsored regional infrastructure project is one that benefits more than one city and more than one county and that is proven to have a federal cost share as contracted by federal authorization (congressional action).
- B. Regional water association applicants requesting funds must expend at least 60% of prior awards that have not yet been certified as complete. Funds awarded in the most recent

application cycle are excluded from this expenditure calculation. Regional water association applicants include umbrella associations that formally combine previously separate mutual domestic water systems and regional water authorities;

- C. All other applicants must expend at least 70% of prior awards that have not yet been certified as complete. Funds awarded in the most recent application cycle are excluded from this expenditure calculation;
- D. Applications that will cure a condition considered Urgent pursuant to Section 1.3 may be excepted from these limitations.

Section 2.2 Project Selection

The Board will use the following procedures in forming its recommendations for funding to the NMFA.

- A. To the greatest extent possible, the Board will fund scopes of projects that represent functional stand-alone phases of projects that can be accomplished within 12-18 months from time of award.
- B. Projects will be funded in the order in which they are prioritized unless they are by-passed because they are not ready to proceed or because the applicant is not compliant with all relevant, laws, regulations, policies, or executive orders.
- C. The Board may rely on a Project Management Team, comprised of agency and legislative staffs, for technical advice and to help to review the applications and make funding recommendations to the Legislature and the NMFA.

Section 2.3 Targeted Annual Funding Percentages by Project Types

The Board promotes water conservation and equitable distribution and allocation of New Mexico's scarce water resources by providing support for the state's diverse communities and ecosystems through targeted percentages that reflect geographic differences, balance between rural and urban uses of water, and different scales of projects. Suggested categories for dedicated annual percentages are as follow:

Project Type	Suggested Range
Storage, conveyance or delivery of water to end users ("Water Storage")	50% - 75%
Water conservation or recycling, treatment or reuse of water ("Water Conservation")	15% - 30%
Restoration and management of watersheds ("Watershed Management")	10% - 20%
Implementation of federal Endangered Species Act of 1973 collaborative programs	Up to 5%
Flood prevention ("Flood Prevention")	Up to 10%

Section 2.4 Geographic Dispersion of Funds

Applicants, applying for one or more projects in a given application cycle, may not receive more than 15% of the available funds in any year, unless the project is determined to be Urgent pursuant to Section 1.3 of these Policies.

Section 2.5 Project Continuations

To encourage timely completion of projects and to maximize participation, the Board requires applicants to expend a minimum of previously awarded funds prior to being considered for new funding awards, subject to the limitations below:

- E. Applicants requesting funds for a state-sponsored regional infrastructure project must expend at least 50% of prior awards that have not yet been certified as complete. Funds awarded in the most recent application cycle are excluded from this expenditure calculation. A state-sponsored regional infrastructure project is one that benefits more than one city and more than one county and that is proven to have a federal cost share as contracted by federal authorization (congressional action).
- F. Regional water association applicants requesting funds must expend at least 80% of prior awards that have not yet been certified as complete. Funds awarded in the most recent application cycle are excluded from this expenditure calculation. Regional water association applicants include umbrella associations that formally combine previously separate mutual domestic water systems and regional water authorities;
- G. All other applicants must expend at least 95% of prior awards that have not yet been certified as complete. Funds awarded in the most recent application cycle are excluded from this expenditure calculation;
- H. Applications that will cure a condition considered Urgent may be excepted from these limitations; and
- I. As otherwise determined by the Board.

Section 2.6 Tribal Consideration

The Board respects New Mexico's Indian Nations, Tribes and Pueblos and their traditional, cultural, and religious values and uses of water.

- A. The Board may include for funding consideration and prioritization, water related infrastructure and management projects submitted by New Mexico's Indian Nations, Tribes and Pueblos.
- B. In concert with Executive Order EO-05-004 (Adoption of Pilot Tribal Consultation Plans), the Board will collaborate with the Governments of Indian Nations, Tribes and Pueblos in funding water projects.
- C. Applications from Indian Nations, Tribes and Pueblos will be prioritized utilizing the same criteria as all other WTB applications and may allow for a "soft" and/or "hard" match for any required loan component.

SECTION 3 APPLICATION PROCEDURES AND REQUIREMENTS

This Policy provides guidance to the Board and its applicants on the information required to reach a determination regarding completeness of application and project readiness.

Section 3.1 Application Procedures

The Board accepts applications utilizing an electronic application system that is comprised of two phases: a Project Application that is evaluated by the Project Management Team and used by the Board for its recommendation to the Legislature and a Readiness Application which evidences an Applicant's compliance with relevant regulations and its readiness to proceed with the proposed project which is determined on a pass/fail basis.

Section 3.2 Minimum Application Requirements for the Project Application

The Board requires applicants to submit evidence that their proposed projects and applications for financial assistance received adequate public participation and complete disclosure, including:

A. Planning Document

1. All applicants will be required to submit a planning document for the proposed project that has been completed by an engineer or other qualified expert and accepted by the appropriate regulatory or funding agency, unless funding is sought solely for this purpose.
2. The planning document must meet the terms of planning defined in the relevant Project Category sections of these Policies, which includes, as appropriate:
 - a. Estimated construction, engineering and equipment costs;
 - b. Detailed schedule of expected milestones and expenditures, including operating and maintenance costs for the project;
 - c. Extent of people, service area, watershed or ecosystem benefited;
 - d. List of all permits and licenses necessary to complete the project; and
 - e. Life cycle cost of the project.
3. The cost of the report or study may be counted towards the local match described in Section 4.2 for one water project fund award if evidence of the third party costs is substantiated.

B. Reliable Project Costs

Breakdown of all other expenses for the project, including, as appropriate:

1. Land costs;
2. Easements and rights of way;

3. Environmental and archeological surveys;
4. Special engineering services;
5. Legal fees;
6. Fiscal agent fees; and
7. Project management fees.

C. Other Application Elements

1. Description and analysis of overall degree of project benefit;
2. Description of how the project area or alternative was selected and how planning incorporated experiences from similar projects or phases of projects.
3. Description of how project addresses potential human health and safety issues.

- D. An application not meeting these thresholds may be directed to other sources of technical assistance, funded for a smaller planning project that helps the entity develop its planning for future applications, or directed to another funding source.

Section 3.3 Minimum Application Requirements for Readiness Application

The Board must ensure that recipients of WTB funds have adequate governance structures in place prior to undertaking projects. The Board will require its applicants to demonstrate that they have in place as part of a complete Readiness Application:

- A. Fully functioning governing body capable of managing, directing and overseeing the proposed project and ensuring that the applicant and its projects meet all applicable state laws and regulations, including as applicable:
 1. Up-to-date articles, by-laws and other governance documents that have been filed with appropriate regulatory agencies;
 2. Evidence of adequate legal representation;
 3. Regular board meetings of the governing body that are held in compliance with the Open Meetings Act and other law or policy applicable to the governing body;
- B. Status of all applicable permits and licenses necessary to complete the project, including rights of way, easements and landowner /agency agreements.
- C. Three most recent years of audits or other financial statements compliant with the State Audit Rule; exceptions will be made for newly formed entities.

