NEW MEXICO
CLEAN WATER STATE REVOLVING FUND
INTENDED USE PLAN FOR
BASE FUNDING, INFRASTRUCTURE INVESTMENT AND JOBS ACT, AND EMERGING CONTAMINANT FUNDING
STATE FISCAL YEAR 2027

July 1, 2026, to June 30, 2027

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Clean Water
State Revolving Fund

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I. FUND ESTABLISHMENT-INSTRUMENTALITY OF THE STATE, Clean Water Act 33 USC §1383 (a) and (b)

The New Mexico Legislature created a revolving loan fund (Fund) through enactment of the Wastewater Facility Construction Loan Act (Loan Act), Chapter 74, Article 6A, New Mexico Statues Annotated (NMSA) 1978, as amended. The purpose of the Loan Act "is to provide state agencies, local authorities, interstate agencies and other qualified borrowers in New Mexico with low-cost financial assistance in the construction of necessary wastewater facilities and other eligible projects through the creation of a self-sustaining program so as to improve and protect water quality and public health" §74-6A-2 NMSA (1978).

The Fund is administered by the New Mexico Environment Department Construction Programs Bureau (NMED CPB) as agent for the Water Quality Control Commission (WQCC). State money is appropriated to NMED CPB to carry out the provisions of the Loan Act and is used to match Federal funds allocated to New Mexico pursuant to the Federal Water Pollution Control Act, also known as the Clean Water Act (CWA). Federal capitalization grants, loan principal, and interest repayments as well as interest earnings on the Fund balance are deposited into the Fund. Administrative fee and refinance fee revenues are deposited into a separate dedicated Clean Water Administrative Fund.

The WQCC is New Mexico's water pollution control agency and has adopted regulations, application procedures, and a project priority ranking system pursuant to the Loan Act, used by NMED CPB in administering the loan program. The New Mexico Water Quality Act §74-6-4 NMSA (1978) identifies the duties and powers of the WQCC related to loans and grants. The provision states:

> "The Commission:
>
> A. may accept and supervise the administration of loans and grants from the federal government and from other sources, public or private, which loans and grants shall not be expended for other than the purposes for which provided;"

This document will provide information regarding the intended uses of the Clean Water State Revolving Fund annual capitalization grant (Base), the Infrastructure Investment and Jobs Act (IIJA) general supplemental funding (Supplemental), and the IIJA emerging contaminants funding (EC). The intent of this program and this document is to support clean water for every American, consistent with EPA Pillar 1.

II. FUND GOALS, Clean Water Act 33 USC §1386 (c)(2)

A. <u>Long-term Goals for State Fiscal Year 2027</u>:

1. Provide local authorities, state agencies, interstate agencies and other qualified borrowers in New Mexico with low-cost financial assistance for the construction of wastewater facilities or other eligible water quality projects.

2. Maintain the CWSRF into perpetuity by managing fund outputs and including repayment and investment interest.

3. Maintain the fiscal integrity of the CWSRF by complying with state and federal financial management, accounting, auditing, and reporting requirements.

4. On an annual basis, meet the goal of 10% Green Project Reserve (GPR) for each funding allotment by promoting funding opportunities for eligible projects that support energy efficiency, water efficiency, green infrastructure, and environmental innovation.

5. Incorporate the final year of IIJA funding into the existing program.

6. Annually provide all available additional subsidies to eligible entities with an emphasis on those entities that meet the affordability criteria.

7. Pursue funding scenarios as afforded by state statutes to fully maximize lending opportunities.

B. Short-term Goals for State Fiscal Year 2027:

1. Complete the annual audit, intended use plan and annual report in a timely manner pursuant to CWA 33 USC §1386 (b)(c)(d).

2. Apply for available federal allotments as follows:
   a. FFY 2026 IIJA General Supplemental grant ($12,094,000) no later than June 19, 2026.
   b. FFY 2026 CWSRF Base capitalization grant ($3,507,000) no later than June 19, 2026.
   c. FFY 2026 IIJA Emerging Contaminants grant ($1,043,000) no later than June 19, 2026.
   d. FFY 2027 CWSRF Base capitalization grant no later than June 15, 2027.

3. Identify applicants that meet the state's affordability criteria.

4. Identify applicants from the SFY 2027 project priority list (PPL) to receive funding, including additional subsidization from all current funding sources. Award all available additional subsidy.

5. Identify green projects equal to no less than 10% of each funding allotment.

6. Meet quarterly with NMED compliance staff to identify potential projects to benefit human health and water quality.

7. Complete the environmental benefits in EPAs Office of Water State Revolving Funds (OWSRF) data system quarterly.

8. Maintain or improve the State's average of financial indicators that are reported and compiled in the National Information Management System (NIMS) with a specific focus on the disbursement ratio and executed loans as a percent for funds available (PACE).

9. Execute binding commitments as required by each grant. IIJA General Supplemental and the CWSRF Base grants require 120% of capitalization grant, including 20% state match funds, and Emerging Contaminants require 100% of grant to be committed and disbursed. Update the Project Priority List (PPL) quarterly.

10. Address timely and expeditious concerns utilizing the Marketing and Outreach Plan, Attachment 3.

11. Address timely and expeditious programmatically utilizing the Timely and Expeditious Action Plan, Attachment 4.

12. Improve NMED CWSRF website to include updated State Environmental Review Process, annual IUP and quarterly updates to PPL, as well as a potential project dashboard

13. Fill or reclassify all NMED Construction Program Bureau vacancies.

14. Amend the state environmental review process (SERP) to clarify environmental review procedures for equivalency projects (Attachment 5).

