

New Mexico Drinking Water State Revolving Fund - Intended Use Plan



State Fiscal Year 2024

**DWSRF Base and (BIL) General Supplemental Funding,
(BIL) Lead Service Line Replacement, & (BIL) Emerging
Contaminants**



New Mexico Environment Department &
New Mexico Finance Authority

Drinking Water State Revolving Fund

DWSRF Base and General Supplemental (BIL) Funding

(BIL) Emerging Contaminants and (BIL) Lead Service Line Replacement

Capitalization Grant Intended Use Plan State Fiscal Year 2024

July 1, 2023 – June 30, 2024

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Introduction

The public comment period for October to November is to highlight the changes to the subsidy policy related to the Bipartisan Infrastructure Law Lead Service Line Replacement and the Bipartisan Infrastructure Law Emerging Contaminants programs (starting on page 22).

The Federal Safe Drinking Water Act (SDWA) Amendment of 1996 authorized the Drinking Water State Revolving Fund to help states manage and protect their drinking water systems, and thereby protect public health. The DWSRF 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. The State of New Mexico passed the Drinking Water State Revolving Loan Fund Act (the Act) in 1997 which created a self-sustaining revolving loan program consisting of the annual Capitalization Grant (Cap Grant) and the 20% state funded match required by the SDWA. Under the Act, the New Mexico Finance Authority (NMFA) serves as the State's grantee for Cap Grants allotted to the state, and it administers the New Mexico Drinking Water State Revolving Loan Fund program (DWSRLF) in cooperation with the New Mexico Environment Department (NMED) Drinking Water Bureau (DWB).

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 for the capitalization grant applications.

This IUP includes:

- The application process and priority ranking system; including the most recent ranked Project Priority Lists (PPLs) for each grant program (Base & BIL Base Supplement (Base/BIL), BIL Lead Service Line Replacement (BIL Lead), and BIL Emerging Contaminants (BIL EC)). See Appendix A-1, A-2, and A-3 respectively.
- The 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) Cap Grant allocates DWSRF budget to individual states. The maximum amount each state can apply for through the annual Cap 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. NMFA, as grantee, is responsible for the administration of DWSRLF financing and related functions funded by the Administration Set-Aside of the Capitalization Grant. The 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 project priority list in the IUP (Appendix A-1 through A-3) which contains projects to be funded in the current funding cycle (Fundable) and projects to be funded later (Comprehensive). A water system or other qualifying entity must meet eligibility criteria such as managerial, financial, and technical capacity to move forward in the DWSRLF process and be placed on the priority list.

2024 Proposed Program Changes

In March of 2023, the State of New Mexico passed the Regional Water System Resiliency Act which allows for the creation of regional water authorities created by two or more entities. The project ranking criteria is updated to reflect an emphasis on resiliency projects and regionalization efforts in the state.

Additionally, the schedule by which the priority lists will be published is updated from quarterly lists to a semi-annual list produced in December and May with supplemental lists published in September and February if project interest and urgency exist.

The DWSRF will transfer approximately \$2,493,150 of the BIL Emerging Contaminants Capitalization Grant to the Clean Water State Revolving Fund as allowed by federal regulation. NMFA and NMED will utilize the full set-asides available to support the EC program.

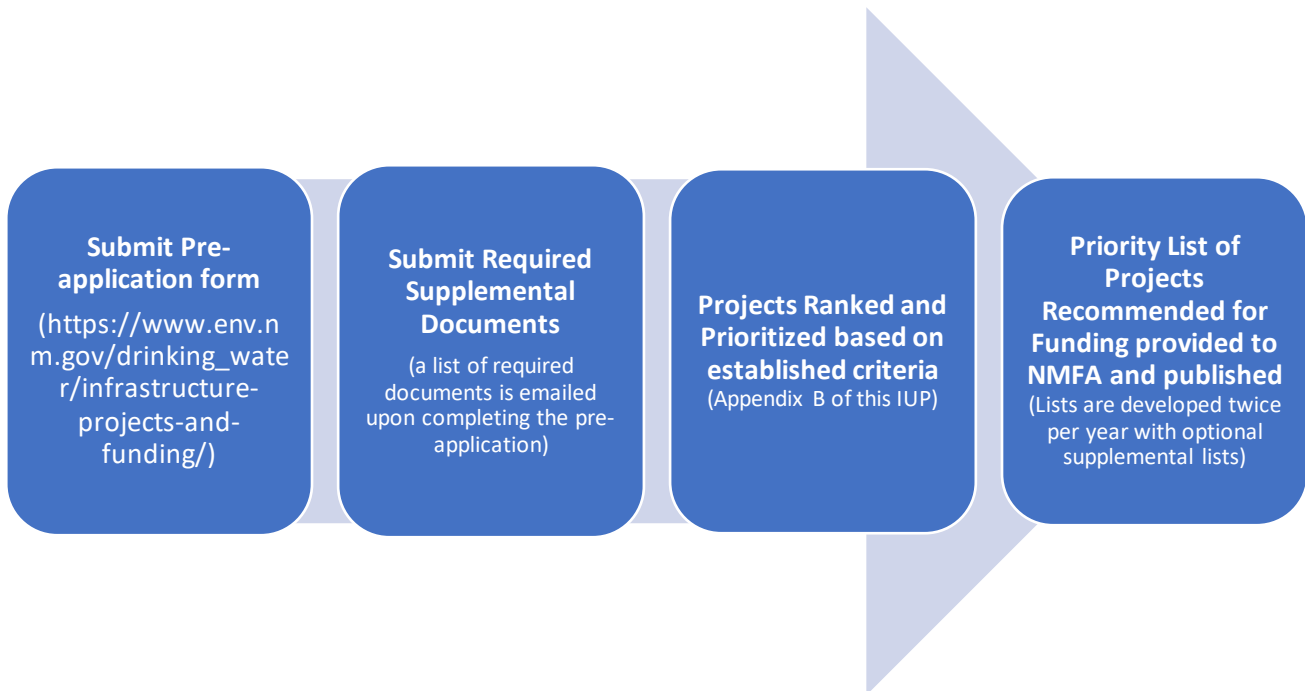
Priority System (40CFR§ 35.3555.c(1))

Appendix B Includes the Priority Ranking Criteria for each funding source and associated point values to 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 to 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 supplemental lists published. Lists will be published the first Monday in December and the first Monday in May each year with optional