- D. Evidence that the applicant's budget has been submitted and approved pursuant to statutory requirements.
- E. Description and evidence of Other Secured Funding Sources
 - 1. Local or federal matching funds including any private donations; and
 - 2. Award of other Grant or Special Legislative Appropriation
- F. Evidence of existing debt
 - a. Debt Documents, including Loan agreements;
 - b. Debt Default Summary; and
 - c. Evidence that WTB loans will not trigger any default covenants in other loans.
 - d. Applicants not supported by rate-paying constituents and tribal entities opting to provide an additional match in lieu of a loan are not required to submit debt documentation.
- G. Pending Litigation Summary
- H. As described in New Mexico Statute 72-14-3.2-G, Covered Entities seeking financial assistance for projects shall submit a copy of their water conservation plans to the Office of the State Engineer.

SECTION 4 FINANCIAL RESPONSIBILITY OF APPLICANT

Section 4.1 Board Standards for Financial Capability

Pursuant to the Act, loans or grants may be made only to qualifying entities that meet the requirements of financial capability set by the Board to ensure sufficient revenues to operate and maintain a water project for its useful life and to repay the loan.

- A. In addition to the local contribution funding match requirements outlined in section 4.2 of these Policies, the WTB financial assistance shall contain a loan component with a minimum of 10% and a maximum of 40%, of the total amount of financial assistance, in increments of 10%, based upon historic capacity of the applicant's system revenues as determined by the NMFA, with the remainder delivered as a grant.
- B. The NMFA will utilize three years of financial information, if available, in determining financial capacity to repay a loan. Applicants that demonstrate historic capacity to undertake debt will be recommended for the loan portion that provides debt service coverage of at least 1.3x, taking into consideration all existing and proposed debt. Applicants not able to demonstrate historic capacity to undertake debt will be assigned the minimum 10% loan component and the NMFA will not execute a loan agreement

until the applicant demonstrates that it has budgeted the required loan payment, including, if necessary, the raising of rates needed to balance its budget.

- C. The NMFA may charge an annual administrative fee of one-quarter of one percent calculated on the amount of the outstanding principal balance. The NMFA may not impose an interest rate greater than 0% without the Board’s consent.
- D. The loan shall be structured as a construction loan whereby the borrower pays interest and administrative fee only on the amounts drawn for a period determined by the NMFA, but typically two years, after which the loan converts to a permanent loan and an amortization schedule is set.
- E. The NMFA may secure the WTB loan with a subordinate interest of the borrower’s pledged revenues.
- F. The NMFA may offer loan repayment terms of up to 20 years for infrastructure projects and 10 years for non-infrastructure projects, dependent on the useful life of the project.
- G. The NMFA may allow an additional match in lieu of the loan component for water projects implemented by tribal applicants, state agencies and departments and for qualified entities that are not supported by rate-paying constituents.
- H. The NMFA may forgive an annual loan payment if budgeted funds are needed to pay for unforeseen events or emergencies. The NMFA may consult the Department of Finance and Administration in determining whether to grant an annual loan payment forgiveness.

Section 4.2 Funding Match Obligation

Local support and contribution are vital to the success of any water project. In addition to any required loan component the Board may establish from time to time, the Board requires applicants to demonstrate project commitment in the form of minimum local matches based upon project type and size.

- A. The Board will consider the type and scale of a project as well the applicant’s Median Household Income (MHI) relative to that MHI of the State as outlined below in determining the appropriate local match that an applicant must evidence as part of its application to the WTB. Category I below shows the local match requirement of an applicant with an MHI equal to or greater than the State MHI. Category II below shows the local match requirement of an applicant with an MHI equal to or greater than 75% of the State MHI, but less than the State’s MHI. Category III shows the local match requirement of an applicant with an MHI less than 75% of the State’s MHI.

Project Type	Scale of Project (in thousands)	Match Required (Based Upon MHI)		
		Category I	Category II	Category III
Water Storage	\$1,000 or larger	20%	15%	10%
Water Storage	\$500 to \$999	15%	10%	5%
Water Storage	Less than \$500	10%	5%	0%

Water Conservation	\$1,000 or larger	20%	15%	10%
Water Conservation	\$500 to \$999	15%	10%	5%
Water Conservation	Less than \$500	10%	5%	0%
Watershed Management	\$500 or larger	15%	10%	5%
Watershed Management	Less than \$500	10%	5%	0%
Endangered Species Act	\$500 or larger	15%	10%	5%
Endangered Species Act	Less than \$500	10%	5%	0%
Flood Prevention	\$500 or larger	15%	10%	5%
Flood Prevention	Less than \$500	10%	5%	0%

B. Definition of local match:

1. The Board recognizes a “hard” match of actual dollars expended on the project other than Board funds for the specified scope of work. The “hard” match may be provided in the following forms:
 - a. Non-WTB loans;
 - b. Federal funds;
 - c. Local cash contributions;
 - d. The cost of a preliminary engineering report, engineering study or feasibility report, and design completed by a third-party contractor and accepted by the New Mexico Environment Department or other appropriate regulatory agency within the last five years, which directly supports a WTB application, provided that the report, study, or design was not funded by the WTB or State Appropriation Project grants;
 - e. Private donations, or
 - f. An appraised value of land that was not purchased using WTB or State Appropriation Project grants, provided that:
 - i. Review and concurrence on the land appraisal is verified by the Department of Taxation and Revenue; and
 - ii. The applicant certifies that the land is necessary for project development.
2. The Board recognizes a soft match as labor and/or equipment donated for the scope of work on the proposed project at fair market rates as determined locally within the state.

- a. The value of labor costs may not be greater than the schedules provided by the state department of labor for costs of services.
 - b. The value of equipment may not be greater than fair market value as determined by the Board.
 - c. The Board may allow up to half of the designated match obligation, as outlined in Section 4.2B, as a “soft” match.
3. The Board may allow applicants supported by rate-paying constituents to borrow additional funds in lieu of a local match on the terms described in Section 4.1 of these Policies.

Section 4.3 Eligibility of Project Costs

In addition to the direct project costs, the Water Trust Board allows eligible entities to fund other project costs as described below.

- A. **Legal Fees.** The Board recognizes that adequate legal representation is an important component of managerial capacity and sets the following guidelines for funding from the WTB Financial Assistance under the following guidance:
 1. The Board defines legal fees as those services rendered by legal counsel on behalf of the entity for the transaction of the project and not for adjudication services; and
 2. No more than 10% of the WTB financial assistance may be used for legal services.
- B. **Fiscal Agent Fees.** The Board defines a fiscal agent as an eligible entity that administers the fiscal aspects of a project on behalf of one or more eligible entities. The fees incurred in the administration of funds, including the collection and reporting of project information as required by the WTB financial assistance agreements are considered appropriate fiscal agent fees and is considered an eligible cost under the following conditions:
 1. That fiscal agent fees comprise no more than 5% of a project’s costs; and
 2. That appropriate documentation of hours spent reporting be submitted with funding requisitions.
- C. The total amount of the combined fiscal agent and legal fees may not exceed 10% of the total WTB financial assistance.
- D. **Project Manager Fees:** Pursuant to the Act, the Board allows eligible entities to hire experienced professionals to assist in the implementation of the project. For purposes of the WTB funding, eligible project management activities include services related to the planning, implementation and technical oversight of the project not included in

construction oversight or other engineering fees and does not include any costs associated with the preparation of applications or other administrative activities related to the eligible entity. Reimbursement of project manager fees will be considered under the following conditions:

1. That project manager fees comprise no more than 10% of the WTB financial assistance; and
2. That appropriate documentation of hours spent on project management must be submitted with funding requisitions.