15. Post SERP decision documents from environmental reviews on the NMED CWSRF website.

16. Updated the Standard Operating Procedure in the Operating Agreement for Site Inspections to align with construction activity rather than conduct quarterly inspections. (Attachment 6)

III. PLAN FOR THE USE OF CWSRF FUND 12100

As demonstrated in Figure 1 and in the Cash Flow projections in Attachment 1, NMED CPB has a growing cash balance. It is the goal of NMED CPB to fully utilize available resources. To achieve this goal in SFY 2023 NMED CPB lowered the interest rate to 0.01% for all public borrowers that do not qualify for 0%. NMED_CPB is exploring the option of increasing interest rates from 0.01% to 0.25% in FY27 with potential annual increases, to ensure the sustainability of the NM CWSRF. Project and borrower eligibility were broadened in previous years and NMED continues marketing efforts to convey this information. NMED CPB currently accepts applications year-round and uses a cloud-based communication platform to reach potential borrowers. NMED is contracting with Northbridge Environmental to assist in marketing the CWSRF in New Mexico. In SFY2023, NMED created a Marketing Coordinator position to market the CWSRF program, provide outreach to potential borrowers, and to provide guidance and assistance to potential borrowers. In FY26 NMED deleted this position from CPBs FTE roster. CPB is currently working on recreating the position at a higher pay grade to try to attract qualified candidates. As in previous years, NMED CPB will conduct outreach through in-person and virtual conferences, work with partners such as the New Mexico Municipal League, the Association of Counties, New

Mexico Councils of Government and Economic Development Districts, New Mexico Rural Water Association, and the Rural Community Assistance Corporation to reach potential borrowers. The NMED CPB will explore other marketing and outreach avenues as they present themselves. The NMED CPB continues to pursue opportunities with New Mexico's largest communities and has made progress. NMED CPB has signed two interim agreements with the Albuquerque Bernalillo County Water Utility Authority and is in discussion regarding a multi-year funding agreement for a larger project. NMED CPB has executed three agreements with the City of Santa Fe, totaling $151 Million. In SFY2023 NMED CPB signed with the City of Las Cruces. The City of Las Cruces CWSRF loan package currently has ten projects being funded, with three in design, one undergoing environmental review, one going to bid and one with a bid opening within the last month with the low bidder being evaluated for responsiveness. These communities have traditionally sold bonds to fund projects. It is our intent to demonstrate to these communities that a combination of low interest rates that benefit their rate payers, and excellent customer service is worth returning to the CWSRF program for additional funding. NMED CPB will continue these efforts and pursue other means to fully utilize and deploy the resources available through CWSRF.

Figure 1 presents the Fund's inflows and outflows. The Project Priority List identifies approximately $487 million in proposed projects; however, many public entities lack the debt capacity required to finance them.

Figure 1
Sources and Uses SFY 2027 06/30/2026

Beginning Cash Balance July 1, 2026	**$217,585,511**
Projected Sources during SFY 2027:	
FFY 2026 State Match	3,120,200
FFY 2026 Base Allotement	3,507,000
FFY 2026 IIJA General Supplemental	12,094,000
FFY 2026 IIJA Emerging Contaminants	1,043,000
FFY 2025 State Match	$3,976,400
FFY 2025 Base Allotement	$7,788,000
FFY 2025 IIJA General Supplemental	$12,094,000
FFY 2024 Base Allotment	$4,008,000
FFY 2023 IIJA Emerging Contaminants Remaining	$502,444
FFY 2022 IIJA EC DWSRF Transfer	$2,493,150
SFY 2026 Repayment Principal and Interest-Projected	$17,428,216
SFY 2026 Interest on Investments-Projected	$532,820
Total Sources	**$286,172,741**
Projected Uses	
Budgeted Admin Expense from CWSRF Fund	$755,794
Projected Disbursements for SFY 2027	$116,322,640
Balance to be disbursed for active projects	$221,581,505
Balance for projects that have accepted offers	$221,046,281
Total Projected Uses	**$559,706,220**

IV. STATE MATCH 33 USC §1382 (b)

The State of New Mexico has proposed, and EPA Region 6 has accepted, that NMED will expend all the required CWSRF state match funds prior to using the federal funds. Once the total required state match for each CWSRF capitalization grant, Base or IIJA, has been expended, the State will draw down the federal funds for each respective CWSRF capitalization grant.

During the 2026 Legislative Session held January 20, 2026, through February 20,2026, the New Mexico Legislature appropriated $5,750,000 through a New Mexico special appropriation in the state operating budget for state match funds for the FFY 2026 base allotment and IIJA General Supplemental allotment. The Emerging Contaminants allotment does not require a state match. NMED received the funds in August 2026. This amount will be sufficient for the FFY2027 allotments.

Federal Grant	**NM State Match (20%)**
FFY26 CWSRF Base	$701,400
FFY26 CWSRF IIJA General Supplemental	$2,418,800
Total	$3,120,200

V. PROGRAM ADMINISTRATION

Reasonable costs for administering the loan program are paid out of the loan fund in conformance with 33 USC 1383(d)(7) and 74-6A-4, NMSA 1978, as amended. NMED CPB uses one-fifth percent of the current valuation of the CWSRF fund for the costs of administering the fund. As of June 30, 2026, the audited valuation (Total Net Position) of the CWSRF fund was $377,897,011 allowing $755,794 to be used for administration of the program in SFY 2027. NMED budgeted $755,794 for use in SFY 2027.

Pursuant to Subsection C (1) and (2) of 20.7.5.14 NMAC the NMED CPB may assess an administrative fee not to exceed five percent of the total loan amount. The fee is variable, dependent upon the term and interest rate of the loan and is earned annually on the principal amount. The administrative fee is included in the interest rate charged to borrowers and does not add to the financial burden of the borrowers. This administrative fee is deposited into the Clean Water Administrative Fund (Admin Fund) and is budgeted and tracked separately from the Loan Fund. The fee serves to perpetuate the administration of the revolving loan fund with no fiscal impact on the State's general fund or any material impact on the financial strength of the fund itself. There will be no administrative fee applied to loans with an interest rate of 0.01%. In SFY 2027, the Admin Fund has the following activity projected:

Admin Fund SFY 2027 Activity	**Amount**
Cash Balance beginning of as of July 1, 2026	**$6,711,621.62**
Estimated investment interest earned	$222,905.20
Loan Administrative Fees anticipated to be collected in SFY 2027	$129,588.11
Program operating expenses budgeted from Fund 32700 in SFY 2027	($1,550,600)
Projected Balance end of SFY 2027	**$5,513,514.93**

The expenses budgeted for use in SFY 2027 from the Admin Fund will only be used for CWSRF eligible expenses and will be tracked for EPA's review and verification in the annual report.

VI. CASH DRAWS AND BINDING COMMITMENTS

Binding Commitments: 33 USC §1382 (b) (3). The State certifies binding commitment obligations of each grant awarded will be met. NMED CPB considers a commitment to be binding when the funding agreement is signed by both parties. This commitment will be met no later than 12 months after the payment date of the awarded grant.

