



New Mexico Water Trust Board

2017 Annual Report

September 30, 2017

Introduction

The Water Trust Board (“WTB”) was established by the 2001 Legislature through the enactment of the Water Project Finance Act (the “Act”). The statutory purpose of the 16-member 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 within the state. The WTB’s current composition includes the following members:

Tom Blaine, New Mexico State Engineer, *Chair*

William F. Fulginiti, Executive Director, New Mexico Municipal League, *Vice Chair*

Debra Hughes, Representative, Environmental Community, *Treasurer*

Steven Kopelman, Executive Director, New Mexico Association of Counties, *Secretary*

Greg Alpers, Representative, Irrigation or Conservancy District – Surface Water

Robert Baracker, Representative, Acequia Water Users

Russell Begaye, President, Navajo Nation

Robert P. Coalter, Chief Executive Officer, New Mexico Finance Authority

Richard Luarkie, New Mexico Indian Affairs Commission Appointee

Timothy D. McGinn, Representative, Irrigation or Conservancy District – Ground Water

Ken McQueen, Cabinet Secretary, Energy, Minerals and Natural Resources Department

Duffy Rodriguez, Cabinet Secretary, Department of Finance and Administration

Alexandra Sandoval, Director, New Mexico Department of Game and Fish

Butch Tongate, Cabinet Secretary, New Mexico Department of Environment

Brent Van Dyke, Representative, Soil and Water Conservation Districts

Jeff Witte, Cabinet Secretary, Department of Agriculture

The WTB recommends qualifying water projects to the Legislature for financing by the New Mexico Finance Authority (the “Finance Authority”) from the Water Project Fund (the “Fund”). In 2007, the WTB established policies to aid in the effective management of the program. These policies set the following goals:

- ✓ Devise and implement a systematic, integrated approach to selecting qualified projects that are fiscally sustainable and natural-resource responsible;
- ✓ 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.

Water Project Fund

Pursuant to the Act, the Finance Authority may make loans and grants from the Water Project Fund to qualified entities for projects prioritized by the WTB, authorized by the Legislature and on terms and conditions established by the Finance Authority. By statute, five types of projects may be funded from the Water Project Fund:

1. Storage, conveyance or delivery of water to end users;
2. Implementation of federal Endangered Species Act collaborative programs;
3. Restoration and management of watersheds;
4. Flood prevention;
5. Water conservation or recycling, treatment or reuse of water

Water Project Fund Activity in FY2017

In FY2017, the Finance Authority closed 20 funding agreements and 28 projects were certified as complete. In addition, approximately \$36.4 million of WTB funds was drawn in FY2017 to fund eligible project costs. Pursuant to the Act, the Finance Authority may recover from the fund costs of administration. The Finance Authority reimburses from repayments of loan components from previously issued projects, administrative costs including personnel, operating expenses, professional services, and engineering and construction oversight.

Acequia Project Fund

Pursuant to the Act, the WTB also oversees grants made from the Acequia Project Fund, which was created in 2004 to provide grant funding to legislatively authorized acequia projects. The Acequia Project Fund was endowed with a \$200,000 grant from a private foundation. Rules and policies adopted by the WTB provide that applications are reviewed and prioritized by the Interstate Stream Commission. To date, the WTB has made ten project awards for planning and design totaling \$175,000, leaving \$25,000 available for new projects. No new projects were recommended for funding or for legislative authorization in FY2017.

Board Activity in FY2017

Following the 2016 application cycle, staff was directed to review and make recommendations for improving the policies and the evaluation criteria contained therein. Changes included clarifying language throughout, particularly as it relates to the requirements for planning documents, modifying the targeted annual funding percentages, adjustments to the weighting of the criteria and establishing preliminary expenditure targets that must be met prior to a project being recommended to the Legislature. The WTB also adopted additional requirements for expenditures of prior awards to ensure projects maintained a fast pace of spending.

The WTB approved a new section (Section 2.1, Recommendation to the Legislature) which requires that a preliminary target be met at the time of submission of the Project Application. Projects that are not able to meet the expenditure target will not be recommended to the Legislature unless the WTB approves a policy waiver.

Additionally, for the 2017 application cycle, the Finance Authority utilized its new online application system called EnABLE, which directly ties into the Finance Authority's new, comprehensive database system.

ESTANCIA BASIN WATERSHED HEALTH, RESTORATION AND MONITORING PROJECT
A COLLABORATING PARTNERSHIP INCLUDING:

- Four Soil & Water Conservation Districts
- EMNRD Forestry Division
- NM Environment Department
- NM Forest & Watershed Restoration Institute
- Highlands University
- NM State Land Office
- Natural Resources Conservation Service
- US Forest Service
- Isleta Pueblo
- Chilili and Manzano Land Grants
- Quivira Coalition
- Nature Conservancy
- US Fish and Wildlife Service
- Local Land Owners

Entry Name: Claunch-Pinto SWCD

Greater Rio Grande Watershed Alliance

- 12 SWCDs
- NM STATE FORESTRY
- NM ENVIRONMENT DEPT
- NM STATE LAND OFFICE
- NM DEPT OF AGRICULTURE
- NM GAME AND FISH
- NM FOREST & WATERSHED RESTORATION INSTITUTE
- NEW MEXICO HIGHLANDS UNIVERSITY
- NATURE CONSERVANCY
- TRIBES
- NATURAL RESOURCES CONSERVATION SERVICE
- US ARMY CORP OF ENGINEERS
- ALBUQUERQUE OPEN SPACE

Entry: Claunch-Pinto SWCD

Claunch-Pinto Soil and Water Conservation District Projects

2017 Funding Cycle

On August 8, 2016, the New Mexico Finance Authority (“NMFA”) received 80 Notices of Intent to File an Application. Applications for the 2017 funding cycle were required to have relevant planning documents in place and were required to have expended a certain percentage of previously awarded funds. A Project Management Team comprised of staff from seven agencies and the Legislative Finance Committee evaluated 56 applications totaling approximately \$58 million of requests. From this review, the WTB recommended that 32 of the applications totaling approximately \$27 million be recommended to the Legislature for funding authorization.