SECTION 5 PROJECT OVERSIGHT AND COMPLIANCE

The Board has an obligation to ensure the funds with which it has been entrusted are spent efficiently, effectively, and appropriately. For those entities that receive WTB awards, this privilege also comes with a significant level of responsibility. In order to ensure that both the Board and the funding recipients meet this responsibility, the Board requires funding recipients to attest to their compliance with, and the accuracy of, project reporting, which includes regular review of the project status with respect to budget, schedule and milestones, contracts, and technical matters. The Board will implement a comprehensive oversight program to ensure that recipient entities comply with best practices for project implementation and completion. The Board may utilize the technical expertise of appropriate agencies that may include, but are not limited to, the New Mexico Environment Department, Department of Agriculture, Office of the State Engineer and Energy, Minerals and Natural Resources Department.

Section 5.1 Quantifying Support Data for Project Reports

The Board requires Fund recipients to submit quarterly project reports to the Board for review by staff to determine if the project is proceeding as expected. The reports should include:

- A. A description of the status of the Project, including a financial comparison of actual and anticipated costs and a comparison of the percent of project funds expended versus percent of project schedule time elapsed;
- B. A description of completion of Project tasks; and
- C. A timeline of projected milestones.

III. WATER STORAGE, CONVEYANCE AND DELIVERY PROJECT POLICIES

A. PROJECT ELIGIBILITY

1. Description of Eligible Projects

System wide improvements, including new and rehabilitated pipeline and distribution, wells, pump stations, tanks (including SCADA), and storage reservoirs and dams undertaken by water systems and acequias.

2. Description of Ineligible Projects

- a. Dry Dams: Applicants seeking funding for construction or reconstruction of a dam for the purpose of flood control should apply under the Flood Prevention project category.
- b. Water Meter projects should apply under the Water Conservation project category.

B. PRIORITIZATION CRITERIA

Applications for Water Storage, Conveyance and Delivery Projects shall be prioritized using the ranking criteria set out in Section II (1.1a) of these Policies using the following definitions.

1. Urgent to Meet the Needs of an ISC-Accepted Regional Water Plan	5
a. Yes	5
b. No	0
2. Local contribution	15
a. Contributes hard match in excess of minimum required by greater than 300%	13-15
b. Exceeds minimum required match component by between 200% and 299%	10-12
c. Exceeds minimum required match component by between 100% and 199%	7-9
d. Exceeds minimum required match component by between 1% and 99%	4-6
e. Meets minimum match	3
f. Less than minimum	1-2
g. No verified match	0
3. Readiness	10
a. Project is ready to proceed (other funding secured and all permits, licenses and authorizations are in place)	7-10
b. Project has secured all other funding and has identified, but not secured, all permits, licenses and authorizations	4-6

c.	Project has not secured all other funding and has not yet identified all permits, licenses and authorizations	0-3
4. Regionalization		10
a.	Project provides "regionalization" of several smaller water systems and/or provides regional service which replaces individual well-septic systems. Applicant has collaborated with all adjacent governmental, municipal interests, sanitation districts, water associations, and/or private ownerships within five miles of current service area. Project incorporates an area >80% of the population within an area. Project proposes to "share" infrastructure or manpower, equipment, processes, etc. Project has multiple partners who have entered into a Joint Powers Agreement for the proposed project.	9-10
b.	Project like above, but with 61-80% of the population substantively incorporated into the project	7-8
c.	Project serves 41-60% of human population in the regional area of the project	5-6
d.	Project serves 21-40% of human population in the regional area of the project	3-4
e.	Project effects no substantial part of the surrounding area or <20% of regional human population	1-2
f.	Project provides direct and indirect benefits to only a few people	0
5. Health and Safety		25
a.	Project specifically addresses identified threat(s) to human health and safety relative to water borne disease, Safe Drinking Water Act violations	21-25
b.	Project specifically and substantially addresses human health or safety benefits, especially beyond other project objectives	16-20
c.	Project specifically includes benefits for human health and safety that may range from indirect to basically addressed	11-15
d.	Project has minimal human health and safety provisions when human health and safety could be addressed	6-10
e.	Project has no aspects that promote human health and safety benefits and may even be detrimental in that regard	0-5
6. Plan & Design		10
a.	Project design concept is substantively complete, sets forth clear methodology for project selection and design, set forth clear objectives in an overall framework of infrastructure improvement and incorporates water saving technologies	9-10

b.	Project design concept is substantively complete, sets forth clear methodology for project selection and design, and sets forth clear objectives in an overall framework of infrastructure improvement	6-8
c.	Project is well planned, sets forth clear methodology for project selection, but design concept is not yet complete	4-5
d.	Project is not adequately planned and does not include a clear methodology for project selection	0-3
7.	Other: Emergency	25
a.	Project specifically addresses imminent or existing catastrophic conditions related to water quality or quantity or cures severe violations related to water quality	21-25
b.	Project specifically and substantially addresses imminent or existing catastrophic conditions, especially beyond other project objectives	16-20
c.	Project specifically includes benefits for water quality or quantity that may range from indirect to basically addressed	11-15
d.	Project has minimal human health and safety provisions where water quality or quantity could be addressed	6-10
e.	Project has no aspects that promote water quality or quantity and may even be detrimental in that regard	0-5

C. ADDITIONAL APPLICATION REQUIREMENTS

In addition to the items outlined in Section 3.2 of these Project Management Policies, Water Storage, Conveyance and Delivery Project applicants will be required to submit additional information that evidences best practices for project planning and implementation.

1. Appropriate Planning Documents

All applicants will be required to submit a project specific planning document for the proposed project that has been completed and accepted within the last five years by the appropriate regulatory agency, unless funding is sought solely for this purpose. The cost of the report or study may be counted towards the local match described in Section 4.2 for one water project fund award if payment of the third party costs with non-WTB or State Appropriation Grant dollars is substantiated.

- a. Preliminary engineering reports must conform to USDA-approved formats and will be required to be submitted for all projects applying for all Water Storage, Conveyance and Delivery projects. Preliminary engineering reports older than two years must be accompanied by updated cost estimates. In no instance will PERs older than five years be accepted without concurrence from NMED.
- b. Projects involving the acquisition of and installation of equipment and/or those projects involving the minor/non-complex rehabilitation or replacement of

infrastructure may submit a Design Analysis Report prepared by a New Mexico licensed engineer that establishes the basis of design for the scope of the work and provides preliminary cost estimates. The report must include, at a minimum, a life cycle cost analysis, design analysis, a description of the population to be served, and a list of permits necessary to complete the project.