Method of Disbursement: The method of disbursement for all capitalization grants is to expend 100% of the required state match and then expend all federal funds. NMED will disburse funds to borrowers before requesting capitalization grant draws.

VII. ASSURANCE AND SPECIFIC PROPOSALS Clean Water Act 33 USC §1386 (c) (4)

The Department provides the necessary assurances and certifications as part of the operating agreement between the Department and the U.S. Environmental Protection Agency. The operating agreement includes the requirements of 40 C.F.R. § 35.3150(b)(4). The program will comply with all applicable federal requirements, capitalization grant terms and conditions, and the additional requirements listed below.

Agreement to Accept Payment: 33 USC §1382 (b)(1) The State submits the following schedule for grant payments:

Capitalization Grant Name	Payment Date	Cap Grant Amount	Match Amount	Total Amount for Binding Commitments	Required Binding Commitment Date, 12 months after Payment Date
FFY22 Emerging Contaminants	1/1/2025	$2,952,150	$0	$2,952,150	12/31/2024
FFY23 Emerging Contaminants	10/1/2024	$1,043,000	$0	$1,043,000	9/30/2025
FFY25 CWSRF Base	9/12/2025	$7,788,000	$1,557,600	$9,345,600	9/30/2026
FFY25 IIJA Supplemental	9/12/2025	$12,094,000	$2,418,800	$14,512,800	9/30/2026
FFY25 Emerging Contaminants	TBD	$1,043,000	$0	$1,043,000	TBD
FFY26 CWSRF Base	TBD	$3,507,000	$701,400	$4,208,400	TBD
FFY26 IIJA Supplemental	TBD	$12,094,000	$2,418,800	$14,512,800	TBD
FFY26 Emerging Contaminants	TBD	$1,043,000	$0	$1,043,000	TBD
Totals		$41,564,150	$7,096,600	$48,660,750	

Timely Expenditures: 33 USC §1382 (b) (4). The State certifies that it intends to expend all funds in an expeditious and timely manner. NMED shares the concern of the EPA with the lack of full utilization of the Fund and will continue to work toward full utilization. NMED CPB has taken many steps to encourage use of the Fund:

- Amending state statutes to broaden both project eligibility and eligible borrowers.
- Amending statute to allow for 30-year repayments.
- Moved applications to a year-round cycle.
- Moved applications to an easy-to-use on-line platform.
- Modified the Affordability Criteria to increase affordability criteria eligibility.
- Engaged Northbridge Environmental for outreach and program guidance.
- Lowered interest rates multiple times with the current rate at 0.01%.
- Change the way federal requirements are applied to projects by utilizing equivalency as defined by the EPA State Revolving Fund program.
- In SFY 2025 NMED CWSRF was granted permission by the state to award additional subsidy as principal forgiveness as opposed to as a grant, per 2 CFR 200.

Additional initiatives to address timely expenditure are addressed in the Marketing and Outreach Plan and the Timely and Expeditious Action Plan. In addition, the NMED CWSRF will pursue the following initiatives:

- Determine if interest charged during construction can be waived or set at 0%; a legal request has been submitted. This legal request was submitted to NMED Office of General Counsel in SFY 2025.
- Streamline the program for both internal and external users, review financial and technical aspects of the program for requirements that are:
    - Outdated,
    - Not required,
    - Overly burdensome.
- Build Readiness to Proceed:
    - Bifurcate funding for planning and design.
- Revise standard operating procedures (SOPs) used by technical staff to have greater focus on supporting funding requirements compliance.
- Craft a future interest rate policy for the NM CWSRF that uses interest rate discounting as a tool to:
    - Incentivize readiness to proceed,
    - Discount for high dollar projects,
    - Discount for programmatic financing.

First Use of Funds for Enforceable Requirements: 33 USC §1382 (b) (5)**.** NMED CPB agrees that "all funds in the fund as a result of capitalization grants will first be used to assure maintenance of progress, as determined by the Governor, toward compliance with enforceable deadlines, goals, and requirements of the Act . . . "

Eligible Treatment Works: 33 USC §1382 (b) (6) eligible treatment works constructed in whole or in part with this assistance will meet the requirements of the National Environmental Policy Act, pursuant to 33 USC §1371 (c)(1) and Davis-Bacon Labor Standards pursuant to 33 USC §1372.

Procurement Assurances: 33 USC §1382 (b) (14) The State certifies that all architectural and engineering (A/E) contracts for equivalency projects or projects awarded additional subsidy in the form of grant will comply with the elements of the procurement processes for A/E services as identified in 40 U.S.C. 1101 *et seq.* or the State equivalent.

Federal Funding Accountability and Transparency Act (FFATA) Reporting Requirement: NMED CPB files a FFATA sub-award report by the end of the month following the month that a loan agreement greater than $25,000 is signed. Prior to SFY2023, NMED CPB applied all federal requirements to all projects, however with the onset of the Build America Buy America Act, NMED CPB will apply all federal requirements to "equivalency" projects. NMED CPB has worked to cleanly delineate the requirement categories, including the requirements for projects reported directly in FFATA. We will continue to work through and modify this process as needed to ensure borrowers and staff have appropriate guidance.

Build America Buy America: NMED CPB has reviewed the requirements of the Build America Buy America Act (BABA), codified at 41 U.S.C. § 8301 et seq.; and has language in the Assistance Agreement and the Technical documents to address the requirements, along with certification forms.

Enhancing Public Awareness: This requirement was applied to all borrowers prior to SFY 2023. Beginning in SFY 2023, and moving forward, this will be applied as an "equivalency" requirement only.

Threat Assessment and Awareness: The NMED CWSRF supports fostering preparedness to natural and manmade threats and hazards. The Priority Ranking System includes awarding points for systems that have physical and cyber infrastructure threat and hazard mitigation plans. The NMED CWSRF also supports alternative energy sources that can lower costs for ratepayers. The NMED CWSRF has funded and is currently funding solar projects at WWTP's providing less costly options for the utilities. This supports IIJA priorities.

Project Inspections: Project Inspection Standard Operating Procedure: Beginning SFY 2026, the NMED CPB Technical Section implemented revised project inspection standard operating procedures to include more programmatically relevant inspection dates including when supplies are delivered and construction employees are on site.

All other Certifications and Assurances, if not in this section or document, are in the current Operating Agreement.

