

# New Mexico Drinking Water State Revolving Fund - Intended Use Plan

DWSRF Base

Infrastructure Improvements and Jobs Act (IIJA)  
General Supplemental Funding, IIJA Lead Service Line  
Replacement, & IIJA Emerging Contaminants

New Mexico Environment Department &  
New Mexico Finance Authority



# Drinking Water State Revolving Fund

## DWSRF Base and General Supplemental IIJA Funding

### IIJA Emerging Contaminants and IIJA Lead Service Line Replacement

Capitalization Grant Intended Use Plan State Fiscal Year 2027 July 1, 2026 – June 30, 2027

Draft Submitted to U.S Environmental Protection Agency (EPA) Region 6: May 2026

Public Comment Period: May 28, 2026, through June 28, 2026

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| Final Updated: | Accepted by EPA: TBD |
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## Introduction

**1996: The Federal Safe Drinking Water Act (SDWA) Amendment authorizes the Drinking Water State Revolving Fund (DWSRF).**

Protects public health by helping states manage and protect their drinking water systems.

Aids communities and non-profit non-community public water systems (PWSs) in financing the cost of repair, replacement, and compliance of their drinking water infrastructure systems.

**1997: The State of New Mexico passes the Drinking Water State Revolving Loan Fund Act, creating the self-sustaining revolving loan program.**

Consists of the annual Capitalization Grant (Cap Grant) and the 20% state funded match required by the SDWA.

**1997: The New Mexico Finance Authority (NMFA) becomes the State's grantee for Capitalization Grants allotted to the state from the Environmental Protection Agency (EPA).**

**1997: The New Mexico Environment Department (NMED) Drinking Water Bureau (DWB) begins cooperation with NMFA to administer the New Mexico Drinking Water State Revolving Loan Fund program. (DWSRLF)**

Each state is required to prepare an Intended Use Plan (IUP) annually, identifying how the funds will be used and how those uses support the goal of protecting public health. This IUP is provided for review and public comment and the Final IUP along with a summary of public comments will be submitted to EPA with the capitalization grant applications.

This IUP includes:

**Application process and priority ranking system.**

- Including the most recent ranked Project Priority Lists (PPLs) for each grant program Base & BIL Base Supplement (Base/IIJA), IIJA Lead Service Line Replacement (IIJA Lead), and IIJA Emerging Contaminants (IIJA EC)). See Appendix A-1, A-2, and A-3 respectively.

**Criteria and methods for distribution of funds.**

**Short-term and long-term goals for the program.**

**DWSRF set-aside activities.**

**Disadvantaged community assistance, CWSRF transfer process, cross collateralization process, and amending the IUP process.**

- The U.S. Environmental Protection Agency’s (EPA) Capitalization Grant allocates DWSRF budget to individual states.
  - The maximum amount each state can apply for through the annual Capitalization Grants is determined by Congress and administered by the EPA.
- The SDWA allows each state the discretion to utilize up to 31% of each annual DWSRF Capitalization Grant to fund four different Set-Aside categories, with the remainder of the Capitalization Grant directed to the state’s loan funds.
  - Administration (4%)
  - Small Systems Technical Assistance (2%)
  - State Program Management (10%)
  - Local Assistance and other State Programs (15%)
- NMFA, as grantee, is responsible for the administration of DWSRF financing and related functions funded by the Administration Set-Aside of the Capitalization Grant.
- DWB, as the State’s primacy agency, is responsible for the oversight and implementation of the Small Systems Technical Assistance, State Program Management, and Local Assistance and Other State Programs Set-Asides.

The State publishes a DWSRF Annual Project Priority List (PPL) in the IUP (Appendix A-1 through A-3) and up to three additional lists, depending on project interest and urgency. The PPL contains projects to be funded in the current funding cycle (Fundable Priority List) and projects to be funded later (Comprehensive List). A water system must meet technical, managerial, and financial capacity (TMF) eligibility criteria to be placed on the fundable list on the next PPL and move forward with a DWSRF loan.

## 2027 Proposed Program Changes

The regularly scheduled PPLs will be published in July and December with additional lists published in September and in February, if project interest or urgency exists.

Projects that have been on the comprehensive list for 3 years and have not shown interest in moving forward have been removed.

Project priority ranking criteria for the Base and IJA General Supplemental were updated to include favorable points for water systems that have conducted a rate survey

Project priority ranking criteria for IJA Lead Service Line Replacement projects were updated to include points for water systems that conducted a rate survey.

An updated copy of the lists of supplemental documents to be submitted to move forward with funding is included in Appendix H. Updated information on Office of the State Engineer (OSE) compliance and Office of the State Auditor (OSA) compliance were added to the supplemental checklists to assist water systems in where to find the required information.

The financial terms of loans section was updated to allow the private non-profit systems (co-ops and school districts) to lower the interest rate to .0% for severely disadvantaged and disadvantaged and 0.01% for non-disadvantaged communities. A 1% Cost of Issuance (COI) will be charged to disadvantaged and non-disadvantaged and the .25% admin fee. The severely disadvantaged will have .25% admin fee but not the COI.

Additionally, in FY27, the State of New Mexico updated its policies to allow for subsidy to be provided to private non-profit water systems at the same percentages offered to recognized entities of the state as an additional incentive of the DWSRF.

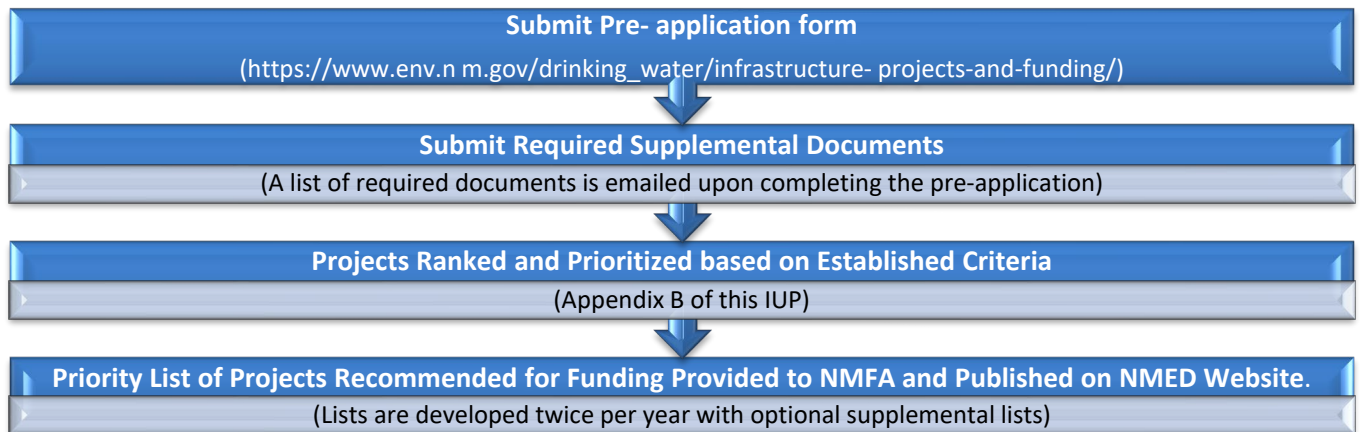
## Priority System (40CFR§ 35.3555.c(1))

Appendix B Includes the Priority Ranking Criteria for each funding source and associated point values that correspond with how the system or project meets the criteria.

### Criteria for Project Selection

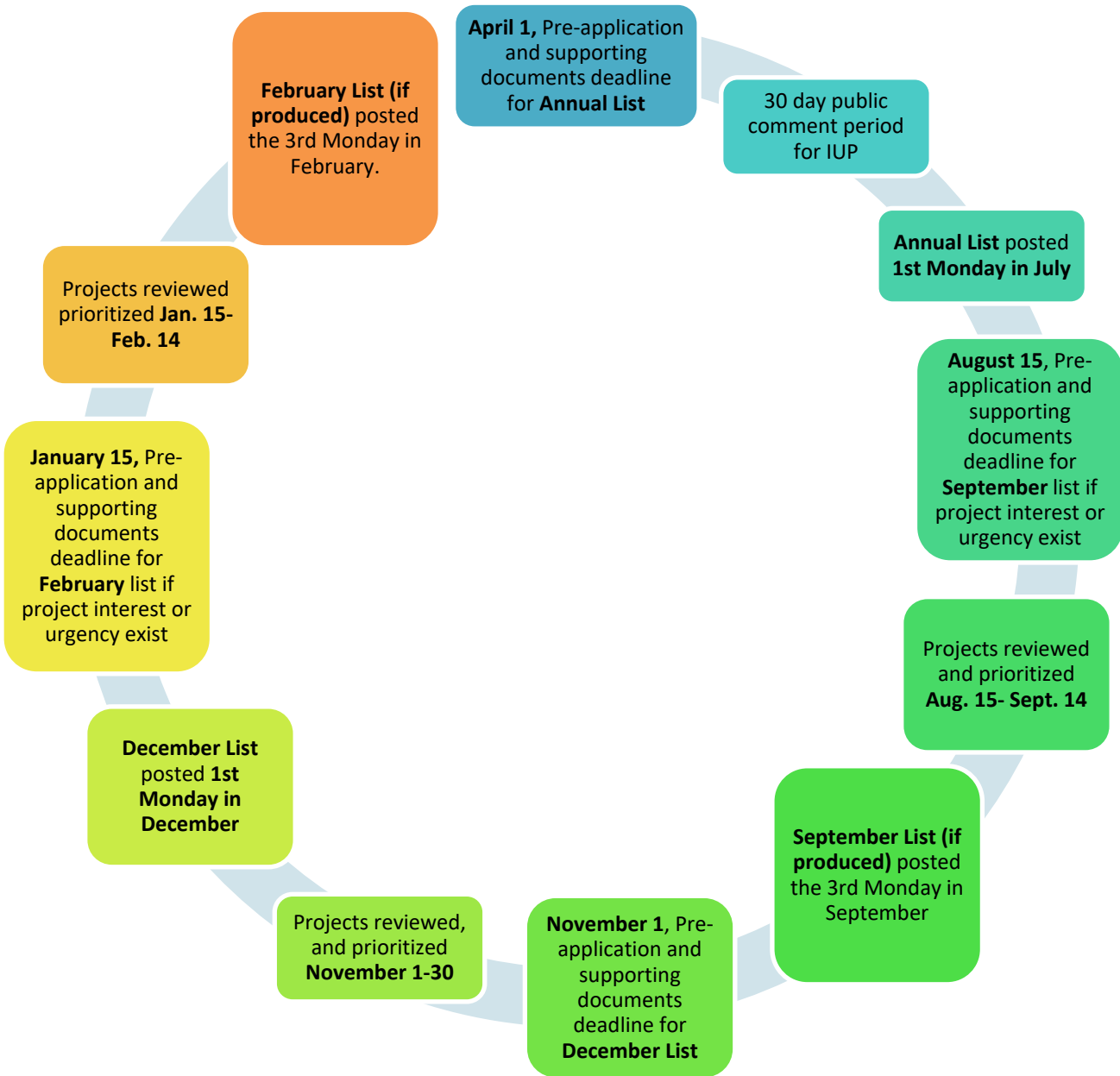
All project applications, except for declared emergencies (Emergency Condition) are required by DWSRF federal regulation to be ranked using a state's priority system and go through a public review process prior to receiving funding.

### Application Process (DWB)

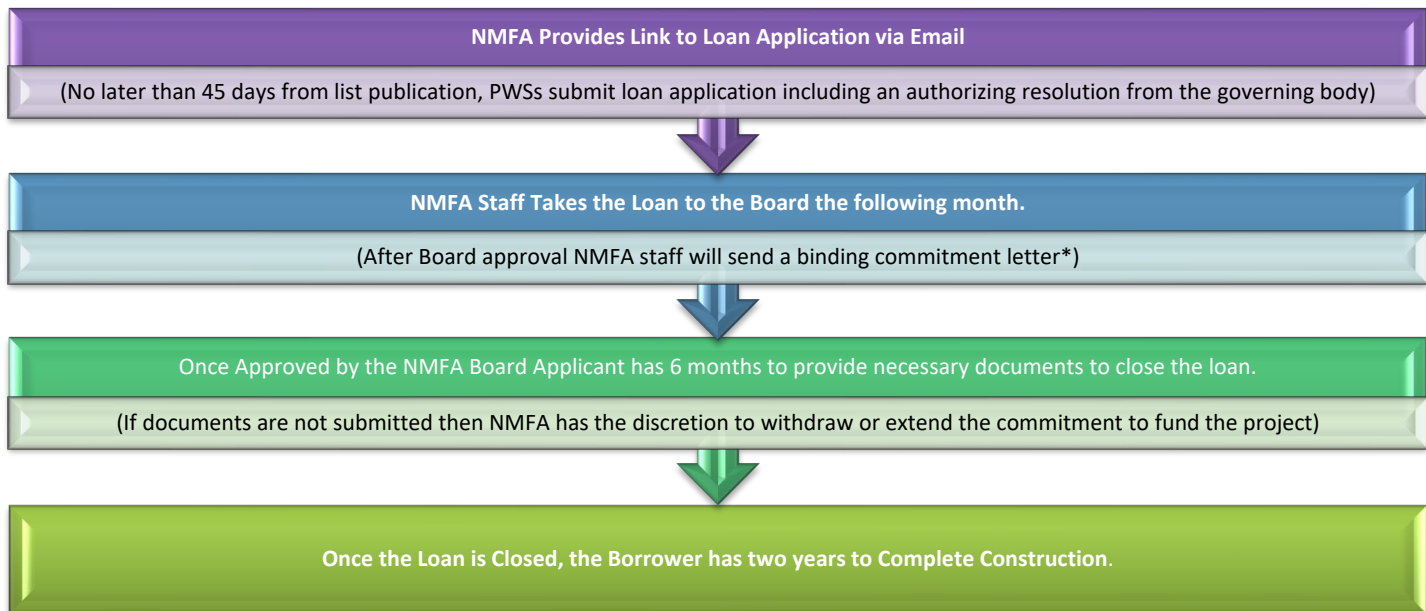


- Pre-applications are accepted and reviewed year-round. Projects are scored, ranked, and prioritized for placement on the priority list semi-annually with optional lists published in September and February if project interest or urgency exists. The state intends to publish the fundable lists on the first Monday in December and the first Monday in July each year. The lists published in September and February will be produced if a project that is ready to move forward and the system meets capacity. The September and February lists are produced at the discretion of the department.
- All the required supplemental documents must be received for the project to be scored and placed on the PPL.
- The fundable list is combined with the comprehensive list when updated. PWSs may stay on the comprehensive list for up to 3 years.
- Projects deemed fundable may stay on the fundable list for 12 months. A written request is required to keep a project on the fundable list for longer than 12 months with an explanation of why the project did not move forward.
- DWB will recommend that NMFA perform a preliminary financial analysis of the PWSs ability to repay the loan prior to publishing the PPL. The fundable lists will be published on the NMFA and NMED websites.
- If the dollar amount of the projects submitted does not equal project costs equivalent to the capitalization grant amount, NMED and NMFA may extend the deadlines at the discretion of the two agencies.

# Application Deadlines



## Application Process (NMFA)



*\*The binding commitment letter contains ready-to-proceed items for the communities to submit before the loan closing can be initiated. NMFA and communities enter in to binding commitments after the NMFA Board of directors approves the funding terms.*

To be eligible for a loan from the NMFA DWSRLF, public water system projects must:

- Be in the fundable status section of the priority list.
- Submit a loan application to the NMFA and accept a loan.
- Submit a letter of approval for DWSRF debt parity (if applicable) (for example, if the water system has a loan with USDA/NMED, etc. a letter of consent to take on new debt is required); and
- Be found by NMFA to be credit-worthy (40 CFR 35.3555(c)(2)(i))

Applicants who do not meet the timeframe, or the eligibility criteria will be removed from the fundable status on the priority list and placed back on the comprehensive section of the priority list.

### Systems Unable to Meet Criteria

- Each PWS currently unable to meet the criteria for inclusion on the fundable section of the PPL, or on the updates of this list, will receive follow up from the DWB infrastructure support program staff explaining any deficiencies that prevented its inclusion, including recommended steps for addressing such deficiencies.
- DWB uses the set-asides to help PWSs to meet all eligibility requirements for future DWSRF applications.

## List Publication

DWB and NMFA will supplement the priority list at least semi-annually to add/subtract projects in the fundable section of the priority list based on the criteria described below or at the request of the applicant. The State of New Mexico will publish the priority list for the duration of the active period. The PPL will be published on both the NMFA and NMED websites at: <https://www.nmfinance.com/water-project-fund/drinking-water-state-revolving-loan-fund/> and [https://www.env.nm.gov/drinking\\_water/infrastructure-projects-and-funding/](https://www.env.nm.gov/drinking_water/infrastructure-projects-and-funding/).

Questions regarding the ranking process or the development of the PPL should be directed to the DWB at (505) 372-8098. Questions on financial eligibility or the loan application process should be directed to the NMFA at: (505) 984-1454 or toll free at (877) 275-6632.

## Project Prioritization

The priority ranking system of individual projects for funding must,

- Address the most serious risk to human health.
- Ensure compliance with the requirements of the SDWA.
- Assist PWSs most in need on a per household basis according to the state affordability criteria.

The priority lists are consolidated into fundable and comprehensive (as allowed by federal regulations) and are updated on the schedule discussed in the DWB Application Process section. Projects that are ready-to-proceed are listed on the first part of the lists, titled fundable, and all other projects are listed in the following section titled comprehensive. Projects on the comprehensive list may remain on the comprehensive list until they are ready-to-proceed with funding, up to 3 years.

## Tie Breaking Procedure

When two or more projects score equally under the project priority ranking system, a tie breaking procedure will be used. The project with the smallest number of existing customers served will receive the higher ranking.

## Emergency Condition

Unforeseen or unanticipated conditions that impact the source treatment, storage, or distribution of an eligible PWS that will have a direct impact on public health, may constitute an emergency condition. The emergency must be declared by the President of the United States, the Governor of New Mexico, a Cabinet Secretary, or the County. A proposed project must specify any such emergency conditions in its application. Such emergency projects will be identified in the Annual Report.

## Priority List of Projects (40CFR§ 35.3555.c(2))

Appendix A contains the priority lists of projects for each funding source. Each funding source includes a fundable list with ranked projects that will move forward and a comprehensive list of projects that have expressed interest but have decided not to move forward or are working on completing the required documentation.