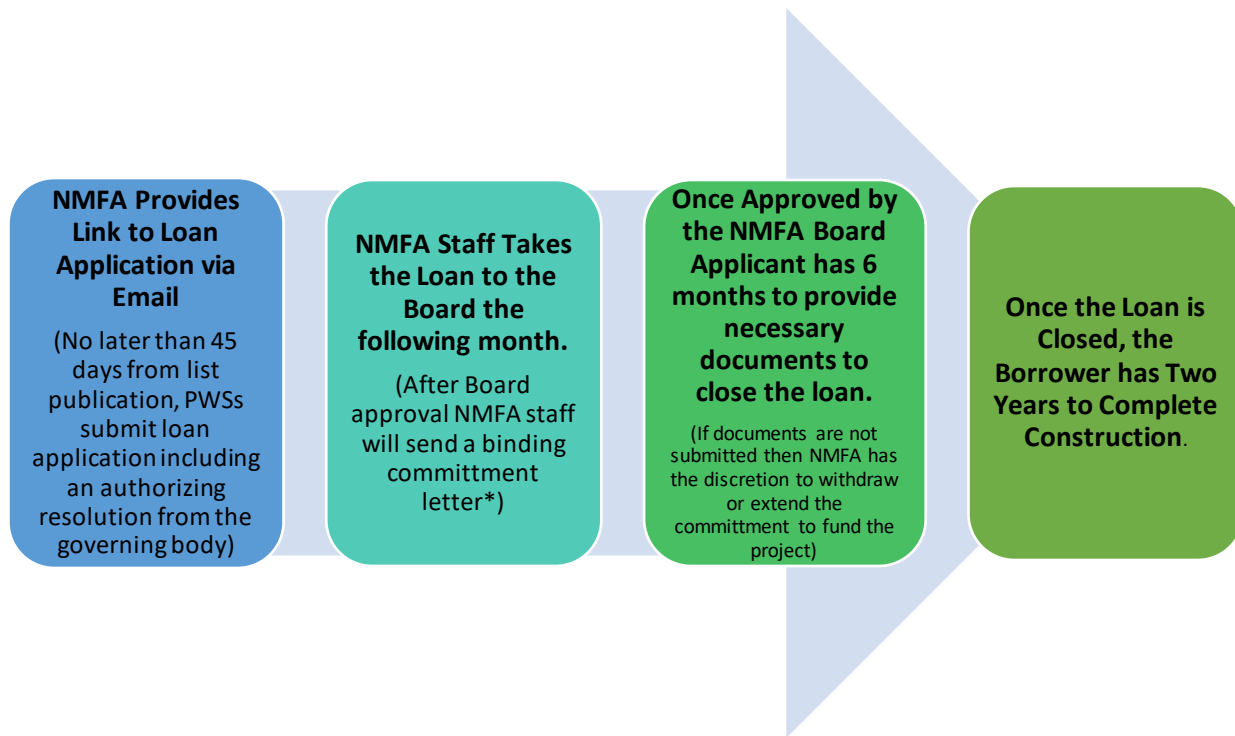
supplemental lists published in September and February if project interest and urgency exist. Supplemental lists are produced at the discretion of the department.

- All of the required supplemental documents must be received in order for the project to be scored and placed on the priority list.
- The priority list is combined with the comprehensive list when updated. PWSs may stay on the comprehensive list for up to 3 years when all DWSRF requirements are met.
- Projects deemed fundable may stay on the priority list for 12 months. A written request must be made 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 on the priority list prior to publishing. The priority 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 not meeting 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 Priority List, or on the supplemental updates of this list, will receive follow up from the DWB capacity program staff explaining any deficiencies that prevented its inclusion, including recommended steps for addressing such deficiencies.
- DWB expects to use the resources of the set-asides to offer assistance to PWSs to increase their capacity 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 by the request of the applicant. The State of New Mexico will publish the priority list for the duration of the active period. The Fundable Priority List 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/.

Questions regarding the ranking process or the development of the Fundable Priority List 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 fundable and comprehensive (as allowed by federal regulations) and are updated at least semi-annually 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 which is 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 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 higher priority project did not submit its application in the allowed 45 days to NMFA. The State further 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.

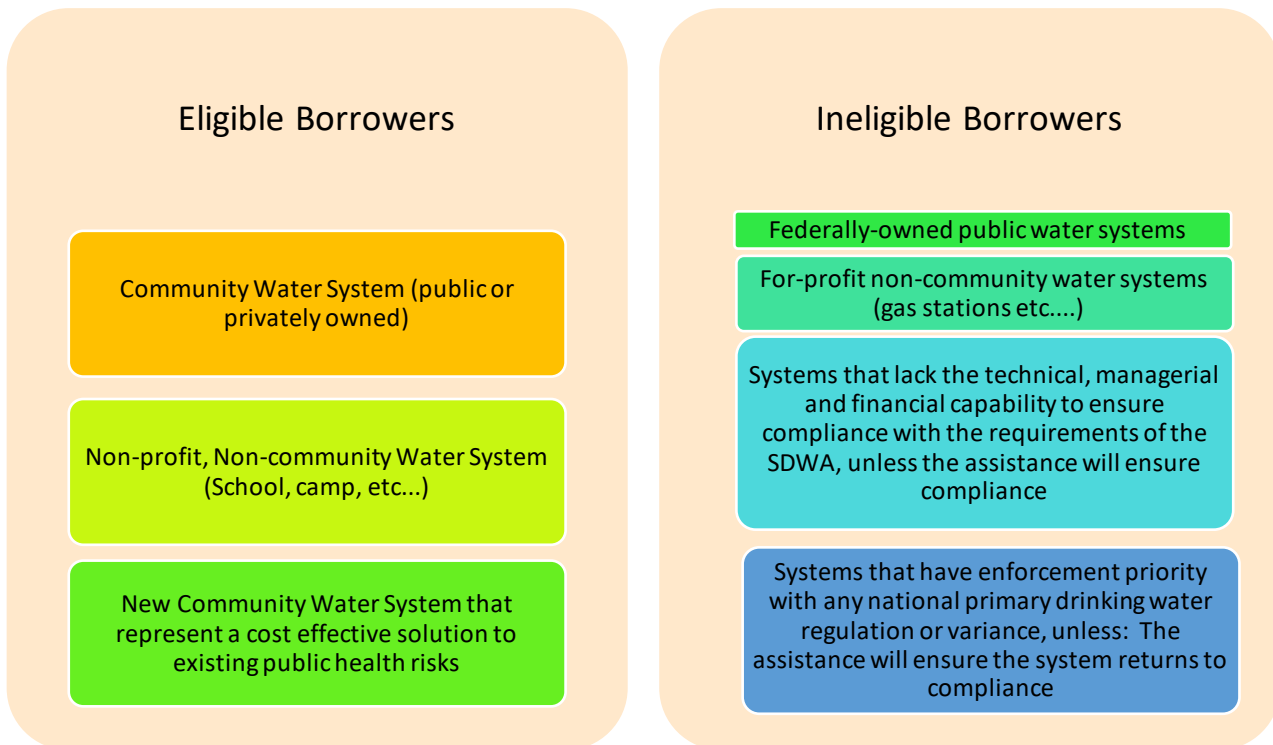
NMFA will fund the DWSRLF projects using the priority system established by the DWB. The State prefers to fund projects on the Fundable Priority List, as updated throughout the year, in rank order, but reserves the right to bypass certain projects using a bypass procedure, as described above. In such an instance, a lower ranked project may be funded over a higher ranked project if the lower ranked project meets the bypass screening criteria. 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/BIL Supplemental- Eligible Water System Projects:

<p>Treatment: Projects to install or upgrade facilities to improve drinking water quality to comply with Safe Drinking Water Act (SDWA) regulations</p>	<p>Transmission and distribution: 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>Source: Rehabilitation of wells or development of eligible sources to replace contaminated sources</p>
<p>Storage: Installation or upgrade of finished water storage tanks to prevent microbiological contamination from entering the distribution system</p>	<p>Consolidation/Regionalization: Interconnecting two or more water systems , water system partnerships including emergency interconnections or sharing operators, equipment, and managerial consolidation</p>	
<p>Creation of new systems: Construct a new system to serve homes with contaminated individual wells or consolidate existing systems into a new regional water system</p>	<p>Rehabilitation of Dams and Reservoirs (July 14, 2021, national deviation was signed, must connect to the water system, cannot be for growth)</p>	<p>Purchase of water rights (December 2019, national deviation was signed, cannot be for growth)</p>

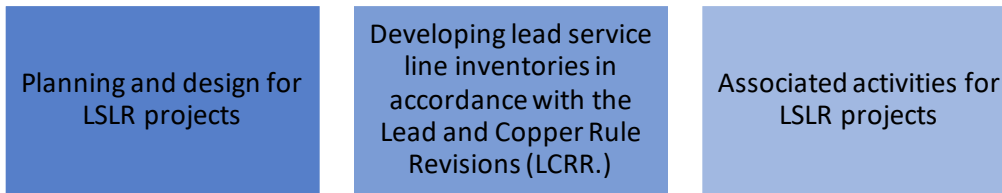
In addition, other activities eligible for an assistance agreement could include planning and design, water utility audits, leak detection studies, identification of service line materials, optimization studies, drought contingency plans, and other evaluations that might result in a capital project or 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/BIL Supplemental -Ineligible Water System Projects:

<p>Construction or rehabilitation of non-water system of 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>

BIL Lead- 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 lead 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 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.

BIL Emerging Contaminants

The Emerging Contaminants funding will be provided to eligible recipients as loans with 100% principal forgiveness pending approval of revised DWSRLF Loan Management Policies by the NMFA Board of Directors. Funds provided shall be to address emerging contaminants including removing manganese in drinking water with a focus on perfluoroalkyl and polyfluoroalkyl substances. Projects that can be submitted for BIL 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. The BIL requires states to provide a 10% match to the BIL Supplemental Capitalization Grant. The required State matches are \$987,600 for SFY 2024 and \$2,105,500 for the BIL general supplemental SFY 24. NMFA will provide the state matches through an appropriation from the Public Project Revolving Fund to the Drinking Water State Revolving Loan Fund. [Appendix C](#) summarizes the sources and uses of 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. NMFA builds into its DWSRLF loan interest rates a 0.25% administrative fee that is assessed on the outstanding principal balance of each loan. 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 source and uses of the DWSRLF is presented in [Appendix C](#). New Mexico anticipates the loan fund to be capitalized from the federal 2023 Capitalization Grant to be \$4,938,000 with 69% going to the loan fund and 31% being used for set-asides, and \$21,055,000 from the BIL Supplemental capitalization grant with 69% going to the loan fund and the remaining 31% being used for set asides. The loan fund will also be capitalized with the 20% match state funds of \$987,600 and the 10% BIL state match of \$2,105,500. Additionally, in SFY 2024, the Wyoming reallocation of \$99,000 and an estimated loan and interest repayments of \$7,000,000 will be available for a total of \$29,204,900 of new money available to lend or support the set aside work in SFY 2024 for the DWSRLF Base (including the WY reallocation) and BIL General Supplemental.

The FFY 22 Emerging Contaminants program was capitalized with \$3,500,000; the FFY 23 Emerging Contaminants program (EC) will be capitalized with \$7,640,000. The FFY 22 Lead Service Line Remediation program was capitalized with \$28,350,000; the FFY 23 Lead Service Line Remediation program (LSLR) will be capitalized with \$28,650,000. Due to a slow response from NM communities on these funding sources both the FFY 22 and FFY 23 will be awarded in SFY 24. The EC Program will have access to \$11,140,000 and the LSLR program will have access to \$57,000,000.

Annually, Congress has the right to require additional subsidy to help fund federal priorities. NMFA anticipates up to 49% of the 2023 Capitalization Grant, 49% of the BIL supplemental Capitalization Grant and the BIL LSLR from DWSRF funding legislation to be additional subsidy in the form of principal forgiveness. 100% of the EC program is expected to be offered as principal forgiveness. For SFY 2024, the total amount of subsidy for all projects is \$34,415,070 available for projects in SFY 24. This subsidy will allow for the pace of recent lending to continue and maintain the financial perpetuity of the revolving loan fund (see [Subsidy](#) regarding the use of subsidy). See chart below for more information.