VIII. CRITERIA AND METHOD ESTABLISHED FOR DISTRIBUTION OF FUNDS, Clean Water Act 33 USC §1386 (c)(5)

Pursuant to the Loan Act, the WQCC adopted regulations describing eligibility requirements for financial assistance, application procedures, the priority ranking system and administration of the loan program and Fund. The current priority ranking system was adopted by the WQCC on

September 8, 2020. NMED CPB staff, Ground Water Quality Bureau, and Surface Water Quality Bureau evaluate and rank eligible projects. (See Table 2, Project Priority List). All CWA §319 activities must implement the state's §319 Nonpoint Source Management Plan. Public notice of the Project Priority List (PPL) process is provided through a Press Release, by email to the CWSRF distribution list, on the NMED CPB website, through outreach to NM Councils of Governments and Economic Development Districts, the New Mexico Municipal League, the New Mexico Association of Counties, to the Rural Water Association, the Rural Community Assistance Corporation and to the New Mexico Department of Finance and Administrations Local Government Division section. NMED CPB will accept public comments at The NMED PUBLIC COMMENT PORTAL regarding the SFY 2027 PPL from October 21, 2026, through November 20, 2026. Comments are also accepted online, by mail, email, or by phone.

Projects must be on the current New Mexico state fiscal year PPL or a previous priority list, to be eligible for funding. It is the policy of NMED CPB to make loans considering the following circumstances:

1. Willingness to accept a loan.
2. Financial capability of the community to service the loan.
3. The ability of the community to operate and maintain the proposed project.
4. Readiness to proceed.

In addition to the above considerations, NMED CPB evaluates applicants' ability to meet 33 USC §1383 (i) CWA, Affordability Criteria. NMED CPB utilizes 100% of available additional subsidization to make projects as affordable as possible.

The NMED may choose to bypass, or skip, higher ranking projects for projects that are lower ranked but meet the above stated criteria. Projects that are bypassed and can demonstrate they are actively working to meet the criteria may stay on the list to receive future funding. Applicants are encouraged to discuss projects and financials with the NMED CPB team members prior to application. The NMED CPB team will provide guidance regarding eligibility, program requirements, and project/financial readiness.

Application to the CWSRF: A CWSRF application must be completed. Applications may be submitted to the NMED electronically, by e-mail, over the phone, or by mail. NMED CPB will assist applicants to complete the application and to submit any documentation needed.

Pursuant to the Loan Act a loan shall be made for a period not to exceed thirty (30) years. The 30-year repayment term cannot exceed the useful life of the project. Documentation from the borrower must be provided to demonstrate the useful life of all construction projects.

The base interest rate for the CWSRF may be determined annually by the WQCC or the rate can be left unchanged. The base rate is the rate applied to eligible borrowers other than local authorities and state agencies. Local authorities encompass municipalities, counties, mutual domestic water consumers associations, water, and sanitation districts, and recognized Indian tribes, among others. Local authority interest rates and interest rate conditions are set by NMED in policy and reported to the WQCC at the beginning of each state fiscal year. Current policy sets

the interest rate at 0.01% for all local authorities that do not qualify for 0%. Local authorities are eligible for a 0% rate when their per capita income (PCI) is less than 75% of the statewide average PCI and their wastewater system user rates are greater than 1.82% of the PCI. The interest rate for a state agency is the lowest interest rate, above 0%.

Funding assistance may be offered as loan, loan/additional subsidy, or 100% additional subsidy. Additional subsidy is offered based on the applicants: 1. Affordability Criteria score, 2. Financial capability, and 3. Availability of subsidy. It is the intent of NMED to utilize additional subsidization to its fullest extent.

Loans are set up to be repaid in annual installments. Borrowers may prepay the loan or any portion of the loan at any time. No penalty is charged for prepayment of loan principal. NMED CPB prepares repayment schedules for the borrower. The first annual payment is due no later than one (1) year after completion of the project.

Cash flow models are prepared annually to review CWSRF fund. Modeling allows NMED CPB to evaluate CWSRF's ability to make future loans. The State maintains the long-term health of the Fund by adding the repayment interest and investment interest to the revolving fund. NMED CPB does not plan on leveraging in SFY 2027.

Affordability Criteria: NMED evaluates affordability criteria for every applicant and awards 100% of the available additional subsidization. The NMED CPB works collaboratively with the other state funding programs to maximize "grant" funding for CWSRF customers who would not otherwise be able to afford critical infrastructure projects. Through this collaboration more projects are completed for fiscally challenged communities. NMED will be hiring a Marketing and Outreach Coordinator to assist communities in applying for and accessing CWSRF funding. The work the NMED CWSRF does with these communities is commensurate with the IIJA program priorities.

Continuity of Service: The NMED CPB has added a question about hazard response and mitigation plans to the CWSRF application. In recent years, forest fires and burn scar flooding have devasted New Mexico. These issues are hard to fund because of the lack of a revenue stream. Other threat issues, such as bioterrorism defenses and cybersecurity, add to the cost of projects in a time where basic project costs are soaring. The NMED CPB will work to implement funding strategies to encourage projects that ensure continuity of service. NMED is currently funding multiple stormwater projects that have come about to address flooding due to increasingly severe monsoon seasons, Stormwater projects include the City of Santa Fe, the Middle Rio Grande Conservancy District, the City of Anthony, the Village of Ruidoso, City of Roswell, and the City of Hatch. Following the EPA-FEMA Memorandum of Understanding guidelines, the New Mexico Environment Department (NMED) Construction Programs Bureau administered a Clean Water State Revolving Fund (CWSRF) emergency bridge loan to provide rapid, bridge financing for critical wastewater infrastructure repairs for the City of Roswell following its presidentially declared major flood disaster.

IX. ADDITIONAL REQUIREMENTS

2% Technical Assistance: The IIJA allows the CWSRF programs to utilize 2% of the capitalization grants to assist rural and small publicly owned treatment works. The NMED CPB has executed a Memorandum of Agreement with the University of New Mexico Environmental Finance Center for specific technical assistance tasks associated with assistance to rural and small entities. It is the intent of the NMED to provide technical assistance that includes review of preliminary engineering reports, technical memoranda, assistance with reviewing financial procedures and methodologies, including rate-setting, and community outreach. NMED is also providing technical assistance on the importance of asset management including fiscal sustainability plans and operating and maintaining the assets constructed with the CWSRF funds to ensure their future viability. This work coincides with IIJA priorities.

