

City of Las Cruces®

PEOPLE HELPING PEOPLE

Council Action and Executive Summary

Item # 17 Ordinance/Resolution# 11-122 Council District: 4

For Meeting of November 15, 2010
(Adoption Date)

TITLE: A RESOLUTION AUTHORIZING THE CITY OF LAS CRUCES, ON BEHALF OF THE PROJECT MANAGEMENT/FACILITIES DEPARTMENT, TO APPLY FOR THE 2011 WATER TRUST BOARD GRANT/LOAN PROGRAM COOPERATIVELY WITH THE NEW MEXICO FINANCING AUTHORITY (NMFA) FOR \$1,219,441, WITH A CASH AND IN-KIND MATCH (MINIMUM 20% OF GRANT) AND POSSIBLE LOAN (UP-TO 40% AS DETERMINED BY NMFA), AND RATIFY THE CITY MANAGER'S SIGNATURE TO MEET GRANT DEADLINES.

PURPOSE(S) OF ACTION: To authorize a funding application to the Water Trust Board for \$1,219,441 and ratify the City Manager's approval.

Drafter and Staff Contact: Auguie Henry III		Department: GAO		Phone: 541-2281	
Department	Signature	Phone	Department	Signature	Phone
Facilities		541-2651	Budget		541-2107
GAO		541-2281	Assistant City Manager		541-2271
Legal		541-2128	City Manager		541-2076

BACKGROUND / KEY ISSUES / CONTRIBUTING FACTORS: The grant application requests \$1,219,441 in funding (1) to allow Burn Lake, which is owned by the City, to be used by Elephant Butte Irrigation District ("EBID") as a regulating reservoir for the mutual benefit of the City and EBID, who is also a qualified applicant for New Mexico Water Trust Board funding; and (2) to develop City owned lands around Burn Lake as a parks and recreation water area. As to No. 1, approximately 28% of the grant funding will be used by the City to purchase pumps which will allow EBID irrigation water to be transferred from Burn Lake into the Mesilla Drain. The water will be brought to Burn Lake via various routes including through the Mesilla Drain or through the Porter Lateral. The pumps will be placed on City property and will be owned by the City. The City and EBID will enter into a Memorandum of Understanding providing that EBID will operate and maintain the pumps and will manage the Lake as regulating reservoir for the benefit of both parties. As to No. 2, EBID using Burn Lake as a regulating reservoir will provide a reliable water source thereby justifying the City in developing the City owned lands around the Lake for park and recreation purposes related to the water. Approximately 72% of the grant funding will be used for this purpose. The additional water in Burn Lake will provide for improved habitat for wildlife including waterfowl and for improved habitat for fish introduced by New Mexico Game and Fish Department for

(Continue on additional sheets as required)

fishing by the general public. Water flow into and out of Burn Lake will provide for improved water quality by allowing fresh water to be introduced to the Lake and for water to be removed from the Lake in a more natural manner. The City's cash/in kind match is \$537,447, some of which has already been expended on design of the pumps. The balance of the City's match will be used to design the park and recreation development around the Lake and to construct some of the improvements.

SUPPORT INFORMATION:

1. Resolution
2. Exhibit "A" -Grant Application Package
3. Exhibit "B" – Application for funding
4. Exhibit "C" – WTB Financial Scenarios

SOURCE OF FUNDING:

Is this action already budgeted?	Yes	<input type="checkbox"/>	See fund summary below
	No	<input checked="" type="checkbox"/>	If No, then check one below:
	<i>Budget Adjustment Attached</i>	<input type="checkbox"/>	Expense reallocated from:
		<input checked="" type="checkbox"/>	Proposed funding is from a new revenue source (i.e. grant; see details below)
	<input type="checkbox"/>	Proposed funding is from fund balance in the (# and Fund Name) Fund.	
Does this action create any revenue?	Yes	<input type="checkbox"/>	Funds will be deposited into this fund: in the amount of
	No	<input checked="" type="checkbox"/>	There is no new revenue generated by this action.

BUDGET NARRATIVE:

As this is a grant/loan from the Water Trust Board, there are a multitude of possible scenarios for this application. The "best case" scenario for the City would be a 100% grant, however WTB has stated that 100% is probably not an option at this time. Per NMFA policy, the loan will be between 10% and 40%, in increments of 10%, based on the City's bond rating and ability to repay. Other requirements of the loan/grant: 1) there must be a minimum 20% match computed on the full amount of the requested WTB funds; 2) funding may not be available for the full amount requested should our application be selected (NMFA stated they have received approximately \$113million in applications and anticipate the available funding allocation to be around \$30million); 3) NMFA may require a phased approach to the project depending on award amount making the funding computations even more allusive. NMFA will allow early pay-out without penalty and allow early payments providing periods without payment until prepayments are posted in a timely manner against the outstanding balance. This means the City could use part of the 2005 Bond proceeds that must be spent by June 2011 to prepay several years against the loan. NMFA is currently reviewing applications and will notify those agencies proceeding to the second round of consideration. Should an award be made to the City, we could expect it sometime in the late spring or early summer of 2011.

(Continue on additional sheets as required)

FUND EXPENDITURE SUMMARY:

Fund Name(s)	Account Number(s)	Expenditure Proposed	Available Budgeted Funds in Current FY	Remaining Funds	Purpose for Remaining Funds
N/A					

OPTIONS / ALTERNATIVES:

1. Vote "Yes"; this will authorize the application for funding from the Water Trust Board and proceed with a Memorandum of Understanding for the Burn Lake Project with the Elephante Butte Irrigation District.
2. Vote "No"; this will prevent the Facilities Dept./Project Management from receiving funding for pumps to recycle stormwater runoff for recreation and irrigation and terminate the Burn Lake Project.
3. Vote to "Amend"; this option is not available, as the application has been approved by administration for submission to meet grant deadline.
4. Vote to "Table" N/A

REFERENCE INFORMATION

1. Resolution No. 05-292 A Resolution Adopting a Long-Range Water Conservation Program for the City of Las Cruces and the Properties Served by the City's Water Utility.

RESOLUTION NO. 11-122 .

TITLE: A RESOLUTION AUTHORIZING THE CITY OF LAS CRUCES, ON BEHALF OF THE PROJECT MANAGEMENT/FACILITIES DEPARTMENT, TO APPLY FOR THE 2011 WATER TRUST BOARD GRANT/LOAN PROGRAM COOPERATIVELY WITH THE NEW MEXICO FINANCING AUTHORITY (NMFA) FOR \$1,219,441, WITH A CASH AND IN-KIND MATCH (MINIMUM 20% OF GRANT) AND POSSIBLE LOAN (UP-TO 40% AS DETERMINED BY NMFA), AND RATIFY THE CITY MANAGER'S SIGNATURE TO MEET GRANT DEADLINES.

The City Council is informed that:

WHEREAS, the New Mexico Water Trust Board (WTB) in cooperation with the New Mexico Financing Authority (NMFA) has made available a grant/loan product for water storage, conveyance and delivery; and

WHEREAS, the City of Las Cruces adopted a long-range Water Conservation Program in 2005, Resolution 05-0292; and

WHEREAS, the City of Las Cruces will enter into a Memorandum of Agreement with the Elephant Butte Irrigation District (EBID) providing for the maintenance and operation of regulating the Burn Lake reservoir; and

WHEREAS, the Water Trust Board application, if funded will provide funding for a project that utilizes pumps to recycle storm water runoff and stores the water for reuse in recreational areas of Burn Lake and for agricultural irrigation purposes.

NOW, THEREFORE, Be it resolved by the governing body of the City of Las Cruces:

(I)

THAT, the City of Las Cruces' Facilities/Project Management Department is authorized to submit an application with the Water Trust Board Grant/Loan program in cooperation with the New Mexico Financing Authority.

(II)

THAT, the City of Las Cruces is authorized to enter into a Memorandum of Agreement with Elephant Butte Irrigation District to proceed with the Burn Lake Project.

(III)

THAT, the City Council does hereby ratify and approve the City Manager's signature for submission of the application to meet required deadlines.

(IV)

THE City staff is hereby authorized to do all deeds necessary in the accomplishment of the herein above.

DONE AND APPROVED this 15th day of November, 2010.