Funding Category	Federal Portion FFY 23	Required State Match Percentage	State Match Dollar Amount	Total Capitalization	Required Subsidy	Required Disadvantaged Subsidy	Total Subsidy
DWSRF Base	\$ 4,938,000	20%	\$ 987,600	\$ 5,925,600	\$ 691,320.00	\$ 1,728,300.00	\$ 2,419,620.00
WY Reallocation funding	\$ 99,000	20%	\$ 19,800	\$ 118,800	\$ 13,860.00	\$ 34,650.00	\$ 48,510.00
BIL DWSRF General Supplemental	\$ 21,055,000	10%	\$ 2,105,500	\$ 23,160,500		\$ 10,316,950.00	\$ 10,316,950.00
BIL DWSRF Emerging Contaminants	\$ 7,640,000	0%		\$ 7,640,000		\$ 7,640,000	\$ 7,640,000.00
BIL DWSRF LSLR	\$ 28,650,000	0%		\$ 28,650,000		\$ 14,038,500.00	\$ 14,038,500.00
Total Available funding	\$ 62,382,000		\$ 3,112,900	\$ 65,494,900	\$ 705,180	\$ 33,758,400	\$ 34,463,580

Financial Terms of Loans

Section III details the financial terms of DWSRLF loans. All loans are provided to entities at below-market interest rates. The table below provides the interest and terms associated with each type of PWS. In 2019, the State of New Mexico lowered the public non-disadvantaged interest rate from 2% to 1%. For FY 23, the State of New Mexico lowered the interest rate from 1% to .01% for non-disadvantaged communities. These rates apply to the base, BIL supplemental funding, and the lead remediation programs. The emerging containments loans will be offered 100% principal forgiveness upon approval of revised DWSRLF Loan Management Policies by the NMFA Board of Directors.

Community Economic Status	Interest Rate	Terms
Regular*	0.01%, 3%, 4%	up to 20 years
Disadvantaged	0%	up to 30 years
Severely Disadvantaged	0%	up to 30 years
* Public non-disadvantaged systems receive 0.01%, private non-profit systems receive 3%, and private for-profit systems receive 4%.		

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

Loan Disbursements

As of May 10, 2023, the State of New Mexico has closed on 182 DWSRLF loans totaling over \$288.6 million. Additionally, five communities have received board approval and are expected to close in SFY 24 totaling \$50.4 million. Loans are made in accordance with policies and are prorated between federal and state funds.

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 Fundable List. 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 24 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 Goals

•Short Term Goals

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

•Long Term Goals

- Regulate and Assist PWSs
- Provide online and in-person training for TMF capacity
- Encourage and assist PWSs to have a rate structure
- Develop methods for assessing the needs and risk for prioritizing federal and state funds
- Collaborate on sustainable supplies through source water protection program

NMFA Goals

•Short Term Goals

- Provide at least 40% of all loans* in SFY2024 from the FFY 2023 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.
- Execute 100% of binding commitments in SFY 2024*after the submission of required ready to proceed documents.
- Process requisitions in a timely manner and strive to allocate all funding in SFY 24*. Close 100% of loans to communities that meet the ready to proceed deadlines outlined in the binding commitments during SFY 2024*
- Continue to keep EPA current on status of its audit, including during the SFY Annual Program Evaluation Review
- Enter into binding commitments with entities equal to 120% of the federal capitalization grant and BIL supplemental funding in SFY 2024*

•Long Term Goals

- Monitor its 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

Collaborative Goals

•Short Term Goals

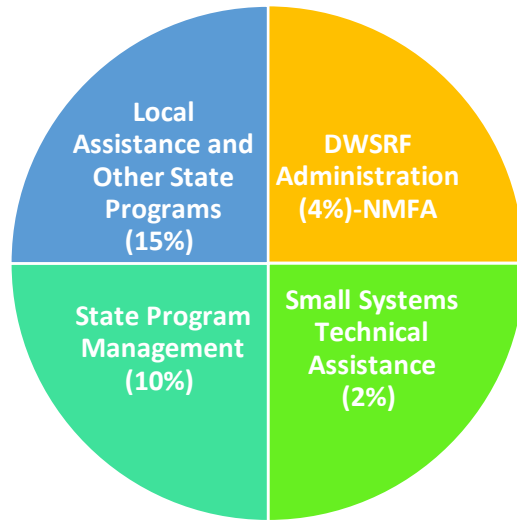
- Expend and process invoices for grant funds in the order awarded
- Comply with all public comment, reporting and all federal and state requirements
- Apply for the FFY 23 Base Capitalization Grant, the FFY 23 BIL General Capitalization Grant; FFY 23 BIL Lead Service Lines Replacement Capitalization Grant; and the FFY 23 BIL 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 its full potential.
- Review and recommend updates to the DWSRF Guidance documents including the state DWSRF Act, Memorandum of Understanding (MOU), and the Operating agreement with EPA, dependent on state legislative action on the State DWSRF act.

*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 BIL 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 2024 Capitalization Grant for the Administration set-aside in an amount totaling \$197,520; from the BIL SRF \$842,200; and up to \$1,146,000 from the LSLR for a total amount of \$2,185,720.

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:



DWSRLF programmatic administration costs also include contractual technical services for engineering and construction oversight, environmental reviews, and legal fees associated with closing DWSRLF loans.

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:

- | | | |
|---|--|--|
| <p>Offer assistance to small water systems upon recommendation by the DWB enforcement coordinator and/or the compliance officer through a Technical Services Request.</p> | <p>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.</p> | <p>DWB will work with contract assistance providers to offer water loss assessments for small systems.</p> |
|---|--|--|

**ETT score is a reference to the EPAs 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><u>Public Water System Supervision (PWSS) Program</u></p>	<p><u>Utility Operator Certification Program (UOCP)</u></p>	<p><u>DWSRF Set-Aside Administrative Support for Local Assistance Capacity Programs</u></p>
<ul style="list-style-type: none"> • Providing administrative support for the DWB staff • Conducting sanitary surveys to assess the needs and deficiencies of PWSs • Implementing new and enforcing existing rules and regulations • Providing an immediate response to confirmed acute contamination events and PWS problems that may impact public health. 	<ul style="list-style-type: none"> • To fund administration activities and support certification of operators through the Utility Operator Certification Program (UOCP) • <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> 	<ul style="list-style-type: none"> • Developing and managing grant set-aside application documents (including the IUP) • Budgets, workplans, and reporting • Timekeeping • Internal program meetings • Staff and program management • Program planning; and other such activities

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 (ULOs) for FY24 is included in [Appendix G](#).