Grant	2% Technical Assistance	Use
FFY26 CWSRF Base, CS-5000226-0, $3,507,000	$70,140.00	CWSRF Technical Assistance to borrowers, Contract with Southwest Environmental Finance Center, CPB staffing
FFY26 IIJA Supplemental (GS 5), 4C-02F14805-0, $12,094,000	$241, 880.00	CWSRF Technical Assistance to borrowers, Contract with Southwest Environmental Finance Center, CPB staffing
FFY26 Emerging Contaminants, 4X-02F34205-0, $1,043,000	$20,860.00	Emerging contaminant technical assistance to borrowers, CPB staffing

Federal and Equivalency Requirements: In SFY 2023 NMED CPB transitioned from applying all federal requirements to all projects to a more deliberate approach. Equivalency projects are established through reporting in SAM.gov. The Single Audit Act, Disadvantaged Business Enterprises (DBE), and Environmental Crosscutters are applied to all equivalency projects as well as all projects that receive additional subsidization in the form of principal forgiveness. Additionally, NMED complies with Fiscal Sustainability Plan requirements, Davis-Bacon wage rates, American Iron and Steel, Build America Buy America Act, signage, A/E Contract Procurement 40 USC 1101, et. seq ("Brooks Act") (CWA § 602(b)(14)), Federal Funding Accountability and Transparency Act (FFATA), Prohibition on Certain Telecom and Video Surveillance Services/Equipment, Socioeconomic Cross-Cutting Laws (such as Debarment & Suspension Executive Order (E.O. 12549)), Uniform Relocation and Real Property Acquisition Policies Act, Administration of the Clean Air Act and the Federal Water Pollution Control Act with respect to Federal contracts, grants, or loans, Executive Order No. 11738, and NEPA-like environmental review for all treatment work projects and applies Environmental Crosscutters as part of the environmental review process. The "equivalency requirements" must be met by assistance agreements and activities whose total dollar amount equals the amount of the federal SRF capitalization grant.

SRF Data System: NMED agrees to enter programmatic data into the National Information Data Base quarterly, at a minimum.

CWSRF-DWSRF Fund Transfers: Pursuant to Section 302 for the Safe Drinking Water Act, the State of New Mexico reserves the authority to transfer up to 33 percent of the CWSRF Capitalization Grant to the DWSRF, or an equivalent from the DWSRF to the CWSRF. New Mexico does not anticipate utilizing this authority in SFY 2027.

X. ELIGIBLE PROJECTS TO BE FUNDED, Clean Water Act 33 USC §1386 (c)(1)

Table 2, Project Priority List contains a list of projects eligible for assistance pursuant to the CWA. The Project Priority List includes the applicant's name, project description, appropriation being used, NPDES and or Groundwater permit number, affordability criteria eligibility.

In accordance with §35.3555 CFR Intended Use Plan:
New Mexico CWSRF reserves the right to provide for the funding of projects that require immediate attention to protect public health on an emergency basis as declared by the Cabinet Secretary of the New Mexico Environment Department or by the Office of the Governor.

For emergency projects NMED CPB will accept applications and expeditiously rank and score the projects and evaluate available funding. If funding is available, an offer will be made, and public notice will be made on the next quarterly priority list.

XI. GREEN PROJECT RESERVE

Green Project Reserve (GPR): Potentially green projects will count toward the specific allotments associated with the projects. NMED CPB has identified and noted potential Green Project Reserve (GPR) projects on the Project Priority List. NMED continues to track green expenditures for the following allotments to ensure the 10% GPR requirement is achieved:

Green Project Reserve Current Allotments	
Source	GPR Amount
CWSRF Base FFY2023	$363,300
CWSRF Base FFY 2024	$400,800
CWSRF Base FFY 2025	$778,800
CWSRF Base FFY 2026 Pending	$350,700
CWSRF IIJA General Supplemental FFY2022	$873,800
CWSRF IIJA General Supplemental FFY2024	$1,116,400
CWSRF IIJA General Supplemental FFY2025	$1,209,400
CWSRF IIJA General Supplemental FFY2026 Pending	$1,209,400
CWSRF IIJA Emerging Contaminants FFY2022	$292,215
CWSRF IIJA Emerging Contaminants FFY2023	$104,300
CWSRF IIJA Emerging Contamininats FFY2024	$104,300
CWSRF IIJA Emerging Contamininats FFY2025 Pending	$104,300
CWSRF IIJA Emerging Contamininats FFY2026 Pending	$104,300
Total	$7,012,015

NMED believes it will meet GPR requirements.

XII. ADDITIONAL SUBSIDY

Additional Subsidization: The IIJA, signed into law in November 2021, amended the CWA, and now mandates additional subsidization of at least 10% but not more than 30% of the base CWSRF capitalization grant. Additionally, the Base Appropriation has congressionally mandated additional subsidization of 10%, not subject to CWA restrictions. The IIJA also mandates 49% of IIJA General Supplemental capitalization grants be provided as additional subsidization. NMED CPB's goal is to provide the maximum amount of subsidy allowed by each capitalization grant to borrowers. Additional subsidization for both the base program and IIJA funding (up to 30% and mandatory 49% respectively) can be awarded to communities that 1. meet the Affordability Criteria, 2. do not meet the Affordability Criteria but seek assistance for the benefit of a user rate class, or 3. for CWA defined alternative factors.

Grant	Grant Amount	Total Subsidy
FFY26 CWSRF Base	$3,507,000.00	$1,402,800 (40%) ($350,700 (10%), $1,052,100 (CWA 30%))
FFY26 IIJA Supplemental (GS 5)	$12,094,000.00	$5,926,060 (49%)
FFY26 Emerging Contaminants	$1,043,000.00	$1,043,000 (100%)

In SFY 2023, NMED CPB modified the Affordability Criteria system to broaden the applicability of the system to applicants and support IIJA priorities. The system now awards points to any applicant that is considered rural or to any applicant that has lost population in the previous 5 years. Applicants with a per capita income of 80% or less of the national average are awarded points, and points are awarded if the unemployment rate for an area is above the national average. The Affordability Criteria System is on the NMED website at: https://www.env.nm.gov/funding-opportunities/

NMED CPB evaluates additional subsidization on a case-by-case basis for those projects that benefit an individual user rate class or implement sustainability factors, including water and/or energy efficiency goals, the mitigation of stormwater runoff, or that encourage sustainable project planning, design, and construction. The impact of additional subsidization on the future of the fund is evaluated annually.