APPROVED:

Mayor

ATTEST:

City Clerk

(SEAL)

VOTE:

Mayor Miyagishima:	_____
Councillor Silva:	_____
Councillor Connor:	_____
Councillor Pedroza:	_____
Councillor Small:	_____
Councillor Sorg:	_____
Councillor Thomas:	_____

Moved by: _____

Seconded by: _____

Approved as to Form:



City Attorney

Grant Application Package

Grant Acceptance Verification and Signature

Opportunity Title: Water Trust Board Funding

Offering Agency: New Mexico Finance Authority

Application Amount: \$1,219,441 (with \$537,447 cash/in-kind match)

Performance Period: Project already started. Estimated completion date 12/31/2012

Requesting Agency/Department: Facilities/Project Management

GAO – Grant Writer: Maria Nape

SUPPORT INFORMATION: The grant application requests \$1,219,441 in funding (1) to allow Burn Lake, which is owned by the City, to be used by Elephant Butte Irrigation District (“EBID”) as a regulating reservoir for the mutual benefit of the City and EBID, who is also a qualified applicant for New Mexico Water Trust Board funding; and (2) to develop City owned lands around Burn Lake as a parks and recreation water area. As to No. 1, approximately 28% of the grant funding will be used by the City to purchase pumps which will allow EBID irrigation water to be transferred from Burn Lake into the Mesilla Drain. The water will be brought to Burn Lake via various routes including through the Mesilla Drain or through the Porter Lateral. The pumps will be placed on City property and will be owned by the City. The City and EBID will enter into a Memorandum of Understanding providing that EBID will operate and maintain the pumps and will manage the Lake as regulating reservoir for the benefit of both parties. As to No. 2, EBID using Burn Lake as a regulating reservoir will provide a reliable water source thereby justifying the City in developing the City owned lands around the Lake for park and recreation purposes related to the water. Approximately 72% of the grant funding will be used for this purpose. The additional water in Burn Lake will provide for improved habitat for wildlife including waterfowl and for improved habitat for fish introduced by New Mexico Game and Fish Department for fishing by the general public. Water flow into and out of Burn Lake will provide for improved water quality by allowing fresh water to be introduced to the Lake and for water to be removed from the Lake in a more natural manner. The City’s cash/in kind match is \$537,447, some of which has already been expended on design of the pumps. The balance of the City’s match will be used to design the park and recreation development around the Lake and to construct some of the improvements.

CMP #2.2 Effective 07/06/09: The City Manager may authorize the application for any grant with these exceptions:
 The grant award is anticipated to be in excess of \$50,000 and funding has not been appropriated as part of the current budget.
 The ARRA grant award is anticipated to be in excess of \$500,000 and funding has not been appropriated as part of the current budget.
 The acceptance of the grant will require City Council to adjust the current budget to appropriate matching funds.
 The grant requirements stipulate that the City will continue to operate and fund the project/program after the grant period is complete.
 The grant requirements stipulate that the City enter into a new Memorandum of Understanding or a Joint Powers Agreement with another entity.

OPTIONS

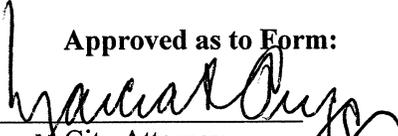
1. Package to be returned to GAO.
2. Disagree, funding agreement to be returned to funder. Unsigned package to be returned to GAO.

Approved:



City Manager

Approved as to Form:



ASSY City Attorney

CMP #2.2 Effective 07/06/09: The City Manager may authorize the application for any grant with these exceptions:
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The ARRA grant award is anticipated to be in excess of \$500,000 and funding has not been appropriated as part of the current budget.
The acceptance of the grant will require City Council to adjust the current budget to appropriate matching funds.
The grant requirements stipulate that the City will continue to operate and fund the project/program after the grant period is complete.
The grant requirements stipulate that the City enter into a new Memorandum of Understanding or a Joint Powers Agreement with another entity.



New Mexico Water Trust Board

Application for Financial Assistance

Application #112 City of Las Cruces

Application Type: WTB
Application Cycle: Water Trust Board - 2011
Application Name: City of Las Cruces
Application ID: 112
Borrower/Entity: City of Las Cruces
User: Henry, Auguie
AUHENRY@LAS-CRUCES.ORG
(575) 541-2281
700 N. Main St.
Las Cruces, NM 88001
Created On: 9/22/2010 2:24:00 PM
Status: In Progress
Status Date: 9/22/2010 2:24:00 PM

General Information

Type of entity: Municipality
Estimated project start date: 2/1/2005
Estimated project completion date: 12/31/2012
1st County where project is located: Dona Ana

Contacts

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County: Dona Ana

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County: Dona Ana

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State: NM
Zip Code: 88001
County: Dona Ana

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City: Las Cruces
State: NM
Zip Code: 88001
County: Dona Ana

Project Information

Project Type: Water Storage, Conveyance and Delivery

Amount Requested: \$1,219,441

Project Description

◆ The City of Las Cruces will install pumps at the Burn Lake interface with the Elephant Butte Irrigation District (EBID) irrigation system so that Burn Lake can be utilized as a regulating reservoir. Pumps will allow the City and EBID to regulate storm water runoff, operational spills, and irrigation water; this water

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will be pumped into and held in Burn Lake. In addition to installing pumps and their associated regulating and measuring equipment, erosion control measures will be implemented at the shoreline of Burn Lake. This project will be accomplished in complete cooperation and partnership with EBID and is part of a larger partnership project which also includes the El Paso Water Utilities Board. The project also encompasses improvements to the functioning of Burn Lake as a recreational space for the residents and visitors in Las Cruces. Per the City Council-approved Conceptual Master Plan for Burn Lake, a multi-use trail will be constructed surrounding the entire lake. The trail will be constructed so that users will have a safe measured route on which to walk, run or bicycle. Also, an ADA accessible route from the top of the banks of Burn Lake to the water level will be designed and constructed. This will allow disabled visitors to the lake to have access to the water for fishing and other recreational pursuits. Additional parking and picnicking facilities will be constructed to accommodate greater numbers of park users in a safe and upgraded manner. Improvements to Burn Lake which increase its value as wildlife habitat will also be implemented. Erosion control and slope protection measures will be implemented for all banks of Burn Lake. This will allow Burn Lake to function as a regulating reservoir and as part of the City's storm water control system. Pole planting of native willows and cottonwoods will provide bank stabilization and wildlife habitat. Another improvement will be solar powered aerators. Aerators will improve the water quality by mixing and oxygenating the water, reducing the temperature of the water and preventing the growth of bacteria. In prioritized order with associated costs, the elements of the project are: Pumps, \$495,960; Erosion Control/Slope Protection, \$655,940; Aerators, \$125,000; ADA Access to Water, \$80,000; Trail, \$123,650; Picnic Area and Landscape Planting, \$99,670; Parking Lot, \$145,668; Pole Planting, \$31,000.

Describe any scientific, hydrologic or biological studies that demonstrate the water project will accomplish its planned objectives.

◆ The following study is referenced. King, J. P. and J. Maitland, 2003. Water for River Restoration: Potential for Collaboration between Agricultural and Environmental Water Users in the Rio Grande Project Area. Prepared for the Chihuahuan Desert Program, World Wildlife Fund. June. Budget permitting, the City of Las Cruces in conjunction with New Mexico State University, may engage in a study to determine the extent of accomplishment of the planned objectives. If the Water Trust Board Grant is awarded for this project, up to \$20,000 will be designated for conducting a study to determine if the goals of the project were met. This study will be conducted in conjunction with New Mexico State University, Elephant Butte Irrigation District and El Paso Water Utilities District as well as possibly with other entities such as the National Wildlife Federation, the Audubon Society, and the New Mexico Native Plant Society.

List all of the public benefits from conducting this project (water quality, flood control, wildlife habitat, water quantity, water supply, public safety, etc.).

◆ o Water districts upstream benefit from the storage capacity created at Burn Lake. EBID can accept additional storm water runoff into the system removing water from fields and urban areas o Water makes for a higher level recreation experience and enhances the recreation opportunities available to park users. o Water quality will be improved by a more natural flow of water through the lake. o Water quality will also be enhanced by the addition of aerators to mix and oxygenate the water. Solar panels power the aerators without increasing waste levels to be absorbed by the atmosphere. o Flood control capacity of Burn Lake is improved by preventing erosion of the banks. Flood control in areas upstream of Burn Lake is also enhanced by allowing EBID to accept more flood waters into the system Wildlife habitat value will be increased cover, shelter, food sources and nesting sites will be provided by the pole plantings. Erosion control will also enhance the wildlife habitat. o Water quantity will be enhanced by the use of Burn Lake as a regulating reservoir. o Public safety will be enhanced by the addition of the ADA compliant ramp allowing safe access to the water level by persons of all mobility levels. The ADA compliant walkway and floating pier will provide secure access to the water for those wishing to fish or to just have access to the water.

Describe any urgent needs that affect the health, safety and welfare of this project (i.e., public health, federal matching funds, etc.).

◆ Burn Lake is the largest body of water in Dona Ana County. This project will allow Burn Lake to serve as a storage reservoir for storm water runoff, irrigation water storage and as an enhanced fishery. Water

quality improvements are needed at Burn Lake. Currently the lake is closed to swimmers due to water quality issues. This project does not propose to improve the quality of the water to swimmable levels but the water will be improved enough to enhance the aesthetic value of the lake and the associated park. Also, water quality improvements will enhance the value of Burn Lake as a place for fishing since the New Mexico Department of Game and Fish regularly stocks the lake for recreational fishing. Water quality improvements are also needed for protection of avian wildlife. In 2004 low oxygen levels and high temperatures of the water at Burn Lake contributed to the dramatic increase in the bacteria level in the water. Many feral domestic ducks died due to exposure to the bacteria. The improvements proposed for this project, the pumps to circulate water into and out of Burn Lake as a regulating reservoir, and the aerators, will increase the quality and quantity of water in Burn Lake. These improvements will increase the value of Burn Lake as wildlife habitat.