BIL Lead Set-Aside Activities

Lead Service Lines Administration (4%)

The SDWA authorizes the states to utilize funding for DWSRF administration as a BIL Lead Service Line Replacement set-aside. Administration of the DWSRLF program is delegated by state statute to the NMFA. The NMFA will reserve and specify the 4% set aside for the lead remediation BIL capitalization grant up to \$1,146,000 (based on eligible projects and eligible expenses).

BIL Lead Administration of the Loan fund includes:



BIL Lead Programmatic Administration includes:

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

BIL Lead Small Systems Technical Assistance (2%)

The SDWA authorizes states to use this BIL 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:

- DWB will work with contract assistance providers to offer lead service line surveys for small systems.

BIL Lead State Program Management (10%)

The SDWA authorizes states to use this BIL 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.

<u>Public Water System Supervision (PWSS) Program</u>	<u>DWSRF Set-Aside Administrative Support for Local Assistance Capacity Programs</u>
<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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

BIL 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 BIL 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 BIL Lead assistance)
- Capacity Assistance (technical, managerial and financial)
- Other LCRR assistance to PWSs

BIL Emerging Contaminants Set-Aside Activities

Emerging Contaminants Administration (\$201,529.03)

NMFA will be taking the administration set-aside.

BIL Emerging Contaminants Programmatic Administration includes:

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

NMED will be taking the 4 set asides for the Emerging Contaminants award. However, they will not total to 31% of the \$7,555,000, due to the transfer. The total for the set asides will be \$1,561,850.00. This is approximately 66.6873039% of what the normal set-aside amount would be. Therefore, the amounts for each set aside that will be included in the Object Class Category are as follows:

- Small Systems Technical Assistance: \$100,764.52
- State Programs: \$503,822.58
- Capacity & Sourcewater Protection: \$755,733.87

BIL Emerging Contaminants Small Systems Technical Assistance (\$100,764.52)

The small system technical assistance set-asides will be utilized on contracts for outreach and assistance to small systems.

BIL Emerging Contaminants State Program Management (\$503,822.58)

The state program management set-asides will be utilized on contracts for marketing.

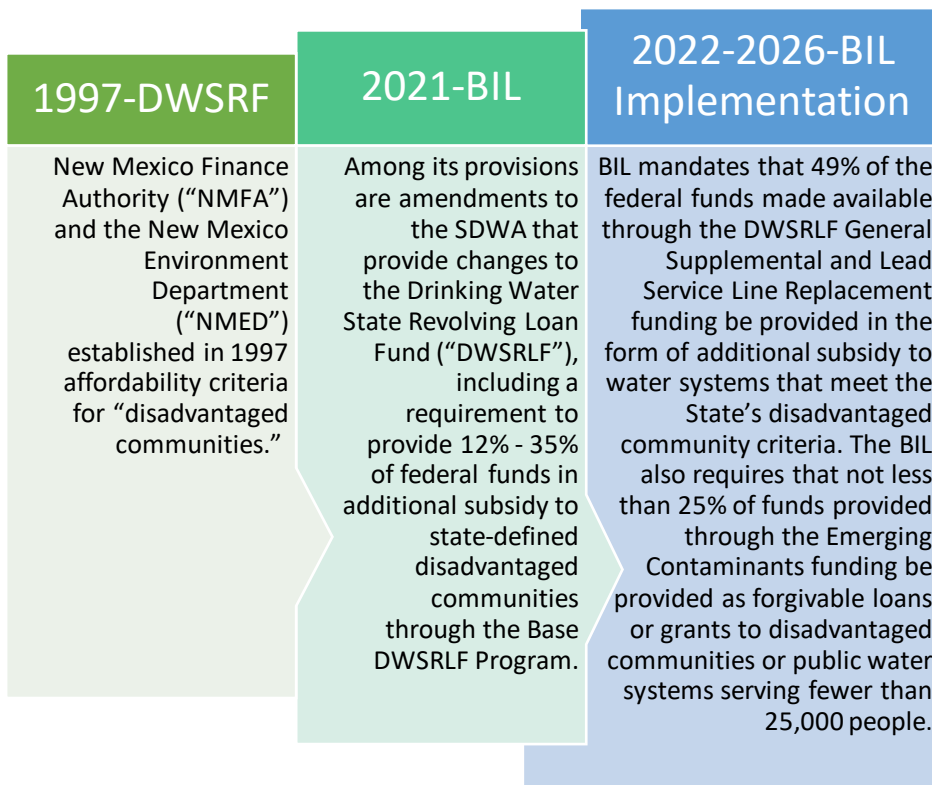
BIL Emerging Contaminants Local Assistance and Other State Programs (\$755,733.87)

The local assistance and other state programs set-asides will be broken down into capacity and source water protection. Capacity set-asides will be utilized for contracts for marketing and other government contracts. Source Water Protection set-asides will be utilized for contracts for sampling.

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

NMFA and DWB are directed by the DWSRLF Act (Laws of 1997, Chapter 144) to establish procedures to identify affordability criteria for disadvantaged communities and to extend a program to assist those communities. The programs offered to New Mexico PWSs are designed to maximize the eligibility of disadvantaged communities. By policy, NMFA provides two levels of disadvantaged status; Disadvantaged and Severely Disadvantaged. The below information describes the benefits offered to each community:

- **Disadvantaged Communities** benefit from 0% interest rate of their loan portion, and subsidy in the form of principal forgiveness up to 50% of the loan when provided for in Capitalization Grants (see [Subsidy](#) below) for construction projects.
- **Severely Disadvantaged Communities** benefit from 0% interest rate of their loans, and subsidy in the form of principal forgiveness up to 75% of the loan when provided for in Capitalization Grants (see [Subsidy](#) below) for construction projects.



The state uses the affordability criteria to determine access to enhanced loan terms and technical assistance as outlined in the annual Intended Use Plan (“IUP”) published by the state.

NMFA continues to provide by policy two levels of disadvantaged entity status: Disadvantaged and Severely Disadvantaged. 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 provide American Community Survey results for 1-year and 5-year estimates of the data profiles.