The IIJA also provides funding for Emerging Contaminants (EC). The EC capitalization grant is mandated to be awarded as 100% additional subsidy. NMED CPB has three signed EC projects: Bernalillo County Alameda Outfall, Bernalillo County Tijeras Creek, and Santa Fe County PFAS Investigation. The Alameda Outfall project has been developed and has a project timeline through March 2028. The Tijeras Creek project is a study and assessment of ground and surface waters also with a projected timeline through March 2028. The scope of work for the Santa Fe County project is to sample, analyze, and model findings related to PFAS contamination; and this work is currently in progress.

NMED CPB currently has three EC grant awards:

FFY Allotted	Grant Number	Amount	Expiration
FFY2022	02F34201	$2,952,150	09/30/2027
FFY2023	02F34202	$1,043,000	06/30/2027
FFY2024	02F34203	$1,043,000	6/30/2029
FFY2025 (pending)	02F34204	1,043,000	6/30/2030
FFY2026 (pending)	02F34205	1,043,000	6/30/2030

Source	Obligation	Award
FFY22 Emerging Contaminants		$2,952,150
CWSRF EC 136-Alameda Outfall	$1,452,150	
CWSRF EC 138-SF County	$1,500,000	
	$2,952,150	
FFY23 Emerging Contaminants		$1,043,000
CWSRF EC 136-Alameda Outfall	$312,444	
CWSRF EC 137-Tijeras Carnuel	$325,000	
CWSRF EC 138- SF County Anticipated	$405,556	
	$1,043,000	
FFY24 Emerging Contaminants		$1,043,000
CWSRF EC 138- SF County Anticipated	$1,043,000	

XIII. PUBLIC REVIEW & COMMENT SECTION

To ensure that the public has an opportunity to review the state's proposed plans for the program, a draft IUP was published on the Department website to accept comments on the IUP. To ensure that interested parties were made aware of the draft IUP and the comment period, the Department also published the public notice advertisement for the CWSRF IUPs in the Albuquerque Journal – newspaper, on October 21, 2026. The public comment period remained open with a deadline for submitting written comments of November 20, 2026. Copies of the IUP are also available, upon request, at the Department office. The IUP will be revised after the comment period to respond to major comments and concerns as required by 33 U.S.C. §1386(c) and 40 C.F.R. §35.3150(a).

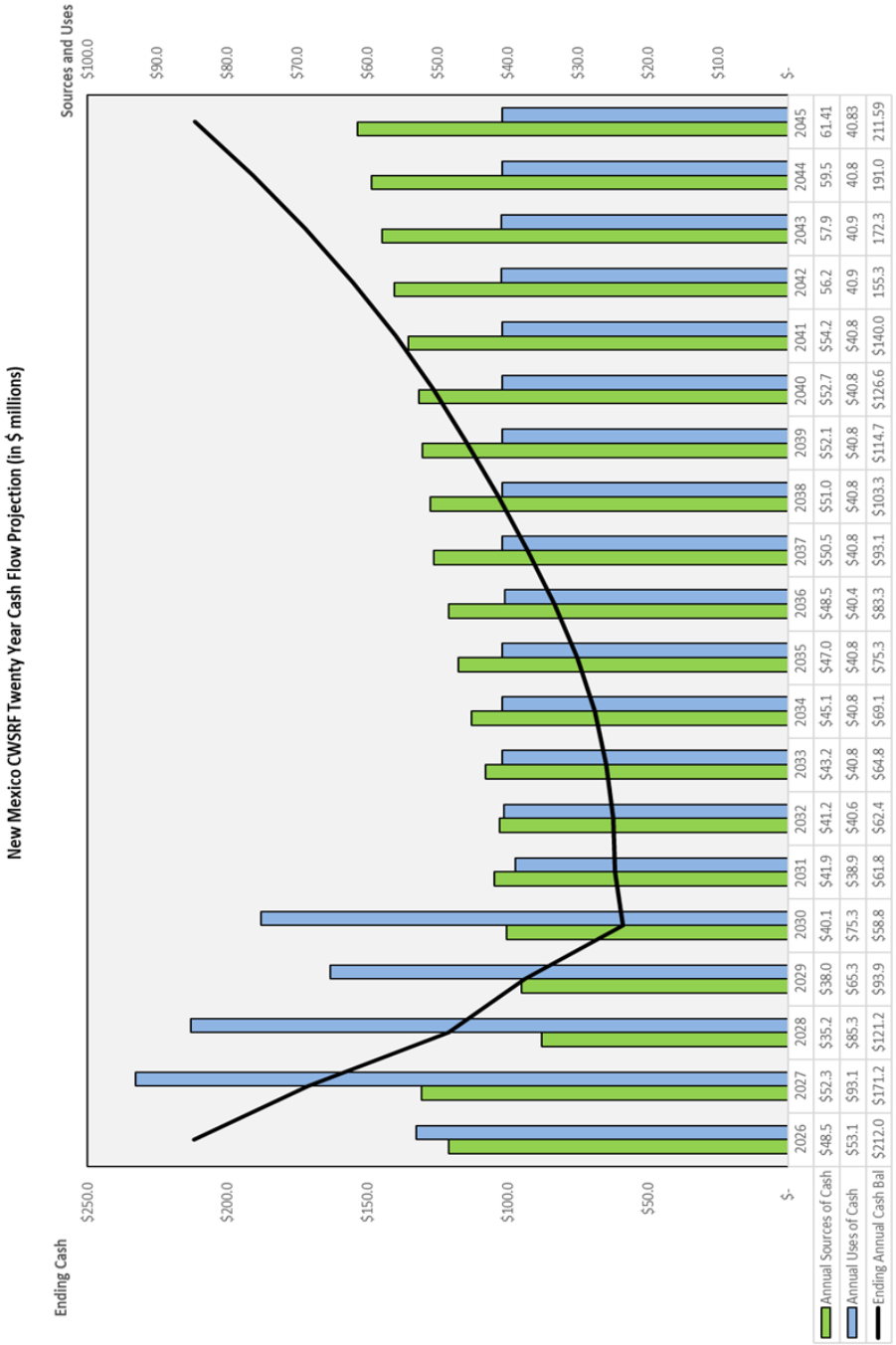
XIV. RESPONSE TO PROGRAM EVALUATION REPORT AND AUDIT *Pending Receipt*

Final Notes: NMED CPB is committed to transparency and accountability. Program information, Intended Use Plans, Annual Reports, and other program materials are posted on the NMED CPB website: https://www.env.nm.gov/funding-opportunities/ An independent audit is conducted by an independent Certified Public Accounting firm annually. Project milestones and information are reported through EPA's Data System.