Outline efforts towards wildlife and environmental compatibility.

◆ The project will circulate additional fresh water through Burn Lake. The pumps will allow storm water to be stored at Burn Lake and then distributed back to the EBID system creating circulation of water where currently none exists. Pole planting proposed as part of this project will additionally enhance the value of Burn Lake as wildlife habitat by increasing the available nesting sites, providing cover and shelter for wildlife, and increasing the availability of food sources. Erosion control efforts as part of this project will utilize New Mexico and Southwest US native grasses to stabilize the slopes of Burn Lake. These native grasses will provide increased habitat value of Burn Lake to many wildlife species.

Describe how the project contributes to improved water quality and water conservation improvements.

◆ The project will capture storm water year-round, which will then be pumped back out to help meet irrigation needs of the city.

List all identified or expected positive and negative impacts resulting from the project development. If negative impacts may exist, please describe other alternatives examined or efforts to mitigate impact.

◆ All impacts of this project are positive, as described above.

Project Type Specific Questions

Provide the water system's long-term (minimum 10 years) water plan if no plan exists, indicate when and how it will be developed.

◆ Lower Rio Grande Regional Water Plan 2004. Prepared by: Lower Rio Grande Water Users Organization. Funding/Support: NM Interstate Stream Commission. The City is negotiating a Memorandum of Understanding (MOU) with Elephant Butte Irrigation District (EBID) to allow use of Burn Lake as a regulating reservoir. The Burn Lake Conceptual Master Plan details future rehabilitation of the lake. This plan describes future development including a trail, parking, picnic facilities, ADA access, erosion control /slope protection. The recreation trail will surround Burn Lake providing a safe route for park users. The trail will encourage the community to exercise. More parking and picnic facilities will allow use of the park by the entire community. ADA access to the water is important since Burn Lake must be accessible to as many persons as possible. Erosion control/slope protection contribute to use of Burn Lake as a critical piece of the stormwater protection plan for the City. Water quality will be improved by aerators which will cleanse, oxygenate and mix the water. Aerators are critical to keeping the water useable by irrigators downstream. The City Parks and Recreation Master Plan 2005 notes that Burn Lake will continue to serve the community as a destination park. The Plan recommends that Burn Lake receive new construction and that an additional 14 miles of trails and new fishing amenities be constructed before 2020.

Outline the metering and measuring of all water diversion and uses in the water system; if the system is not fully metered, describe the plans to do so or the process for allocating water in the system.

◆ Flow of water at Burn Lake will be measured using sensors integrated with EBIDs existing SCADA system. Effective automation of the regulating reservoir operation and quantification of the amount of

water directed into EBIDs system that would otherwise have been lost will result. Adjustments EBID makes to its release and diversion orders due to water from the regulating reservoir will also be reported. Water quality samples will be taken periodically by EBIDs Hydrology Department to provide a quantitative measure of water quality improvements. Water at Burn Lake serves many purposes. It is a major source of recreation for the residents of Las Cruces with fishing being an important activity occurring at the lake. Water quality is of critical importance. Aerators installed as part of this project will serve to improve the water quality, not only for fish and recreational users, but also for agricultural users of the EBID system downstream. Habitat, too, is an important function/amenity provided by Burn Lake. Birds especially occupy the habitat niches provided at Burn Lake. Nesting and resting features, food sources, cover and shelter are all to be enhanced by the work proposed in this project. Pole plantings of native willows and cottonwoods have already enhanced the habitat appeal of Burn Lake. Additional pole plantings will provide additional habitat value as well as reduce erosion and protect the slopes of the lake. Is the system in compliance with Federal Safe Drinking Water and Clean Water Act regulations and applicable Department of Environment regulations? If not, please discuss major deficiencies.

◆ Water conserved and processed in the project will not be used for drinking water. The system water is used exclusively for agricultural irrigation making the Federal Safe Drinking Water Regulations not applicable. The City of Las Cruces has adopted a Stormwater Management Plan (Revised, April 2009) and a Monitoring Assessment Plan (Adopted, January 2009).

Outline the billing system and it's functionality in terms of invoicing and collecting revenues.

◆ This project is a collaborative effort between the City of Las Cruces and the Elephant Butte Irrigation District to manage stormwater runoff, enhance habitat, and improve irrigation water availability. Electricity will be required to operate the pumps to convey water from the regulating reservoir. The City and EBID will develop an MOU to address cost sharing for the operation and maintenance of the pumps. The City of Las Cruces Parks and Recreation Section of the Facilities Department with the Department of Public Works will be responsible for maintenance and upkeep of the improvements proposed as part of this project. Also, the Utilities Department has responsibility for upkeep and maintenance of the water well located on the site. All maintenance activities will be funded as part of the regular ongoing operations budgets of the various departments.

Explain how the rate structure is designed to cover operations and maintenance, including leak detection and repair, infrastructure and equipment replacement, technical staff, and other elements required to ensure self sufficiency in line with the long term plan.

◆ The City of Las Cruces and EBID, will maintain the pumps system at Burn Lake. Maintenance includes leak detection/repair, and infrastructure/equipment replacement. The MOU will address cost sharing of maintenance and upkeep of the pumps. For additional information on the EBID rate structure, visit the website, www.ebid-nm.org/. The EBID irrigation system provides irrigation water to users within the Rincon and Mesilla Valleys. The irrigation system is managed and maintained entirely by EBID. EBID irrigation water distribution system is maintained by the District. During the 2 - 3 months of the winter maintenance season, major and/or minor structure repairs are made and new construction is installed. Currently, EBID is implementing a three year Water Conservation Project to place pipe into 20 earthen laterals. This project will improve water delivery efficiencies, conserve water, reduce operating costs, improve water flow data capture, and resolve maintenance issues in these locations." The City Facilities and Public Works Departments will be responsible for maintenance and upkeep of the recreation, stormwater management, water quality improvement features, and other improvements proposed as part of this project. All maintenance activities are part of the regular department operations budgets. These budgets are determined annually by the City Council and are subject to public input and reporting requirements.

Provide an adopted water conservation plan or any plans in progress, including hydrologic studies that show how the design of the project reduces consumptive use, carriage losses, or incidental losses.

◆ This project increases water conservation and efficiency by developing Burn Lake into a regulating reservoir for use by EBID. EBID will capture, store, and release storm runoff and operational spills. EBID can place 250 acre-feet of diverted water into Burn Lake and hold it there until downstream constituents can use it. When the water stored in Burn Lake is delivered, the required release from Caballo Reservoir is

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correspondingly reduced. The District estimates that it will be able to cycle through Burn Lake regulating capacity of 250 acre-feet 12 to 15 times during the irrigation season, conserving an estimated 3000 to 3750 acre-feet per year. Approximately 3000 acre-feet of water can be conserved through capture and control of storm flows and operational spills. Stabilization will significantly reduce sediment accumulation in Burn Lake. Burn Lake, as a regulating reservoir, will also provide recreational opportunities. The regulation of water into Burn Lake will increase the typical storage volume. The flow through the reservoir will reduce the nutrient concentration and relieve the eutrophic problems the lake has faced. This will virtually eliminate the potential for an outbreak of avian botulism. Burn Lake is stocked throughout the year by the New Mexico Department of Fish and Game; the project will increase the dissolved oxygen content and reduce turbidity, improving the lake as fish habitat.

Provide the estimated water savings from the implementation of conservation measures and the expected extension of your presently available water supply for the first 10 years of the water system's long term plan.

◆ See above.

Community Support

List all of the partners involved in this project with the outlined responsibilities for each partner; describe how the surrounding communities are involved and identify the number of water users affected by the project.

◆ This project will be accomplished in complete cooperation and partnership with Elephant Butte Irrigation District and is part of a larger partnership which also includes the El Paso Water Utilities Department. EBID has already installed the pipe leading from Burn Lake to the Mesilla Drain which will convey the water pumped from the lake to the drain via the pumps to be installed as part of this project. EBID will also build the concrete housing for the pumps. An MOU will be made between the City and EBID to allow for operation of the pumps in a manner suitable to both parties. All EBID users, approximately, 7,900 water users, are affected by this project. Other partners involved in this project include the City of Las Cruces Utilities Department, Public Works Department and the Facilities Department. These departments will make various contributions to the project from design work to information input to construction work and administration. The new and rehabilitate recreation facilities to be designed and constructed as part of this project will serve all of the residents of the City of Las Cruces, approximately 95,000, and of Doña Ana County, approximately 200,000.

Does this project require a Joint Powers Agreement (JPA), Memorandum of Understanding (MOU) or Agency Agreement?