## Bypass Procedures

DWB and NMFA expect to fund the projects on the priority list, using the priority system outlined in this IUP, in order of rank but reserve the right to bypass certain projects using the by-pass procedure. The State reserves the right to fund lower priority projects over higher priority projects, if in the opinion of the DWB or the NMFA, the lower ranked project meets the bypass screening criteria, or the higher priority project did not submit its application in the allowed 45 days to NMFA. The State reserves the right to by-pass certain projects if during the period there is no financial impact to the by-passed PWS, i.e., the available subsidy is fully allocated and there are adequate reserves to fund all Fundable status projects on the priority list. The NMFA will limit the DWSRLF

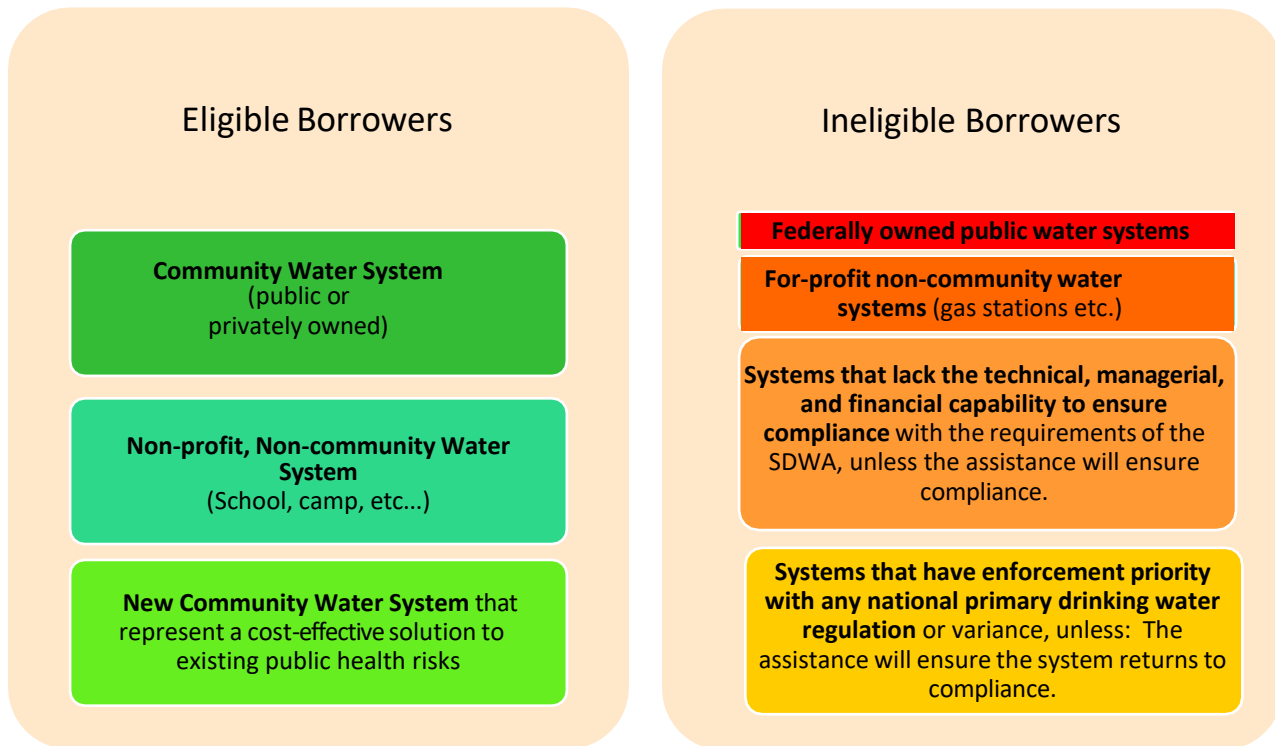
funds so that no single loan comprises more than 25% of the outstanding loan portfolio.

## Distribution of Funds (40CFR§ 35.3555.c(3))

### Criteria for Project Selection

All project applications (except for declared emergencies Emergency Condition) are required by DWSRF federal regulation to be ranked using a state's priority system and to go through a public review process prior to receiving funding.

To receive DWSRF federal funding the entity must be eligible, and the project must be eligible.



**Base/IIJA General Supplemental- Eligible Water System Projects:**

|   |  |   |
|---|--|---|
| <p><b>Treatment</b><br/>Projects to install or upgrade facilities to improve drinking water quality to comply with Safe Drinking Water Act (SDWA) regulations</p> | <p><b>Transmission and distribution</b><br/>Rehabilitation, replacement, or installation of pipes to improve water pressure to safe levels or to prevent contamination caused by leaky or broken pipes</p>               | <p><b>Source</b><br/>Rehabilitation of wells or development of eligible sources to replace contaminated sources</p>   |
| <p><b>Storage</b><br/>Installation or upgrade of finished water storage tanks to prevent microbiological contamination from entering the distribution system</p>  | <p><b>Consolidation/Regionalization</b><br/>Interconnecting two or more water systems , water system partnerships including emergency interconnections or sharing operators, equipment, and managerial consolidation</p> | <p><b>Creation of new systems</b><br/>Construct a new system to serve homes with contaminated individual wells or consolidate existing systems into a new regional water system</p>                           |
| <p><b>Rehabilitation of Dams &amp; Reservoirs</b><br/>(July 14, 2021, national deviation was signed, must connect to the water system, cannot be for growth)</p>  | <p><b>Purchase of Water Rights</b><br/>(December 2019, national deviation was signed, cannot be for growth)</p>  | <p><b>Other</b><br/>Planning and design, water utility audits, leak detection studies, identification of service line materials, optimization studies, drought contingency plans, and other evaluations.*</p> |

\*Plans or evaluations that might result in a capital project or in a reduction in demand to alleviate the need for additional capital investment.

Funds can also be used to support planning and analysis needed for partnerships that do not involve a physical interconnection such as evaluating and developing a shared billing system. Details on fundable project categories can be found on the EPA website in the DWSRF eligibility handbook:

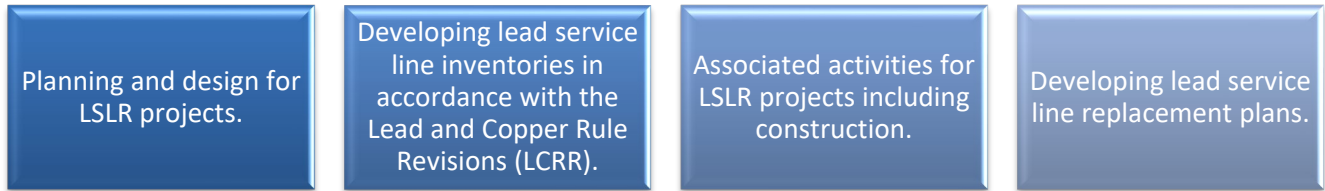
<https://www.epa.gov/dwsrf/drinking-water-state-revolving-fund-eligibility-handbook>.

**Base/IIJA Supplemental -Ineligible Water System Projects:**

|   |  |   |
|---|--|---|
| <p>Construction or rehabilitation of non-water system dams or for growth.</p> | <p>Purchase of water rights for growth, unless the water rights are owned by a system to be purchased for consolidation as part of a capacity development strategy</p> | <p>Construction or rehabilitation of reservoirs that are primarily for growth, except finished water reservoirs and those reservoirs that are part of the treatment process and are on the property where the treatment facility is located</p> |
| <p>Projects needed primarily for fire protection</p>                          | <p>Projects needed primarily to serve future population growth (prohibited by statute-- see below for further explanation)</p>   | <p>Projects that have received assistance from the national set-aside for Indian Tribes and Alaska Native Villages under the SDWA §1452(i) for the same phase (prohibited by statute)</p>   |

### **IIJA Lead Service Line Replacement - Eligible Projects:**

Project eligibility under this appropriation is limited to lead service line replacement (LSLR). A “lead service line” is defined as, “...a service line made of lead, which connects the water main to the building inlet.”



Lead service lines:

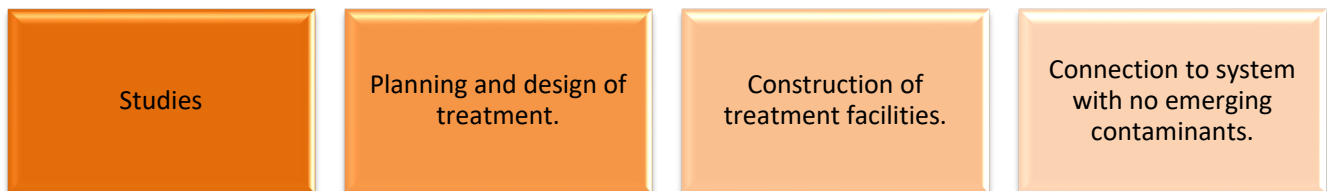
- May be owned by the water system, owned by the property owner, or both.
- A galvanized service line is considered a “galvanized requiring replacement” service line if it ever was or is currently downstream of any lead service line or service line of unknown material.

If the only lead piping serving the home or building is a lead gooseneck, pigtail, or connector, and it is not a galvanized service line that is considered an LSL, then the service line is not a lead service line.

Any project funded under this appropriation involving the replacement of a lead service line must replace the entire lead service line, not just a portion.

### **IIJA Emerging Contaminants:**

Emerging Contaminants funding will be provided to eligible recipients as loans with 100% principal forgiveness. Funds provided shall be to address emerging contaminants including removing manganese in drinking water with a focus on perfluoroalkyl and polyfluoroalkyl substances (substances listed in EPA’s Contaminants Candidate List (CCL)). Projects that can be submitted for IIJA EC funding include:



The complete list of emerging contaminants can be found at <https://www.epa.gov/ccl>

## **Financial Status (40CFR§ 35.3555.c(4))**

### **Sources and Uses**

#### State Match Source

The SDWA requires states to provide a 20% match to Capitalization Grants received from the federal government, and the IIJA requires states to provide a 20% match to the BIL Supplemental Capitalization Grant. The DWSRF program secured \$6,250,000 for the FFY 26 capitalization grants state match to cover the Base and IIJA General Supplemental grant match requirement. The required combined state match is \$5,746,000, leaving a surplus in State Match of \$504,000. NMFA appropriates the state match through the New Mexico State Legislature with a Public Project Revolving Fund Omnibus Bill. See Appendix C for a summary of the sources and uses of the funds.

#### Fee Income

The NMFA charges borrowers a cost-of-issuance fee as permitted by federal regulations to cover legal fees and closing costs of each DWSRLF loan when required by the capitalization grant. This 1% fee is included in the loan

as principal and is held in an account outside of the DWSRLF as allowed by EPA policy. The 1% fee is not assessed on IJIA Lead Service Line Replacement loans, IJIA Emerging Contaminants subsidized loans, or severely disadvantaged base and IJIA General Supplemental Loans. Additionally, the 1% fee is calculated from the loan component of the funding and not the subsidized portion.

NMFA builds an administrative fee of 0.25% into the DWSRLF loan interest rate. For disadvantaged borrowers, whose loans carry a 0% interest rate, the NMFA charges a 0.25% administrative fee, making the effective interest rate of a 0% loan 0.25%. The administrative fees are held outside of the DWSRLF and are used to pay the NMFA's overhead costs and other program administration costs not funded by the 4% Administration Set-Aside. The Administration Set-Aside is used for eligible purposes under 40 CFR §35.3530(b)(2), and cost-of-issuance fees included as principal in loans are assessed and used in accordance with the limitations set forth in 40 CFR §35.3530(b)(3)(i)–(iii).

#### Transfers from Set-Asides to the Loan Fund

The State reserves the right to make transfers from the set-asides to the loan fund to ensure timely and expeditious spending of federal capitalization grants.

#### Leveraging

The State of New Mexico does not currently leverage the DWSRLF.

#### Use of All Funds Available

The Distribution of Drinking Water SRF Appropriation for FFY 2026 states New Mexico will receive \$3,842,000 in Base Funds, \$24,888,000 in IJIA General Supplemental, and \$7,640,000 in IJIA Emerging Contaminants Funds. The state of New Mexico reserves the right to apply for the FY 26 IJIA Lead Service Line Replacement grant, estimated to be \$28,000,000 once the allocations are finalized and dependent on LSLR projects. A total of \$64,370,000 in capitalization grants for FFY 2026.

For the Base and IJIA General Supplemental sixty-nine percent will go to the loan fund and 31% will be used for set-asides. The required state match of \$5,746,000 will bring the total loan fund for the Base, IJIA General Supplemental to \$42,116,000. The IJIA Emerging Contaminants IJIA Lead Service Line Replacement appropriations do not require a state match.

An estimated loan and interest repayments of \$11 million will be available for a total of \$53,116,000 of new money to lend and support the set-aside work in SFY 2026 for the DWSRLF Base, IJIA General Supplemental, and IJIA Emerging Contaminants.

Annually, Congress has the right to require additional subsidy to help fund federal priorities. NMFA anticipates up to 49% of the 2026 Base Capitalization Grant, 49% of the IJIA General Supplemental Capitalization Grant and the 49% of the IJIA LSLR from DWSRF funding legislation to be additional subsidy in the form of principal forgiveness. 100% of the EC program is offered as principal forgiveness in the amount of \$7,640,000. For SFY 2027, the total amount of subsidy available for all projects is \$13,539,820. This subsidy will allow for the pace of recent lending to continue and maintain the financial perpetuity of the revolving loan fund (see Subsidy section regarding the use of subsidy).

### **Financial Terms of Loans**

All loans are provided to eligible entities at below-market interest rates. The table below provides the interest rate and terms associated with each type of PWS. In FY 2026, the New Mexico Finance Authority Board passed new DWSRF Loan Management Policies, effective April 27, 2026, and maintained the previously lowered interest rates and added additional eligibilities for private non-profit water systems. These rates apply to the base, IJIA supplemental funding, and the lead service line replacement programs. The emerging containments loans will be

offered 100% principal forgiveness. All loans pay a 0.25% admin fee in addition to the rates listed in the chart below.

| Community Economic Status for both Public and Private Systems  | Interest Rate | Term           |
|--|---------------|----------------|
| Non-Disadvantaged*   | 0.01%, 4%     | up to 20 years |
| Disadvantaged  | 0%            | up to 30 years |
| Severely Disadvantaged   | 0%            | up to 30 years |
| * Both public and private non-profit, non-disadvantaged systems receive 0.01% interest rate plus 0.25% admin fee. Private for-profit systems receive 4% (including the admin fee). The 0.25% admin fee is added to the interest rate for non-disadvantaged, disadvantaged, and severely disadvantaged. The fee is included in the 4% rate. |               |                |

From the date of closing, entities have two years to draw on the awarded DWSRLF funds. During this time, the entity will pay interest and administration fees only on amounts drawn for incurred costs. Once the project is complete, an amortization schedule will be finalized, and the system will make monthly principal and interest payments on the loan.

### Loan Disbursements

As of the end of SFY 2026, a total of 229 loans have closed since the inception of the New Mexico DWSRF program in 2000, for a total of over \$497.9 million final assistance. This includes 18 loans that were amended to increase funds to finish the project.

116 are for small systems, and 130 are to disadvantaged communities, which means about 54% of the total loans are either disadvantaged, or small systems, or both. Additionally, three loans for SFY 2027 have been given board approval, one loan is scheduled to go to the May 2026 board, and six loans are being analyzed for the June 2026 board.

### Financial Planning

NMFA uses a cash flow model as its financial plan and updates it with triannual reviews as new projects are placed on the PPL. The goal of financial planning is to ensure fund perpetuity, and NMFA can confirm the fund’s perpetuity. The perpetuity model is included in the Annual Report to the EPA, using historical averages of loan origination.

### Cash Draw Proportionality

New Mexico is electing to spend the state match funding first, then the federal capitalization grants. Proportionality will not be used in SFY 2027 as a result of recent guidance received from EPA. See Appendix F: Cash Draw Ratio and Grant Payment section for more information.

## Short- and Long-Term Goals (40CFR§ 35.3555.c(5))



NMED-DWB

### Short Term Goals

- Provide targeted capacity assistance (Pillar 1)
- Develop comprehensive outreach and assistance including multiple stakeholders (Pillar 1)
- Review Priority Ranking Criteria and develop policies that increase benefits to water systems
- Develop and submit quarterly invoices to NMFA
- Fill vacancies in SWIG programs
- Collaborate to create innovative and effective pathways for assistance (Pillar 1)

### Long Term Goals

- Regulate and Assist PWSs (Pillar 1)
- Provide online and in-person training for TMF capacity (Pillar 1)
- Encourage and assist PWSs to have a rate structure
- Develop methods for assessing the needs and risk for prioritizing federal and state funds (Pillar 3)
- Collaborate on sustainable supplies through source water protection program (Pillar 1)
- Collaborate on regionalization efforts on-going in the state. (Pillar 1)
- Collaborate on outreach with EC-SDC grant to maximize usage of both funds (Pillar 3)



NMFA

### Short Term Goals

- Provide at least 40% of all loans\* in SFY 2027 from the FFY 2026 Capitalization Grant and BIL Supplemental Capitalization Grant as low-cost loans to PWSs in Disadvantaged Communities and 20% to small PWSs for eligible projects as allowed by SDWA (Pillar 1 and 3).
- Execute 100% of Binding Commitments in SFY 2027\* after the submission of required ready to proceed documents (Pillar 1 and 3).
- Process requisitions in a timely manner and strive to allocate all funding in SFY 2027\*. Close 100% of the loans that meet the ready to proceed deadlines outlined in the Binding Commitments for SFY 2027\* (Pillars 1 and 3).
- Continue to keep EPA current on status of audit, including during the SFY Annual Program Evaluation Review (Pillars 1 and 3).
- Enter into Binding Commitments equal to 120% of the federal capitalization grant and IJJA supplemental funding in SFY 2027\* (Pillars 1 and 3).
- During SFY 2027, NMFA will review and suggest changes to DWSRF policies for clarification and to benefit borrowers (Pillar 1).
- Updated policies to match new changes to the state act (Pillar 1).

### Long Term Goals

- Monitor loan repayments to mitigate any loan defaults.
- Ensure that the DWSRLF will be a perpetual funding source with fiscal integrity to support PWSs in the State as shown by the cash flow model (Pillar 1).