Zero findings on our FY2025 CWSRF Audit.

NMED CPB respectfully submits this Intended Use Plan. If readers are viewing this report from the website, the SFY 2027 PPL is also available from the CPB's website: https://www.env.nm.gov/funding-opportunities/

Attachment 1



Attachment 2

NEW MEXICO ENVIRONMENT DEPARTMENT
CLEAN WATER STATE REVOLVING FUND
PROJECT PRIORITY LIST FY2027 Q1

Points	Applicant	DP#	NPDES#	Project	Project Amount Requested	Awarded Funding	Proposed Funding Source	Notes	Affordability Criteria Status	Green Project Reserve Amount
525	Mora MW & SWA	DP 640	NM0024996	Wastewater System Improvements, Sewer Line Replacement, I and I Corrections, Plant Rehabilitation	$1,600,000	$0	FFY 2025 Base		Meets	TBD
520	San Juan County/Flora Vista	DP 427 (Farmington)	NM0020583	Flora Vista Sanitary Sewer Collection System-Regionalizing	$16,000,000	$0	TBD		Meets	TBD
450	Mountainair, Town of	DP 1440	N/A	Mountainair Wastewater Treatment Plant Improvements	$4,000,000	$0	TBD		Meets	TBD
425	Anthony Water and Sanitation District	DP 450	NM0029629	Anthony Wastewater Treatment Plant Renovation Project	$16,954,230	$0	TBD		Meets	TBD
325	City of Portales	DP 887	N/A	Portales Reuse Storage Tank, Booster Station, Indirect Potable Reuse Planning	$3,500,000	$0	FFY 2025 Base		Meets	$2,000,000
262.5	The Park at Whiskey Creek	N/A	N/A	Wastewater Treatment Replacement/Upgrade	$400,000	$0	TBD		Not Eligible	TBD
210	Belen, City of	N/A	NM0020150	City of Belen Wastewater Treatment Plant Improvements and Rehabilitation	$13,500,000	$0	FFY 2025 IIJA Gen Sup		Meets	TBD
245	City of Jal	DP 59	N/A	WWTP Equipment Mobile Sludge Screw Press	$500,000	$0	FFY 2025 Base		Meets	NA
205	Tatum, Town of	DP-617	N/A	Sewer Lines Replacement	$16,000,000	$0	FFY 2026 Base		Meets	TBD
130	Albuquerque Bernalillo Co. Water Utility Authority	DP-1308	NM0022250	ABCWUA Westside Wastewater Reuse Project	$400,000,000	$0	FFY26 IIJA Gen Sup		Meets	TBD
TBD	Santa Fe, City of	DP 1880	NM0022292	City of Santa Fe Paseo Real WWTP PFAS Treatment	$8,000,000	$0	FFY25 and FFY26 Emerging Contaminants		Meets	TBD
420	Santa Fe, City of	DP 1880	NM0022292	City of Santa Fe Emerging Contaminants Tracing Study	$1,631,548	$0	FFY24 and FFY25 Emerging Contaminants		Meets	TBD
325	Yah-Ta-Hey Water and Sanitation District	DP 792	N/A	Yah-Ta-Hey W&S WW Lagoons Phase II (Design) & Phase III (Construction)	$3,500,000	$0	FFY26 IIJA Gen Sup		Meets	TBD
TBD	Texico, City of	DP 1759	N/A	Texico New WWTP Design and Construction	$1,574,500	$0	FFY 2026 Base		Meets	TBD
	TOTAL				**$487,160,278**					

***Placement on this Priority List does not constitute either a guarantee of a loan offer or a decision that all of the estimated project costs will be deemed eligible for funding under the Federal Clean Water Act or the New Mexico Wastewater Facility Construction Loan Act.**

Indicates Green Project Reserve

Funding Sources	Subsidy Detail	Loan Funding	Subsidy Funding (Maximum Available)	Total Funding	Subsidy Awarded to Date
CWSRF IIJA Emerging Contaminant 1 (4X-02F34201-0) with transfer	100% Required	$0	$2,952,150	$2,952,150	$2,952,150
CWSRF IIJA GS 3 (4C-02F14803-0)	49% Required	$5,693,640	$5,470,360	$11,164,000	$5,221,471
CWSRF IIJA Emerging Contaminant 2 (4X-02F34202-0)	100% Required	$0	$1,043,000	$1,043,000	$637,444
CWSRF FFY 2024 Base (CS 350002-24)	Up to 40%	$2,404,800	$1,603,200	$4,008,000	$1,603,200
CWSRF IIJA Emerging Contaminant 3 (4X-02F34203-0) with transfer	100% Required	$0	$1,043,000	$1,043,000	$0
CWSRF IIJA GS 4 (4C-02F14804-0)	49% Required	$6,167,940	$5,926,060	$12,094,000	$983,969
CWSRF IIJA Emerging Contaminant 4 (4X-02F34204-0)	100% Required	$0	$1,043,000	$1,043,000	$0
CWSRF FFY 2025 Base (CS 350002-25)	Up to 40%	$5,369,200	$2,418,800	$7,788,000	$1,600,000
CWSRF IIJA GS 5 (4C-02F14805-0)	49% Required	$6,230,160	$5,985,840	$12,216,000	$0
CWSRF IIJA Emerging Contaminant 4 (4X-02F3420-0)	100% Required	$0	$1,054,000	$1,054,000	$0

Attachment 3

Marketing and Outreach to Achieve Timely and Expeditious Use of Funds

For SFY 2027 initiatives to address timely expenditures are:

a. Implement a solicitation schedule beginning July 1, 2025.

b. Utilize Google Seach and Ad services so the NM CWSRF is the first search result. November 1, 2025.

c. Advertise on the home pages of the NM Council of Governments, the New Mexico Municipal League, New Mexico Rural Water Association due September 1, 2025.

d. Attend local conferences and present/host round tables on the CWSRF-ongoing.

e. Implement an Outreach Coordinator Field Plan—visiting eligible borrowers and hosting roundtables. First plan due August 15, 2025

f. Develop "project pipeline" via consultation with regulatory bureaus within the NMED. Meet quarterly with Surface Water Quality, Ground Water Quality, Drinking Water and Solid Waste Bureaus to identify water systems, solid waste authorities and communities that are having difficulties meeting regulatory requirements. Focus outreach efforts on these entities with the potential for them to apply for funding. Meet quarterly with project pipeline team. July 1, 2025. This is in conjunction with IIJA priorities.

g. Continue quarterly office hours with staff are available to answer applicants' questions.