- c. Requests from acequias for the repair, replacement or construction of new infrastructure will require an assessment performed by a licensed contractor or licensed engineer that establishes the nature and scope of the necessary work and provides preliminary cost estimates. The assessment should also indicate whether a design for construction is necessary prior to project initiation. A letter from the ISC director or the Director's designee can except the acequia from the submission of the assessment. The letter must include a project scope, preliminary cost estimates and an indication as to whether a design is required for construction of the project.

2. Water Rights

The Water Trust Board supports the State Engineer's "readiness to proceed" criteria that require the applicant's water rights for the proposed project are in good standing and if necessary, the water rights transfer process will provide for timely and efficient transfer of water between uses without lessening protections for the customs, culture, environment, and economic health and stability of the state's communities. The Water Trust Board will require verification of water rights from the Office of the State Engineer at the time the Readiness Application is submitted.

3. Regulatory Compliance

Public health is paramount in determining suitability for water system project funding. The applicant must demonstrate compliance with relevant agency regulations pertaining to the project at the time the fundable priority list is compiled. Entities not in compliance will not be placed on the fundable priority list, unless the purpose of the project is to bring the entity into compliance.

As part of the Readiness Application, water system applicants must demonstrate that they are in full compliance with the Safe Drinking Water Act and all relevant New Mexico Environment Department regulatory requirements. The Water Trust Board may accept an application from an entity seeking to cure a regulatory deficiency with the proposed qualifying water project. The Water Trust Board requires verification from the New Mexico Environment Department or other appropriate agency that the proposed project will cure the deficiency.

4. Asset Management Plans

An asset management plan allows systems to operate, maintain, rehabilitate and replace infrastructure in the most cost effective manner to ensure a sustained level of service at the lowest life cycle cost. Additionally, an effective asset management plan provides the basis for a financial plan, operational plan and an appropriate rate structure.

To ensure that the Water Trust Board's investments are protected and maintained for optimum longevity, applicants shall be required to submit, as part of the Readiness Application, asset management plans that follows the State adopted report outline and include, at a minimum, the following:

- a. First year's submission requirements:
 - i. A resolution from the appropriate Governing Body committing to the implementation of an Asset Management Plan that incorporates the following five core components:
 - (a) What is the current state of the assets?
 - (b) What is the desired level of service?
 - (c) Which assets are critical to sustained performance?
 - (d) What is the best life cycle cost? and
 - (e) What is the long-term funding strategy?
 - ii. Identification of an internal team that will be assembled to develop and implement the Asset Management Plan;
 - iii. The Water Trust Board recommends applicants provide results of the initial Asset Management IQ test contained in the EFC manual;
 - iv. Provide a schedule of the sequence of events proposed to implement the Asset Management Plan with a timeline, such as a Gantt chart;
- b. As part of the second and third year's submission, applicants will be required to submit a recent *A.M. Kan Work IQ test* and provide an update on progress made towards the completion of the Asset Management Plan, including any third party deliverables, if applicable. Indicate where third party support is needed, why it is needed, how it will be funded and how it will be incorporated in the internal implementation of Asset Management.
- c. As part of the fourth year's submission, and for every year thereafter, applicants will be required to have fully implemented an Asset Management Plan that is reviewed annually with the following elements, as applicable:
 - i. Required metering of all diversions and users, as applicable;
 - ii. Asset inventory, noting current condition, mapped locations, anticipated useful life and value;
 - iii. Defined level of service required to meet state and federal regulations, customer demands, and long-term goals, as applicable;

- iv. Risk analysis of asset performance based on likelihood of failure and level of consequence, as applicable;
- v. Operations and maintenance strategic plan and a Capital Improvement Plan that addresses all costs for managing the asset, project or system over time; and
- vi. Funding strategy for inclusion in Financial Plan.

D. CLOSING REQUIREMENTS

1. Documentation that all applicable permits and licenses, including water rights, have been secured.
2. Right of Way Acquisition Documentation, including
 - a. Map of Service Area, Area Map and/or Site Map denoting easements; and
 - b. Public Domain Documentation; or
 - c. Verification of Land Ownership; or
 - d. Landowner agreements or easements indicating a term of not less than 20 years.
3. Plans and Specifications approved by the New Mexico Environment Department
4. Evidence of Financial Capacity to Undertake Water Trust Board debt
 - a. Current Fiscal Year Budget
 - b. Verification of Other Funding Sources
 - i. Local or federal matching funds including any private donations; and
 - ii. Award of other Grant or Special Legislative Appropriation

E. OVERSIGHT AND COMPLIANCE

1. Project reports shall be submitted quarterly from execution of the funding agreement through project completion.
2. Technical Oversight on Storage Dams will be conducted by the New Mexico Environment Department or the Office of the State Engineer and the review of funding requisitions will be done by the Environment Department.

3. Technical Oversight on all other projects will be conducted by the New Mexico Environment Department, including review of funding requisitions.

IV. WATER CONSERVATION OR TREATMENT, RECYCLING AND REUSE PROJECT POLICIES

A. PROJECT ELIGIBILITY

1. Description of Eligible Projects

System wide improvements that include the treatment of wastewater effluent to bring it to NMED reuse standards specifically for a reuse project; water meters and conservation projects.

2. Description of Ineligible Projects

- a. Projects that are intended primarily to treat or process wastewater with no component for reuse as described below.
- b. Maintenance and replacement of meters with no demonstrated conservation component.

3. Eligibility of Wastewater Projects

In consideration of the purpose of the Act to provide for water use efficiency and resource conservation and the inclusion by the Legislature of water conservation as a qualifying project, the following policy will be followed by the Water Trust Board:

Applications for funding that include wastewater facilities must clearly demonstrate that water conservation is an integral part of the project to be funded with Water Project Fund money. For the purpose of this policy, water conservation is defined as a post-project net decrease in water usage.

- a. The applicant must detail the water conservation goals and how the project will contribute to those goals as well as how much water will be saved for the money invested.
- b. The project must target existing facilities rather than speculate about potential future water savings and potential conservation projects. An example of the latter would be the construction of a new golf course to provide an outlet for reclaimed water where none presently exists with a net increase in water usage.
- c. Having demonstrated the conservation purpose, all elements within the wastewater treatment plant that contribute to treatment and reuse are eligible for funding.
 - i. All treatment, conveyance, and storage elements of direct and indirect reuse projects are eligible for Water Project Funds.
 - ii. Wastewater collection and conveyance systems are not eligible for Water Project Funds.

- iii. Treated wastewater conveyance systems that contribute to water conservation are eligible for Water Projects Funds.

B. PRIORITIZATION CRITERIA

Applications for Water Conservation Projects shall be prioritized using the ranking criteria set out in Section II (1.1a) of these Project Management Policies using the following definitions.

