

Build America Buy America: NMED CPB has reviewed the requirements of the Build America Buy America Act (BABA) and has language in the Assistance Agreement and the Technical documents to address the requirements, along with certification forms.

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

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

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

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

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

Pursuant to the Loan Act, the WQCC adopted regulations describing eligibility requirements for financial assistance, application procedures, the priority ranking system and administration of the loan program and Fund. The current priority ranking system was adopted by the WQCC on September 8, 2020. NMED CPB staff, Ground Water Quality Bureau, and Surface Water Quality Bureau evaluate and rank eligible projects. (See Table 2, Project Priority List). All CWA §319 activities must implement the state’s §319 Nonpoint Source Management Plan. Public notice of the Project Priority List (PPL) process is provided through a Press Release, by email to the CWSRF distribution list, on the NMED CPB website, through outreach to NM Councils of Governments and Economic Development Districts, the New Mexico Municipal League, the New Mexico Association of Counties, to the Rural Water Association, the Rural Community Assistance Corporation and to the New Mexico Department of Finance and Administrations Local Government Division section. NMED CPB accepted public comments at The NMED PUBLIC COMMENT PORTAL regarding the SFY 2026 PPL from June 16-27, 2025. Comments were also accepted online, by mail, email, or by phone. One comment was received that was not relevant to the CWSRF or the Intended Use Plan but may been a phishing attempt. The comment was reported to NMED’s Technology Bureau.

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

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

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

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

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

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

The base interest rate for the CWSRF may be determined annually by the WQCC or the rate can be left unchanged. The base rate is the rate applied to eligible borrowers other than local authorities and state agencies. Local authorities encompass municipalities, counties, mutual domestic water consumers associations, water, and sanitation districts, and recognized Indian tribes, among others. Local authority interest rates and interest rate conditions are set by NMED in policy and reported to the WQCC at the beginning of each state fiscal year. Current policy sets the interest rate at 0.01% for all local authorities that do not qualify for 0%. Local authorities are eligible for a 0% rate when their per capita income (PCI) is less than 75% of the statewide average PCI and their wastewater system user rates are greater than 1.82% of the PCI. The interest rate for a state agency is the lowest interest rate, above 0%.

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

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

Cash flow models are prepared annually to review fund. Modeling allows NMED CPB to evaluate CWSRF's ability to make future loans. The State maintains the long-term health of the Fund by adding the repayment interest and investment interest to the revolving fund. NMED CPB does not plan on leveraging in SFY 2026.

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

Continuity of Service: The NMED CPB has added a question about hazard response and mitigation plans to the CWSRF application. In recent years, forest fires and burn scar flooding have devastated New Mexico. These issues are hard to fund because of the lack of a revenue stream. Other threat issues, such as bioterrorism defenses and cybersecurity, add to the cost of projects in a time where basic project costs are soaring. The NMED CPB will work to implement funding strategies to encourage projects that ensure continuity of service. NMED is currently funding multiple stormwater projects that have come about to address flooding due to increasingly severe monsoon seasons, Stormwater projects include the City of Santa Fe, the Middle Rio Grande Conservancy District, the City of Anthony, the Village of Ruidoso, and the City of Hatch.

IX. ADDITIONAL REQUIREMENTS

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