◆ Yes.

Identify the regional collaboration, nature and history of stakeholder group involvement and provide documentation of collaboration, including how stakeholders are participating both financially and programmatically.

◆ This project involves the collaboration of the City of Las Cruces with the Elephant Butte Water Irrigation District, and the El Paso Water Utilities Department. The financial participation of each partner is detailed in the match component section of this application. The City of Las Cruces will install pumps on the Elephant Butte Irrigation District (EBID) water distribution system so that the City's Burn Lake can be utilized as a regulating reservoir. (See Appendix 1: Burn Lake Overview) Pumps will be installed on the Mesilla Drain/Burn Lake allowing the District to regulate storm water runoff, operational spills, and irrigation water; this water will be pumped into and held in Burn Lake. The City will install an additional set of pumps on the Mesilla Lateral, so that EBID water that is stored in Burn Lake can be returned to the District on demand. In addition to installing pumps and their associated regulating and measuring equipment, erosion control measures will be implemented at the shoreline of Burn Lake. This project will

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be accomplished in complete cooperation and partnership with the Elephant Butte Irrigation District and is part of a larger partnership project which also includes the El Paso Water Services Board.

Please describe the water system's governance structure and the ability for this structure to provide adequate direction and oversight. (Compliant with Opening Meetings Act; Inspection of Public Records Act; Regular Board elections held and members trained.)

◆ The governance structure includes members from project partnership, including the City of Las Cruces, Elephant Butte Irrigation District, El Paso Water Utilities and the Bureau of Reclamation in compliance with all local, state and federal laws.

Provide a summary on the public involvement plan.

◆ This project began with funding from the Western Water Initiative FY 2005 Challenge Grant. Public hearings were conducted at that time. This portion of the project represents the final phase. The project design was approved and there were no public objections.

Financial Sustainability

Is a five-year financial plan in place that aligns projected revenues and expenses, including costs for regulatory compliance, debt, capital improvements, and needed reserves? Please describe the elements of the plan. If no financial plan is in place, please describe the estimated timeline of implementing a five-year plan.

◆ The City of Las Cruces is in discussion with project partners (the Elephant Butte Irrigation District and El Paso Water Utilities) to develop a five-year plan.

Please describe the asset management plan including how it was developed, monitored and overseen.

◆ The asset management plan is managed by members of each project partner (the City of Las Cruces, Elephant Butte Irrigation District, El Paso Water Utilities and Bureau of Reclamation) for the development of Burn Lake Reservoir for community recreational use and as a water storage for irrigation and agricultural purposes through the adjoining acequia.

Does your system have a water accounting system? Is your system fully metered? Describe the methodology to quantify use & loss, quantify the input & output water loss, outline supply & demand projections.

◆ Currently there is no metering system. After pumps are installed and water flows can be controlled, usage will be regulated and monitored.

Describe the long-term stewardship of this project, including a long-term project operations and maintenance plan which addresses stability of funding and overall project sustainability.

◆ The project will be maintained by the City of Las Cruces and its project partners (Elephant Butte Irrigation District, El Paso Water Utilities and Bureau of Reclamation) and development of Burn Lake Reservoir for community recreational use and as a water storage for irrigation and agricultural purposes through the adjoining acequia.

Does the water system have a professional manager?

◆ The City of Las Cruces Utilities Dept. and the Project Manager of the Facilities Dept. are professional managers of the water system.

Describe how the estimates for project contingencies were derived. Has a Professional Engineering Report been completed?

◆ Bids were received for project components to be completed.

Project Compliance

Is the water system in compliance with Office of the State Engineer regulations?: False

Is the project part of an Interstate Stream Commission-accepted regional water plan or part of a plan under development? Please explain how this project complies with such a plan. If not, please explain.

◆ No.

Provide documentation of water rights' availability (i.e., willing seller/leaser and necessary permitting from the state engineer and show compliance with law 2003 N.M. Laws, ch. 135 (effective March 1, 2004) if water will be acquired from an Acequia.

◆ Water Rights not applicable to this project.

File Number: 2245
Application Number: 6897
Number of Acre Feet Available: 22000
Water Rights Type Available: ground

If water rights are not available, please explain why and outline a plan of action to obtain the necessary water rights.: N/A

Briefly list and describe any alternative to this project that was considered and the decisions to reject or otherwise implement alternatives

◆ No alternatives have been considered.

Describe the methodology in measuring the project expected outcome and planned objectives. Outline the benchmarks for measuring project results.

◆ The outcomes will be measured according to the amount of water conserved and made available for new use. This measurement will be accomplished by checking pumping records and measuring water salvaged by meter. No project outcomes have been developed.

Does the system supply, deliver, distribute or otherwise provide at least 500 acre feet annually for domestic, commercial, industrial or government customers for other than agricultural purposes, but does not include Indian tribes, pueblos, nations, chapters or any entity of a tribe, pueblo, nation or chapter?: False

Funding Detail

Are these costs certified by a resource specialist, engineer, or architect?: False

Outline evidence of existing debt in the form of debt documents, including loan agreements, Debt Default Summary and if any a Pending Litigation Summary: None.

Outline the match component - identify form and source: (half of the required match component may be in kind services in labor and/or equipment at fair market values; the second half of the match component may be in the form of a hard cash match): EBID is providing \$20,000 in-kind services for the project. City of Las Cruces is providing \$473,988 in cash. City of Las Cruces is providing \$43,459 in-kind services

Outline the source of the local cost share: The source of the local cost share includes City of Las Cruces capital funds, Park Impact Fees, 2005 Gross Receipts Bond funds and Burn Lake Flood Channel Funding.

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Source, Terms and Status of State and Federal Funds

None

Total Project Costs and Sources of Funds for Projects

<u>Type</u>	<u>WTB Funds</u>	<u>Local Funds</u>	<u>State Funds</u>	<u>Federal Funds</u>	<u>Total</u>
Feasibility Funds					
Planning and Design	\$100,000	\$84,247			\$184,247
Inspection of Construction		\$18,160			\$18,160
Engineering Services		\$7,681			\$7,681
Environmental Surveys	\$6,000				\$6,000
Archeological Surveys	\$5,800				\$5,800
Construction	\$1,107,641	\$427,359			\$1,535,000
Land Acquisition					
Easements & Right of Way					
Legal Costs					
Fiscal Agent Fees					
	\$1,219,441	\$537,447			\$1,756,888

Comments

Documents referenced in narrative are available upon request.:

Attachments

File Name: City_0607fs-1_final.pdf
 Document Type: AUDITS
 *DocumentSummary: City of Las Cruces FY2007 audit report
 Uploaded On: 10/14/2010 1:23:46 PM

File Name: CLC CAFR 2008 final.pdf
 Document Type: AUDITS
 *DocumentSummary: City of Las Cruces FY2008 audit report.
 Uploaded On: 10/14/2010 1:24:28 PM

File Name: 2009 audit report.docx
 Document Type: AUDITS
 *DocumentSummary: City of Las Cruces FY2009 audit report
 Uploaded On: 10/14/2010 1:25:13 PM

File Name: current year financials & budget.docx

378

Document Type: BUDGET

*DocumentSummary: City of Las Cruces financials and current year budget

Uploaded On: 10/14/2010 1:27:38 PM

File Name: Copy of Debt Listing.xls

Document Type: DEBT

*DocumentSummary: City of Las Cruces Debt Listing

Uploaded On: 10/14/2010 1:28:23 PM

File Name: Copy of Pledged Revenue.xls

Document Type: DEBT

*DocumentSummary: City of Las Cruces Pledged Revenue

Uploaded On: 10/14/2010 1:29:03 PM

File Name: Proposed Permit WTB Grant Project[1].doc

Document Type: PERMITS/LICENSES

*DocumentSummary: City of Las Cruces proposed permits and licenses.

Uploaded On: 10/14/2010 2:38:40 PM

File Name: 05-292 Long-Range Water conservation.pdf

Document Type: CONSERVATION PLAN

*DocumentSummary: Long-range water conservation plan

Uploaded On: 10/14/2010 2:39:38 PM

File Name: Project Phase Schedule.docx

Document Type: PROJECT PHASE SCHEDULE

*DocumentSummary: City of Las Cruces Project Phase Schedule

Uploaded On: 10/14/2010 3:00:57 PM

File Name: articles of incorporation.docx

Document Type: ARTICLES OF INCORPORATION

*DocumentSummary: Articles of Incorporation/Bylaws not applicable.

Uploaded On: 10/14/2010 4:04:19 PM

File Name: non WTB funding.docx

Document Type: NON-WTB PROJECT FUNDING

*DocumentSummary: Excluding the local cash and in-kind match, only WTB funds will be used to fund this project.