Collaborative

### Short Term Goals

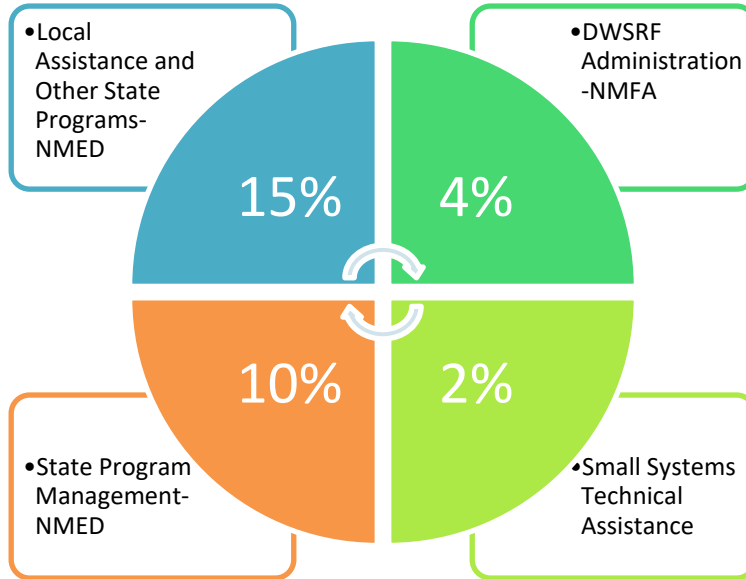
- Expend and process invoices for grant funds in the order awarded.
- Comply with all public comment, reporting and all federal and state requirements.
- Apply for the FFY 2027 Base Capitalization Grant, the FFY 2027 BIL General Capitalization Grant, FFY 2027 IJJA Lead Service Lines Replacement Capitalization Grant, and the FFY 2027 IJJA Emerging Contaminants Capitalization Grant.

### Long Term Goals

- Strive to complete 100% of all reports accurately and timely, maintain efficient administrative functions, and find innovative ways to utilize the DWSRLF to the fullest potential (Pillar 3).
- Review and recommend updates the Operating Agreement with EPA.
- Collaborate with Water Trust Board Regionalization program to offer co-funding or local match through DWSRF (Pillar 3).

\*Contingent on the Fundable Priority List, communities applying, and community willingness to take on a loan.

## Set-aside Activities (40CFR§ 35.3555.c(6))

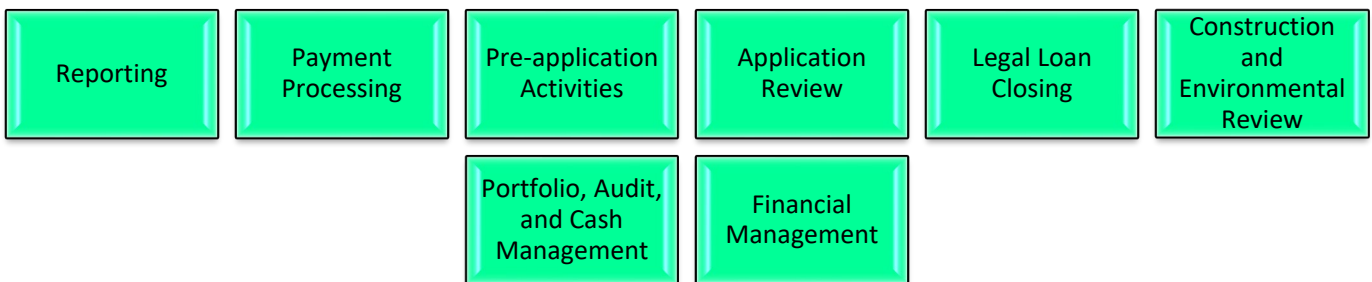


### Base DWSRF Funds and IJA Supplemental DWSRF Administration (4%) NMFA

The SDWA authorizes the states to utilize funding for DWSRF administration as a set-aside. Administration of the DWSRF program is delegated by state statute to the NMFA. The NMFA will reserve and specify 4% of the FFY 2026 Capitalization Grant for the Administration set-aside in an amount totaling \$1,149,200. \$153,680 from the Base, and \$995,520 from the IJA GS.

The administration set-aside will be used to pay for salaries for staff working on the DWSRF and administering the loan funds and other allowable expenses.

#### Loan administration includes:



**Small Systems Technical Assistance (2%)**

The SDWA authorizes states to use this Set-Aside to support a state technical team to provide technical assistance to return systems to compliance with the SDWA. Assistance will be offered through the following activities:

Offer assistance to small water systems upon recommendation by the DWB enforcement coordinator and/or the compliance officer through a Technical Assistance Request.

DWB will also offer assistance to help small water systems return their outstanding violations to compliance and will prioritize those systems with high ETT\* scores.

DWB will work with contract assistance providers to offer technical assistance.

*\*ETT score is a reference to the EPA's Enforcement Targeting Tool scoring.*

**State Program Management (10%)**

The SDWA authorizes states to use this Set-Aside to address additional program requirements of the Public Water System Supervision Program, Utility Operator Certification Program, and administration for DWSRF Capacity Development and Assistance Programs.

|   |  |   |
|---|--|---|
| <p><b><u>Public Water System Supervision (PWSS) Program</u></b></p> <ul style="list-style-type: none"> <li>Providing administrative support for the DWB staff.</li> <li>Conducting sanitary surveys to assess the needs and deficiencies of PWSs.</li> <li>Implementing new and enforcing existing rules and regulations.</li> <li>Providing an immediate response to confirmed acute contamination events and PWS problems that may impact public health.</li> </ul> | <p><b><u>Utility Operator Certification Program (UOCP)</u></b></p> <ul style="list-style-type: none"> <li>Fund administration activities and support certification of operators through the Utility Operator Certification Program (UOCP).</li> <li><i>*NMED has authority to administer the Program pursuant to the SDWA and began to directly manage this program in July 2016, increasing the administrative responsibility.</i></li> </ul> | <p><b><u>DWSRF Set-Aside Administrative Support for Local Assistance Capacity Programs</u></b></p> <ul style="list-style-type: none"> <li>Developing and managing grant set-aside application documents (including the IUP).</li> <li>Budgets, workplans, and reporting.</li> <li>Timekeeping.</li> <li>Internal program meetings:             <ul style="list-style-type: none"> <li>•Staff and program management.</li> <li>•Program planning and other such activities.</li> </ul> </li> </ul> |
|---|--|---|

### **Local Assistance and Other State Programs (15%)**

The Local Assistance and Other State Programs Set-Aside is used to support multiple DWB assistance program activities within the Sustainable Water Infrastructure Group.

#### **Capacity Development and Assistance (10%)**

- Infrastructure Support (engineering plan reviews, DWSRF assistance)
- Capacity Assistance (technical, managerial, financial; emergency response & planning)
- Develop contracts with potential assistance providers to provide direct and specific capacity development assistance for system needs
- Needs & Capacity Assessments (rate surveys, need survey, risk analysis, policy review )
- Regional Planning & Sustainability (regionalization & collaboration projects, climate resilience)
- Utility Operator assistance & training (UOCP outreach. assistance. compliance. trainings)

#### **Source Water Protection (5%)**

- Source water assessments & plans
- Special source water & emerging contaminant studies (PFAS)
- Source sampling waiver reviews
- NEPA and Subdivision environmental impact reviews
- Groundwater Under Direct Influence (GWUDI) determinations
- Water reuse studies and collaborative planning
- Develop contracts with potential assistance providers to provide direct and specific source water protection support for public water systems. Support may include, but is not limited to understanding and protection from emerging contaminants.

NMED Drinking Water Bureau's strategy to responsibly and expeditiously reduce and minimize set-aside Unliquidated Obligations (ULO) for FY27 is included in Appendix G.

## IIJA Lead Service Line Replacement Set-Aside Activities

### **Lead Service Lines Administration (4%)**

The SDWA authorizes the states to utilize funding for DWSRF administration as a IIJA Lead Service Line Replacement set-aside. Administration of the DWSRLF program is delegated by state statute to NMFA. NMFA will reserve and specify the 4% set aside for the lead service line replacement IIJA capitalization grant (based on eligible projects & eligible expenses).

#### **•IIJA Lead Administration of the Loan fund includes:**

- Promotion of Funds, Marketing, Reporting, Payment Processing, Pre-application activities, Application Review, Project underwriting and financial reviews, Portfolio, Audit, & Cash Management and Financial Management, Engineering, Construction, & Environmental Review, Legal Loan Closing

#### **•IIJA Lead Programmatic Administration includes:**

- Staff Salaries, Contractual technical services for engineering and construction oversight, Environmental reviews, Legal fees associated with closing DWSRLF loans.

### **IIJA Lead Small Systems Technical Assistance (2%)**

The SDWA authorizes states to use this IIJA Lead Service Line Replacement Set-Aside to support a state technical team to provide technical assistance to return systems to compliance with the SDWA. Assistance will be offered through the following activities:

- Assistance provided by DWB staff for finalizing and submitting required inventories to small systems.
- DWB staff assisting small systems with funding applications to replace lead service lines.

### **IIJA Lead State Program Management (10%)**

The SDWA authorizes states to use this IIJA Lead Service Line Replacement Set-Aside to address additional program requirements of the Public Water System Supervision Program, and administration for DWSRF Capacity Development and Assistance Programs.

#### **•Public Water System Supervision (PWSS) Program**

- Providing administrative support for the DWB staff related to lead service lines and the LCRR
- Conducting necessary reviews of PWSs for compliance with LCRR
- Implementing new and enforcing existing rules and regulations

#### **•DWSRF Set-Aside Administrative Support for Local Assistance Capacity Programs**

- Developing and managing grant set-aside application documents (including the IUP)
- Budgets, workplans, and reporting
- Timekeeping
- Internal program meetings about lead
- Staff and program management
- Program planning; and other such activities

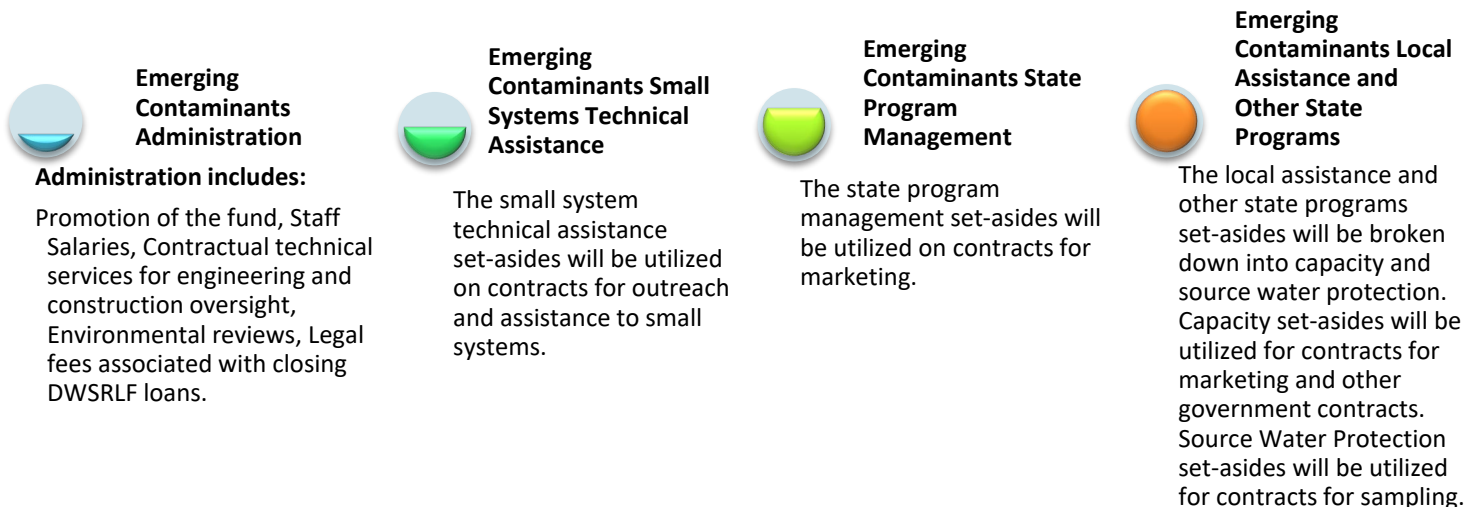
### **IIJA Lead Local Assistance and Other State Programs (10%)**

DWB intends to only take 10% of the Local Assistance and Other State Programs set aside and not use the 5% Source Water set-aside. The Local Assistance and Other State Programs IIJA Lead Service Line Replacement Set- Aside is used to support multiple DWB assistance program activities within the Sustainable Water Infrastructure Group.

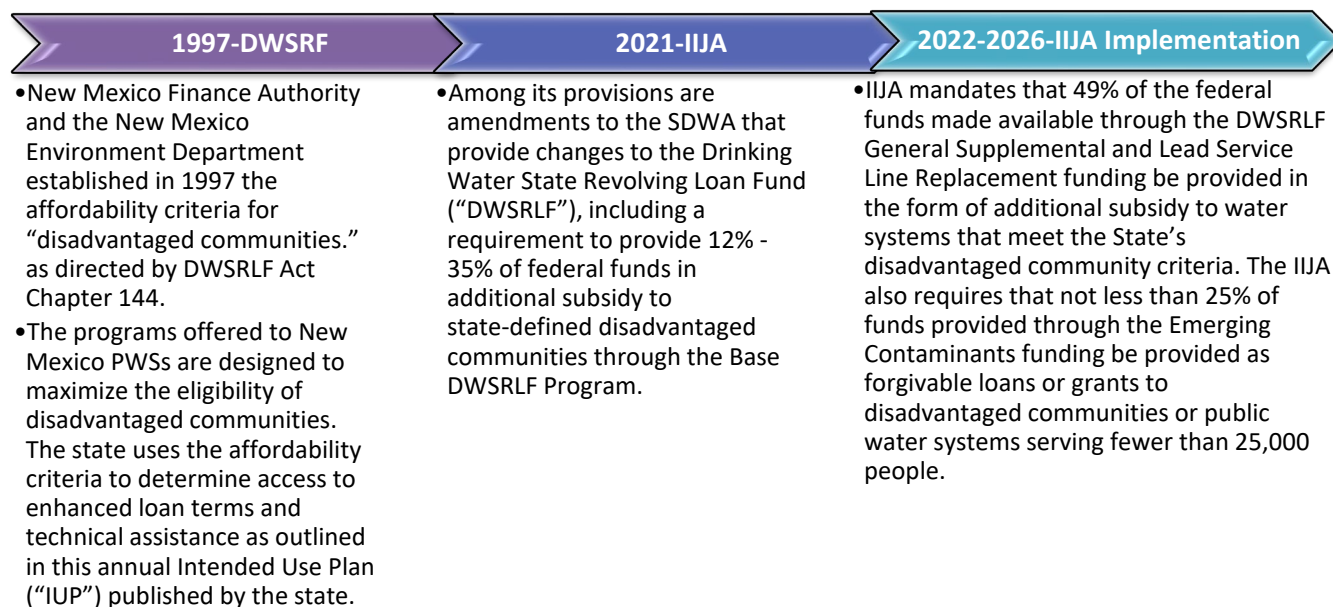
#### **•Capacity Development and Assistance (10%)**

- Infrastructure Support (engineering reviews, DWSRF IIJA Lead assistance)
- Capacity Assistance (technical, managerial and financial)
- Other LCRR assistance to PWSs

## IIJA Emerging Contaminants Set-Aside Activities



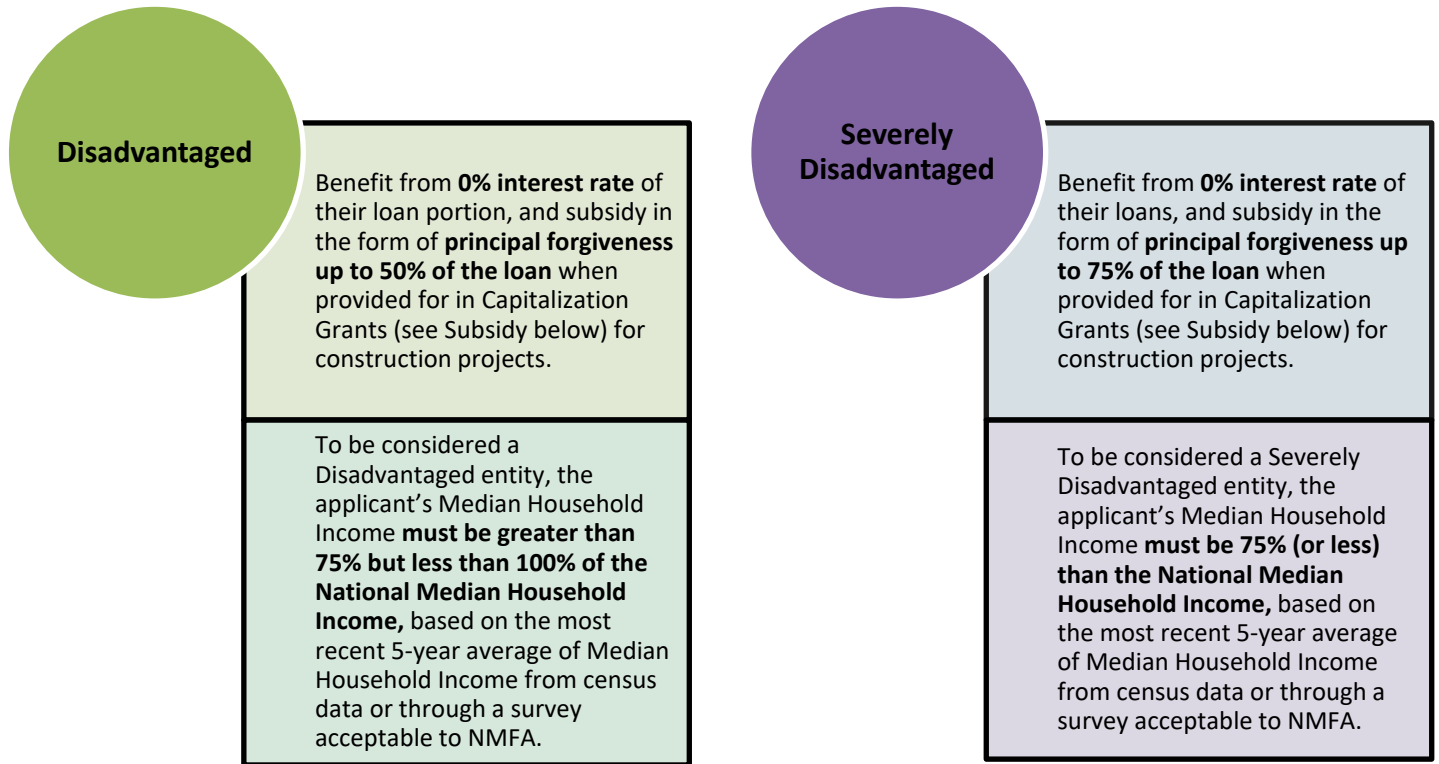
## Disadvantaged Community Assistance (40CFR§ 35.3555.c(7))



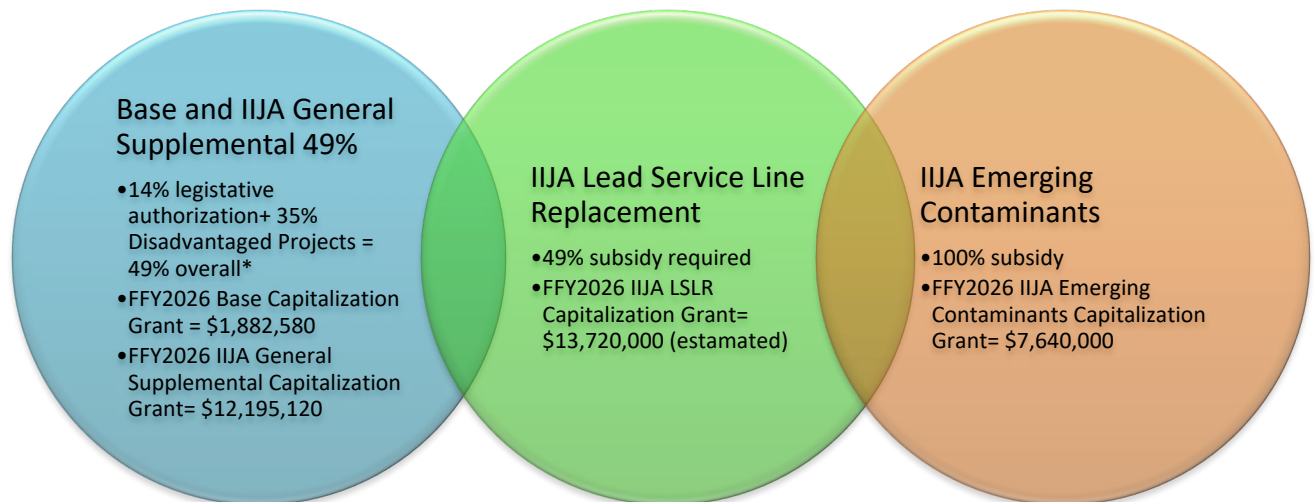
The affordability criteria used to determine disadvantaged entity status considers a community’s Median Household Income (MHI) in comparison to the most recent National 5-year average. The National 5-year average can be found at <https://data.census.gov> and searching for the **table DP103**. This table provides American Community Survey results for 1-year and 5-year estimates of the data profiles.