1.	Urgent to Meet the Needs of an ISC-Accepted Regional Water Plan	5
a.	Yes	5
b.	No	0
2.	Local contribution	15
a.	Contributes hard match in excess of minimum required by greater than 300%	13-15
b.	Exceeds minimum required match component by between 200% and 299%	10-12
c.	Exceeds minimum required match component by between 100% and 199%	7-9
d.	Exceeds minimum required match component by between 1% and 99%	4-6
e.	Meets minimum match	3
f.	Less than minimum	1-2
g.	No verified match	0
3.	Readiness	10
a.	Project is ready to proceed (other funding secured and all permits, licenses and authorizations are in place)	7-10
b.	Project has secured all other funding and has identified, but not secured, all permits, licenses and authorizations	4-6
c.	Project has not secured all other funding and has not yet identified all permits, licenses and authorizations	0-3
4.	Regionalization	10
a.	Project provides "regionalization" of several smaller water systems and/or provides regional service which replaces individual well-septic systems. Applicant has collaborated with all adjacent governmental, municipal interests, sanitation districts, water associations, and/or private ownerships within five miles of current service area. Project incorporates an area >80% of the population within an area. Project proposes to "share" infrastructure or manpower, equipment, processes, etc. Project has multiple partners who have entered into a Joint Powers Agreement for the proposed project.	9-10

b.	Project like above, but with 61-80% of the population substantively incorporated into the project	7-8
c.	Project serves 41-60% of human population in the regional area of the project	5-6
d.	Project serves 21-40% of human population in the regional area of the project	3-4
e.	Project effects no substantial part of the surrounding area or <20% of regional human population	1-2
f.	Project provides direct and indirect benefits to only a few people	0
5. Health and Safety		25
a.	Project specifically addresses identified threat(s) to human health and safety relative to water quantity where only a single source of water is available for drinking water	21-25
b.	Project specifically and substantially addresses human health or safety benefits, especially beyond other project objectives	16-20
c.	Project specifically includes benefits for human health and safety that may range from indirect to basically addressed	11-15
d.	Project has minimal human health and safety provisions when human health and safety could be addressed	6-10
e.	Project has no aspects that promote human health and safety benefits and may even be detrimental in that regard	0-5
6. Plan & Design		10
a.	Project design concept is substantively complete, sets forth clear methodology for project selection and design, set forth clear objectives in an overall framework of infrastructure improvement and incorporates water saving technologies	9-10
b.	Project design concept is substantively complete, sets forth clear methodology for project selection and design, and sets forth clear objectives in an overall framework of infrastructure improvement	6-8
c.	Project is well planned, sets forth clear methodology for project selection, but design concept is not yet complete	4-5
d.	Project is not adequately planned and does not include a clear methodology for project selection	0-3
7. Other: Emergency		25
a.	Project specifically addresses imminent or existing catastrophic conditions related to water quality or quantity or cures severe violations related to water quality	21-25

- b. Project specifically and substantially addresses imminent or existing catastrophic conditions, especially beyond other project objectives 16-20
- c. Project specifically includes benefits for water quality or quantity that may range from indirect to basically addressed 11-15
- d. Project has minimal human health and safety provisions where water quality or quantity could be addressed 6-10
- e. Project has no aspects that promote water quality or quantity and may even be detrimental in that regard 0-5

C. ADDITIONAL APPLICATION REQUIREMENTS

In addition to the items outlined in Section 3.2 of these Project Management Policies, Water Conservation or Treatment, Recycling or Reuse Project applicants will be required to submit additional information that evidences best practices for project planning and implementation.

1. Appropriate Planning Documents

All applicants will be required to submit a preliminary engineering report or engineering study proposed project that has been completed and accepted within the last five years by the appropriate regulatory agency, unless funding is sought solely for this purpose. The cost of the report or study may be counted towards the local match described in Section 4.2 for one water project fund award if evidence of payment of the third party costs with non-WTB or State Appropriation Grant dollars is substantiated.

- a. Preliminary engineering reports must conform to USDA-approved formats and will be required to be submitted for all projects applying for Water Conservation or Treatment, Recycling and Reuse project funding. Preliminary engineering reports older than two years must be accompanied by updated cost estimates. In no instance will PERs older than five years be accepted without concurrence from NMED.
- b. Projects involving the acquisition of and installation of equipment and/or those projects involving the minor/non-complex rehabilitation or replacement of infrastructure may submit a Design Analysis Report prepared by a New Mexico licensed engineer that establishes the basis of design for the scope of the work and provides preliminary cost estimates. The report must include, at a minimum, a life cycle cost analysis, design analysis, a description of the population to be served, and a list of permits necessary to complete the project.

2. Water Rights

The Water Trust Board supports the State Engineer’s “readiness to proceed” criteria that require the applicant’s water rights for the proposed project are in good standing and if necessary, the water rights transfer process will provide for timely and efficient transfer of water between uses without lessening protections for the customs, culture,

environment, and economic health and stability of the state's communities. The Water Trust Board will require verification of water rights from the Office of the State Engineer at the time the Readiness Application is submitted.

3. Regulatory Compliance

Public health is paramount in determining suitability for water system project funding. The applicant must demonstrate compliance with relevant agency regulations pertaining to the project at the time the fundable priority list is compiled. Entities not in compliance will not be placed on the fundable priority list, unless the purpose of the project is to bring the entity into compliance.

As part of the Readiness Application, water system applicants must certify that they are in full compliance with the Safe Drinking Water Act and all relevant New Mexico Environment Department regulatory requirements. The Water Trust Board may accept an application from an entity seeking to cure a regulatory deficiency with the proposed qualifying water project. The Water Trust Board requires verification from the New Mexico Environment Department or other appropriate agency that the proposed project will cure the deficiency.

4. Asset Management Plans

An asset management plan allows systems to operate, maintain, rehabilitate and replace infrastructure in the most cost effective manner to ensure a sustained level of service at the lowest life cycle cost. Additionally, an effective asset management plan provides the basis for a financial plan, operational plan and an appropriate rate structure.

To ensure that the Water Trust Board's investments are protected and maintained for optimum longevity, applicants shall be required to submit as part of the Readiness Application asset management plans that follows the State adopted report outline and include, at a minimum, the following:

- a. First year's submission requirements:
 - i. A resolution from the appropriate Governing Body committing to the implementation of an Asset Management that incorporates the following five core components of Asset Management:
 - (a) What is the current state of the assets?
 - (b) What is the desired level of service?
 - (c) Which assets are critical to sustained performance?
 - (d) What is the best life cycle cost? and
 - (e) What is the long-term funding strategy?
 - ii. Identification of an internal team that will be assembled to develop and implement the Asset Management Plan;

- iii. The Water Trust Board recommends applicants provide results of the initial Asset Management IQ test contained in the EFC manual;
- iv. Provide a schedule of the sequence of events proposed to implement the Asset Management Plan with a timeline, such as a Gantt chart;
- b. As part of the second and third year's submission, applicants will be required to submit a recent *A.M. Kan Work IQ test* and provide an update on progress made towards the completion of the Asset Management Plan, including any third party deliverables, if applicable. Indicate where third party support is needed, why it is needed, how it will be funded and how it will be incorporated in the internal implementation of Asset Management.
- c. As part of the fourth year's submission, and for every year thereafter, applicants will be required to have fully implemented an Asset Management Plan that is reviewed annually with the following elements, as applicable:
 - i. Required metering of all diversions and users, as applicable;
 - ii. Asset inventory, noting current condition, mapped locations, anticipated useful life and value;
 - iii. Defined level of service required to meet state and federal regulations, customer demands, and long-term goals, as applicable;
 - iv. Risk analysis of asset performance based on likelihood of failure and level of consequence, as applicable;
 - v. Operations and maintenance strategic plan and a Capital Improvement Plan that addresses all costs for managing the asset, project or system over time; and
 - vi. Funding strategy for inclusion in Financial Plan.