Attachment 4

Timely and Expeditious

NMED CPB has taken many steps to encourage use of the Fund:

- Amending state statute to broaden both project eligibility and eligible borrowers.
- Amending statute to allow for 30-year repayments.
- Moved applications to a year-round cycle.
- Moved applications to an easy-to-use on-line platform
- Created and filled an Outreach Position within the Bureau.
- Modified the Affordability Criteria to increase affordability criteria eligibility.
- Engaged Northbridge Environmental for outreach and program guidance.
- Lowered interest rates multiple times with the current rate at 0.01% which will stay in effect through SFY 2026.

Programmatic initiatives to address timely expenditures:

2. Develop "project pipeline" via consultation with regulatory bureaus within the NMED. Meet quarterly with Surface Water Quality, Ground Water Quality, Drinking Water and Solid Waste Bureaus to identify water systems, solid waste authorities and communities that are having difficulties meeting regulatory requirements. Focus outreach efforts on these entities with the potential for them to apply for funding. Meet quarterly with project pipeline team. September 1, 2026. This is in conjunction with IIJA priorities.

3. Address timely and expeditious concerns through programmatic management:
    a. Work with financial and technical staff to set disbursement goals with borrowers
        i. Per current loan agreement, disbursements are due within 45 days of incurring liability; continue tracking and monitoring with both financial staff and technical team.
        ii. Continue to encourage the Borrower's ability to roll the administrative work (i.e. submitting disbursement requests) into the loan to offset those administrative costs.

    b. Develop checklists and summary information for funding recipients to be presented at funding kickoff.

4. Determine if interest charged during construction can be waived or set at 0%; a legal request submitted fall of 2024.

5. Continue to streamline the program for both internal and external users, review financial and technical aspects of the program for requirements that are:
    a. Outdated
    b. Not required
    c. Overly burdensome

6. Build Readiness to Proceed:
    a. Explore how to separate planning and design through Administrative Fund use, sub-funds, or other ideas.

7. Revise standard operations procedures (SOPs) used by technical staff to have greater focus on supporting funding requirements compliance.

8. Craft an interest rate policy for the NM CWSRF that uses interest rate discounting as a tool to:
    a. Incentivize readiness to proceed
    b. Discount for high dollar projects
    c. Discount for programmatic financing.

9. Develop continuing education credit and video content about the CWSRF program intended to reach operators, finance managers, engineers, elected officials, and other stakeholders. SFY2027

Vacancies

Financial Staff:
Currently there are two managerial vacancies in the financial section. The Financial Section Manger and The Infrastructure Funding Manger positions have been posted numerous times but have not resulted in the positions being filled. Both positions are currently posted on the NM State Personnel website and NMED CPB is hoping we will fill these positions within the next few months.

Technical Staff:
Currently there is one vacant position in the technical section. The position is currently being reclassified and will be posted later this year.

NMED CPB
Project Inspection Standard Operating Procedures

The New Mexico Environment Department (NMED) Construction Programs Bureau (CPB) administers projects funded with Clean Water State Revolving Loan Fund (CWSRF). Although not required by CWSRF, site inspections support funding recipients in complying with terms and conditions of their funding requirements. Site inspections in New Mexico use both desktop reviews and on-site visits during periods of active construction.

A. Federal Requirements

1. The CPB project manager (PM) is responsible for reading the loan agreement and being familiar with the federal requirements that apply to each project.

B. Desktop Reviews

1. Desktop reviews of project documentation demonstrating compliance with funding requirements will be monitored throughout construction.

2. Documents for desktop review include, but are not limited to, manufacturer's certification letters for American Iron and Steel (AIS) or Build America Buy America (BABA), photos of materials delivered and stored on site prior to installation, photos of project posters and notices, posted wage rates, and labor interviews and certified weekly payroll for check compliance with the Davis Bacon Act.

3. The CPB PM will fill out all possible sections of the inspection report consisting of two forms: 1) site inspection checklist and 2) domestically sourced material inspection form (if AIS or BABA applies), then send to the funding recipient and their consulting engineer and save a copy with the transmittal email in the shared project folder.

C. Site Project Inspections

1. Site inspections will be scheduled at least once and possibly also as a final inspection.

2. Site inspections will be scheduled when construction materials are on site and when laborers are working.

3. The CPB PM will stay informed when these construction activities will occur and complete a site inspection. The CPB PM should attend monthly progress meetings.

4. Projects with multiple material deliveries and changing labor classes may require more than one site inspection.

5. If possible, the CPB PM will invite other members of CPB to the on-site visit.

6. The CPB PM will fill out all possible sections of the inspection form prior to travelling to the construction site. Templates should be pre-filled using the template in LGTS to save time. Upon arrival at the site, the CPB PM should meet with the funding recipient and their consulting engineer and get a project update and go over any concerns.

7. The CPB PM will walk the construction site, take photographs, and note all progress that has occurred.

8. The CPB PM shall proceed to inspect the project at the construction site using the approved checklist. Depending on the funding requirements for the project, not all sections of the form will apply. The CPB PM should write N/A on the form where the question is not applicable to the current project.

9. The CPB PM shall pay special attention to the sections of the checklist dealing with Davis Bacon, AIS, and BABA requirements and complete the companion form for materials.

10. Upon return to the office, the CPB PM shall complete the project inspection report. This should be done no more than three weeks after the inspection takes place.

11. The CPB PM will send a copy of the site inspection reports to the funding recipient and their consulting engineer and save the reports with transmittal email in the shared project folder.

12. The CPB PM shall review any previous site inspection reports – whether from desktop reviews or site inspections – to determine if there are any follow up items to be addressed.

13. The CPB PM will arrange to obtain final project photos for documentation or marketing purposes.

Attachment 6

Reference included pdf file: New Mexico Environment Department Construction Programs Bureau State Environmental Review Process (SERP)