

**WATER TRUST BOARD
NEW MEXICO UNIT FUND EVALUATION
PILOT CYCLE POLICY**

PURPOSE

House Bill 200, enacted by the Fifty-Fifth Legislature, First Session, 2021, names the Water Trust Board (“WTB”) as the successor to the Southwest New Mexico Water Study Group and further directs the WTB to evaluate water utilization projects, including their environmental impacts, proposed within the Southwest Water Planning Region of New Mexico and recommend projects to the New Mexico Interstate Stream Commission (“NMISC”) for funding from the New Mexico Unit Fund. The NMISC has final decision-making authority over which water utilization projects are funded in the Southwest Water Planning Region which encompasses Catron, Grant, Hidalgo, and Luna counties.

GOALS

Pursuant to the NMISC’s “2024 New Mexico Unit Fund Pilot Cycle Policy” approved by the Interstate Stream Commission at its September 24, 2024, meeting, funding from the Pilot Cycle may support planning or design components of water utilization projects that accomplish one or more of the following:

- Promote conservation and efficient use of the state’s limited water supplies.
- Establish and support water delivery systems or treatment systems that are hydrologically and fiscally sustainable and meet state and federal statutory and regulatory requirements.
- Support watershed health through projects that restore riparian ecosystems, improve water quality, or mitigates damage to water resources from wildfire.

IMPLEMENTATION

The NMISC and WTB will coordinate a Pilot Cycle application and evaluation process for funding from the New Mexico Unit Fund that may fund planning or design components for water utilization projects that meet water supply demands in the Southwest Water Planning Region. The WTB will develop an application form, evaluate projects, and make recommendations to the NMISC, which may determine whether to fund the recommended project partially or fully. The process below generally outlines the respective roles of the WTB and NMISC in the application evaluation and award process.

1. WTB evaluates submitted application forms to determine whether an application is complete and meets eligibility requirements.
2. WTB prioritizes applications and reports on the results of the applications received.
3. WTB recommends applications to the NMISC for funding.
4. The NMISC may consider WTB project recommendations and any public comment.

5. The NMISC decides which projects will be partially or fully funded.
6. If the NMISC does not agree with all or some of the WTB project recommendations, specific justifications will be documented during the NMISC meeting.
7. NMISC notifies all grant applicants and WTB within 30 days of the Commission's decision regarding each applicant's allocation.

SECTION I. ELIGIBLE ENTITIES AND PROJECTS

Eligible entities for the Pilot Cycle include any political subdivision of the state, any public entity, local governments, including counties, cities, acequias, irrigation districts, and mutual domestic water consumers associations. Additionally, eligible entities include nongovernmental organizations with a fiscal agent that is a political subdivision of the state.

Eligible planning or design projects in the Pilot Cycle include the following:

- **Planning Projects:**
 - a. Applicants may apply for funds to support the development of planning documents and reports for water utilization projects. Such development may include technical feasibility investigation including long-term compliance, long-term operation, maintenance, and repair needs, and cost-benefit analysis.
 - i. Technical Plans may include Professional Engineering Reports (PER), Water Conservation Plans, Tank Inspection Reports, or other technical plans up to 30% design and with a cost-benefit analysis including environmental impacts and compliance.
 - b. Applicants may apply for funds to develop System Documents that will support planning efforts that contribute to local capacity.
 - i. System Documents may include Asset Management Plans, System Assessments, Water Conservation Plans, 40-year Water Plans, Hydrogeology Assessments, and any federal environmental compliance documents.
 - ii. Each Applicant may apply for funds to collect water data to support an Applicant's planning project, which will also be made accessible to comply with modern water data standards and best practices identified by the agencies collaborating on the New Mexico Water Data Act.
- **Design Projects:**
 - a. Applicants may apply for funds to support the development of plans and specifications for projects that have a PER or acceptable technical memoranda that must include consideration of

environmental impacts and compliance of the project along with mitigated or ameliorated effects.

- i. Design-advancing activities may include full design from 60 – 90% completed with specifications and cost estimates plus preparation of bid documents.
- ii. Each Applicant may apply for funds to collect water data to support an Applicant’s design project, which will also be made accessible to comply with modern water data standards and best practices identified by the agencies collaborating on the New Mexico Water Data Act.

SECTION II. MINIMUM APPLICATION REQUIREMENTS

Applications will be submitted to the New Mexico Finance Authority (“NMFA”) on behalf of the WTB. The following minimum information is required to consider an application complete:

1. A description of the nature of the overall water utilization project which includes planning or design, including the scope of the work or statement of work to be performed.
2. Description that the project is a water utilization project located in Catron, Grant, Hidalgo, or Luna County that meets water supply demands.
3. Identification of the total amount of available funds being requested from the Unit Fund, including funds for project management assistance, and disclosure of any available matching funding.
4. Information regarding land ownership, easements and/or water rights associated with the project, including written documentation from the New Mexico Office of the State Engineer (OSE) verifying that the project or program will use existing water rights in good standing, or an explanation of steps the applicant intends to take to secure such water rights or remedy any permit requirements, if applicable.
5. Information showing that the applicant is a political subdivision of the state authorized by statute to receive public funds or has a fiscal agent that is a political subdivision of the state.
6. A resolution enacted at a public meeting held in accordance with the provisions of the applicant’s bylaws or other organizing document, and/or in accordance with the Open Meetings Act if applicable, authorizing the applicant to submit an application.
7. Identification of potential data sources and method to gather data in alignment with the New Mexico Water Data Act.
8. A clear demonstration of how the proposed project will address potential environmental impacts.

SECTION III. NMISC FUNDING CONSIDERATIONS

To consider Pilot Cycle funding recommendations from the WTB, the NMISC requires that the applicant demonstrate that the proposed project is a water utilization project that meets water supply demands in the Southwest Region, in accordance with Section 212(i) of the Arizona Water Settlements Act (“AWSA”) and New Mexico Unit Fund Act.

In addition to the considerations above, the following elements will be considered when identifying the benefits and costs of proposed projects. Prioritization points for the articulated criterion are assigned as part of the evaluation of applications pursuant to this WTB policy.

1. Contribution to regionalization goals. *(0-20 points)*
2. Contribution to system resiliency. *(0-20 points)*
3. Contribution to water security. *(0-20 points)*
4. Contribution to the economic health of the local community. *(0-10 points)*
5. Ability to protect, enhance, or maintain cultural lifeways or resources. *(0-10 points)*
6. Level of local community engagement and participation. *(0-10 points)*
7. Project Urgency. *(0-10 points)*

To the greatest extent possible, the NMISC will seek to fund efforts that represent functional stand-alone phases that can be completed within 12-24 months from the date entering into a funding agreement. While matching funds and/or in-kind contributions are encouraged, Commission approval of recommended projects will be irrespective of the availability of matching funds and in-kind contributions.