Uploaded On: 10/14/2010 4:07:31 PM

File Name: JPA-MOU.docx

Document Type: JPA/MOU

379

Uploaded On: 10/14/2010 4:10:58 PM

File Name: land ownership.docx
Document Type: LAND OWNERSHIP
Uploaded On: 10/14/2010 4:17:41 PM

File Name: ROW.docx
Document Type: RIGHT OF WAY
Uploaded On: 10/14/2010 4:21:09 PM

File Name: Long Term Water Plan.docx
Document Type: LONG TERM WATER PLAN
Uploaded On: 10/14/2010 4:35:21 PM

File Name: WATER RIGHTS DOCUMENTATION.docx
Document Type: WATER RIGHTS QUESTIONNAIRE
Uploaded On: 10/15/2010 11:10:47 AM

File Name: GAP authorizing application.pdf
Document Type: RESOLUTION

*DocumentSummary: The City's application is being submitted with the approval of the Administration, Terrence Moore, City Manager. This is attached to meet the filing deadline criteria of the application. A formal Council Resolution will be forthcoming after their review November 15, 2010.

Uploaded On: 10/15/2010 2:26:28 PM

File Name: current year financials & budget.docx
Document Type: FINANCIAL
Uploaded On: 10/15/2010 2:28:44 PM

New Mexico Finance Authority ♦ 207 Shelby Street ♦ Santa Fe, New Mexico 87501 ♦ (877) ASK-NMFA

WTB Financial Scenarios

Total Project Cost \$ 1,756,888
 WTB Requested Funding \$ 1,219,441

Scenario #1 - No Loan - 100% Grant

Project Cost	\$ 1,756,888	Cash Match	
Requested WTB Funding	\$ 1,219,441	2005 Gross Receipts Bond Funds	\$ 399,999
City Cash Match	\$ 473,988	20% match Flood Control Funds	\$ 73,989
City In-Kind Match	\$ 63,459		\$ 473,988
	<u>\$ 1,756,888</u>		

In-Kind Match	
Planning/Design by City Staff	\$ 45,299
Construction Inspection by City	\$ 18,160
	<u>\$ 63,459</u>

Scenario #2 - 40% Loan - 60% Grant

Project Cost	\$ 1,756,888	60% of Request	
WTB Grant Funds	\$ 731,665	40% of Request	\$ 399,999
WTB/NMFA Loan	\$ 487,776	44% Match	\$ 73,989
City Cash Match	\$ 473,988		\$ 473,988
City In-Kind Match	\$ 63,459		
	<u>\$ 1,756,888</u>		

In-Kind Match	
Planning/Design by City Staff	\$ 45,299
Construction Inspection by City	\$ 18,160
	<u>\$ 63,459</u>

Loan Structure		
20 year repayment - 0% interest	\$ 487,776	Estimate
Annual payments	\$ 24,389	Estimate
Monthly payments	\$ 2,032	Estimate
Possible funding sources	General Fund	
	Park Impact Fees	

JANA AMACHER
 SR. PROGRAM ADMINISTRATOR
 (505) 984-1454
 (505) 997-9662

**WATER TRUST BOARD
 WATER PROJECT FUND
 PROJECT MANAGEMENT POLICIES**

JAMACHER@NMFA.NET

I. PURPOSE

The statutory purpose of the Water Trust Board is to provide for water use efficiency, resource conservation and protection, and the fair distribution and allocation of New Mexico's scarce water resources for beneficial purposes of use within the state.

The statutory charge of the Water Trust Board is to prioritize projects for recommendation to the Legislature for financing from the Water Project Fund. The Water Trust Board was created with broad representation of water interests in New Mexico. Recommendations to the Legislature come from a consensus among this broad stakeholder group on how best to address New Mexico's water needs into the future and how best to allocate precious resources.

The Water Trust Board plays an important role in ensuring that the state's populace, wildlife and economies are supported by safe and adequate water resources through the development of appropriate infrastructure for flood prevention, water delivery, water conservation and watershed management as well as for providing funds critical to restoring the habitats of endangered species.

Working in concert with the Water Project Fund Rules, these Project Management Policies set forth the criteria by which the Water Trust Board will prioritize water projects for recommendation to the Legislature for financial assistance from the Water Project Fund.

II. GOALS

The goals of these Project Management Policies are to:

- Devise and implement a systematic, integrated approach to selecting projects that are fiscally sustainable and natural-resource responsible;
- Foster a coordinated, strategic, long-range approach to water management;
- Encourage participation in regional efforts to collaborate on long-term solutions with other community water systems in an appropriate geographic region;
- Promote conservation and highly efficient use of the state's limited water supplies;
- Set standards for funding based on sound business practices, conservation and efficiency;

- Support the public health and economic vitality of New Mexico through comprehensive planning and investment in infrastructure;
- Create water delivery systems that are hydrologically and fiscally sustainable and meet state and federal statutory and regulatory requirements; and
- Protect New Mexico's investment in water by requiring accountability and stability, thereby decreasing the future demand for state funding.
- Promote restoration and management of watersheds, including water quality improvements, riparian ecosystem restoration, Endangered Species Act protection and healthy forest initiatives.

In developing this comprehensive framework for project prioritization and readiness, the Water Trust Board provides guidance to agency staff and applicants regarding suitability for financial assistance from the Water Project Fund.

III. IMPLEMENTATION

These Project Management Policies will be implemented by the Water Trust Board as supported by agency staff and may, at times, be waived by the Board if the Board determines in a public meeting that a deviation from its adopted policies is necessary. Such waiver will be reflected in the minutes of the public meeting at which the waiver is approved.

SECTION 1. PROJECT PRIORITIZATION

Section 1.1 Overview

In creating the Water Trust Board, the Legislature sought assistance from a diverse group of stakeholders in evaluating a variety of water projects and recommending projects for scarce state funds. The Project Prioritization Policy provides guidance to the Water Trust Board and its applicants on how the projects will be prioritized for recommendation to the Legislature.

Section 1.2 General Considerations

The Water Trust Board seeks to strategically prioritize and package water projects that make the best use of state dollars and ensures it meets its statutory charge to "provide for water use efficiency, resource conservation and protection and fair distribution and allocation of New Mexico's scarce water resources for beneficial purposes within the state."

Section 1.3 Prioritization and Funding Factors (Financial Policy Statement)

As directed by the Water Project Finance Act, the Water Trust Board will consider the following factors in prioritizing and funding projects:

- A. Projects that have been identified by a regional water plan that has been accepted by the Interstate Stream Commission;

- B. Local Contribution and Leveraging of Funds; and
- C. Projects with urgent needs. For purposes of these policies, the Water Trust Board defines “urgent needs” as:
1. Public Health Threats including waterborne disease outbreak and inadequate water supply so long as the proposed project addresses the existing or imminent threats.
 2. Safe Drinking Water Act Compliance for projects with the following conditions:
 - (a) Acute and chronic risk contaminants and treatment technique requirements will be considered for systems that have three violations in the past year and if the proposed project addresses the existing or imminent threats; or
 - (b) Anticipated federal regulations will be considered if the system has a certified operator and the proposed project will enable the system to comply new federal regulations.
 3. Wildfire Public Safety projects including watershed projects that modify or break up fuels in such a way as to lessen catastrophic fire and its threat to public safety, and damage to property.
 4. Dam Safety projects that restore to a safe condition impending failures in dam structures.
 5. The Water Trust Board may accept lesser levels of organizational readiness and application standards for projects determined to be urgent.
- D. Recommendation to Legislature. Projects that have not been recommended by the Water Trust Board to the Legislature will not be considered for funding unless the project is determined to have an “urgent need.”

Section 1.4 Dedicated Annual Percentages to Project Types (Water Policy Statement)

The Water Trust Board promotes water conservation and equitable distribution and allocation of New Mexico’s scarce water resources by providing support for the state’s diverse communities and ecosystems through dedicated percentages that reflect geographic differences, balance between rural and urban uses of water, and different scales of projects. Suggested categories for dedicated annual percentages are as follow:

<u>Project Type</u>	<u>Suggested Range</u>
Water Conveyance	60% - 75%

Conservation	15% - 30%
Watershed Management	5% - 15%
Endangered Species Act	Up to 10%
Flood Prevention	Up to 10%

Section 1.5 Regionalization of Water Resources (Water Policy Statement)

The Water Trust Board identifies, prioritizes and funds water-related infrastructure and management projects that protect New Mexico's water resources for New Mexico uses.

- A. The Water Trust Board defines regionalization as a process through which multiple communities or existing water systems collaborate to consolidate physical infrastructure and/or management and operations, including other shared resources to achieve efficiency and economies of scale.
 1. This definition includes regionalization that occurs at different scales depending on the geographic context.
 2. The Water Trust Board recognizes that regionalization is not universally feasible for eligible water projects and therefore does not preclude consideration of funding water systems unable to regionalize.
- B. The Water Trust Board encourages regional projects to collaborate in order to self-prioritize the timing sequence of their federal and state funding requests and support state and federal authorizing legislation for multi-phase projects.