2017 WTB Recommended Project List for Legislative Authorization as Approved by WTB on November 29, 2016

Applicant	County	Project Type	Scope
Cimarron, Village of	Colfax	Water Storage, Conveyance and Delivery Project	Design
Eagle Nest, Village of	Colfax	Water Storage, Conveyance and Delivery Project	Design and Construction
Clovis, City of	Curry	Water Conservation or Treatment, Recycling or Reuse Project	Construction
Eastern New Mexico Water Utility Authority	Curry	Water Storage, Conveyance and Delivery Project	Design and Construction
Anthony, City of	Dona Ana	Flood Prevention Project	Construction
Lower Rio Grande PWWA	Dona Ana	Water Conservation or Treatment, Recycling or Reuse Project	Construction
Lower Rio Grande PWWA	Dona Ana	Water Storage, Conveyance and Delivery Project	Planning
Carlsbad, City of	Eddy	Water Conservation or Treatment, Recycling or Reuse Project	Construction
Santa Rosa, City of	Guadalupe	Water Conservation or Treatment, Recycling or Reuse Project	Design
Santa Rosa, City of	Guadalupe	Water Storage, Conveyance and Delivery Project	Design and Surveys
Ute Creek SWCD	Harding	Watershed Restoration and Management Project	Construction and Surveys
Jal, City of	Lea	Water Conservation or Treatment, Recycling or Reuse Project	Construction
Columbus, Village of	Luna	Water Storage, Conveyance and Delivery Project	Design and Surveys
Canadian River SWCD	Quay	Watershed Restoration and Management Project	Design, Surveys and Construction
Alcalde MDWC&MSWA	Rio Arriba	Water Storage, Conveyance and Delivery Project	Construction
Ancones MDWWCA	Rio Arriba	Water Storage, Conveyance and Delivery Project	Construction
East Rio Arriba SWCD	Rio Arriba	Watershed Restoration and Management Project	Construction and Surveys
Upper Rio Grande Watershed District	Rio Arriba	Flood Prevention Project	Plan and Design
Valley Estates WSA	Rio Arriba	Water Storage, Conveyance and Delivery Project	Construction
Elida, Town of	Roosevelt	Water Storage, Conveyance and Delivery Project	Construction
Portales, City of	Roosevelt	Water Storage, Conveyance and Delivery Project	Construction
North Star MDWCA	San Juan	Water Storage, Conveyance and Delivery Project	Design
El Creston MDWCA	San Miguel	Water Storage, Conveyance and Delivery Project	Design and Construction
Canoncito at Apache Canyon MDWCA	Santa Fe	Water Storage, Conveyance and Delivery Project	Construction
Santa Cruz Water Authority	Santa Fe	Water Storage, Conveyance and Delivery Project	Construction and Surveys
Santa Fe, City of	Santa Fe	Water Storage, Conveyance and Delivery Project	Construction
Truth or Consequences, City of	Sierra	Water Storage, Conveyance and Delivery Project	Design and Construction
Lower Arroyo Hondo MDWCA	Taos	Water Storage, Conveyance and Delivery Project	Construction
Red River, Town of	Taos	Water Storage, Conveyance and Delivery Project	Design and Construction
Trampas MDWCA	Taos	Water Conservation or Treatment, Recycling or Reuse Project	Design
Claunch Pinto SWCD (Rio Grande)	Torrance	Watershed Restoration and Management Project	Design, Surveys and Construction
Claunch Pinto SWCD (Estancia Basin)	Torrance	Watershed Restoration and Management Project	Design, Surveys and Construction

Pursuant to the WTB policies, applicants that are recommended for funding are required to demonstrate compliance with relevant regulations and WTB policies at the time their Readiness Applications are submitted. Three agencies, the New Mexico Environment Department's Drinking Water Bureau, the Office of the State Engineer and the Finance Authority, determine compliance for the WTB projects.

For FY2017, the WTB estimated funding in the amount of \$16,380,000 would be available for awards. These funds were derived from a distribution equal to 9% of the senior severance tax bonding capacity and a \$4 million Water Trust Fund distribution, less 10% for adjudication.

The multi-agency Project Management Team had formulated project recommendations as the Special Legislative Session was announced. Senate Bill 1, which passed and enacted during the 2017 Special Legislative Session, suspended the distribution of Severance Tax Bonds for the 2017 Funding Cycle and no awards were made.

Looking Forward to Fiscal Year 2018

The Water Trust Board, through the Finance Authority Staff, continues to reach out to communities through trainings on the upcoming application cycles. With the guidance of the current WTB policies, communities are better prepared for project funding.



City of Portales Johnson Hill Tank Battery