Median Household Income (MHI)

- Disadvantaged Entities – to be considered a Disadvantaged entity, the applicant’s Median Household Income must be greater than 75% but less than 100% of the **National Median Household Income**, based on the most recent 5-year average of Median Household Income from census data or through a survey acceptable to NMFA.
- Severely Disadvantaged - to be considered a Severely Disadvantaged entity, the applicant’s Median Household Income must be 75% or less of the **National Median Household Income**, based on the most recent 5-year average of Median Household Income from census data or through a survey acceptable to NMFA.
- Disadvantaged Entities – receive an interest rate of 0% on the entire loan portion. When provided for in Capitalization Grants, subsidy in the form of principal forgiveness up to 50% of the loan.
- Severely Disadvantaged Entities – receive an interest rate of 0% on the entire loan portion. When provided for in Capitalization Grants, subsidy in the form of principal forgiveness up to 75% of the loan.

Subsidy

The NMFA provides subsidies to DWSRLF borrowers as part of the EPA’s Capitalization Grants (base program and BIL supplemental), and as provided for under SWDA (section 1452 (d)). The FFY 2023 Capitalization Grant requires 14% of the funds available as additional subsidy assistance for projects on the fundable list, and at the state’s discretion, for green infrastructure projects.

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. New Mexico opts to allocate the maximum of both pools of subsidy, totaling 49% of the FFY 2023 Capitalization Grant. The total amount of available subsidy is \$2,419,620 from the FFY 2023 Capitalization Grant and \$10,316,950 of the FFY 2023 BIL Capitalization Grant. The LSLR program has a 49% subsidy requirement totaling an amount up to \$14,038,500. The EC program is expected to be 100% subsidy in the amount of \$7,640,000 in SFY 24. Available subsidy will be distributed in the ranking order on the Fundable Priority List, subject to the bypass procedure.

Subsidy that is not awarded, will roll over to the next fundable priority lists. 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.

Current DWSRLF Loan Management Policies can be viewed online at <https://www.nmfinance.com/wp-content/uploads/2022/08/DWSRLF-Loan-Management-Policies-Amended-7.28.22.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. Minor changes will be proposed to these policies to accommodate the new Emerging Contaminants and Lead Service Line Replacement programs.

Subsidy policy

1. NMFA will provide the capitalization grant and the disadvantaged subsidy following the same policies. The subsidy will go by the Priority ranking on the Fundable List, and by eligible Disadvantaged status. Applicants will receive subsidy, when available, through the following policies:

1. Compliance with federal statute and capitalization grant requirements (see L. Compliance with Special Grant Conditions for more details) will be offered a 25% subsidy.

2. Disadvantaged PWSs are provided an additional 25% principal forgiveness (e.g., 25% federal requirements principal forgiveness plus 25% disadvantaged principal forgiveness, for a total of 50% principal forgiveness).
3. Severely Disadvantaged PWSs are provided an additional 50% principal forgiveness (e.g., (25% federal requirements principal forgiveness, plus 25% Disadvantaged principal forgiveness plus 25% severely disadvantaged principal forgiveness, for a total of 75% principal forgiveness).
4. “Green projects” 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/wifunding/ and <http://nmfa.net>, respectively.
5. 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.

2. 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.

3. 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.

Subsidy Lead Service Line Replacement non construction Loans.

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

For BIL 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).

1. Affordability Criteria. Capitalization Grant recipients are required to define Affordability Criteria and to provide additional assistance to Disadvantaged Communities. Pursuant to public comment, NMFA defines affordability based upon MHI of the applicant and provides for two levels of Disadvantaged Entity status:
 - a. Disadvantaged Entities – to be considered a Disadvantaged Entity, the applicant’s MHI must be greater than 75% but less than 100% of the National MHI, based on the most recent 5-year average of MHI from census data or through a survey acceptable to NMFA.
 - b. Severely Disadvantaged Entities – to be considered a Severely Disadvantaged Entity, the applicant’s MHI must be 75% or less of the National MHI, based on the most recent 5-year average of MHI from census data or through a survey acceptable to NMFA.

2. Disadvantaged Community Assistance. Capitalization Grant recipients are required to provide additional subsidy to its borrowers. 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 these Loan Management Policies.

3. 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 ready demand among disadvantaged communities.

4. Determination of additional subsidy. The NMFA will provide additional subsidization in the form of principal forgiveness for projects using the following guidelines, the BIL LSLR Program will also allow for population served for non-construction projects:
 - a. 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:
 - i. ii.
 - i. Disadvantaged Entities are provided 30% principal forgiveness;
 - ii. Severely Disadvantaged Entities are provided 60% principal forgiveness;

iii. Disadvantaged Entities and Severely Disadvantaged Entities that serve a population of under 1,000 are provided an additional 25% principal forgiveness.

Subsidy Emerging Contaminants

BIL 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 these policies to determine disadvantaged entity status for the BIL EC program.

1. 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 ready demand.
2. The NMFA will offer BIL 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 the IUP.
3. BIL 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 is 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.

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 been originated no earlier than 1993;
- 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.

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. All projects will be required (at this time) to be equivalency projects unless they are using the Tier II funding source as a non-federal State Match.

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 Labor's (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 in order 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. Recipients receiving BIL funding agree to comply with the Infrastructure Investment and Jobs Act (IIJA) Signage Required Term and Condition.

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).

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.

The DWSRF plans to transfer \$2,493,150 to the CWSRF from the FY22 BIL Emerging Contaminants Capitalization Grant pending the approval of the attorney general. The CWSRF will be responsible for compliance with federal requirements.

This decision was made due to the DWSRF not having projects to equal to the capitalization grant. The remaining funds (after the transfer and project award) will be applied to the set asides. The intended use of the set asides will increase with the transfer. No long term impacts on the fund are expected with the transfer. There is no changes to the payment schedule or the binding commitments.

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 DWSRF Regulations.

The priority lists included at Appendix A will be updated on a semi-annual basis with optional supplemental lists as a 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/

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/ and <https://nmed.commentinput.com/comment/search>

NMFA DWSRLF: 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. 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/BIL Supplemental Priority List

Appendix A-2: BIL Lead Service Line Priority List

Appendix A-3: BIL Emerging Contaminants Priority List

Appendix B-1: DWSRF Base/BIL Supplemental Ranking Criteria

SFY 24 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.