DWB will review the MHI for each applicant during the technical, managerial, and financial capacity review to ensure that the area that the MHI is reported for is representative of the water system service area. If the MHI reporting appears to have a margin of error that would negatively impact the community’s disadvantaged status, DWB will investigate further to determine if a narrower view of the census track data can be used. Every effort is made to ensure that subsidy is appropriately assigned to communities using MHI data.

By policy, NMFA provides two levels of disadvantaged status: Disadvantaged and Severely Disadvantaged. The information below describes the benefits offered to each community:



### Subsidy



\*New Mexico opts to allocate the maximum of both pools of subsidy, totaling 49% of the FFY 2026 Capitalization Grant.

\*\* NM needs increased demand to apply for the FFY 2025/2026 LSLR Capitalization Grant.

The NMFA provides subsidies to DWSRLF borrowers as part of the EPA's Capitalization Grants (base program and

IIJA supplemental), and as provided for under SWDA (section 1452 (d)). The FFY 2026 Base Capitalization Grant requires 14% of the funds available as additional subsidy assistance for projects on the fundable list, and at the state's discretion, as directed in the grant appropriation. The SDWA (Section 1452(d)) requires not less than 12% and up to 35% of the Capitalization Grant to be used to subsidize Disadvantaged Projects as described in section b of 40 CFR 35.3525. NMFA provides additional subsidy in the form of loans with principal forgiveness, with the percentage of the principal forgiven determined by the NMFA Board at loan approval. The principal not forgiven will be structured and priced as provided otherwise in the Loan Management Policies.

## Subsidy

Applies to Base Capitalization, IIJA General Supplemental, IIJA Lead Service Line Replacement, and IIJA Emerging Contaminants grants.

- Available subsidy will be distributed in the ranking order on the Fundable PPL subject to the bypass procedure.

- Subsidy that is not awarded, will roll over to the next fundable PPL.

- Subsidy is based on available amounts, and applicants are not guaranteed subsidy as part of the loan package.

- An applicant ranked below the available subsidy amounts, or not identified as Disadvantaged or Severely Disadvantaged, may not receive subsidy.

- Subsidy will be available to new entities on the current Fundable List if an applicant returns unutilized subsidy at the end of the construction period or fails to close on the loan.

- No single applicant may receive more than 25% of the total additional subsidy available for disadvantaged communities in any given year. Any additional funds required to complete the proposed project will be financed at the terms offered to non-disadvantaged communities.

- This limitation may be waived if there is not sufficient demand among disadvantaged communities.

\*Current DWSRLF Loan Management Policies can be viewed online at [DWSRLF-Loan-Management-Policies-Approved-4.23.2026-1.pdf](#) and define additional subsidy as principal forgiveness which is the amount of principal that does not require repayment using the following guidelines when funds are available.

### Subsidy policy

NMFA will provide the capitalization grant and the disadvantaged subsidy following the same policies. To the extent possible, the NMFA will use subsidy through the Capitalization Grant to help entities that could not otherwise afford a DWSRLF loan, and to help provide incentive to projects that meet other priority EPA goals. NMFA may blend or offer one subsidy type to allow for the highest number of projects to receive subsidy. PWSs that are severely disadvantaged are considered communities that could not otherwise take on a loan. PWS considered Severely Disadvantaged will be given priority in the allocation of disadvantaged subsidy.

The subsidy will go by the Priority ranking on the fundable portion of the PPL, and by eligible disadvantaged status. Applicants will receive subsidy, when available, through the following policies:



\*“Green Projects Reserve” include green infrastructure, water conservation, energy efficiency improvements, or other environmentally innovative activities. Green projects that are 100% green will be provided with an additional 25% principal forgiveness. Projects not considered “categorically green” (projects that clearly support the intent of the GPR), such as water meters, rain gardens, green roofs, and alternative energies such as solar panels and other water and energy efficiency infrastructure for new facilities) will require a Business Case Explanation to support the need for the project and to describe how it meets the GPR requirement for water and/or energy efficiency. GPR projects and their Business Cases, where required, are submitted to the NMED and posted on the DWB’s and NMFA’s websites at: [https://www.env.nm.gov/drinking\\_water/funding/](https://www.env.nm.gov/drinking_water/funding/) and <http://nmfa.net>, respectively.

\*\*Applications for proposed regionalization projects may continue to use the Median Household Income of the regionalized community to be incorporated into the water system’s service area for purposes of determining disadvantaged entity status. For disadvantaged communities, NMFA will consider loans with 90% principal forgiveness for regionalization projects related to the provision of water to a regionalized community when all assets funded by the loan will be owned and maintained by the borrower.

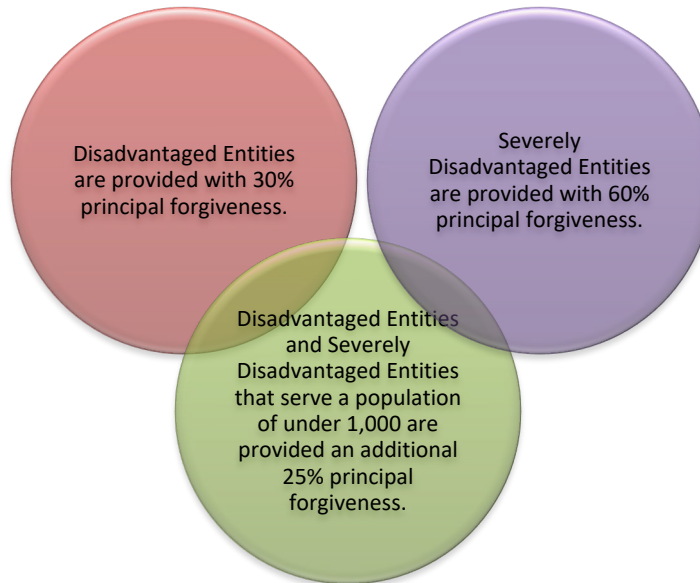
## Subsidy Lead Service Line Replacement Non-Construction Loans

### IIJA LSLR Program for non-construction projects (i.e., lead service line surveys and plan and design projects)

For IIJA LSLR Projects, States must provide 49% of the capitalization grant amount as additional subsidization in the form of principal forgiveness or grants. This additional subsidization must be provided to eligible DWSRLF assistance recipients that meet the State’s disadvantaged community criteria as described in SDWA §1452(d).

The IIJA LSLR program for non-construction projects uses the affordability criteria and disadvantaged community assistance from the base capitalization grant described in previous sections of this IUP.

Determination of additional subsidy. The NMFA will provide additional subsidization in the form of principal forgiveness for projects using the following guidelines, the IIJA LSLR Program will also allow for population served for non-construction projects. NMFA will provide additional subsidy to Disadvantaged Entities who meet affordability criteria based on the MHI of the applicant. NMFA provides two levels of disadvantaged entity status:



Lead Service Line Replacement loans that include construction will include the subsidy for complying with federal construction requirements including 25% for non-disadvantaged communities.

### **Subsidy Emerging Contaminants**

IIJA EC Program capitalization grant amounts, net of set-asides taken, are provided additional subsidization in the form of principal forgiveness, or grants. Pursuant to the provisions of the SDWA, at least 25% of the funds must be provided to eligible recipients that meet the State’s disadvantaged community criteria as described in SDWA §1452(d) or to public water systems serving fewer than 25,000 persons. NMFA will apply the affordability criteria as defined in this IUP to determine disadvantaged entity status for the IIJA EC program.

1. The NMFA will offer IIJA EC Projects additional subsidization in the form of 100% principal forgiveness in the ranked order of the fundable priority list as provided by the NMED Drinking Water Bureau based on the ranking system in this IUP.
2. IIJA EC Projects may be co-funded with Emerging Contaminants funding from NMED. All water systems meeting the definition of a Public Water System as defined by the EPA are eligible for this program in accordance with the SDWA. Public Water Systems may be publicly or privately owned.

### **Refinancing Existing Loans**

Loan Refinancing of existing DWSRF loans an allowable use of the DWSRLF since certain high-cost debt can hinder essential new water improvement projects and limit the long-term financial health and capacity of the water system. Under limited circumstances, and by law, DWSRLF loans are eligible for refinancing. Private entities are

not eligible for loan refinancing. Due to restrictions in the SWDA, only plan and design and previous DWSRF loans will be eligible for refinancing.

The NMFA is able to refinance existing loans if:

- The refinancing occurs in connection with a “new money” project.
- The loan proposed for refinancing must have originated no earlier than 1993. Components must be within their useful life.
- The project financed by the original loan must have undergone a public review process consistent with the SERP, including concurrence by all requisite state and federal consulting agencies.
- The environmental effects of the project must have been analyzed and studied in a manner consistent with the SERP; and
- The project financed by the original loan must have followed federal and state regulations. Generally, only previous DWSRF loans are eligible for refinancing.

## Compliance with Special Grant Conditions

The State of New Mexico complies with all grant conditions set forth in the Capitalization Grant agreements and the 40 CFR parts 9 and 35 including Davis Bacon Wage Act, Federal Crosscutters, Signage, American Iron and Steel, and Buy America Build America (BABA). All financial agreements entered into between the PWSs and NMFA contain language found in Appendix E, which satisfies the grant condition’s compliance.

### Davis Bacon Wage Act

Recipients of SRF funding are required to comply with 40 CFR Part 31 and the full language of the Federal appropriation contained in the Annual Capitalization Grant, the Davis Bacon Act, and the U.S. Department of Labors (DOL) implementing regulations. The DOL provides all pertinent information related to compliance with labor standards, including prevailing wage rates and instructions for reporting. Requirements in section 1450(e) of the Safe Drinking Water Act (42 U.S.C. 300j-9(e)) apply to any construction project, carried out in whole or in part, with assistance made available as authorized by section 1452 of that Act (42 U.S.C. 300j-12).

### Federal Crosscutters

A number of federal laws, executive orders, and federal policies apply to projects receiving federal financial assistance, regardless of whether the federal laws authorizing the assistance make them applicable. These federal authorities are referred to as crosscutting authorities or crosscutters. Federal Crosscutters apply to projects whose cumulative funding equals the amount of the SRF Capitalization Grants. Projects receiving federal assistance funds must comply with the crosscutter requirements in an amount equivalent to the Capitalization Grant.

Crosscutters are divided into three groups: environmental, social policies, and economic and miscellaneous authorities.

- Environmental crosscutters include federal laws and executive orders that relate to preservation of historical and archaeological sites, endangered species, wetlands, and agricultural land, etc. This crosscutter requirement includes a National Environmental Policy Act compliant environmental review.
- Social policy crosscutters include requirements such as minority and women’s business enterprise participation goals, equal opportunity employment goals, and nondiscrimination laws. This crosscutter

requirement includes compliance with the Disadvantaged Business Enterprise program, as stated in the loan agreement.

- Economic crosscutters directly regulate the expenditure of federal funds such as the prohibition against entering into contracts with debarred or suspended firms, the American Iron and Steel provision and the Build America Buy America Act (BABA).

A complete list of crosscutting authorities can be found at the EPA website:

<https://www.epa.gov/sites/production/files/2015-08/documents/crosscutterhandbook.pdf>

## Signage

The recipient agrees to comply with the SRF Signage Guidelines to enhance public awareness of EPA assistance agreements. See memo, “Guidelines for Enhancing Public Awareness of SRF Assistance Agreements,” June 3, 2015, for more information.

## American Iron and Steel

Borrowers shall comply with federal requirements applicable to the loan, including the 2014 Appropriations Act and related SRF Policy Guidelines. All iron and steel products used in the Project will be produced in the United States (“American Iron and Steel Requirement”) unless (i) the borrower has requested and obtained a waiver from the Finance Authority or (ii) if the Finance Authority, or its contractor, has otherwise advised the borrower in writing that the American Iron and Steel Requirement is not applicable to the Project. See memo, “AIS final guidance 3-20-14” for more information.

## Build American Buy American Act

On November 15, 2021, President Joseph R. Biden Jr. signed into law the Infrastructure Investment and Jobs Act (“IIJA”), Pub. L. No. 117-58, which includes the Build America, Buy America Act (“the Act”). Pub. L. No. 117-58, §§ 70901-52. The Act strengthens Made in America Laws and will bolster America’s industrial base, protect national security, and support high-paying jobs. The Act requires that no later than May 14, 2022—180 days after the enactment of the IIJA—the head of each covered Federal agency shall ensure that “none of the funds made available for a Federal financial assistance program for infrastructure, including each deficient program, may be obligated for a project unless all of the iron, steel, manufactured products, and construction materials used in the project are produced in the United States.” (Build America, Buy America (BABA) Act, P.L. 117-58, Secs 70911 - 70917).

## Federal Equivalency

For equivalency, the federal requirements are matched to the federal capitalization amounts.

The chart below shows the federal requirements that will be included in the equivalency projects and what will be required for non-equivalency projects.

| Equivalency Requirement Name         | Equivalency Project Requirements | Non-Equivalency Project Requirements | Resource / Link                            |
|--------------------------------------|----------------------------------|--------------------------------------|--|
| Single Audit act                     | X                                |                                      | <a href="#">Single Audit Act Guidance</a>  |
| Federal Crosscutters (Environmental) | X                                |                                      | <a href="#">Environmental Crosscutters</a> |

|   |   |   |   |
|---|---|---|---|
| Federal Crosscutters (Socio Economic)   | X |   | <a href="#">Socioeconomic Cross-Cutting Laws</a>                          |
| Disadvantaged Business Enterprise (MBE/WBE)   | X |   | <a href="#">DBE Program Under EPA Assistance Agreements</a>               |
| Signage (traditional)   | X | X | <a href="#">Traditional Signage Requirements</a>                          |
| Federal Funding Accountability and Transparency Act (FFATA) reporting (NMFA responsibility) | X |   | <a href="#">FFATA Guidance</a>  |
|   | X |   | <a href="#">Clarification of FFATA Requirements</a>                       |
| Build America Buy America Act   | X |   | <a href="#">Build America, Buy America (BABA)</a>                         |
| Prohibition on Telecom Equipment and Services*  | X | X | <a href="#">Guidance Memo</a>   |
| American Iron and Steel   | X | X | <a href="#">State Revolving Fund American Iron and Steel Requirements</a> |
| Super Cross Cutters (civil rights)  | X | X | <a href="#">Crosscutter Handbook</a>                                      |
| Davis Bacon Wages   | X | X | <a href="#">EPA Davis Bacon Guidance</a>                                  |
| Environmental Review  | X | X | <a href="#">40 CFR section 35.3580</a>                                    |
|   |   |   | <a href="#">Environmental Review Requirements</a>                         |
| System Award Management active account (sam.gov)  | X | X | <a href="#">Federal Acquisition Regulation SAM section 4.11</a>           |

\* The Prohibition on Telecom is an equivalency requirement, but the compliance is under the Dept of Defense not EPA. It is recommended that all projects follow this requirement.

### Transfer Process (40CFR§ 35.3555.c(8))

The State of New Mexico reserves the authority to transfer up to 33 percent of the DWSRF Capitalization Grant to the CWSRF, or an equivalent amount from the CWSRF to the DWSRF.

### Cross-collateralization Process (40CFR§ 35.3555.c(9))

### Amending the IUP (40CFR§ 35.3555.d)

Revisions to this plan determined to be insignificant and/or minor revisions required for administrative purposes shall be made by the NMED and NMFA without notification to the public and will be reported to EPA in the Annual Report. Any material changes in the IUP shall be made in accordance with procedures provided in the NMFA DWSRLF Regulations.

The priority lists included in Appendix A will be updated on a semi-annual basis with optional September and

February lists as stand-alone documents. All updates to the priority lists will be posted on the NMED website at:

NMED Funding: [www.env.nm.gov/funding-opportunities/](http://www.env.nm.gov/funding-opportunities/)

And the NMFA website: <https://www.nmfinance.com/water-project-fund/drinking-water-state-revolving-loan-fund/>

## Public Participation

To ensure the public has an opportunity to review and provide input on the IUP, a public comment period will be open for 30 days. The draft IUP will be made available to the public through notifications on social media, email listservs, and posting to both the NMED and NMFA websites:

NMED Funding: [www.env.nm.gov/funding-opportunities/](http://www.env.nm.gov/funding-opportunities/) and <https://nmed.commentinput.com/comment/search>

NMFA DWSRLF: [www.nmfinance.com/water-project-fund/drinking-water-state-revolving-loan-fund/](http://www.nmfinance.com/water-project-fund/drinking-water-state-revolving-loan-fund/)

A summary of the comments received will be included as part of Appendix D in the final version of this IUP. The final IUP updated through the public comment process and approved by EPA will be posted on the NMED and NMFA websites above.