D. CLOSING REQUIREMENTS

- 1. Documentation that all applicable permits and licenses, including water rights, have been secured.
- 2. Right of Way Acquisition Documentation, including
 - a. Map of Service Area, Area Map and/or Site Map denoting easements; and
 - b. Public Domain Documentation; or
 - c. Verification of Land Ownership; or

- d. Landowner agreements or easements indicating a term of not less than 20 years.
- 3. Plans and Specifications approved by the New Mexico Environment Department
- 4. Evidence of Financial Capacity to Undertake Water Trust Board debt
 - a. Current Fiscal Year Budget
 - b. Verification of Other Funding Sources
 - iii. Local or federal matching funds including any private donations; and
 - iv. Award of other Grant or Special Legislative Appropriation

E. OVERSIGHT AND COMPLIANCE

- 1. Project reports shall be submitted quarterly through project completion.
- 2. Technical Oversight on these projects will be conducted by the New Mexico Environment Department, including review of funding requisitions.

V. WATERSHED RESTORATION AND MANAGEMENT PROJECT POLICIES

A. PROJECT ELIGIBILITY

1. Watershed Management and Restoration Project Eligibility

Watershed health is a public health and safety issue and watershed restoration encompasses a suite of activities from forest thinning to riparian restoration projects to consideration of soil and substrate conditions. Projects that address long-term maintenance and overarching watershed restoration will be considered. Projects solely intended to monitor the efficacy of watershed restoration and maintenance are considered eligible for funding as long as it is part of a written long-term maintenance plan.

2. Ineligible elements

Expenses related to non-infrastructure activities such as advocacy, awareness and public relations as well as other operational expenses of the qualified entity.

B. PRIORITIZATION CRITERIA

Applications for Watershed Restoration and Management Projects shall be prioritized using the ranking criteria set out in Section II (1.1a) of these Policies using the following definitions.

1. Urgent to Meet the Needs of an ISC-Accepted Regional Water Plan	5
a. Yes	5
b. No	0
2. Local contribution	15
a. Contributes hard match in excess of minimum required by greater than 300%	13-15
b. Exceeds minimum required match component by between 200% and 299%	10-12
c. Exceeds minimum required match component by between 100% and 199%	7-9
d. Exceeds minimum required match component by between 1% and 99%	4-6
e. Meets minimum match	3
f. Less than minimum	1-2
g. No verified match	0
3. Readiness	10
a. Project is ready to proceed (other funding secured and all permits, easements, landowner agreements, licenses are in place and environmental compliance is complete)	7-10

b.	Project has secured all other funding and has identified, but not secured, all permits, easements, landowner agreements and licenses, or completed the environment compliance	4-6
c.	Project has not secured all other funding and has not yet identified all permits, easements, landowner agreements and licenses and has not yet begun the environmental compliance	0-3
4.	Regionalization	10
a.	The proposed project is a substantial watershed restoration that is incorporated into a completed watershed, ecosystem restoration (include non-native Phreatophyte and other ecosystem restoration projects), forest health or community wildfire project plan. The project is considered a priority in the watershed, ecosystem restoration, forest health or community wildfire protection plan. The project will complete current or planned priority projects across the landscape.	9-10
b.	The proposed project is a substantial watershed restoration that is incorporated into a completed watershed, ecosystem restoration (include non-native Phreatophyte and other ecosystem restoration projects), forest health or community wildfire project plan, but is not considered a priority in the plan. The project will complete current or planned projects across the landscape.	7-8
c.	The proposed project is incorporated into a completed plan involves critical area treatment or otherwise impacts the larger landscape.	5-6
d.	The proposed project is incorporated into a completed plan, but does not involve critical area treatment or impact a larger landscape.	3-4
e.	Project is not part of a plan and/or addresses a small, isolated area.	0-2
5.	Health and Safety	25
a.	The overall purpose of the project is to protect public health by mitigation of catastrophic fire and its threat to public and firefighter safety and damage to property or rehabilitate post-fire damage. Project proposals should consider all elements required to implement treatments on the ground, which includes conducting all consultations needed to complete plans and assessments.	21-25
b.	Project specifically and substantially addresses human health or safety benefits, especially beyond other project objectives	16-20
c.	Project specifically includes benefits for human health and safety that may range from indirect to basically addressed	11-15
d.	Project has minimal human health and safety provisions when human health and safety could be addressed	6-10
e.	Project has no aspects that promote human health and safety benefits and may even be detrimental in that regard	0-5

6. Plan & Design	10
a. There is a clear description of existing condition and associated problem. Project design concept is substantively complete, sets forth clear methodology for project selection and design, sets forth a clear description of how the project will improve the existing conditions and provides measurable results.	9-10
b. Project design concept is substantively complete, sets forth clear methodology for project selection and design, and sets forth a clear description of how the project will improve the existing conditions and provides measurable results.	6-8
c. Project is well planned, sets forth clear methodology for project selection, but does not include a clear description of expected benefits or methodology for measuring results.	4-5
d. Project is not adequately planned and does not include a clear methodology for project selection or measurable results.	0-3
7. Other: Attention to Wildlife and Environmental Compatibility	10
a. Project improves watershed ecosystem, including wildlife habitat (especially for threatened and endangered species), soil health and range or forest condition.	8-10
b. Project has no negative effect on the watershed ecosystem, or employs highly effective mechanisms to adequately mitigate any impacts on threatened or endangered flora and fauna.	5-7
c. Project has serious impacts to watershed flora and fauna. These impacts are inadequately addressed by identifying only the most obvious ecosystem concerns or token mitigation measures.	3-4
d. Project impacts to watershed flora and fauna are either not identified, or identified and not mitigated.	0-2
8. Other: Water Quality Improvement	15
a. Project improves water quality in streams identified as impaired by the State of New Mexico, or extent of water quality protection of high-value water bodies.	12-15
b. Project improves water quality and/or employs highly effective mechanisms to adequately mitigate any impacts on water quality.	8-11
c. Project has serious impacts to water quality. These impacts are inadequately addressed by identifying only the most obvious ecosystem concerns or token mitigation measures.	4-7
d. Project impacts to water quality are either not identified, or identified and not mitigated.	0-3

C. ADDITIONAL APPLICATION REQUIREMENTS

In addition to the items outlined in Section 3.2 of these Project Management Policies, Watershed Restoration and Management applicants will be required to submit additional information that evidences best practices for project planning and implementation.