Section 1.6 Threatened and Endangered Species Sensitivity and Conservation (Water Policy Statement)

The Water Trust Board supports implementation of river riparian and watershed restoration projects that aid in the recovery of listed or potentially listed species, satisfy water demands for the species, or reduce the likelihood of additional listings. Furthermore, the Water Trust Board supports projects that will not have an adverse impact on the state's ecological resources.

Section 1.7 Watershed Projects (Water Policy Statement)

The Water Trust Board seeks to promote watershed and riparian restoration that focuses on protection of water supply, improvements to water quality, compliance with the federal Endangered Species Act of 1973, promoting ecological health and function, healthy forests, and other consequent benefits.

- A. The Water Trust Board supports and funds watershed projects with a demonstrated ability to improve water quality and watershed and ecosystem health.
- B. The Water Trust Board supports and funds watershed projects such as river riparian restoration, healthy forest initiatives, and other watershed activities for the benefit of humans, aquatic species, and wildlife throughout the state.

Section 1.8 Project Design and Implementation (Financial Policy Statement)

The Water Trust Board supports well-designed projects that will be ready for implementation upon award and will prioritize applications based upon the following:

- A. Applicants that best demonstrate Financial, Managerial and Technical Capacity as outlined in Section Three of these Project Managerial Policies.
- B. Applicants that evidence project readiness as outlined in Section Four of these Project Management Policies.

Section 1.9 Project Continuations (Financial Policy Statement)

- A. To encourage timely completion of projects and to maximize participation, the Water Trust Board requires applicants that have received prior Water Project Fund awards to certify completion of all projects prior to approval of the new award for funding, unless:
 - 1. The new application will cure a condition considered urgent; or
 - 2. The new application is part of a state-sponsored regional infrastructure project, determined as:
 - a. benefiting more than one city and more than one county; and
 - b. proven to have a federal cost share as contracted by federal authorization (congressional action); or
 - c. as otherwise determined by the Water Trust Board.
- B. As a project progresses into additional phases, the Water Trust Board may require greater levels of organizational management and contributions toward the project.

SECTION 2 LOCAL SUPPORT POLICY

Section 2.1 Overview

The Water Trust Board seeks to ensure that the funds are disbursed throughout all regions of the state and across all eligible projects types. The Board also expects that for the foreseeable future, the demand for water funding will outpace supply. The Water Trust Board must ensure that funds are awarded to those entities with demonstrated strong local support and financial commitment. The Local Support Policy provides guidance to the Water Trust Board and its applicants on the definitions of and minimum requirements for local support and contribution.

Section 2.2 General Considerations (Financial Policy Statement)

In furtherance of its legislative directive to leverage state funding, the Water Trust Board may require leveraging of funds, multi-agency collaboration and local participation for all water projects through a requisite match percentage dependent upon the appropriate scale of the project and project type.

Section 2.3 Public Participation

The Water Trust Board requires applicants to submit evidence that their proposed projects and applications for financial assistance received adequate public participation and complete disclosure, including where applicable:

- A. Demonstration of Adequate Public Notice, including:
 1. Open Meetings Resolution;
 2. Public Hearing Notice;
 3. Minutes of Public Hearing;
 4. Application Resolution; and
 5. Minutes from meeting where Resolution was approved.
- B. Proper determination of public benefit for projects located on private lands.
- C. Environmental Information Document or previously issued Environmental Assessment or Environmental Impact Statement that demonstrates public participation.
- D. Joint Powers Agreements or Memoranda of Understanding

STEWARDS OF FUNDS
TERMS 0% 20415-9100
1091 WTRB
5400

1,000,000
600 \uparrow 20%
Match done
on total
award.

Section 2.4 Financial Assistance Policy (Financial Policy Statement)

A separate Financial Structuring Policy governing the structure of Water Trust Board funding shall be established jointly between the Water Trust Board and the New Mexico Finance Authority. This policy is intended to ensure the long-term solvency of the Water Project Fund and to ensure a fair allocation of funding for all qualified entities.

- A. Geographic dispersion of funds. Applicants, applying for one or more projects in a given application cycle, may not receive more than 15% of the available funds in any year, unless an urgent need exists as determined by the Water Trust Board.
- B. In addition to the local contribution funding match requirements outlined in section 2.5 of these Project Management Policies, the Water Trust Board financial assistance shall contain a loan component between 10% to 40% in increments of 10%; based upon capacity of the net system revenue as determined by the New Mexico Finance Authority, with the remainder delivered as a grant. The terms of the loan, the criteria used to determine the size of the loan and conditions for financial hardship waivers shall be outlined in the jointly established Financial Structuring Policy.
- C. Projects implemented by state governments may be excepted from the loan component.

- D. The Water Trust Board and New Mexico Finance Authority shall provide options to the loan component for water projects implemented by tribal applicants, as delineated in Section 6.3 of these Project Management Policies, and for qualified entities that are not supported by rate-paying constituents.
- E. Small systems that establish managerial, technical and financial policies and procedures consistent with Section 3 of these Project Management Policies may be eligible for loan forgiveness as further delineated in jointly established Financial Assistance Policy.
- F. The Water Trust Board will continue to explore funding strategies that help to ensure the long-term solvency of the Water Project Fund.

Section 2.5 Funding Match Obligation (Financial Policy Statement)

Local support and contribution are vital to the success of any water project. In addition to any required loan component the Water Trust Board and the New Mexico Finance Authority may jointly determine from time to time, the Water Trust Board may require applicants to demonstrate project commitment in the form of minimum local matches based upon project type and size.

- A. The Water Trust Board may consider the type and scale of a project as outlined below in determining the appropriate local match that an entity must verify prior to funding a project:

Project Type	Scale of Project (in thousands)	Match Required
<u>Water Conveyance</u>	\$1,000 or larger	<u>20%</u>
Water Conveyance	\$500 to \$999	15%
Water Conveyance	Less than \$500	10%
Water Conservation	\$1,000 or larger	20%
Water Conservation	\$500 to \$999	15%
Water Conservation	Less than \$500	10%
Watershed Management	\$500 or larger	15%
Watershed Management	Less than \$500	10%
Endangered Species Act	\$500 or larger	15%
Endangered Species Act	Less than \$500	10%
Flood Prevention	\$500 or larger	15%
Flood Prevention	Less than \$500	10%

- B. Definition of local match:

- 1 The Water Trust Board recognizes a “hard” match of actual dollars expended on the project other than Water Trust Board funds for the specified scope of work. The “hard” match may be provided in the form of non-Water Trust Board loans, local cash contributions, private donations or federal funds.
 - 2 The Water Trust Board recognizes a soft match as labor and/or equipment donated for the scope of work on the proposed project at fair market rates as determined local within the state.
 - (a) The value of labor costs may not be greater than the schedules provided by the state department of labor for costs of services.
 - (b) The value of equipment may not be greater than fair market value as determined by the Water Trust Board.
 - (c) The Water Trust Board may allow up to half of the designated match obligation, as outlined in Section 2.4A, as a “soft” match.
- C. Additional applicant contributions may be considered by the Water Trust Board in determining project prioritization as outlined in Section 1.3 of these Project Management Policies.

SECTION 3 FINANCIAL, MANAGERIAL AND TECHNICAL CAPACITY (Financial Policy Statement)

Section 3.1 Overview

The Water Trust Board is the guardian of limited state water project funds and will ensure that the selected entities have the capacity to take on the prioritized projects. This Financial, Managerial and Technical Capacity Policy provides guidance to the Water Trust Board and its applicants on the information required to reach a determination regarding completeness and readiness of Water Trust Board applications.

Section 3.2 General Considerations

As part of its fiduciary responsibility, the Water Trust Board must ensure that the entities receiving funding are able to plan, complete and maintain the project to allow for a useful life of at least 20 years. To aid in that determination, the Water Trust Board will require entities to demonstrate financial and managerial readiness prior to undertaking the project. For watershed projects, this demonstration will be made through the project’s commitment to long-term maintenance, monitoring and repair as necessary to ensure that the project has a useful life of at least 20 years.

Section 3.3 Project Governance

The Water Trust Board must ensure that recipients of Water Project Funds have adequate governance structures in place prior to undertaking projects. The Water Trust Board will require its applicants to demonstrate that they have in place as part of a complete application:

- A. Planning sufficient to support project development and ensure reliable operation of the project over the intended life of the project;
- B. Fully functioning governing body capable of managing, directing and overseeing the proposed project and ensuring that the applicant and its projects meet all applicable state laws and regulations, including as applicable:
 - 1. Up-to-date articles, by-laws and other governance documents that have been filed with appropriate regulatory agencies;
 - 2. Adequate legal representation;
 - 3. Regular board meetings of the governing body that are held in compliance with the Open Meetings, the Inspection of Public Records Acts and other law or policy applicable to the governing body; and
 - 4. Selection of members of the governing body by election or other procedures applicable to the body and evidence of management with training sufficient to oversee the project.
- C. Managerial capacity to manage the project over the long term, as appropriate for the type of project proposed:
 - 1. Adequate business management tools for ongoing financial planning, water accounting, asset management, that have been established and are reviewed and updated regularly;
 - 2. Personnel policies and procedures are in place and appropriately certified water system operator(s) are employed;
 - 3. Audit requirements have been met according to State Auditor; and
 - 4. Policies and procedures are in place to assure successful fiscal and operational management including:
 - (a) Internal controls (dual check signatory authority; budget adoption procedures, expenditure decisions; audits); and
 - (b) Billing; new service connection charges; failure to pay policy; etc.