## Audits and Reporting

To ensure transparency and accountability, the state agrees to submit an Annual Report and Annual Audit to the EPA Region 6 pertaining to the actual uses of funds, and how the State has met the goals and objectives for the previous fiscal year, as identified in the previous year's IUP. The scope of the Annual Report covers the DWSRLF, and all approved Set-aside activities funded by the DWSRLF program. The Annual Audit covers the financial transactions for the DWSRLF and Set-aside drawdowns.

The NMFA will have an annual independent financial compliance audit conducted, including a single audit, as required of its DWSRLF program in accordance with Generally Accepted Government Accounting Standards (GAGAs) issued by the Comptroller General of the United States. The audit report will contain an opinion on the financial statement of the DWSRLF; a report on internal controls; and a report on compliance with the SDWA.

The NMFA requires DWSRLF recipients to maintain project accounts in accordance with Generally Accepted Accounting Principles (GAAPs). This requirement will be implemented through a condition in the financial assistance agreement, signed by both the NMFA and the DWSRLF assistance recipient.

The state agrees to enter data into EPA's Office of Water State Revolving Fund (OWSRF) database in conformance with 40 CFR 35.3545(b). The OWSRF replaces the old DW PBR and DWNIMs systems. The State will act in accordance with EPA Order 5700.7 Environmental Results Under Assistance Agreement. The State agrees to follow the Federal Funding Accountability and Transparency Act requirements (FFATA). The State agrees to comply with the reporting requirements included in the current fiscal year appropriation.

## Appendix A-1: Base/IJA Supplemental Priority List





## Drinking Water State Revolving Fund (DWSRF) FY27 Annual Priority List Projects Recommended to NMFA for Base and IJA General Supplemental Funding

*This list will be updated with each funding cycle - Updated 05-01-2026*

| Rank          | Public Water System Name and Number         | Score | Population | County   | Disadvantaged Status  | Project Title    | Project Description  | Requested Funding | Terms of Financial Assistance |
|---------------|---|-------|------------|----------|-----------------------|------------------|--|-------------------|-------------------------------|
| 1             | Anasazi Trails Water Cooperative, NM3501523 | 37    | 400        | Sandoval | Non-disadvantaged     | Well 3           | Well 2 is failing, we need to drill a new well   | \$ 400,000        | To be determined by NMFA      |
| 2             | Chippeway Park Water Association, NM3565419 | 32    | 193        | Otero    | Severly Disadvantaged | New Well Project | CPWA currently relies on a naturally flowing spring as its only water source. Our Water Association would like to drill a water well as a second, backup source. Why? Because the spring's output varies from year to year sometimes getting below our peak-day demand. Further, we worry the spring may go dry in a sustained drought. These funds are requested to help pay for the PER. Additional funds will be requested for Design and Construction. | \$ 200,000        | To be determined by NMFA      |
| <b>Total:</b> |   |       |            |          |                       |                  |  | <b>\$ 600,000</b> |                               |
| <b>Notes:</b> |   |       |            |          |                       |                  |  |                   |                               |





**Comprehensive - Eligible Base and IJA General Supplemental Projects Submitted Not Recommended for Funding at This Time**

\*Projects on this list have submitted a pre-application for funding but have not been reviewed or ranked for final eligibility

| Quarter Submitted  | Public Water System Name and Number               | Population | County     | Project Title  | Project Description  | Requested Funding |
|--|---|------------|------------|--|--|-------------------|
| FY24 Fall Supplemental List but did not go forward with the loan   | Santo Domingo Pueblo, PWS #063500120              | >1,000     | Sandoval   | Santo Domingo Pueblo Transmission Water Line Replacement Project | Santo Domingo Pueblo Transmission Water Line Replacement Project aims to plan, design, construct, and repair drinking water related infrastructure improvements for Santo Domingo Pueblo, NM. The immediate need identified is to replace the transmission waterline with larger diameter pipe and implement flow control measures to resolve the system hydraulic issues. Additional needed improvements include increasing water storage and supply capacity to meet the projected demand and fulfill the system goals to provide clean drinking water to residential community members and meet commercial demands, which are all on the same water line system. PER has been completed. Funding request is for design and construction. Upon award design can start immediately. | \$14,586,000      |
| FY24 Q3  | Timberon Water and Sanitation District, NM3546419 | 590        | Otero      | Water Line Replacement/System Improvements                       | Due to the high rate of water loss in the distribution system (greater than 75%), the proposed project will replace leaking and broken pipes   | \$250,000         |
| FY24 Q3  | Whiskey Creek Properties, NM3510509               | 97         | Grant      | Water System Improvements - Whiskey Creek Mobile Estates         | Project will involve getting new water system storage tanks installed, metering all water connections, and improving distribution lines.   | \$150,000         |
| FY24 Q3  | Cedar Creek Water Cooperative, NM3500423          | 120        | Sandoval   | Storage Tank Addition  | Adding additional 33,000 gallon water tank storage   | \$175,000         |
| FY24 Q4  | Clayton Municipal Water System, NM3527031         | 3,250      | Union      | Pump station upgrades  | Replace booster pumps, valves and miscellaneous parts. Replace electrical panel, Replace roof  | \$400,000         |
| FY24 Q4  | Pendaries Village MDWCA, NM3574125                | 592        | San Miguel | Water System Improvements  | This project includes the construction of new PVC C900 waterline including all appurtenances and disinfection systems. A significant portion of the existing water system comprises aging waterline and substandard piping that has been exacerbated by the recent Hermit's Peak Fire that significantly impacted the Association. This damaged waterline leaks, which not only increases operation and maintenance costs, but results in water losses that, for a water Association, translate to lost revenue. The project will benefit members of the community by ensuring continued and reliable access to potable water. It will also ensure that the Association is not losing water due to system leaks.   | \$7,000,000       |
| FY24 Q4  | Village of Des Moines, NM3527131                  | 218        | Union      | Des Moines water system upgrade and renovation                   | plan, design, renovate, construct, purchase and equip Des Moines Water System  | \$2,700,000       |
| FY24 Q4; FY26 Annual List but Authority organization came in to question so project on hold until it is sorted out | Camino Real Regional Utility Authority, NM3502507 | 19,766     | Dona ana   | Replace Wells 2B and 8A  | The project consists of replacing Wells 2B and 8A. Both wells have been out of service for over 5 years and need to be re-drilled and equipped with new well pumps. Replacement of Well 8A would also include a new control building and disinfection system.  | \$7,000,000       |



**Comprehensive - Eligible Base and IJA General Supplemental Projects Submitted Not Recommended for Funding at This Time**

\*Projects on this list have submitted a pre-application for funding but have not been reviewed or ranked for final eligibility

| Quarter Submitted | Public Water System Name and Number   | Population | County     | Project Title                        | Project Description   | Requested Funding |
|-------------------|---|------------|------------|--------------------------------------|---|-------------------|
| FY24 Q4           | Carlsbad Municipal Water System, NM3520611                                  | 33,628     | Eddy       | Water System Improvements            | To plan, design and construct improvements to the Municipal Water System including waterline extensions as identified in projects section below, waterline replacement, minor repairs to booster and pressure reducing stations, repairs to reservoirs, fire lines and dead end lines.  | \$5,000,000       |
| FY25 Q2           | Placitas West Water Cooperative, NM3543623                                  | 106        | Sandoval   | Well Replacement                     | Development of a new water source through the construction of a new well. The scope includes drilling the well, installation of new pump, and all necessary piping and appurtenances to integrate the well with the existing water distribution system.   | \$300,000         |
| FY25 Q3           | Pinehill Community School Water System-Ramah Navajo School Board, NN3500250 | 700        | Cibola     | RNSB Water System                    | Gap funding to replace aging water system infrastructure  | \$2,000,000       |
| FY25 Q3           | El Rito Regional MDWC&SWA, NM3504021  | 750        | Rio Arriba | Regional Supplemental Water Well     | Design and Construction to Drill supplemental water well, storage tank and waterline  | \$1,000,000       |
| FY25 Q3           | Santa Fe County South Sector, NM3500826                                     | 6,775      | Santa Fe   | Pojoaque Basin Regional Water System | The PBRWS system will divert, treat, and deliver from 213 acre-feet up to 4,000 acre-feet of water annually to end users throughout Pueblo de San Ildefonso, Pojoaque Pueblo, Tesuque Pueblo, Nambé Pueblo, and portions of Santa Fe County. The system is to be fed from the Rio Grande and will serve residential, commercial, and industrial demands. The system design considers storage requirements, fire flows, assumptions for future connections, and assumptions for future demand growth. The raw water intake collection system consists of subsurface horizontal radial collector wells. The raw water intake collection system consists of subsurface horizontal radial collector wells with constant speed submersible pumps to deliver the water to the new water treatment plant via the raw water transmission pipeline. This caisson design and the use of submersible pumps within the collector wells minimize the visual impact of the above ground components of the system. The sealed top of the collector wells and submersible pumps enables the system to operate in submerged (flood) conditions. The discharge piping from each well is manifolded and connected to the raw water transmission line to the treatment plant. The proposed treatment process for the proposed WTP consists of a MF/UF membrane filtration, NF membrane demineralization, disinfection, and solids/liquid residuals handling. The WTP will have an initial production capacity of 3.51 million gallons per day (mgd), and ultimate production capacity of 6.24 mgd. The water transmission system comprises three components necessary to reliably deliver high quality water to the various Pueblo and county distribution systems. These components include approximately 12-miles of raw and potable water transmission pipelines ranging from 6-inches to 24-inches in diameter, two transmission pumping stations at the WTP and Pojoaque Industrial Park, and 6 existing and 5 new storage tanks/forebays. The distribution system includes approximately 59 miles of pipeline downstream of the distribution tanks that will carry the new high-quality potable water to customers. | \$10,000,000      |
| FY25 Q3           | Roosevelt County WUA, NM3562222   | 4,680      | Roosevelt  | 2-1/2" MAIN LINE REPLACEMENT         | WE HAVE SEVERAL MILES OF 2-1/2" THIN WALL PVC IN THE GROUND AS MAIN LINES. THEY ARE NOT STANDING UP TO THE TEST OF TIME AND ARE CAUSING SIGNIFICANT WATER LOSS.   | \$10,000,000      |



**Comprehensive - Eligible Base and IJA General Supplemental Projects Submitted Not Recommended for Funding at This Time**

\*Projects on this list have submitted a pre-application for funding but have not been reviewed or ranked for final eligibility

| Quarter Submitted | Public Water System Name and Number               | Population | County     | Project Title   | Project Description   | Requested Funding |
|-------------------|---|------------|------------|---|---|-------------------|
| FY25 Q3           | La Llama MDWCA, NM3501129                         | 60         | Taos       | LLMDWCA Waterline Expansion and Second Well                             | Our waterline system can connect about 1/2 of our entire customer base. Most people use a common distribution center for water hauling. Also, many of our customers use an acequia for their primary domestic water, and with decreasing snowpack, they will be more dependent on our system. We also have many homes very far from a fire hydrant. The goal of the project will be to expand the waterline to fulfill the entirety of our service area ending with fire hydrants. If water rights are acquired from the Chevron mine, we are right next to it, then we also want to seek a second well for our system.   | \$500,000         |
| FY25 Q3           | Pinos Altos MDWCA, NM3510609                      | 348        | Grant      | PAMDWCA   | leaking mains replacement   | \$100,000         |
| FY25 Q3           | Tres Lagunas, NM3500725                           | 56         | San Miguel | Tres Lagunas Emergency Well   | Connect an existing well to primary well and water processing system for emergency drinking water backup and additional fire suppression capability.  | \$25,000          |
| FY25 Q3           | Town of Carrizozo, NM3512614                      | 1,758      | Lincoln    | 500,000 Gallon Storage Tank   | The Town of Carrizozo is looking to add an additional metal storage tank for drinking water.  | \$950,000         |
| FY25 Q3           | Enchanted Mobile Home Park, NM3510329             | 150        | Taos       | Well casing replacement and water lines upgrade                         | Need well casing replaced and potentially water lines upgraded (have issues with leaks every 12-18 months and am considering replacing the lines but unsure).   | \$20,000          |
| FY25 Q4           | Village of Eagle Nest, NM3531804                  | 613        | Colfax     | Soaring Eagle Water Sys. Imp.   | This project will provide safe and potable water to an unserved area known as the Soaring Eagle Subdivision. This area is currently served by private wells and residents are concerned about the remaining life expectancy of their wells with respect to availability of water. While the Village does have a Preliminary Engineering Report (Completed February 2013) and an update to that PER (Completed September 2017), a hydraulic analysis in conjunction with the engineering design will be done on the system to account for other improvements that have occurred since 2017. Future population growth will also be addressed. The project consists of approximately 20,000 lf of 4"-6" C-900 PVC, an approximate 204,000 gallon welded steel water storage reservoir with cathodic protection, fire hydrant assemblies, meter assemblies and gate valves for operational control. | \$4,514,000       |
| FY25 Q4           | Homestead Landowners Association, NM3580102       | 170        | Catron     | HLA Waterworks Revitalization   | Replace the aging, wasteful, and failing distribution system with a new, modernized system capable of supporting the population and minimizing water loss. Help is needed to plan and budget, so cost is unknown; "Amount of Funding Requested" is a placeholder.   | \$1,000,000       |
| FY25 Q4           | Camino Real Regional Utility Authority, NM3502507 | 19,466     | Dona Ana   | McNutt Road Water Line Improvements (Anapra Road to Anapra Subdivision) | Design and construction of a 4000 LF of 10-inch water main in McNutt Road (NM 273) to improve water pressure and flows in the Anapra Subdivision. The subdivision is one of the oldest areas in the City of Sunland Park and is supplied a single 6-inch and 4-inch water main that are over 50 years old. The mains are supplied by an existing water storage tank that is approximately 4 miles from the subdivision, which causes excessive headloss and reduction in flows through the existing 6-inch and 4-inch mains. CRRUA plans to connect the subdivision to a closer storage tank and install a larger water main to serve the Anapra Subdivision. -Submitter requested change to original project submitted.  | \$1,750,000       |



**Comprehensive - Eligible Base and IJA General Supplemental Projects Submitted Not Recommended for Funding at This Time**

\*Projects on this list have submitted a pre-application for funding but have not been reviewed or ranked for final eligibility

| Quarter Submitted | Public Water System Name and Number                         | Population | County     | Project Title   | Project Description   | Requested Funding |
|-------------------|---|------------|------------|---|---|-------------------|
| FY25 Q4           | Tularosa Water System, NM3514019                            | 3,996      | Otero      | Tularosa Water System Revitalization                        | Comprehensive Description of Proposed Public Water System Repair Needs The Village’s public water system is in urgent need of repair and rehabilitation to ensure the continued delivery of safe, reliable drinking water to residents and to preserve vital infrastructure. The most immediate and pressing concerns involve the community’s ground storage water tanks, which are deteriorating due to age, weather exposure, and lack of recent maintenance. 1. Internal Tank Maintenance-The internal surfaces of the water tanks have not undergone recent maintenance and are believed to be compromised. Potential issues include: Corrosion of internal steel surfaces due to prolonged exposure to water and humidity. Flaking or peeling of interior coatings, which may contribute to water quality concerns.Sediment buildup at the tank floor that can impair water quality and reduce capacity. These conditions pose a threat to public health and water system reliability. Internal sandblasting, re-coating with NSF-approved liner systems, and sediment removal are essential. 2. External Tank Restoration- Externally, the tanks are visibly worn and require immediate intervention. Identified repair needs include: Sandblasting to remove rust, peeling paint, and other contaminants. Application of corrosion-resistant primer and durable exterior-grade paint to protect from environmental damage. Potential replacement of aging exterior hardware such as access ladders, hatches, and safety railings if inspections deem them unsafe. 3. Additional System Considerations- While tank repair is the priority, a holistic review of the system may reveal further needs such as: Inspection and possible replacement of inlet/outlet valves and piping associated with the tanks. Structural evaluations to confirm integrity of tank supports and foundation. Consideration of implementing regular maintenance schedules and reserve funds to prevent deferred maintenance in the future. These repairs are vital for public safety, water quality compliance, and the longevity of the Village’s water infrastructure. | \$800,000         |
| FY25 Q4           | Pine River Mutual Domestic Consumers Association, NM3501024 | 44         | San Juan   | Upgrading old water system for cleaner water for community  | Adding a proper well seal/ well cap on the well,Replacement of 2" flow pipe, Install of 2" check valve after flow meter, Replacement of old 2"PVC pipe waterline (from well to cistern tanks), Installation of proper junction boxes in well house, Installation of power down to well house, Installation of a pump house heater and lighting, Removal of old fitter housing from well line, New plumbing of well line to cistern tanks, New plumbing of well line to cistern tanks, New Plumbing from booster pumps, to our going service service water line, Installation of pressure tank assembly, Installation of new filtration on service line, Cistern cleaning, Updating meters to a SCADA system.  | \$200,000         |
| FY26 Q1           | Valley Mutual Domestic Water Association, NM3552206         | 600        | De Baca    | New Meters  | Phase 1 would include the replacement of all known meters<br>Phase 2 and beyond would include replacing all water lines   | \$350,000         |
| FY26 Q1           | City of Las Vegas, NM3518025                                | 14,530     | San Miguel | 3 New Water Storage tanks and 1 storage tank rehabilitation | The City of Las Vegas wants to install 3 new potable water storage tanks in various locations throughout the City's distribution system.  | \$20,000,000      |
| FY26 Q1           | City of Texico, NM3527605                                   | 908        | Curry      | City of Texico Water Project                                | The City of Texico proposes to acquire five existing high-capacity agricultural wells from a private landowner and convert them for municipal use. The project will include purchase of the wells and easements, engineering design, installation of chlorination systems, and construction of transmission lines to integrate the wells into the city’s water distribution system. These improvements will replace declining well capacity, increase supply reliability, and provide safe, sustainable water for Texico residents and surrounding rural households. The project directly addresses Texico’s Stage 4 water restrictions and ensures long-term resilience for the community’s water system.  | \$1,400,000       |



**Comprehensive - Eligible Base and IJA General Supplemental Projects Submitted Not Recommended for Funding at This Time**