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 2024 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

SOURCE WATER VULNERABILITY	
<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.	12 Points
<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.	8 Points
<u>Backup source</u> : Project includes development of a second potable source of water, such as a backup well or surface water intake.	6 Points
<u>Inadequate or decreasing water supply</u> : Project supplies future water production needs.	5 Points
<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.	5 Points
<u>Source Water Protection Plan</u> : Water system maintains an active Source Water Protection Plan that has been updated in the last five years.	4 points
SAFE DRINKING WATER ACT COMPLIANCE	

<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.	20 Points
<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 Points
<u>Non-acute violations</u> : 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.	12 Points
<u>Maintains Compliance</u> : System is in compliance with state and federal drinking water regulations.	1 point
AFFORDABILITY AND PROJECT READINESS	
(Community Water Systems Only)	
<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 Points
<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 Points
<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 Points
<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 Points
<u>Project Funded by DWSRLF</u> : This project will fund additional phases of a prior DWSRLF project.	5 points
<u>Final Design Complete</u> : Project Final Design is 100% complete and approved by Drinking Water Bureau.	8 points
REGIONALIZATION	
<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 Points
<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 Points
<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 Points
<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 Points

<u>Emergency Interconnection</u> : Project addresses the need for an emergency or back up source through an interconnection with another public water system.	5 Points
<u>Regional Resource Coordination</u> : System participates in a regional sharing of resources with other water system(s).	3 Points
WATER AND OPERATIONAL EFFICIENCY	
<u>Metering</u> : Project includes metering an unmetered system. Replacing existing broken/malfunctioning water meters with AMI or smart meters.	8 Points
<u>Real Water Loss Reduction</u> : Project replaces or rehabilitates failing or inadequate distributions lines and real water loss has been identified to be reduced.	5 Points
<u>Water Pressure</u> : Project addresses a water pressure problem.	4 Points
<u>Infrastructure Rehabilitation</u> : Project replaces or rehabilitates failing or inadequate infrastructure or equipment, other than a water source.	4 Points
<u>Operational Improvements</u> : Project streamlines, automates, or improves operations of the system (e.g. radio read meters, looping, SCADA, additional valves).	3 Points
<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 points
SUSTAINABLE PROJECTS AND ACTIVITIES	
<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 Points
<u>Asset Management Plan Project</u> : Project is part of a current asset management long term funding strategy.	2 Points
<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 Points
<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 Points
<u>Environmentally Innovative Projects</u> : Project uses environmentally innovative concepts to produce, treat, store and/or deliver water.	2 Points
<u>Resiliency</u> : Project increases resiliency to long term effects of drought and or extreme weather. (Ex. Single source water system, high treatment cost, or natural disaster mitigation)	10 Points

<p><u>Education</u>: System Participates in Educational Activities to promote water and energy efficiency.</p>	<p>5 Points</p>
<p><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.</p>	<p>3 Points</p>
<p><u>Water Loss Program</u>: System implements water loss control strategies with the AWWA M36 method by completing annual audits.</p>	<p>5 Points</p>

Appendix B-2: DWSRF Lead Service Line Ranking Criteria

SFY 24 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 2024 DWSRLF assistance for Lead Service Line Replacement (BIL).

Lead Service Line Replacement Priority Ranking	
Acute violations: 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.	7
Non-acute violations: 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.	3
Maintains Compliance: System is in compliance with state and federal drinking water regulations.	3
Disadvantaged Communities: 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.	25
Severely Disadvantaged Communities: System serves a population whose MHI is 75% or less of the National MHI based on the most recent 5-year average.	50
Small System: System serves a population of less than 1,000 people based on the average household size for the county served by system.	5
Very Small System: System serves a population of less than 500 people based on average household size for the county served by system.	10
Project Funded by DWSRLF: This project will fund additional phases of a prior DWSRLF project.	2

Appendix B-3: DWSRF Emerging Contaminants Ranking Criteria

SFY 24 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 2024 DWSRLF Emerging Contaminant (BIL) assistance.

Emerging Contaminants Priority Ranking	
Contaminant Identification: Project identifies emerging contaminants in all drinking water sources for the public water system.	10
Improve water quality in areas not currently served: Project extends water service to existing residences that are not currently served by a centralized water system or the local groundwater is contaminated.	3
Planning: Survey or study provides options and solutions for removing or reducing emerging contaminants in the public water system.	5
Water Use Management: Water system has plan for implementing management of potentially contaminated water sources to maintain compliance.	5
Source Water Protection Plan: Water system maintains an active Source Water Protection Plan.	2
Emergency Interconnection: Project addresses the need for an emergency or back up source through an interconnection with another public water system.	3
Acute violations: 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.	10
Non-acute violations: 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.	7
Maintains Compliance: System is in compliance with state and federal drinking water regulations.	3
Disadvantaged Communities: 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.	15
Severely Disadvantaged Communities: System serves a population whose MHI is 75% or less of the National MHI based on the most recent 5-year average.	25
Small System: System serves a population of less than 1,000 people based on the average household size for the county served by system.	10
Very Small System: System serves a population of less than 500 people based on average household size for the county served by system.	15