Section 3.4 Financial Planning for Water Systems

The Water Trust Board will use its funding to encourage water systems to establish and maintain financial planning that ensure the systems' abilities to operate reliably their water projects while maintaining the other functions and assets of their systems. Towards that goal, the Water Trust Board will require water systems to put in place a financial plan with the following elements:

- A. Revenues, including service revenues (with a maximum of 5% uncollected fees for service), lease payments, new service connection charges, etc;
- B. Operations and maintenance budget, including
 - 1. Management/personnel costs and benefits;
 - 2. Debt service on any existing loans as well as any Water Project Fund loans that may be required; and
 - 3. Administration and operations costs including billing, accounting, insurance, utilities, general supplies, treatment supplies, professional services, etc.; and
- C. Payments into reserve funds for emergencies, operating, anticipated repairs/replacement, and capital improvements, etc
- D. The Plan should be a rolling five-year plan presented in an auditable format with annual updates approved by the Board. Applicants with urgent projects may be allowed to submit plans that cover fewer years.

Section 3.5 Adequate Rate Structures for Water Systems

Water is a scarce resource that should be valued and appropriately priced. To ensure that an applicant is financially able to reliably operate the project and maintain the infrastructure for maximum lifespan, the Water Trust Board will examine the rate structures of its water system applicants to determine if the rate structures support sustainability. The Water Trust Board supports projects that are supported by rate structures that are reviewed annually and include the following elements:

- A. A tiered structure that rewards conservation;
- B. Funding for all fixed and variable operations and maintenance costs, including full compliance with all state and federal laws and regulations;
- C. Funding for cash contributions to reserve funds for operations, emergencies, contingencies, and anticipated repairs and replacement of assets including meters; and
- D. Contributions to a Capital Improvement Fund to cover the cost of anticipated system replacement and upgrades as required by the Asset Management Plan

Section 3.6 Asset Management Plan

An asset management plan allows water systems to operate, maintain, rehabilitate and replace infrastructure in the most cost effective manner to ensure a sustained level of service at the lowest life cycle cost. Additionally, an effective asset management plan provides the basis for a financial plan, operational plan and an appropriate rate structure.

To ensure that the Water Trust Board's infrastructure investments are protected and maintained for optimum longevity, water system applicants may be required to submit asset management plans that include the following established and regularly updated elements:

- A. Required metering of all diversions and users;
- B. Asset inventory, noting current condition, mapped locations, anticipated useful life and value;
- C. Defined level of service required to meet state and federal regulations and customer demands;
- D. Risk analysis of asset performance based on likelihood of failure and level of consequence;
- E. Operations and maintenance strategic plan and a Capital Improvement Plan that addresses all costs for managing the asset over time; and
- F. Funding strategy for inclusion in Financial Plan.

Section 3.7 Water Accounting System with Full Metering

The Water Trust Board encourages the implementation of a full water accounting system to ensure water system efficiency, minimize non-revenue (unaccounted) water delivery and thereby decrease treatment costs, and to extend the lifetime of the resource as well as minimize the need for acquisition of additional water rights.

Additional benefits of water accounting systems include the identification of demand management opportunities that target conservation initiatives to different water user groups and to individual users, as well as to support leak detection, repair and maintenance programs and capital improvement planning. The Water Trust Board will look for the following elements in water system applicants' water accounting systems:

- A. A perpetual system for accurately quantifying the system's input, output, authorized use and water losses;
- B. A methodology to quantify:
 1. Authorized use, e.g., what is billed and what is not billed?
 2. Unauthorized use, e.g., where it is occurring and how to eliminate it?

3. Water losses: percentage due to leakage and overflows or metering inaccuracies, etc.
 4. Usage by different user categories, e.g., residential, commercial/industrial, etc.
- C. Supply and Demand projections; and
- D. A conservation plan with specific goals for user categories.

SECTION 4 PROJECT READINESS

Section 4.1 Overview

The Water Trust Board recognizes that the cost of infrastructure has risen dramatically in the past several years and that the piecemeal approach to funding is lessening the state's buying power. This Project Readiness Policy provides guidance to the Water Trust Board and its applicants on the information required to reach a determination regarding completeness of application and project readiness.

Section 4.2 General Considerations

It is the goal of Water Trust Board to quickly implement project funding while ensuring that selected projects get completed and are able to be fully utilized by the benefiting communities.

Section 4.3 Application Standards

- A. The Water Trust Board requires the following elements as part of the application evidencing project readiness, including:
 1. Determination of Qualified Entity & Qualified Project
 - (a) Evidence of good standing; and
 - (b) Verification of Complete Project Description
 2. Description and analysis of Project Benefit
 - (a) Extent of people, service area, watershed or ecosystem benefited;
 - (b) Overall degree of benefit;
 - (c) Attention to human health and safety concerns;
 - (d) Attention to wildlife, environmental and ecological compatibility and completion of analysis when required by law; and

- (e) Technical demonstration to support stated water quality and water conservation improvements
3. Reliable Project Costs,
- (a) Estimated final construction, engineering and other costs, provided by an engineer or other qualified expert, as applicable.
 - (b) Estimated final equipment costs, including demonstration that a minimum of three cost estimates were obtained; and
 - (c) Breakdown of all other expenses for the project, including, as appropriate:
 - i. land costs;
 - ii. easements and rights of way;
 - iii. environmental and archeological surveys;
 - iv. special engineering services;
 - v. legal fees; and
 - vi. fiscal agent fees;
4. Right of Way Acquisition Documentation, including
- (a) Public Domain Documentation;
 - (b) Verification of Land Ownership; and
 - (c) Map of Service Area, Area Map and/or Site Map denoting easements
5. Applicable Permits & Licenses, including but not limited to water rights sufficient to support the project or current phase of the project.
6. Financial health
- (a) Three most recent years of audits or other financial statements;
 - (b) Current Financials (unaudited), including current aging report; and
 - (c) Current Fiscal Year Budget
7. Evidence of existing debt

- (a) Debt Documents, including Loan agreements;
 - (b) Debt Default Summary; and
 - (c) Pending Litigation Summary
8. Verification of Other Funding Sources
- (a) Local or federal matching funds including any private donations; and
 - (b) Award of other Grant or Special Legislative Appropriation
- B. Exceptions to the application requirements may be allowed for projects that are determined to be urgent and related to health and safety concerns or newly created entities.
- C. An application not meeting these thresholds may be directed to other sources of technical assistance, funded for a smaller planning project that helps the entity develop its planning for future applications, or directed to another funding source. Staff will report back to the Water Trust Board on the status of all applications not meeting the application criteria.

SECTION 5 COMPLIANCE

Section 5.1 Overview

The Water Trust Board recognizes that water is key to protecting public health and economic vitality in New Mexico and supports projects that demonstrate compliance with environmental and water quality protection.

Section 5.2 General Considerations

The Water Trust Board seeks to support water projects that are hydrologically sustainable and meet state and federal statutory and regulatory requirements. The Water Trust Board requires entities to substantiate their compliance with all federal and state laws and regulations, including verification of adequate water rights.

Section 5.3 Water Rights Policy (Water Policy Statement)

The Water Trust Board supports the State Engineer's "readiness to proceed" criteria that require the proposed project's water rights are in good standing and if necessary, the water rights transfer process will provide for timely and efficient transfer of water between uses without lessening protections for the customs, culture, environment, and economic health and stability of the state's communities. The Water Trust Board will require verification of water rights at the time of application.

Section 5.4 Regulatory Compliance

Public health is paramount in determining suitability for water system project funding.

- A. The Water Trust Board accepts applications from water system projects that are in full compliance with the Safe Drinking Water Act and all New Mexico Environment Department regulatory requirements.
- B. The Water Trust Board may accept an application from an entity seeking to cure a regulatory deficiency with the proposed water system project. The Water Trust Board requires verification from New Mexico Environment Department that the proposed project will cure the deficiency.

SECTION 6 ELIGIBILITY

Section 6.1 Overview

The Water Trust Board recognizes that it cannot be the sole source of funding for water projects in New Mexico and that it must direct funds to projects as incentive to adopt certain management practices, to regionalize or to reach other state goals. The Eligibility Policy provides guidance to the Water Trust Board and its applicants on the eligibility of certain projects and expenses.

Section 6.2 General Considerations

The Water Project Finance Act has authorized the Water Trust Fund to provide funding to five broad categories of water projects and also outlines eligible expenses from the Water Project Fund. These policies supplement the Water Project Finance Act and the rules and regulations governing the Water Project Fund.