\*Projects on this list have submitted a pre-application for funding but have not been reviewed or ranked for final eligibility

| Quarter Submitted | Public Water System Name and Number   | Population | County     | Project Title                                    | Project Description  | Requested Funding |
|-------------------|---|------------|------------|--|--|-------------------|
| FY26 Q1           | Holy Cross Retreat, NM3592307   | 35         | Dona Ana   | Holy Cross Retreat water improvement             | Improve the ability to maintain water pressure and air in our tank, or to add a bladder or smaller tank for pressure regulation.   | \$10,000          |
| FY26 Q2           | Santa Rosa Water Supply, NM3515010  | 2681       | Guadalupe  | City of Santa Rosa Production Well Solar Project | The City of Santa Rosa proposes to develop a net metered solar photovoltaic (PV) system at the main municipal production well for the purpose of reducing electric utility costs. The solar PV system size will be approximately 75 kW. The City intends to hire a consultant to prepare the technical memo, prepare the procurement documents that meet funding program requirements, and facilitate the City's hiring of a design-build contractor to build the project. The consultant will then serve as the City's representative overseeing the electric utility interconnection application and project construction by the design-build contractor. This funding request is for the entire project cost, including the City's consultant and the City's design-build contractor. | \$435,000         |
| FY26 Q2           | EMWT RWA Melody Ranch, NM3500130  | 209        | Torrance   | EMWT RWA Melody Ranch Improvements               | The project will include water system rehabilitation and improvements to optimize reliability and sustainability.  | \$3,000,000       |
| FY26 Q2           | Rio Chiquito MDWCA, NM3504926   | 152        | Santa Fe   | Galvanized Water Main Replacement                | This project consists of the design of the replacement of approximately 900 linear feet (LF) of 2-inch galvanized iron waterline with 900-LF of 6-inch PVC waterline including all appurtenances. Includes bridge structural analysis and bridge crossing of creek.  | \$500,000         |
| FY26 Q2           | El Prado Water and Sanitation District, NM3515029   | 1076       | Taos       | US Highway 64 Water Line Extension               | Waterline extension on US Highway 64 - 2,800 linear feet of 12" waterline and 1,400 linear feet of 8" waterline and associated appurtenances.  | \$900,000         |
| FY26 Q3           | Placitas Trails Water Coop, NM3576723   | 355        | Sandoval   | PTWC Second Water Tank                           | Add an additional 100K gallon water tank next to the existing 100K water tank.   | \$500,000         |
| FY26 Q3           | Entranosa Water Association, NM3524626  | 8500       | Bernalillo | 16" transmission line                            | A second transmission line is needed to improve flows from the central valley wells. Funding is needed to purchase 10 miles of 16" pipeline.   | \$3,000,000       |
| FY26 Q3           | Gabaldon MDWCA, NM3500525   | 47         | San Miguel | 2026 GMDWA Improvements                          | Our water source is running dry, for a short period our community did not have any water. We are requesting funding for design of a new system as well as construction for a new system  | \$350,000         |
| FY26 Q3           | Green Ridge MDWCA, NM3502401  | 154        | Bernalillo | Green Ridge MDWCA Water System Improvements      | Repair voltage protection of existing Reverse Osmosis Unit which is responsible for excessive fluoride and high TDS in system; Install emergency generator for well and RO Unit; Replace stretch of 2-inch distribution lines; Install sampling point post treatment and storage for compliance sampling monitoring.   | \$175,000         |
| FY26 Q3           | Lower des Montes MDWCA, NM3574729;<br>Upper des Montes, NM3575029;<br>Vladez MDWCA, NM3508029   | 319        | Taos       | Regional Interconnection Project                 | This project will complete Phase 2 of a regional water interconnection project that will connect two water systems in Taos County: Upper des Montes MDWCA (NM3575029) and Lower des Montes MDWCA (NM3574729). Other water system improvements include replacement of a 56-year-old 20,000-gallon water storage tank (ID# 74729006) for Lower des Montes and the rehabilitation of an inactive well for Upper des Montes (ID# 75029002). This project will support an initiative for Upper des Montes, Lower des Montes and Valdez MDWCA to merge into a regional water authority pursuant to the NM Regional Water System Resiliency Act of 2023.  | \$770,000         |
| FY26 Q3           | El Valle de Los Ranchos Water and Sanitation Authority, comprised of:<br>El Valle de Los Ranchos W&SD, NM3503129;<br>and Llano Quemado MDWCA, NM3506329 | 48         | Taos       | Well 6 Water Line Phase                          | The system needs to install 2200 feet of 6-inch distribution water line, and 2200 feet of 4-inch transmission line. El Valle de Los Ranchos Water and Sanitation Authority is the first SB-1 entity fully merged in the state. Combining Llano Quemado and El Valle de Los Ranchos W&SD. The original project was funded \$600,000: 350,000 state appropriations and \$250,000 from our local system. For the water line project phase the system has \$150,000 from state appropriations but we estimate needing \$600,000 for completion. (This is a multi-phase project and we are needing the funds to complete this phase)  | \$500,000         |



## Appendix A-2: IJA Lead Service Line Priority List



## Drinking Water State Revolving Fund (DWSRF) FY27 Annual Priority List Projects Recommended to NMFA for IJA Lead Service Line Replacement Funding

*This list will be updated with each funding cycle - Updated 05-01-2026*

| Rank          | Public Water System Name and Number | Score | Population | County     | Disadvantaged Status  | Project Title                                  | Project Description   | Requested Funding    | Terms of Financial Assistance |
|---------------|-------------------------------------|-------|------------|------------|-----------------------|--|---|----------------------|-------------------------------|
| 1             | Pendaries Village MDWCA, NM3574125  | 69    | 500        | San Miguel | Severly Disadvantaged | Pendaries Village MDWCA LCRR                   | Initial Service Line Inventory Services for Pendaries Village MDWCA to prepare a baseline service line inventory and lead service line replacement plan to comply with the US Environmental Protection Agency (EPA) Lead and Copper Rule Improvements (LCRI). | \$ 120,000.00        | To be determined by NMFA      |
| 2             | Ruidoso Water System, NM3513114     | 53    | 15,947     | Lincoln    | Severly Disadvantaged | Village of Ruidoso Lead Service Line Inventory | Conduct survey to comply with the lead line inventory requirements.   | \$ 150,000.00        | To be determined by NMFA      |
| <b>Total:</b> |                                     |       |            |            |                       |  |   | <b>\$ 270,000.00</b> |                               |
| <b>Notes:</b> |                                     |       |            |            |                       |  |   |                      |                               |





## Appendix A-3: IJA Emerging Contaminants Priority List



**Drinking Water State Revolving Fund (DWSRF) FY27 Annual Priority List**  
**Projects Recommended to NMFA for IJA Emerging Contaminant Funding**

*This list will be updated with each funding cycle - Updated 05-01-2026*

| Rank          | Public Water System Name and Number                     | Score | Population | County   | Disadvantaged Status | Project Title  | Project Description                        | Requested Funding      | Terms of Financial Assistance |
|---------------|---|-------|------------|----------|----------------------|----------------|--|------------------------|-------------------------------|
| 1             | Agua Fria Community Water System Association, NM3503926 | 48    | 611        | Santa Fe | Disadvantaged        | PFAS Treatment | Design and construction of treatment plant | \$ 1,739,142.89        | To be determined by NMFA      |
| <b>Total:</b> |   |       |            |          |                      |                |  | <b>\$ 1,739,142.89</b> |                               |
| <b>Notes:</b> |   |       |            |          |                      |                |  |                        |                               |





## Appendix B-1: DWSRF Base/IIJA Supplemental Ranking Criteria

### SFY 27 DWSRLF Proposed Priority Ranking System

The DWSRLF program uses a priority system for ranking individual projects for funding prioritization for both the Comprehensive and Fundable Project Lists which:

1. Address the most serious risk to human health.
2. Ensure compliance with the requirements of the SDWA; and
3. Assist PWSs most in need, on a per-household basis, according to National affordability criteria.

*\*Projects on the comprehensive lists are not ranked until they have met the requirements to be fundable and decided to move forward with funding.*

The total project score is the sum of the points with respect to six categories listed below to determine their ranking and prioritization for State Fiscal Year 2027 DWSRLF assistance.

1. Source Water Vulnerability
2. Safe Drinking Water Act Compliance
3. Affordability and Project Readiness
4. Regionalization
5. Water and Operational Efficiency
6. Sustainable Infrastructure

| Criteria   | Points    |
|--|-----------|
| <b>SOURCE WATER VULNERABILITY</b>  |           |
| <u>Inconsistent Water Supply</u> : Project is for rehabilitation or a new source of raw water for drinking water systems that experience water outages or deficiencies in water production as demonstrated by planning documents or supporting data.   | <b>12</b> |
| <u>Improve water quality in areas not currently served</u> : Project extends water service to existing residences that are not currently served by a centralized water system, or the local groundwater is contaminated.   | <b>8</b>  |
| <u>Backup source</u> : Project includes development of a second potable source of water, such as a backup well or surface water intake.  | <b>6</b>  |
| <u>Inadequate or decreasing water supply</u> : Project supplies future water production needs.   | <b>5</b>  |
| <u>Finished Water storage</u> : Project is for additional finished water storage capacity to ensure adequate supply during emergency situations and planned outages (excluding storage requirements for fire flow). It is recommended that finished water storage should supply the system's demand with water for 2 days of no production. Excess storage capacity where water quality may be impacted should be avoided. | <b>5</b>  |
| <u>Source Water Protection Plan</u> : Water system maintains an active Source Water Protection Plan that has been updated in the last five years.  | <b>4</b>  |
| <b>SAFE DRINKING WATER ACT COMPLIANCE</b>  |           |
| <u>Acute violations</u> : System is in violation of acute treatment technique requirements or an MCL of an acute contaminant, and the proposed project will return the system to compliance.   | <b>20</b> |

|  |    |
|--|----|
| <u>Ground Water Under the Direct Influence of Surface Water (GWUDI) Sources</u> : System has received a formal GWUDI determination requiring the installation of surface water treatment, and the proposed project will meet compliance requirements.  | 15 |
| <u>Non-acute violations</u> : System is in violation of non-acute treatment technique requirements, significant deficiency within allowed time frames (in compliance with Corrective Action Plan (CAP) including extensions) or MCL exceedance of non-acute contaminants, and the proposed project will return the system to compliance. | 12 |
| <u>Maintains Compliance</u> : System is in compliance with state and federal drinking water regulations.   | 5  |
| <b>AFFORDABILITY AND PROJECT READINESS<br/>(Community Water Systems Only)</b>  |    |
| <u>Disadvantaged Communities</u> : System serves a population whose MHI is greater than 75% but less than 100% of the National MHI based on the most recent 5-year average.  | 6  |
| <u>Severely Disadvantaged Communities</u> : System serves a population whose MHI is 75% or less of the National MHI based on the most recent 5-year average.   | 10 |
| <u>Small System</u> : System serves a population of less than 1,000 people based on the average household size for the county served by system.  | 5  |
| <u>Very Small System</u> : System serves a population of less than 500 people based on average household size for the county served by system.   | 3  |
| <u>Project Funded by DWSRLF</u> : This project will fund additional phases of a prior DWSRLF project, or the water system has participated in DWSRF program before even if the project is not the next phase of the previous project.  | 5  |
| <u>Final Design Complete</u> : Project Final Design is 100% complete and approved by Drinking Water Bureau.  | 8  |
| <b>REGIONALIZATION</b>   |    |
| <u>Regionalization Activities</u> : Project is a regionalization effort among two or more public water systems that results in the consolidation or physical connection of the public water systems that will begin to operate as one system, full time.   | 5  |
| <u>Regional Water Authority</u> : System has completed the formation of a regional water authority in accordance with the New Mexico Regional Water System Resiliency Act.   | 5  |
| <u>Formation of a Regional Water Authority</u> : The project will assist in the formation of a regional water system in accordance with the New Mexico Regional Water System Resiliency Act.   | 10 |
| <u>Provide regulated water service to areas not currently served</u> : Project extends water service to existing homes or businesses not currently served by a centralized water system.   | 5  |
| <u>Emergency Interconnection</u> : Project addresses the need for an emergency or back up source through an interconnection with another public water system.  | 5  |
| <u>Regional Resource Coordination</u> : System participates in a regional sharing of resources with other water system(s).   | 3  |
| <b>WATER AND OPERATIONAL EFFICIENCY</b>  |    |
| <u>Metering</u> : Project includes metering an unmetered system. Replacing existing broken/malfunctioning water meters with AMI or smart meters.   | 8  |
| <u>Water Loss Program</u> : System implements water loss control strategies with the AWWA M36 method by completing annual audits.  | 5  |

|   |     |
|---|-----|
| <u>Real Water Loss Reduction</u> : Project replaces or rehabilitates failing or inadequate distributions lines and real water loss has been identified through water loss accounting to be reduced.   | 5   |
| <u>Water Pressure</u> : Project addresses a water pressure problem.   | 4   |
| <u>Infrastructure Rehabilitation</u> : Project replaces or rehabilitates failing or inadequate infrastructure or equipment, other than a water source.  | 4   |
| <u>Operational Improvements</u> : Project streamlines, automates, or improves operations of the system (e.g., radio read meters, looping, SCADA, additional valves).  | 3   |
| <u>Water Use Management</u> : Water system utilizes drought contingency or water conservation policies to manage customer demand seasonally or as needed in water shortages.  | 10  |
| <u>Cybersecurity Assessment</u> : Water system has completed a cybersecurity assessment with the NM DoIT Cybersecurity Office.  | 5   |
| <u>Cybersecurity Products</u> : Project involves utilizing secure-by-design principles for software upgrades, SCADA systems, and phone upgrades.  | 5   |
| <u>Cybersecurity Management</u> : Water System has proactive cybersecurity management plan.   | 10  |
| <b>SUSTAINABLE PROJECTS AND ACTIVITIES</b>  |     |
| <u>Asset Management Plan</u> : Systems that have developed or are in the process of developing an asset management plan will receive one point for each core component completed. The core components are asset inventory, level of service, critical asset assessment, life cycle costing, and long-term funding strategy. | 5   |
| <u>Asset Management Plan Project</u> : Project is part of a current asset management long term funding strategy.  | 2   |
| <u>Energy Efficiency</u> : Project implements renewable energy or energy conservation to reduce the amount of energy consumed from the grid to produce, treat, and deliver water.   | 2   |
| <u>Green Stormwater Infrastructure</u> : Project preserves or restores natural landscape features and establishes policies such as infill and watershed redevelopment to reduce imperviousness. Local green infrastructure practices include bio-retention, green roofs, rainwater harvesting, or grey water use.           | 2   |
| <u>Environmentally Innovative Projects</u> : Project uses environmentally innovative concepts to produce, treat, store and/or deliver water.  | 2   |
| <u>Resiliency</u> : Project increases resiliency to long term effects of drought and or extreme weather. (Ex. Single source water system adding additional sources, high treatment cost reduced by project making more economically sustainable, or natural disaster mitigation)  | 10  |
| <u>Water Reuse Project</u> : Project increases water efficiency, to increase potable water supply by replacing potable uses with non-potable sources, such as grey water systems and wastewater effluent reuse systems.   | 3   |
| <u>Education</u> : System Participates in Educational Activities to promote water and energy efficiency.  | 5   |
| <u>Declared Emergency</u> : The water system has a declared emergency in conformance with the Emergency Conditions of the IUP and the project will assist the community to maintain or restore water service.   | 100 |
| <u>Rate Study</u> : The water system has conducted a recent rate study that evaluates the current rates and proposes rate increase schedules that will allow the water system to operate, maintain, and improve the water system in the future.   | 10  |

## Appendix B-2: DWSRF Lead Service Line Ranking Criteria

### SFY 27 DWSRLF Lead Service Line Proposed Priority Ranking System

The DWSRLF program uses a priority system for ranking individual projects for funding prioritization for the fundable project lists which:

1. Address the most serious risk to human health.
2. Ensure compliance with the requirements of the SDWA; and
3. Assist PWSs most in need, on a per-household basis, according to National affordability criteria.

*\*Projects on the comprehensive lists are not ranked until they have met the requirements to be fundable and decided to move forward with funding.*

The total project score is listed below to determine their ranking and prioritization for State Fiscal Year 2027 DWSRLF assistance for Lead Service Line Replacement (IIJA).

| Criteria   | Points    |
|--|-----------|
| <b>Lead Service Line Replacement Priority Ranking</b>  |           |
| <b>Acute violations:</b> System is in violation of acute treatment technique requirements or an MCL of an acute contaminant, and the proposed project will return the system to compliance.  | <b>7</b>  |
| <b>Non-acute violations:</b> System is in violation of non-acute treatment technique requirements, significant deficiency or MCL exceedance of non-acute contaminants, and the proposed project will return the system to compliance.          | <b>4</b>  |
| <b>Maintains Compliance:</b> System is in compliance with state and federal drinking water regulations.  | <b>3</b>  |
| <b>Inventory Submittal:</b> System has successfully submitted their Service Line Inventory through the SWIFT Submittals Portal.  | <b>10</b> |
| <b>Private Side Replacement Workplan:</b> The system has submitted a private side service line replacement plan that includes an outreach plan and coordination of replacement of both public and private sides at the same time.              | <b>20</b> |
| <b>Disadvantaged Communities:</b> System serves a population whose MHI is greater than 75% but less than 100% of the National MHI based on the most recent 5-year average.   | <b>25</b> |
| <b>Severely Disadvantaged Communities:</b> System serves a population whose MHI is 75% or less of the National MHI based on the most recent 5-year average.  | <b>50</b> |
| <b>Small System:</b> System serves a population of less than 1,000 people based on the average household size for the county served by system.   | <b>5</b>  |
| <b>Very Small System:</b> System serves a population of less than 500 people based on average household size for the county served by system.  | <b>10</b> |
| <b>Project Funded by DWSRLF:</b> This project will fund additional phases of a prior DWSRLF project, or the borrower has participated in DWSRF prior.  | <b>2</b>  |
| <b>Rate Study:</b> The water system has conducted a recent rate study that evaluates the current rates and proposes rate increase schedules that will allow the water system to operate, maintain, and improve the water system in the future. | <b>10</b> |

## Appendix B-3: DWSRF Emerging Contaminants Ranking Criteria

### SFY 27 DWSRLF Emerging Contaminants Proposed Priority Ranking System

The DWSRLF program uses a priority system for ranking individual projects for funding prioritization for the fundable project lists which:

1. Address the most serious risk to human health.
2. Ensure compliance with the requirements of the SDWA; and
3. Assist PWSs most in need, on a per-household basis, according to National affordability criteria.