1. The project will be considered eligible for funding if the following documents have been submitted:

- a. Complete, updated watershed management plan (e.g., a statewide or regional water plan, watershed-based plan to improve water quality, or community wildfire protection plan);
- b. All necessary environmental compliance documents;
- c. Budget, including proposed spending timeframe;
- d. Map(s) of project area and areas of project impacts
- e. Letters/documents of commitment from project partners, including Federal, Tribal, State, local government, non-governmental organizations, and private interests
- f. Letters of support by impacted interests if different than those listed in section (e)

2. Appropriate Planning Documents

In consideration of the Board duties as specified by the Act to restore and manage watersheds, the following policy will be followed by the Water Trust Board:

- a. Watershed projects should demonstrate how they relate to the State Water Policy and Plan, the New Mexico Non-Native Phreatophyte and Watershed Management Plan (NNPP), New Mexico Forest Action Plan, watershed-based plans to improve water quality, the State Wildlife Action Plan or other wildlife management plans, or other watershed or forest planning documents, as appropriate. Projects shall follow or comply with requirements of those plans, as applicable (i.e., Non-Native Phreatophyte Projects would be required to comply with the Templates and Protocols found in the NNPP.)
- b. In addition to other considerations discussed in this planning document, watershed projects should include stakeholder and community support and a commitment from partners to assist in implementation as well as a monitoring and reporting plan to document the project's progress in meeting its stated goals.

- c. In situations where an applicant was funded previously by the Water Trust Board for a similar project, technical documentation that the previously implemented project met or is meeting its intended goals and objectives should be provided.

3. Regulatory Compliance

All projects must recognize and articulate compliance plans with the appropriate State, Federal and/or other regulatory requirements to receive funding and complete projects on the ground. Regulatory compliance includes, but is not limited to:

- a. Endangered Species Act
- b. National Environmental Policy Act
- c. Clean Water Act
- d. State Forestry Rules
- e. State Wildlife Management Plans
- f. Conservation Plans as approved by appropriate federal agencies

D. CLOSING REQUIREMENTS

The following documents must be submitted before the project may commence:

1. A project plan approved by the New Mexico State Forestry Division
2. All applicable permits
3. Right of Way Acquisition Documentation, including:
 - a. Map of Service Area, Area Map and/or Site Map denoting easements
 - b. Landowner agreements or easements evidencing a term of not less than 20 years
4. Verification of Other Funding Sources
 - a. Local or federal matching funds including any private donations; and
 - b. Award of other Grant or Special Legislative Appropriation

E. OVERSIGHT AND COMPLIANCE

1. Project reports shall be submitted quarterly, including photographs of work being completed, through project completion.

2. Technical Oversight of these projects will be conducted by the New Mexico State Forestry Division or NMDA dependent on the type of project being conducted.
3. Financial oversight to be completed by the New Mexico Finance Authority, including review of funding requisitions.

VI. ENDANGERED SPECIES ACT IMPLEMENTATION PROJECT POLICIES

A. PROJECT ELIGIBILITY

1. Endangered Species Act Implementation Project Eligibility

Eligible projects include those that meet terms of federal Endangered Species Act. The Water Trust Board will fund those elements directly related to habitat restoration.

2. Ineligible

Projects include those not intended to meet the federal definition of Endangered Species Act or where the funds are primarily intended for recreational purposes, such as a walking paths.

B. PRIORITIZATION CRITERIA

Applications for Endangered Species Act Implementation Projects shall be prioritized using the ranking criteria set out in Section II (1.1a) of these Policies using the following definitions.

1. Urgent to Meet the Needs of an ISC-Accepted Regional Water Plan	5
a. Yes	5
b. No	0
2. Local contribution	15
a. Contributes hard match in excess of minimum required by greater than 300%	13-15
b. Exceeds minimum required match component by between 200% and 299%	10-12
c. Exceeds minimum required match component by between 100% and 199%	7-9
d. Exceeds minimum required match component by between 1% and 99%	4-6
e. Meets minimum match	3
f. Less than minimum	1-2
g. No verified match	0
3. Readiness	10
a. Project is ready to proceed (other funding secured and all permits, easements, landowner agreements, public agency agreements and environmental compliance is in place)	7-10
b. Project has secured all other funding and has identified, but not secured, all permits, easements, landowner agreement, public agency agreement and environment compliance is complete	4-6

c.	Project has not secured all other funding and has not yet identified all permits, easements, landowner agreements or public agency agreements and has not yet begun the environmental compliance	0-3
4.	Regionalization	10
a.	The proposed project substantially impacts the potential impact on population recovery within the project area. The project is considered a priority within the Endangered Species Act Implementation Plan.	9-10
b.	The proposed project substantially impacts the potential impact on population recovery within the project area, but is not considered a priority within the Endangered Species Act Implementation Plan.	7-8
c.	The proposed project is incorporated into a completed plan, involves critical area treatment or otherwise impacts the larger landscape.	5-6
d.	The proposed project is not incorporated into a completed plan, but does not involve critical area mitigation	3-4
e.	Project is not part of a plan and addresses a small, isolated area.	0-2
5.	Health and Safety	25
a.	Project substantially benefits the targeted threatened or endangered species.	21-25
b.	Project positively benefits the targeted threatened or endangered species, but does not represent a substantial benefit	16-20
c.	Project specifically includes benefits for from the targeted threatened or endangered species, but may be indirect	11-15
d.	Project has minimal mitigation benefit to the targeted threatened or endangered species	6-10
e.	Project promotes human recreation and has little to no impact to the threatened or endangered species.	0-5
6.	Plan & Design	10
a.	There is a clear description of existing condition and associated problem. Project design concept is substantively complete, sets forth clear methodology for project selection and design, sets forth a clear description of how the project will improve the existing conditions and provides measurable results.	9-10
b.	Project design concept is substantively complete, sets forth clear methodology for project selection and design, and sets forth a clear description of how the project will improve the existing conditions and provides measurable results.	7-8

c.	Project is well planned, sets forth clear methodology for project selection, but does not include a clear description of expected benefits or methodology for monitoring	4-5
d.	Project is not adequately planned and does not include a clear methodology for project selection or measurable results.	0-3
7. Other: Habitat Recovery		25
a.	Project represents a substantial amount of habitat restored specific to the targeted species	19-25
b.	Project positively impacts a significant amount of habitat restored specific to the targeted species	12-18
d.	Project's impact to the restoration of habitat relative to the targeted species is unclear	6-11
e.	Project's impact to the restoration of habitat relative to the targeted species is not identified.	0-5

C. ADDITIONAL APPLICATION REQUIREMENTS

In addition to the items outlined in Section 3.2 of these Project Management Policies, Endangered Species Act project applicants will be required to submit additional information that evidences best practices for project planning and implementation.