Section 6.3 Tribal Considerations (Water Policy and Financial Policy Statement)

The Water Trust Board respects New Mexico's Indian Nations, Tribes and Pueblos and their traditional, cultural, and religious values and uses of water.

- A. The Water Trust Board may include for funding consideration and prioritization, water related infrastructure and management projects submitted by New Mexico's Indian Nations, Tribes and Pueblos.
- B. In concert with the Governor Richardson's Executive Order EO-05-004 (Adoption of Pilot Tribal Consultation Plans), the Water Trust Board will collaborate with the Governments of Indian Nations, Tribes and Pueblos in funding water projects.
- C. Applications from Indian Nations, Tribes and Pueblos will be prioritized utilizing the same criteria as all other Water Trust Board applications and may allow for a "soft" and/or "hard" match for any required loan component, as determined jointly by the New Mexico Finance Authority and the Water Trust Board.

Section 6.4 Watershed Qualifications (Water Policy Statement)

In consideration of the Board duties as specified by the Act to restore and manage watersheds, the following policy will be followed by the Water Trust Board:

- A. Watershed projects should consult the State Water Policy and Plan; the New Mexico Non-Native Phreatophyte and Watershed Management Plan (NNPP); New Mexico Forest and Watershed Health Plan; the Comprehensive Wildlife Conservation Strategy for New Mexico; and other watershed or forest planning documents, as appropriate. Projects shall follow or comply with requirements of those plans, as applicable (i.e., Non-Native Phreatophyte Projects would be required to comply with the Templates and Protocols found in the NNPP.)
- B. In addition to other considerations discussed in this document, watershed projects should include stakeholder and community support and a commitment from partners to assist in implementation.
- C. In situations where an applicant was funded previously by the Water Trust Board for a similar project, technical documentation that the previously implemented project met or is meeting its intended goals and objectives should be provided.

Section 6.5 Eligibility of Wastewater Projects (Water Policy Statement)

In consideration of the purpose of the Act to provide for water use efficiency and resource conservation and the inclusion by the Legislature of water conservation as a qualifying project, the following policy will be followed by the Water Trust Board:

- A. Applications for funding that include wastewater facilities must clearly demonstrate that water conservation is an integral part of the project to be funded with Water Project Fund money. For the purpose of this policy, water conservation is defined as a post-project net decrease in water usage.
 - 1. The applicant must detail the water conservation goals and how the project will contribute to those goals as well as how much water will be saved for the money invested.
 - 2. The project must target existing facilities rather than speculate about potential future water savings and potential conservation projects. An example of the latter would be the construction of a new golf course to provide an outlet for reclaimed water where none presently exists with a net increase in water usage.
 - 3. Having demonstrated the conservation purpose, all elements within the wastewater treatment plant that contribute to treatment and reuse are eligible for funding.
- B. All treatment, conveyance, and storage elements of direct and indirect reuse projects are eligible for Water Project Funds.
- C. Wastewater collection and conveyance systems are not eligible for Water Project Funds.

- D. Treated wastewater conveyance systems that contribute to water conservation are eligible for Water Projects Funds.

Section 6.6 Design Life Definition for Non-structural Projects (Water Policy Statement)

Watershed health is a public health and safety issue and watershed restoration encompasses a suite of activities from forest thinning to riparian restoration projects to consideration of soil and substrate conditions.

- A. The Water Trust Board supports design life definitions for funding of non-structural projects such as watershed restoration and management that will address long-term maintenance and overarching watershed restoration goals.
- B. Projects will be reviewed for long-term monitoring and maintenance that provide mechanisms to evaluate benefits accrued over the life of the project and that address how long-term maintenance will be accomplished.

Section 6.7 Quantifying Support Data for Project Reports (Water Policy Statement)

Funding Agreements require Water Project Fund recipients to submit quarterly project reports to the Water Trust Board for review by staff and the Board to determine if the project is proceeding as expected. The reports should include:

- A. A description of the status of the Project, including a financial comparison of actual and anticipated costs;
- B. A description of completion of Project tasks; and
- C. A timeline of Project milestones relating to the design life and operations and management.

Section 6.8 Legal and Fiscal Agent Fees (Financial Policy Statement)

- A. Legal Fees. The Water Trust Board recognizes that adequate legal representation is an important component of managerial capacity and sets the following guidelines for funding from the Water Project Fund Financial Assistance under the following guidance:
 1. The Water Trust Board defines legal fees as those services rendered by legal counsel on behalf of the entity for the transaction of the project and not for adjudication services; and
 2. No more than 10% of the Water Project Fund financial assistance may be used for legal services.
- B. Fiscal Agent Fees. The Water Trust Board defines a fiscal agent as an eligible entity that administers the fiscal aspects of a project on behalf of one or more eligible

entities. The fees incurred in the administration of funds, including the collection and reporting of project information as required by the Water Project Fund financial assistance agreements are considered appropriate fiscal agent fees and is considered an eligible cost under the following conditions:

1. That fiscal agent fees comprise no more than 5% of a project's costs; and
 2. That appropriate documentation of hours spent reporting be submitted with funding requisitions.
- C. The total amount of the combined fiscal agent and legal fees may not exceed 10% of the total Water Project Fund financial assistance.

Section 6.9 Acequia Project Fund (Water Policy Statement)

"The State recognizes the value of the acequias' historical, cultural, ecological and economic contributions to the State and, therefore, promotes the continued viability of acequias." (State Water Plan, p. 9)

Pursuant to the Water Project Finance Act, Section 72-4A-3.C NMSA 1978 and the Acequia Project Fund 72-4A-9.1, the Water Trust Board implemented the statutory guidance within the Act through separately adopted policies and rules to establish the Acequia Project Fund.

Auguie Henry III

~~TO~~
COOPERATIVELY

From: Robert Garza
Sent: Friday, November 05, 2010 7:17 AM
To: Pat Degman
Cc: Auguie Henry III
Subject: Re: Burn Lake - WTB Grant Application

Let's proceed to council and identify the need for the loan component with worst case scenario of a 40% loan. We should also try to ID the source of funds to provide the match. We could probably justify up to 20% of the match from flood control due to water quality responsibilities from run-off. The balance, if any, would have to come from another source, probably GF.

From: Pat Degman
To: Robert Garza
Cc: Auguie Henry III
Sent: Thu Nov 04 17:11:43 2010
Subject: RE: Burn Lake - WTB Grant Application

1,219,441

\$ 487,776 LOAN

731,665 GRANT

20% FLOOD
73,662 → 365,832 MATCH

63,459 IN-KIND
302,373 CASH

Robert,

Tracy Davis at NMFA said that she was reviewing the City's application and preparing to present it to the NMFA Board for approval. If we choose to withdraw this application, we should consider withdrawing it before the NMFA Board takes action on the application.

Pat Degman, CGFM
 Interim Finance Director
 City of Las Cruces, NM
 (575) 541-2080

SPEND BY 6/11 — 399,999 BOND FUNDS
 SPEND BY 6/11 — 14,463 IMPACT FEES
 59,526 CHANNEL FUNDS

473,988

302,373

171,615 AVAIL FOR LOAN REPAYMENT

From: Auguie Henry III
Sent: Thursday, November 04, 2010 12:18 PM
To: Robert Garza
Cc: Pat Degman
Subject: Burn Lake - WTB Grant Application

488,000
 20yr LOAN }
 0% INT }

24,400 = 7yrs pmts - 1st yr.
 \$ 2000/MONTH

.25% ADMIN FEE = 610/yr

Robert,

At the direction of your office and a group of local legislators, we have applied for a grant from the Water Trust Board for improvements and completion of the Burn Lake project. That application totaled \$1,219,441. On November 3rd Pat Degman received a call referencing our loan application for the Burn Lake project. It seems that the WTB has a policy that states,

"In addition to the local contribution funding match requirements outlined in section 2.5 of these Project Management Polices, the Water Trust Board financial assistance shall contain a loan component between 10% to 40% in increments of 10%; based upon capacity of the net system revenue as determined by the New Mexico Finance Authority, with the remainder delivered as a grant."

The GAO was unaware of this policy at the time we submitted, October 15, 2010, what we believed was a grant application as there was no reference to a loan in the application package. Does the City want to continue with the application based on a portion of the request being converted to a loan? At this time, the City has no liability as we have only submitted an application.

We are presenting this CAES to Council on November 15th for approval of the submittal. It would appear we have the following options at this time:

1. Modify the CAES to indicate the inclusion of a loan from NMFA in the final package if awarded (however we won't know the amount until determined by NMFA); or
2. Withdraw the application from WTB and withdraw the CAES from the November 15th Council agenda.

Auguie Henry III, MPA

Grants Administrator

Grants Administration Office (GAO)

Phone: (575) 541-2281

Fax: (575) 541-2105

E-mail: auhenry@las-cruces.org