*\*Projects on the comprehensive lists are not ranked until they have met the requirements to be fundable and decided to move forward with funding.*

The total project score is the sum of the points listed below to determine their ranking and prioritization for State Fiscal Year 2027 DWSRLF Emerging Contaminant (IIJA) assistance.

| Criteria   | Points    |
|--|-----------|
| <b>Emerging Contaminants Priority Ranking</b>  |           |
| <b>Contaminant Identification:</b> Project identifies if there are emerging contaminants in all drinking water sources for the public water system and the emerging contaminant needing addressed is identified in the project description.              | <b>10</b> |
| <b>Improve water quality in areas not currently served:</b> Project extends water service to existing residences that are not currently served by a centralized water system, or the local groundwater is contaminated by a listed emerging contaminant. | <b>15</b> |
| <b>Planning:</b> Survey or study provides options and solutions for removing or reducing emerging contaminants in the public water system.   | <b>5</b>  |
| <b>Water Use Management:</b> Water system has plan for implementing management of potentially contaminated water sources to maintain compliance.   | <b>5</b>  |
| <b>Source Water Protection Plan:</b> Water system maintains an active Source Water Protection Plan.  | <b>2</b>  |
| <b>Emergency Interconnection:</b> Project addresses the need for an emergency or back up source through an interconnection with another public water system.   | <b>3</b>  |
| <b>Acute violations:</b> System is in violation of acute treatment technique requirements or an MCL of an acute contaminant, and the proposed project will return the system to compliance.  | <b>10</b> |
| <b>Non-acute violations:</b> System is in violation of non-acute treatment technique requirements, significant deficiency or MCL exceedance of non-acute contaminants, and the proposed project will return the system to compliance.                    | <b>7</b>  |
| <b>Maintains Compliance:</b> System is in compliance with state and federal drinking water regulations.  | <b>5</b>  |
| <b>Disadvantaged Communities:</b> System serves a population whose MHI is greater than 75% but less than 100% of the National MHI based on the most recent 5-year average.   | <b>15</b> |
| <b>Severely Disadvantaged Communities:</b> System serves a population whose MHI is 75% or less of the National MHI based on the most recent 5-year average.  | <b>25</b> |
| <b>Small System:</b> System serves a population of less than 1,000 people based on the average household size for the county served by system.   | <b>10</b> |
| <b>Very Small System:</b> System serves a population of less than 500 people based on average household size for the county served by system.  | <b>15</b> |
| <b>Cybersecurity Assessment:</b> Water system has completed a cybersecurity assessment with the NM DoIT Cybersecurity Office.  | <b>5</b>  |

## Appendix C: DWSRLF Sources and Uses

| DWSRLF SOURCES AND USES SFY 2027                        |                                     |                         |                                     |
|---|-------------------------------------|-------------------------|-------------------------------------|
| <b><u>SOURCES</u></b>                                   | Cumulative Total<br>through 6/30/26 | 7/1/2026 -<br>6/30/2027 | Cumulative Total<br>through 6/30/27 |
| Federal Capitalization Grants Base,<br>IIJA GS and ARRA | \$356,572,500                       | \$28,730,000            | \$385,302,500                       |
| 20% Capitalization Grant Match                          | \$64,419,800                        | \$5,746,000             | \$70,165,800                        |
| Federal Capitalization Grants IIJA LSLR                 | \$57,000,000                        | \$0                     | \$57,000,000                        |
| Federal Capitalization Grants IIJA EC                   | \$30,475,000                        | \$7,640,000             | \$38,115,000                        |
| Investment Interest                                     | \$29,021,649                        | \$4,824,000             | \$33,845,649                        |
| Loan Repayments – Principal                             | \$116,823,865                       | \$12,121,425            | \$128,945,290                       |
| Loan Repayments - Interest                              | \$22,903,134                        | \$1,263,876             | \$24,167,010                        |
| <b>Total Sources</b>                                    | <b>\$677,215,948</b>                | <b>\$60,325,301</b>     | <b>\$737,541,249</b>                |
| <b><u>USES OF FUNDS</u></b>                             |                                     |                         |                                     |
| <u>Assistance Activity</u>                              |                                     |                         |                                     |
| Large System Commitments                                | \$359,183,901                       | \$710,431               | \$359,894,332                       |
| Small System Commitments                                | \$109,572,236                       | \$20,778,906            | \$130,351,142                       |
| <b>Total Assistance</b>                                 | <b>\$468,756,137</b>                | <b>\$21,489,337</b>     | <b>\$490,245,474</b>                |
| <u>Set-Aside Activity</u>                               |                                     |                         |                                     |
| Administration- NMFA                                    | \$17,419,251                        | \$1,149,200             | \$13,790,749                        |
| Technical- NMED   | \$115,959,845                       | \$7,757,100             | \$123,716,945                       |
| <b>Total Set-Asides</b>                                 | <b>\$133,379,096</b>                | <b>\$8,906,300</b>      | <b>\$137,507,694</b>                |
| <b>Total Uses</b>                                       | <b>\$602,135,233</b>                | <b>\$30,395,637</b>     | <b>\$627,753,168</b>                |
| <b>Carryover</b>  | <b>\$75,080,715</b>                 | <b>\$29,929,664</b>     | <b>\$109,788,081</b>                |

## Appendix D: Public Outreach

The public notice process is described in the Public Participation section of this document. Sample notification for email listserv and website. Social media posts will be brief but based on notification and linked to website:

### **PUBLIC NOTICE**

**NEW MEXICO ENVIRONMENT DEPARTMENT AND  
NEW MEXICO FINANCE AUTHORITY  
NOTICE OF PUBLIC COMMENT AND REVIEW FOR  
DRINKING WATER STATE REVOLVING FUND  
2027 DWSRF PROJECT PRIORITY LIST & INTENDED USE PLAN**

The New Mexico Environment Department (NMED) Drinking Water Bureau (DWB) and the New Mexico Finance Authority (NMFA) produce an annual Drinking Water State Revolving Fund (DWSRF) Project Priority List (PPL) and Intended Use Plan (IUP). The IUP identifies the proposed intended uses of the funding amounts available to the DWSRF Program including from the Infrastructure Investment and Jobs Act (IIJA). The current PPL identifies eligible projects for DWSRF funding from all sources for State Fiscal Year (SFY) 2027.

NMED DWB is accepting public comment from May 28, 2026, through June 28, 2026, regarding:

- 1) The NMED NMFA DWSRF Program's IUP for SFY 2027
- 2) Projects on the 2027 DWSRF PPLs

A copy of the IUP and PPL may be obtained from

[https://www.env.nm.gov/drinking\\_water/infrastructure-projects-and-funding/](https://www.env.nm.gov/drinking_water/infrastructure-projects-and-funding/) by or by e-mailing [NMENV-dwbfunding@state.nm.us](mailto:NMENV-dwbfunding@state.nm.us). Comments or questions regarding the IUP and PPL may be submitted by accessing the NMED comment portal at <https://nmed.commentinput.com/comment/search>.

# Public Comments and Responses

## Appendix E: Compliance with Grant Conditions

### ***All DWSRF Loans contain the following language.***

#### **COMPLIANCE WITH LAWS AND RULES; OTHER COVENANTS**

Section 7.1 Further Assurances and Corrective Instruments. The Finance Authority and the Governmental Unit agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Project or of the Pledged Revenues, or for otherwise carrying out the intention hereof. Authorized Officers are authorized to execute, acknowledge and deliver any such supplements and further instruments.

Section 7.2 Finance Authority and Governmental Unit Representatives. Whenever under the provisions hereof the approval of the Finance Authority or the Governmental Unit is required, or the Governmental Unit or the Finance Authority is required to take some action at the request of the other, such approval or such request shall be given for the Finance Authority or for the Governmental Unit by an Authorized Officer of the Finance Authority or the Governmental Unit, as the case may be, and any party hereto shall be authorized to rely and act on any such approval or request.

Section 7.3 Compliance with Court Orders. During the Loan Agreement Term, the Governmental Unit and the Finance Authority shall observe and comply promptly with all current and future orders of all courts having jurisdiction over the parties hereto, the Project or the Pledged Revenues.

Section 7.4 Compliance with Applicable State and Federal Laws. During the Loan Agreement Term, the Governmental Unit shall comply with all applicable State and federal laws, including, without limitation, the following:

(a) For all contracts, the Governmental Unit shall comply with the New Mexico Procurement Code, NMSA 1978, §§ 13-1-28 through 13-1-199, as amended, or its local procurement ordinances and regulations, as applicable.

(b) For all construction contracts awarded in excess of \$10,000, the Governmental Unit shall comply with Executive Order 11246 of September 24, 1965, entitled "Equal Employment Opportunity," as amended by Executive Order 11375 of October 12, 1967, and as supplemented in Department of Labor regulations (41 C.F.R. chapters 40 and 60). In addition, for all contracts, the Governmental Unit shall comply with all State laws and regulations and all executive orders of the Governor of the State pertaining to equal employment opportunity.

(c) For all contracts awarded for construction or repair, the Governmental Unit shall comply with the Copeland "Anti-Kickback" Act (18 U.S.C. § 874) as supplemented in Department of Labor regulations (29 C.F.R. part 3).

(d) For all construction subcontracts, and subgrants of amounts in excess of \$100,000, the Governmental Unit shall comply with all applicable standards, orders, or requirements

issued under section 306 of the Clean Air Act (42 U.S.C. § 7606), Section 508 of the Clean Water Act (33 U.S.C. § 1368), Executive Order 11738, and Environmental Protection Agency regulations (40 C.F.R. Part 15). In addition, for all contracts, the Contractor shall comply with all applicable State laws and regulations and with all executive orders of the Governor of the State pertaining to protection of the environment.

(e) For all contracts the Governmental Unit shall comply with the mandatory standards and policies relating to energy efficiency which are contained in the State energy conservation plan issued in compliance with section 362 of the Energy Policy and Conservation Act (42 U.S.C. § 6322).

(f) For all contracts in excess of \$2,000 the Governmental Unit shall comply with applicable standards of the Davis-Bacon Wage Act (40 U.S.C. § 3141 et seq.), as amended and supplemented, relating to wages paid to laborers and mechanics employed by contractors and sub-contractors on a Project funded directly by or assisted in whole or in part by and through the Governmental Unit.

(g) For all contracts, the Governmental Unit shall comply with the requirements of the Environmental Protection Agency's Program for Utilization of Minority and Women's Business Enterprises set out in Title 40, Chapter I, Subchapter B, Part 33 of the Code of Federal Regulations.

(h) For all contracts, the Governmental Unit shall comply with the requirements of Executive Order 13502 on Use of Project Agreements for Federal Construction Projects.

(i) For all contracts, the Governmental Unit shall comply with the requirements of Executive Order dated September 25, 2012, on Strengthening Protections Against Trafficking in Persons in Federal Contracts.

(j) For all contracts, the Governmental Unit shall comply with all federal requirements applicable to the Loan (including those imposed by P.L. 113-76, 2014 Consolidated Appropriations Act, Section 436 and related SRF Policy Guidelines) which the Governmental Unit understands includes, among other, requirements that all of the iron and steel products used in the Project are to be produced in the United States ("American Iron and Steel Requirement") unless (i) the Governmental Unit has requested and obtained a waiver from the Finance Authority pertaining to the Project or (ii) the Finance Authority has otherwise advised the Governmental Unit in writing that the American Iron and Steel Requirement is not applicable to the Project.

(k) For all contracts, the Governmental Unit shall comply with all record keeping and reporting requirements under the Clean Water Act/Safe Drinking Water Act, including any reports required by a Federal agency or the Finance Authority such as performance indicators of program deliverables, information on costs and project progress. The Governmental Unit understands that (i) each contract and subcontract related to the Project is subject to audit by appropriate federal and state entities and (ii) failure to comply with the Clean Water Act/Safe Drinking Water Act and this Loan Agreement may be a default under this Loan Agreement.

(l) For all contracts, the Governmental Unit shall comply with Executive Order 12549 – Debarment and Suspension and all rules, regulations and guidelines issued pursuant to Executive Order 12549, including compliance with the requirement that each prospective participant in transactions related to the Loan execute a written certification that neither it nor its principals is

presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from participation in transactions related to the Loan.

(m) For all contracts, the Governmental Unit shall comply with the requirements of section 1450(e) of the Safe Drinking Water Act (42 U.S.C.300j-9(e)) in all procurement contracts, and the Governmental Unit and procurement contractors shall include such a term and condition in subcontracts and other lower tiered transactions. All contracts and subcontracts for the Project shall include in any contract in excess of \$2,000 the contract clauses set out in the Environmental Protection Agency publication entitled “Wage Rate Requirements Under the Clean Water Act, Section 513 and the Safe Drinking Water Act Section 1450(e).”

(n) The Governmental Unit shall comply with the requirement of the June 3, 2015, Guidelines for Enhancing Public Awareness of SRF Assistance Agreements issued by the Environmental Protection Agency relating to signage, posters, advertisements, website or press releases indicating that financial assistance was received from the Environmental Protection Agency for the Project.

(o) The Governmental Unit acknowledges that it is subject to the terms of the Environmental Protection Agency Memorandum titled “Prohibition on Certain Telecommunication and Video Surveillance Services or Equipment in the SRF Programs” dated December 11, 2020. The Governmental Unit shall comply with 2 CFR 200.216 and Section 889 of Public Law 115-232 and shall not use Loan or subsidy funds to obtain or enter into a contract to obtain covered telecommunications equipment produced or provided by companies listed in the system for Award Management exclusion list at SAM.gov. The exclusion list includes, but is not limited to, Huawei Technologies Company or ZTE Corporation, or any subsidiary or affiliate of such entities.

The Governmental Unit agrees to comply with all applicable New Mexico State cybersecurity laws and requirements and ensure that any connections between the Governmental Unit’s network or information system and Environmental Protection Agency networks used by the recipient to transfer data under this Loan Agreement, if any, are secure. If a connection does not go through the Environmental Information Exchange Network or Environmental Protection Agency’s Central Data Exchange, the Governmental Unit agrees to contact the Environmental Protection Agency Project Officer and work with the designated Environmental Protection Agency Regional/Headquarters Information Security Officer to ensure that the connections meet Environmental Protection Agency security requirements, including entering into Interconnection Service Agreements as appropriate. This condition does not apply to manual entry of data by the Governmental Unit into systems operated and used by Environmental Protection Agency’s regulatory programs for the submission of reporting and/or compliance data. The Governmental Unit is subject to monitoring as deemed necessary by the Finance Authority or the State of New Mexico under 2 CFR 200.331. In regard to this section a “connection” is defined as a dedicated persistent interface between an Agency IT system and an external IT system for the purpose of transferring information. Transitory, user-controlled connections such as website browsing are excluded from this definition.

(p) If the Governmental Unit gathers geospatial data, as defined in 43 U.S.C. §2801(2018), during the life of the Project it must be consistent with the Federal Geographic Data Committee endorsed standards.

(q) The Governmental Unit will place a sign and will maintain such sign in good condition throughout the construction period, at a visible location in the construction site identifying

that this Project has been funded by President Biden’s Bipartisan Infrastructure Law in accordance with the EPA Office of Public Affairs requirements, unless placing such sign results in unreasonable cost, expense or burden to the Governmental Unit.

(r) The Governmental Unit shall comply with Title VI of the Civil Rights Act of 1964, 42 U.S.C. § 2000d, et seq.

(s) The Governmental Unit shall comply with Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. § 794, et seq.

The Finance Authority or its designee shall have the right to review all contracts, work orders and other documentation related to the Project that it deems necessary to assure compliance with applicable laws, rules and regulations, and may conduct such review as it deems appropriate prior to disbursing funds for payment of an Approved Requisition.

Section 7.5 First Lien Status. The Loan Agreement Payments constitute an irrevocable first lien (but not necessarily an exclusive first lien) upon the Pledged Revenues. The Governmental Unit covenants that the Loan Agreement Payments and any Parity Obligations herein authorized to be issued and from time to time outstanding shall be equitably and ratably secured by a first lien on the Pledged Revenues and shall not be entitled to any priority one over the other in the application of the Pledged Revenues regardless of the time or times of the issuance of such obligations, it being the intention of the Governmental Unit that there shall be no priority between the Loan Agreement Payments and any such Parity Obligations regardless of the fact that they may be actually issued and delivered at different times.

Section 7.6 Expeditious Completion. The Governmental Unit shall complete the Project with all practical dispatch.

## Appendix F: Cash Draw Ratio and Grant Payment Schedule

| New Mexico Finance Authority -- FY 2026 Grant Application Draw Projections |            |  |   |   |  |                    |                      |                          |             |
|--|------------|--|---|---|--|--------------------|----------------------|--------------------------|-------------|
|  |            | Appropriation    \$3,842,000 (Federal) |   |   |  |                    |                      |                          |             |
|  |            | Appropriation    \$768,400 (State)     |   |   |  |                    |                      |                          |             |
|  |            | Total                \$4,610,400       |   |   |  |                    |                      |                          |             |
| Date   | FFY -- QTR | Administrative<br>Set-Aside            | Small System<br>Technical Assistance<br>Set Aside | State Program<br>Management Set-<br>Aside | Local Assistance<br>and other State<br>Program Set<br>Aside* | Total Set<br>Aside | Loan Fund<br>Federal | Loan Fund<br>State Match | Total       |
| July - Sept 2023   | 2022 - 4th | \$153,680                              | \$76,840  | \$384,200                                 | \$576,300  | \$1,191,020        | \$2,650,980          | \$768,400                | \$4,610,400 |
| Oct - Dec 2023   | 2023 - 1st |  |   |   |  |                    |                      |                          |             |
| Jan - Mar 2023   | 2023 - 2nd |  |   |   |  |                    |                      |                          |             |
| Apr - June 2023  | 2021- 3rd  |  |   |   |  |                    |                      |                          |             |

| For Reference | Max % - total award | Max \$ -total federal award | Max \$ -total state award | Combined total | Max set-aside equals | Max loan fund equals | Cash Draw Ratio |
|---------------|---------------------|-----------------------------|---------------------------|----------------|----------------------|----------------------|-----------------|
|               | 4%                  | \$153,680                   |                           |                | 11%                  | \$2,650,980          | 77.53%          |
|               |                     |                             |                           |                | 15%                  | \$768,400            | 22.47%          |
|               |                     |                             |                           |                | 10%                  | \$3,419,380          | 100.00%         |
|               |                     |                             |                           |                | 15%                  |                      |                 |

| New Mexico Finance Authority --FY 26 IIJA LSLR (Pending) |            |   |   |   |  |                    |                      |                          |              |
|--|------------|---|---|---|--|--------------------|----------------------|--------------------------|--------------|
|  |            | Appropriation    \$28,000,000 (Federal) |   |   |  |                    |                      |                          |              |
|  |            | Appropriation    \$0 (State)            |   |   |  |                    |                      |                          |              |
|  |            | Total                \$28,000,000       |   |   |  |                    |                      |                          |              |
| Date   | FFY -- QTR | Administrative<br>Set-Aside             | Small System<br>Technical Assistance<br>Set Aside | State Program<br>Management Set-<br>Aside | Local Assistance<br>and other State<br>Program Set<br>Aside* | Total Set<br>Aside | Loan Fund<br>Federal | Loan Fund<br>State Match | Total        |
| July - Sept 2023   | 2022 - 4th | \$1,120,000                             | \$560,000   | \$2,800,000                               | \$4,200,000  | \$8,680,000        | \$28,000,000         | \$0                      | \$36,680,000 |
| Oct - Dec 2023   | 2023 - 1st |   |   |   |  |                    |                      |                          |              |
| Jan - Mar 2023   | 2023 - 2nd |   |   |   |  |                    |                      |                          |              |
| Apr - June 2023  | 2021- 3rd  |   |   |   |  |                    |                      |                          |              |

| For Reference | Max % - total award | Max \$ -total federal award | Max \$ -total state award | Combined total | Max set-aside equals | Max loan fund equals | Cash Draw Ratio |
|---------------|---------------------|-----------------------------|---------------------------|----------------|----------------------|----------------------|-----------------|
|               | 4%                  | \$1,120,000                 |                           |                | 79%                  | \$19,320,000         | 100.00%         |
|               |                     |                             |                           |                | 15%                  | \$0                  | 0.00%           |
|               |                     |                             |                           |                | 10%                  | \$8,680,000          | 100.00%         |
|               |                     |                             |                           |                | 15%                  |                      |                 |