Appendix C: DWSRLF Sources and Uses

Table 2 DWSRLF SOURCES AND USES SFY 2024

SOURCES	Cumulative Total through 6/30/2023	7/1/2023 - 6/30/2024 (This SFY)	Cumulative Total through 6/30/24
Federal Capitalization Grants	\$255,947,500	\$987,600	\$256,935,100
BIL General Supplemental Capitalization Grant	\$17,992,000	\$21,055,000	\$39,047,000
20% Capitalization Grant Match	\$47,018,100	\$987,600	\$48,005,700
10% BIL Supplemental State Match	\$1,799,200	\$2,105,500	\$3,904,700
BIL LSLR	\$28,350,000	\$28,650,000	\$57,000,000
BIL EC	\$3,500,000	\$7,640,000	\$11,140,000
Investment Interest	\$13,112,446	\$1,900,500	\$15,012,946
Loan Repayments – Principal	\$86,573,491	\$6,350,100	\$92,923,591
Loan Repayments - Interest	\$20,953,543	\$1,201,200	\$22,154,743
Total Sources	\$475,246,280	\$70,877,500	\$546,123,780
Uses of Funds			
Assistance Activity			
Base and BIL General Supplemental			
Large System Commitments	\$220,163,442	\$63,000,000	\$283,163,442
Small System Commitments	\$102,784,916	\$21,014,200	\$123,799,116
BIL Emerging Containments			
Large System Commitments	\$0	\$8,500,000	\$8,500,000
Small System Commitments	\$0	\$3,000,000	\$3,000,000
\$0			
BIL Lead Service Line Replacement			
Large System Commitments	\$0	\$29,875,000	\$29,875,000
Small System Commitments	\$0	\$10,000,000	\$10,000,000
\$0			
Total Assistance	\$322,948,358	\$135,389,200	\$458,337,558
Set-Aside Activity			
Administration	\$10,140,804	\$2,027,704	\$12,168,508
Small System Technical Assistance	\$5,248,201	\$1,013,852	\$6,262,053
State Programs Management	\$25,310,666	\$5,069,260	\$30,379,926
Local Assistance	\$33,533,472	\$7,603,890	\$41,137,362
\$0			
Total Set-Asides	\$74,233,143	\$15,714,706	\$89,947,849
\$0			
Total Uses	\$397,181,501	\$151,103,906	\$548,285,407
Carryover	\$78,064,779	(\$80,226,406)	(\$2,161,627)

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 more 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 2024 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 Bipartisan Infrastructure Law. The current PPL identifies eligible projects for DWSRF funding from all sources for State Fiscal Year (SFY) 2024.

NMED DWB is accepting public comment from May 25, 2023, through June 25, 2023, regarding:

- 1) The NMED NMFA DWSRF Program's IUP for SFY 2024
- 2) Projects on the 2024 DWSRF PPLs

A copy of the IUP and PPL may be obtained from https://www.env.nm.gov/drinking_water/infrastructure-projects-and-funding/ by or by e-mailing 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>.

No comments from the public were received during the public comment period of May 25, 2023, through June 25, 2023.

NMED DWB is accepting public comment from July 31, 2023, through August 14, 2023, regarding:

- 1) The NMED NMFA DWSRF Program's IUP for SFY 2024 updated to include the Wyoming reallocation.

One comment was received during the public comment period of July 31, 2023 through August 14, 2023. The comment and response are included on the following page.

NMED DWB is accepting public comment from August 18, 2023, through September 18, 2023, regarding:

- 1) Updates to the IUP regarding transfer of BIL Emerging Contaminants Funding to CWSRF and set-aside uses.

Public Comments and Responses

Public Comment for FY24 IUP Base BIL General Supplemental, BIL Lead Service Line Replacement, BIL Emerging Contaminants:

None

Public Comment for IUP update to include Wyoming Allocation:

I-1:

Comment I-1-1

The New Mexico Environment Department, Surface Water Quality Bureau does not test for PFAS in the water for Bernalillo County.

Testing for cancer-causing -1-forever chemicals-1- needs to be done at the local level and not left to the Federal government.

Response to I-1-1

The Emerging Contaminants Funding provided through the Bipartisan Infrastructure Law Drinking Water State Revolving Loan Fund provides opportunities for public water systems at the local level to conduct investigative monitoring events for emerging contaminants including PFAS in drinking water ahead of the establishment of federal maximum contaminant levels.

Public Comment for FY24 IUP Update to include transfer to CWSRF and BIL Emerging Contaminants Set-asides:

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.

(p) 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.

(q) 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.

(r) 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.

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

(t) 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 2023 Grant Application Draw Projections									
Appropriation \$4,938,000 (Federal)									
Appropriation \$987,600 (State)									
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	\$197,520	\$98,760	\$493,800	\$740,700	\$1,530,780	\$3,407,220	\$987,600	\$5,925,600
Oct - Dec 2023	2023 - 1st								\$0

For Reference						Max set-aside equals	Max loan fund equals	Cash Draw Ratio
Max % - total award		4%	2%	10%	15%	31%	31%	
Max \$ -total federal award		\$197,520	\$98,760	\$493,800	\$740,700	\$1,530,780	\$3,407,220	77.53%
Max \$ -total state award							\$987,600	22.47%
Combined total						\$1,530,780	\$4,394,820	100.00%

New Mexico Finance Authority -- FY 2023 BIL Supplemental Grant Application Draw Projections
 Appropriation \$17,955,000 (Federal)
 Appropriation \$1,795,500 (State)

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	\$842,200	\$421,100	\$2,105,500	\$3,158,250	\$6,527,050	\$14,527,950	\$2,105,500	\$23,160,500
Oct - Dec 2023	2022 - 1st								\$0

For Reference						Max set-aside equals	Max loan fund equals	Cash Draw Ratio
Max % - total award		4%	2%	10%	15%	31%	69%	
Max \$ -total federal award		\$842,200	\$421,100	\$2,105,500	\$3,158,250	\$6,527,050	\$14,527,950	74.68%
Max \$ -total state award							\$2,105,500	25.32%
Combined total						\$6,527,050	\$16,633,450	100.00%

NMFA -- FY 2023 BIL Lead Service Line Replacement Grant Application Draw Projections
Appropriation \$28,650,000 (Federal)
Appropriation \$0 (State)

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 2022	2022 - 4th	\$1,146,000	\$573,000	\$2,865,000	\$4,297,500	\$8,881,500	\$19,768,500	\$0	\$28,650,000
Oct - Dec 2022	2022 - 1st								\$0

For Reference						Max set-aside equals	Max loan fund equals	Cash Draw Ratio
Max % - total award		4%	2%	10%	15%	31%	69%	
Max \$ -total federal award		\$1,146,000	\$573,000	\$2,865,000	\$4,297,500	\$8,881,500	\$19,768,500	100.00%
Max \$ -total state award							\$0	0.00%
Combined total						\$8,881,500	\$19,768,500	100.00%

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

Appropriation \$7,555,000 (Federal)
 Appropriation \$0 (State)
 Total \$7,555,000

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	\$201,529	\$100,765	\$503,823	\$755,734	\$1,561,850	\$5,993,150	\$0	\$7,555,000
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		\$201,529	\$100,765	\$503,823	\$755,734	\$1,561,850	\$5,993,150	100.00%
Max \$ -total state award							\$0	0.00%
Combined total						\$1,561,850	\$5,993,150	100.00%

Appendix G: Strategy for Responsible & Expeditious Reduction & Minimization of Set-Aside Unliquidated Obligations