1. The project will be considered eligible for funding if the following documents have been submitted:

- a. Plan/description of project articulating documented benefits to the threatened or endangered species being targeted for project
- b. All necessary environmental compliance documents have been submitted
- c. Budget, including proposed spending timeframe
- d. Map(s) of project area, species location(s), and areas of project impacts
- e. Letters/documents of support from project partners, including Federal, Tribal, State, Non-Governmental Organizations, and Private interests
- f. Letters of support by impacted interests if different than those listed in section (e)

2. Appropriate Planning Documents

- a. Species management plan as approved by the appropriate State or Federal entity

- b. Other wildlife management, watershed, or forest planning documents, as appropriate. Projects shall follow or comply with requirements of those plans, as applicable.
- c. Stakeholder and community support and a commitment from partners to assist in implementation

3. Regulatory Compliance

All projects must recognize and articulate compliance plans with the appropriate State, Federal and/or other regulatory requirements to receive funding and complete projects on the ground. Regulatory compliance includes, but is not limited to:

- a. Endangered Species Act
- b. National Environmental Policy Act
- c. Clean Water Act
- d. State Wildlife Management Plans
- e. Conservation Plans as approved by appropriate federal agency

D. CLOSING REQUIREMENTS

1. Plans approved by the New Mexico Department of Game and Fish
2. All applicable permits
3. Right of Way Acquisition Documentation, including:
 - a. Map of Service Area, Area Map and/or Site Map denoting easements
 - b. Easements evidencing a term of not less than 20 years
4. Verification of Other Funding Sources
 - c. Local or federal matching funds including any private donations; and
 - d. Award of other Grant or Special Legislative Appropriation

E. OVERSIGHT AND COMPLIANCE

1. Project reports shall be submitted quarterly through completion.
2. Technical Oversight on these projects will be conducted by the New Mexico Department of Game and Fish
3. Financial oversight to be completed with the New Mexico Finance Authority, including review of funding requisitions.

VII. FLOOD PREVENTION PROJECT POLICIES

A. PROJECT ELIGIBILITY

1. Flood Prevention Project Eligibility

Flood Protection Dams (often referred to as ‘dry dams’) or Projects built to protect human safety and property from flooding.

2. Ineligible projects

- a. Dams constructed primarily for the storage of water, regardless of their potential for breaches. These projects should apply under the Water Storage, Conveyance and Delivery category.
- b. Projects where flood prevention is not the primary purpose, such as bridge replacement.

B. PRIORITIZATION CRITERIA

Applications for Flood Prevention Projects shall be prioritized using the ranking criteria set out in Section II (1.1a) of these Policies using the following definitions.

1. Urgent to Meet the Needs of an ISC-Accepted Regional Water Plan	5
a. Yes	5
b. No	0
2. Local contribution	15
a. Contributes hard match in excess of minimum required by greater than 300%	13-15
b. Exceeds minimum required match component by between 200% and 299%	10-12
c. Exceeds minimum required match component by between 100% and 199%	7-9
d. Exceeds minimum required match component by between 1% and 99%	4-6
e. Meets minimum match	3
f. Less than minimum	1-2
g. No verified match	0
3. Readiness	10
a. Project is ready to proceed (other funding secured and all permits, licenses and authorizations are in place)	7-10
b. Project has secured all other funding and has identified, but not secured, all permits, licenses and authorizations	4-6
c. Project has not secured all other funding and has not yet identified all permits, licenses and authorizations	0-3

4. Regionalization	10
a. Project mitigates flood damage to an area that represents >80% of the population	9-10
b. Project like above, but with 61-80% of the population substantively incorporated into the project	7-8
c. Project serves 41-60% of human population in the regional area of the project	5-6
d. Project serves 21-40% of human population in the regional area of the project	3-4
e. Project effects no substantial part of the surrounding area or <20% of regional human population	1-2
f. Project provides direct and indirect benefits to only a few people	0
5. Health and Safety	25
a. The project specifically addresses imminent or existing catastrophic floods and threats to human health and safety.	21-25
b. The project specifically addresses imminent or existing flood conditions and threats to human health and safety.	16-20
c. Project specifically includes benefits for human health and safety that may range from indirect to basically addressed	11-15
d. Project has minimal human health and safety provisions when human health and safety could be addressed	6-10
e. Project has no aspects that promote human health and safety benefits and may even be detrimental in that regard	0-5
6. Plan & Design	10
a. Project design concept is substantively complete, sets forth clear methodology for project selection and design, sets forth clear objectives in an overall framework of infrastructure improvement and incorporates water saving technologies	9-10
b. Project design concept is significantly complete, sets forth clear methodology for project selection and design, and sets forth clear objectives in an overall framework of infrastructure improvement	6-8
c. Project is well planned, sets forth clear methodology for project selection, but design is not yet complete	4-5
d. Project is not planned and does not include a clear methodology for project selection	0-3

7. Other: Economic Protection and/or Benefit	25
a. Project specifically addresses imminent or existing catastrophic conditions related to flooding that threaten economic vitality of an area	21-25
b. Project specifically addresses existing flooding conditions that threaten economic vitality of an area	16-20
c. Project specifically includes economic protection and/or benefits that range from indirect to basically addressed	11-15
d. Project has minimal economic protection and/or benefits when they could be addressed	6-10
e. Project has no aspects that promote economic protection and/or benefit and may even be detrimental in that regard	0-5

C. ADDITIONAL APPLICATION REQUIREMENTS

In addition to the items outlined in Section 3.2 of these Project Management Policies, Flood Prevention project applicants will be required to submit additional information that evidences best practices for project planning and implementation.

1. The project will be considered eligible for funding if the following documents have been submitted:

- a. Plan/description of project articulating documented need for flood prevention or need to correct pertinent dam hazard classification
- b. All necessary environmental compliance documents have been submitted
- c. Budget, including proposed spending timeframe
- d. Map(s) of project area and areas of project impacts
- e. Letters/documents of support from project partners, including Federal, Tribal, State, Non-Governmental Organizations, and Private interests
- f. Letters of support by impacted interests if different than those listed in section (e)

2. Appropriate Planning Documents

- a. Complete flood control plan; including map(s) of the impact area
- b. Preliminary engineering report or design analysis report as appropriate for the level of complexity of the project and completed within the last five years
- c. Emergency Action Plans - Including Inundation Maps
- d. Operation and Maintenance Plans for dam projects

3. Regulatory Compliance

Relevant Regulations as promulgated by the Office of State Engineer Dam Safety Bureau.

D. CLOSING REQUIREMENTS

1. Plans approved by the New Mexico Office of the State Engineer
2. All applicable permits
3. Right of Way Acquisition Documentation, including
 - a. Map of Service Area, Area Map and/or Site Map denoting easements
 - b. Easements indicating a term of not less than 20 years
4. Verification of Other Funding Sources
 - c. Local or federal matching funds including any private donations; and
 - d. Award of other Grant or Special Legislative Appropriation

E. OVERSIGHT AND COMPLIANCE

1. Project reports shall be submitted quarterly through project completion.
2. Technical Oversight on these projects will be conducted by the New Mexico Office of the State Engineer
3. Financial oversight to be completed with the New Mexico Finance Authority, including review of funding requisitions.