

ACCELERATING SMALL COMMUNITY DRINKING WATER SYSTEM REGIONALIZATION

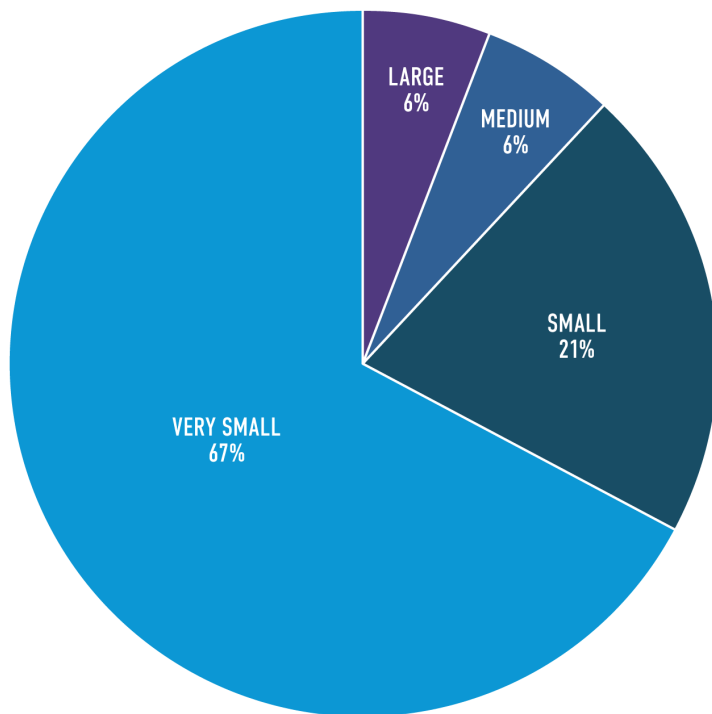
INTEGRATED WATER FINANCING PLAN

THE NEED...

Aging drinking water infrastructure in small communities threatens public health, constrains economic development, and wastes water. 88% of public water systems in NM are small or very small.

Drinking water system regionalization presents opportunities for infrastructure improvement in New Mexico's rural communities but requires high levels of initial investment and coordination.

Infrastructure improvements are difficult to finance in small rural communities with traditional water financing due to the high cost per household.



NM COMMUNITY PUBLIC WATER SYSTEMS

BENEFITS OF DRINKING WATER SYSTEM REGIONALIZATION:

- Water supply resiliency to drought and climate change
- Opportunity to integrate natural infrastructure
- Cost efficiencies for operations and asset management
- Public health through improved drinking water quality
- Capacity building through regional collaboration

OPPORTUNITIES TO LEVERAGE TRADITIONAL WATER INFRASTRUCTURE FINANCING:

Funding Program	Applicability	Potential Funding
Drinking Water State Revolving Loan Fund (NMED/EPA)	Drinking Water Infrastructure	Multiple millions per project
New Mexico Match Fund	Projects requiring match to federal funds	Up to \$10 million per project
595 Program (USACE)	Water supply projects	\$5 million per project
WaterSMART Drought Response Program (USBR)	Water supply for disadvantaged communities	\$10 million per project
Hazard Mitigation Grant Program (FEMA)	Water supply related to drought mitigation	Wide range; could be multiple millions
Building Resilient Infrastructure and Communities (FEMA)	Water supply related to drought mitigation	Wide range; could be multiple millions
Sentinel Landscapes (DOD, DOI, USDA)	Communities within boundary of Eastern Sentinel Landscape	TBD

FUNDING NEEDS

\$3 BILLION+

\$400,000,000

Known drinking water infrastructure regionalization projects identified by partners, regional plans, or funding agencies.

IMMEDIATE FUNDING NEXT STEPS

- 1** Promote federal grant or award opportunities to leverage existing loan funds including 595 program (USACE), Hazard Mitigation Grant Program (FEMA), Building Resilient Infrastructure and Communities (FEMA), and WaterSMART Drought Resiliency Projects (USBR) as part of community financing packages.
Lead: Technical Assistance Partners. Target date: Ongoing
- 2** Pursue funding through the Sentinel Landscapes program for communities located within the boundary of the Eastern New Mexico Sentinel Landscape.
Lead: Technical Assistance Partners. Target date: Spring 2025.
- 3** Examine the New Mexico Match Fund annually and increase appropriations as necessary to ensure the ability to maximize federal funding opportunities.
Lead entity: NMDFA. Target date: Annual state budget deadlines.

PLANNING AND POLICY ACTIONS

- Implement technical assistance support through state-wide procurement of support services.
Lead entity: NMFA. Target date: November 2024
- Implement a Water Financing Coordinating Function or Council with support from the new NM DFA Infrastructure Planning Division.
Lead entity: Technical assistance partners and NMDFA. Target date: Spring 2025
- Implement policy recommendation to incentivize communities to regionalize.
Target date: 2025 Legislative Session
- Implement policy recommendations to optimize loan and grant funds through blended financing plans to fully fund projects that will help ensure funds are put to work more quickly.
Target date: 2025 Legislative Session



KEY PARTNERS



SOUTHWEST
ENVIRONMENTAL
FINANCE CENTER

STATE

- New Mexico Department of Finance and Administration.
- New Mexico Finance Authority
- New Mexico Environment Department
- New Mexico Interstate Stream Commission and Office of the State Engineer

FEDERAL

- Environmental Protection Agency
- US Bureau of Reclamation
- US Army Corps of Engineers
- Federal Emergency Management Agency

FUTURE STEPS

- 1. Build water workforce including drinking water operators, state agency staff, and technical assistance providers.**
- 2. Evaluate federal policy changes that would accelerate investment in drinking water infrastructure including:**
 - a) increased waivers for federal match requirements;**
 - b) development of dedicated, durable, long-term funding sources;** and
 - c) increased flexibility in federal funding programs to build long-term local capacity.**