**New Mexico Finance Authority -- FY 2026 IJA General Supplemental Grant Application Draw Projections**

Appropriation \$24,888,000 (Federal)  
 Appropriation \$4,977,600 (State)  
 Total \$29,865,600

| Date             | FFY -- QTR | Administrative Set-Aside | Small System Technical Assistance Set Aside | State Program Management Set-Aside | Local Assistance and other State Program Set Aside* | Total Set Aside | Loan Fund Federal | Loan Fund State Match | Total        |
|------------------|------------|--------------------------|---|------------------------------------|---|-----------------|-------------------|-----------------------|--------------|
| July - Sept 2023 | 2022 - 4th | \$995,520                | \$497,760                                   | \$2,488,800                        | \$3,733,200   | \$7,715,280     | \$17,172,720      | \$4,977,600           | \$29,865,600 |
| Oct - Dec 2023   | 2023 - 1st |                          |   |                                    |   |                 |                   |                       |              |
| Jan - Mar 2023   | 2023 - 2nd |                          |   |                                    |   |                 |                   |                       |              |
| Apr - June 2023  | 2021- 3rd  |                          |   |                                    |   |                 |                   |                       |              |

|                             |  |           |           |             |             | Max set-aside equals | Max loan fund equals | Cash Draw Ratio |
|-----------------------------|--|-----------|-----------|-------------|-------------|----------------------|----------------------|-----------------|
| For Reference               |  |           |           |             |             |                      |                      |                 |
| Max % - total award         |  | 4%        | 2%        | 10%         | 15%         | 26%                  | 58%                  |                 |
| Max \$ -total federal award |  | \$995,520 | \$497,760 | \$2,488,800 | \$3,733,200 | \$7,715,280          | \$17,172,720         | 77.53%          |
| Max \$ -total state award   |  |           |           |             |             |                      | \$4,977,600          | 22.47%          |
| Combined total              |  |           |           |             |             | \$7,715,280          | \$22,150,320         | 100.00%         |

**New Mexico Finance Authority -- FY 2022 BIL Emerging Contaminants Grant Application Draw Projections**

Appropriation \$7,640,000 (Federal)  
 Appropriation \$0 (State)  
 Total \$7,640,000

| Date             | FFY -- QTR | Administrative Set-Aside | Small System Technical Assistance Set Aside | State Program Management Set-Aside | Local Assistance and other State Program Set Aside* | Total Set Aside | Loan Fund Federal | Loan Fund State Match | Total       |
|------------------|------------|--------------------------|---|------------------------------------|---|-----------------|-------------------|-----------------------|-------------|
| July - Sept 2023 | 2022 - 4th | \$203,796                | \$101,898                                   | \$509,491                          | \$764,237   | \$1,579,422     | \$6,060,578       | \$0                   | \$7,640,000 |
| Oct - Dec 2023   | 2023 - 1st |                          |   |                                    |   |                 |                   |                       |             |
| Jan - Mar 2023   | 2023 - 2nd |                          |   |                                    |   |                 |                   |                       |             |
| Apr - June 2023  | 2021- 3rd  |                          |   |                                    |   |                 |                   |                       |             |

|                             |  |           |           |           |           | Max set-aside equals | Max loan fund equals | Cash Draw Ratio |
|-----------------------------|--|-----------|-----------|-----------|-----------|----------------------|----------------------|-----------------|
| For Reference               |  |           |           |           |           |                      |                      |                 |
| Max % - total award         |  | 4%        | 2%        | 10%       | 15%       | 21%                  | 79%                  |                 |
| Max \$ -total federal award |  | \$203,796 | \$101,898 | \$509,491 | \$764,237 | \$1,579,422          | \$6,060,578          | 100.00%         |
| Max \$ -total state award   |  |           |           |           |           |                      | \$0                  | 0.00%           |
| Combined total              |  |           |           |           |           | \$1,579,422          | \$6,060,578          | 100.00%         |

## Appendix G: Strategy for Responsible & Expedient Reduction & Minimization of Set-Aside Unliquidated Obligations Plan

| <b>UPDATED Timeline and Proposed Actions for Expending Set-Aside Funds During Extension</b> |   |  |  |
|---|---|--|--|
| <b>Proposed Action</b>  | <b>Anticipated Timeline</b>   | <b>Current Status</b>  | <b>Proposed Funding Source Expended</b>                    |
| Hire a Source Water Team Supervisor   | <b>Completed</b>  | <b>Completed:</b> Source Water Manager Hired April 2023  | Source Water Set Asides                                    |
| Hire Vacant Source Water Coordinator  | Completed   | <b>Completed:</b> NMED conducted multiple attempts to fill this position over the past year. Each attempt failed due to the selected candidate declining the position. NMED is currently in the process of making another offer to a new potential candidate to fill the position.   | Source Water Set Asides                                    |
| Add additional Source Water coordinator position to Source Water program                    | Completed   | <b>Completed:</b> NMED was successful in creating a new source water coordinator position, however we have been unsuccessful in filling the position. NMED is in the final stages of completing the most recent attempt to hire someone into this position.  | Source Water Set Asides                                    |
| Advertise and Hire New Source Water Coordinator   | Completed   | <b>Completed:</b> Initial proposal to create this position submitted to NMED Human Resources for Processing  | Source Water Set Asides                                    |
| PFAS Source Water Sampling Project with USGS  | July 2023 – June 2024<br>Updated timeline: July 2025-June 2026      | <b>Ongoing:</b> USGS Currently collecting and analyzing samples. Expected to increase in frequency over the summer months.   | Source Water Set Asides                                    |
| Hire 2 vacant Capacity Assistance Team positions  | June – August 2023<br>Updated timeline: July 2025-June 2026         | <b>In Process:</b> NMED was successful in filling two vacant capacity assistance team positions. NMED hired one position to lead emergency response and emergency planning activities. NMED hired a second position to lead our community water system managerial and financial assistance efforts. One capacity position was vacated in 2024 and is in process of being filled. | Capacity Development Set-Asides / State Program Set Asides |
| Hire Vacant Regionalization and Resiliency team position                                    | Initial anticipated timeline - June – August 2023<br><br>Completed. | <b>Completed:</b> NMED has advertised this position and has completed its paperwork for hiring the position. We are currently waiting for approval to make an offer to the selected candidate.   | Capacity Development Set-Asides / State Program Set Asides |

|   |   |   |  |
|---|---|---|--|
| Add additional Infrastructure Funding Coordinator position to Infrastructure Support Team | Completed: Hired November 2025  | <b>Completed: The position was filled November 2025</b>   | Capacity Development Set-Asides / State Program Set Asides |
| Add additional Lead & Copper Rule Manager to assist with LCRR Implementation              | Initial anticipated timeline - June – August 2023<br><br>Updated Anticipated Timeline - August 2025 | <b>In process:</b> NMED was successful in creating a new Lead & Copper Rule Manager position, and we are in the final stages of being able to fill the position. The position was filled and then vacated in 2024. The position is in the process of being advertised and interviews conducted in 2025. | State Program Set Asides                                   |
| Add Contract & Grant Coordinator to DWB Program   | Completed   | <b>Completed:</b> The position was filled in November 2024.   | Multiple DWSRF Set Asides                                  |
| Additional Actions as Needed  | July 2025 – June 2026   | <b>Ongoing:</b> DWB will also shift staff time charges as allowed by approved workplan activities   | Multiple DWSRF Set Asides                                  |

## Appendix H: Required Supplemental Documents Lists



## DRINKING WATER STATE REVOLVING LOAN FUND



### **FY27 DWSRLF Pre-application - Base and IJA General Supplemental Supplemental Documents Checklist**

Thank you for your interest in the Drinking Water State Revolving Loan Fund (DWSRLF). The DWSRLF is a loan program federally funded by the Environmental Protection Agency (EPA) and is matched by the State of New Mexico. The program is jointly administered by the New Mexico Environment Department Drinking Water Bureau (DWB) and New Mexico Finance Authority (NMFA).

Your water system has completed the first step by submitting a pre-application. The next step is to submit the documents in the checklist below to DWB. These documents will be reviewed by the DWB and NMFA to verify your system's technical, managerial, and financial capacity to maintain compliance with drinking water regulations, readiness to proceed, and the ability to repay a loan for the project.

All projects must be reviewed and ranked to proceed to the Priority List. Once a project is on the priority list, NMFA will invite via a link to apply on the NMFA site.



# DRINKING WATER STATE REVOLVING LOAN FUND



## FY27 DWSRLF Pre-application - Base and IJA General Supplemental Supplemental Documents Checklist

\* Checklist items not required but awarded points which contribute to the project's overall ranking.

### PROJECT INFORMATION DOCUMENTS:

- Detailed description of project and project need
- Detailed breakdown of project costs
- Preliminary Engineering Report (or technical memorandum):
- Categorical Exclusion (CE) Checklist or Environmental Information Document (EID) – an EID is only required if it is determined that the project does not qualify for a categorical exclusion.
- Certificate of Project Approval from NMED Drinking Water Bureau (or evidence a Construction Application was submitted): [https://www.env.nm.gov/drinking\\_water/infrastructure-projects-and-funding/](https://www.env.nm.gov/drinking_water/infrastructure-projects-and-funding/)
- Verification of ownership of land where project is to be located (or explanation of land ownership arrangements)
- Joint Powers Agreement(s) (if applicable to the project)

### TECHNICAL INFORMATION DOCUMENTS:

- List of current operator names and operator ID numbers/levels (with copy of certificate or certification card for operator in responsible charge of water system and, if applicable, operator contract)
- Distribution System Sampling Plan (DSSP)
- Operations and Maintenance Plan
- Emergency Response Plan
- Water Loss Audit (such as the IWA/AWWA Water Audit Method or other means of water loss (non-revenue water) accounting): <https://www.awwa.org/resource/water-loss-control/> \*
- Letter of completion for cybersecurity assessment from the Office of Cybersecurity (please do not submit results): <https://www.doit.nm.gov/programs/cybersecurity/water-and-wastewater-cybersecurity/> \*

### MANAGERIAL INFORMATION DOCUMENTS:

- Articles of Incorporation
- Certificate of Good Standing from the NM Secretary of State (if applicable): <https://enterprise.sos.nm.gov/search/business>
- Bylaws, Rules and Regulations, and any Policies/Procedures applicable to the water system
- Open Meetings Act Resolution (if applicable)
- Asset Management Plan \*
- Water Conservation Plan or Drought Contingency Plan \*
- Source Water Protection Plan \*
- Documentation or description of any regionalization efforts or activities \*
- List or explanation of any NM Office of the State Engineer compliance issues (will accept the Water Trust Board's OSE compliance form)



## DRINKING WATER STATE REVOLVING LOAN FUND



### FINANCIAL INFORMATION DOCUMENTS:

- Most recent three years of Audited Financial Reports (Income Statements and Balance Sheets or other detailed financial information may be evaluated if the system is not subject to the Audit Rule)
- Office of the State Auditor's *Form for Determining Type of Reporting Requirements* for each fiscal year provided above<sup>1</sup>: <https://www.osa.nm.gov/tiered-system-reporting/>
- Current Annual Budget and Budget Comparison
- Outstanding Debt Payment Schedules
- Water Rate and Fee Schedule
- Rate Study or Rate Analysis \*

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#### <sup>1</sup> 2.2.2.16.C NMAC - Exemption from financial reporting

**C. Exemption from financial reporting:** A local public body that is exempt from financial reporting to the state auditor pursuant to Subsection B of 2.2.2.16 NMAC shall submit written certification to LGD and the state auditor. The certification shall be provided on the form made by the state auditor, available through OSA-Connect. The local public body shall certify, at a minimum:

- (1) the local public body's annual revenue for the fiscal year; and
- (2) that the local public body did not expend fifty percent of or the remainder of a single capital outlay award during the fiscal year.
- (3) The OSA will not accept the certification of exemption from financial reporting for the current year until the prior year certifications or AUP reports (whichever is appropriate) have been submitted.

<https://www.osa.nm.gov/contracting/procuring-contracts/>



## DRINKING WATER STATE REVOLVING LOAN FUND



### **FY27 DWSRLF Pre-application - IJA Lead Service Line Replacement Funding Supplemental Documents Checklist**

Thank you for your interest in the Drinking Water State Revolving Loan Fund (DWSRLF). The DWSRLF is a loan program federally funded by the Environmental Protection Agency (EPA) and is matched by the State of New Mexico. The program is jointly administered by the New Mexico Environment Department Drinking Water Bureau (DWB) and New Mexico Finance Authority (NMFA).

Your water system has completed the first step by submitting a pre-application. The next step is to submit the documents in the checklist below to DWB. These documents will be reviewed by the DWB and NMFA to verify your system's technical, managerial, and financial capacity to maintain compliance with drinking water regulations, readiness to proceed, and the ability to repay a loan for the project.

All projects must be reviewed and ranked to proceed to the Priority List. Once a project is on the priority list, NMFA will invite via a link to apply on the NMFA site.



## DRINKING WATER STATE REVOLVING LOAN FUND



### FY27 DWSRLF Pre-application - IJA Lead Service Line Replacement Funding Supplemental Documents Checklist

\* Checklist items not required but awarded points which contribute to the project's overall ranking.

#### PROJECT INFORMATION DOCUMENTS:

- Detailed description of project
- Detailed breakdown of project costs
- Private side (customer side) replacement work plan (if applicable)
- Categorical Exclusion (CE) Checklist or Environmental Information Document (EID) – an EID is only required if it is determined that the project does not qualify for a categorical exclusion.
- Verification of ownership of land (or explanation of land ownership arrangements)
- Joint Powers Agreement(s) (if applicable to the project)

#### TECHNICAL INFORMATION DOCUMENTS:

- List of current operator names and operator ID numbers/levels (with copy of certificate or certification card for operator in responsible charge of water system and, if applicable, operator contract)

#### MANAGERIAL INFORMATION DOCUMENTS:

- Articles of Incorporation
- Certificate of Good Standing from the NM Secretary of State (if applicable):  
<https://enterprise.sos.nm.gov/search/business>
- Bylaws, Rules and Regulations, and any Policies/Procedures applicable to the water system
- Open Meetings Act Resolution (if applicable)
- Documentation or description of any regionalization efforts or activities\*

#### FINANCIAL INFORMATION DOCUMENTS:

- Most recent three years of Audited Financial Reports (Income Statements and Balance Sheets or other detailed financial information may be evaluated if the system is not subject to the Audit Rule)
- Office of the State Auditor's *Form for Determining Type of Reporting Requirements* for each fiscal year provided above: <https://www.osa.nm.gov/tiered-system-reporting/>
- Current Annual Budget and Budget Comparison
- Outstanding Debt Payment Schedules
- Water Rate and Fee Schedule



## DRINKING WATER STATE REVOLVING LOAN FUND



### **FY27 DWSRLF Pre-application - IJA Emerging Contaminants (EC) Funding Supplemental Documents Checklist**

Thank you for your interest in the Drinking Water State Revolving Loan Fund (DWSRLF). The DWSRLF is a loan program federally funded by the Environmental Protection Agency (EPA) and is matched by the State of New Mexico. The program is jointly administered by the New Mexico Environment Department Drinking Water Bureau (DWB) and New Mexico Finance Authority (NMFA).

Your water system has completed the first step by submitting a pre-application. The next step is to submit the documents in the checklist below to DWB. These documents will be reviewed by the DWB and NMFA to verify your system's technical, managerial, and financial capacity to maintain compliance with drinking water regulations, readiness to proceed, and the ability to repay a loan for the project.

All projects must be reviewed and ranked to proceed to the Priority List. Once a project is on the priority list, NMFA will invite via a link to apply on the NMFA site.



## DRINKING WATER STATE REVOLVING LOAN FUND



### FY27 DWSRLF Pre-application - IJA Emerging Contaminants (EC) Funding Supplemental Documents Checklist

\* Checklist items not required but awarded points which contribute to the project's overall ranking.

#### PROJECT INFORMATION DOCUMENTS:

- Proposal summary for the project/study – general description of the work to be provided
- Description of the emerging contaminant(s) the project addresses
- Discharge or waste disposal plan (if applicable)
- Proposed cost estimate
- Preliminary Engineering Report (or technical memorandum)
- Categorical Exclusion (CE) Checklist or Environmental Information Document (EID)
- Verification of ownership of land where project is to be located (or explanation of land ownership arrangements)
- Joint Powers Agreement(s) (if applicable to the project)

#### TECHNICAL INFORMATION DOCUMENTS:

- List of current operator names and operator ID numbers/levels (with copy of certificate or certification card for operator in responsible charge of water system and, if applicable, operator contract)
- Sample results confirming the emerging contaminant(s) the project will address

#### MANAGERIAL INFORMATION DOCUMENTS:

- Articles of Incorporation
- Certificate of Good Standing from the NM Secretary of State (if applicable):  
<https://enterprise.sos.nm.gov/search/business>
- Bylaws, Rules and Regulations, and any Policies/Procedures applicable to the water system
- Open Meetings Act Resolution (if applicable)
- Source Water Protection Plan\*
- Documentation or description of any regionalization efforts or activities\*

#### FINANCIAL INFORMATION DOCUMENTS:

- Most recent three years of Audited Financial Reports (Income Statements and Balance Sheets or other detailed financial information may be evaluated if the system is not subject to the Audit Rule)
- Office of the State Auditor's *Form for Determining Type of Reporting Requirements* for each fiscal year provided above: <https://www.osa.nm.gov/tiered-system-reporting/>
- Current Annual Budget and Budget Comparison
- Outstanding Debt Payment Schedules
- Water Rate and Fee Schedule