

WATER RESOURCES**New Mexico/Integrated Water Financing Plan****November 22, 2024
Special Report # 2636**

On November 14, the State of New Mexico, the WSWC, and the Western States Federal Agency Support Team (WestFAST) hosted an information exchange workshop in Santa Fe to discuss state, federal, philanthropic, and private sources of funding available to meet New Mexico's water needs now and into the future. Michelle Bushman, WSWC Staff, welcomed participants and provided an overview of the Integrated Water Financing Plan effort. She noted that the project is a story of relationships, and that it started when two former WSWC members, Rebecca Roose (NM) and Erica Gaddis (UT), met over coffee and talked about how to do something practical to assist New Mexico more effectively access federal and state funds.

Bushman said: "Congress had recently passed the Infrastructure Investment and Jobs Act, or Bipartisan Infrastructure Law, as well as the Inflation Reduction Act, and had made available unprecedented amounts of money to States to help solve some of our financially challenging water infrastructure concerns. But so many of our agencies in New Mexico and across the West lacked the capacity to quickly take full advantage of the opportunities presented in the short window of time they were being offered. Water projects are complicated and don't easily turn on a dime. Rebecca and Erica wanted to find a way not only to help New Mexico access those funds, but also to build relationships among state and federal agencies and tribal and local entities to be able to respond in a more thoughtful and agile way as future opportunities arise."

The workshop was the culmination of a year-long effort that built on water needs identified by Governor Michelle Lujan Grisham's (D-NM) Water Policy and Infrastructure Task Force and subsequent 50-Year Water Action Plan. The project sought to secure more one-time federal funding for water projects and initiatives, connect federal funds to existing and new tribal and state water programs, and develop innovative financing approaches leveraging state, federal, and local resources. The project partners identified three demonstration projects that represented one of the primary themes from the Water Task Force December 2022 Report and also reflect priorities identified in the Governor's 50-Year Water Action Plan: (1) accelerating small community drinking water system regionalization, defined as 'consolidation of water infrastructure or administrative functions across jurisdictions/existing drinking water facilities to improve quality and cost efficiencies'; (2) aquifer mapping and monitoring, focused on securing one-time funds for drilling new monitoring wells necessary to characterize and monitor critical aquifers in New Mexico; and (3) supporting advancement of the Upper Rio Grande Basin Riparian Conservation, Restoration, and Watershed Health Initiative, also called Ribbons of Life, with a goal to protect and restore "crucial habitat connectivity, with a focus on riparian networks and watersheds, for the well-being of people, plants and wildlife" through a robust and effective coalition of partners.

After selecting the three demonstration projects, state, federal, tribal, local, philanthropic, and other collaborative partners met virtually in a series of small group workshops over six months to discuss the needs and funding opportunities, to generate ideas, and to bundle potential solutions together in a way that made the most sense.

During the workshop, Rebecca Roose, Office of Governor Michelle Lujan Grisham, said: "One of my main guiding principles in work, and certainly in my role as Infrastructure Advisor for the State of New Mexico, is to have a change mindset, that we need to be thinking about how to do things differently, better, smarter. Not that we haven't been doing amazing things in New Mexico for a really long time, but the challenges that we face need to continue to challenge us to do things differently. And this project is about changing the way we think about how we work together, changing how we think about federal funding and leveraging those resources into the state." She pointed to the work Nevada and WestFAST did on drought resilience, identifying language in their state hazard mitigation plan that could be modified to improve eligibility for funding under the Federal Emergency Management Agency (FEMA) programs.

Roose said she and Gaddis thought maybe they could do a "Cadillac" version of how to integrate federal funding in New Mexico. She acknowledged the generous support from the Thornburg Foundation, the Water Foundation, and the Walton Family Foundation. "This would not have been possible without that funding, and it meant that this project could get started without a state agency having to be the champion...on top of everything else our state agencies were trying to do. I don't know how the state agency folks in the room are going to feel about this in terms of success, but what we set out to do was try to make it a net gain, not a net drain on our state agencies, knowing that in order to participate [in this project], it was one more thing...and I'm particularly sensitive to our state agency resources, having worked in the state government for the past five years."

She also thanked the sixteen federal agencies of WestFAST. She said that the past year of working on broadband, transportation, energy, and other areas of infrastructure, “I don’t think there’s any other sector of infrastructure that comes close to water in terms of the number of players, the number of federal and state agencies working in this space, the number of collaborators in the nonprofit sector...across the region and the country.... The range and diversity of people and partnerships and collaboration in the water world is unmatched, by orders of magnitude, across any of these other infrastructure sectors that I work on. The inception and execution and culmination of this project for water is so unique to what we need, and the challenges we face, and the opportunity to do things – to think about funding our projects and priorities – differently.”

She acknowledged the work previously done in New Mexico to develop a set of water priorities “that are true and specific to us as a state,” to meet their unique needs and to enable them to secure their water future. This work made it easier for the project partners from outside of the State to have a “cheat sheet,” to more quickly understand “what we’re grappling with in New Mexico and to make sure that an integrated water financing plan focused on federal agencies, programs, and funding is always and consistently guided by our priorities here in New Mexico.”

Tanya Trujillo, New Mexico Deputy State Engineer, said: “I think the theme that runs through my mind whenever I hear about this project is that we are collaborative leaders, and we’re doing some new things and experimenting through this process.” She noted her previous positions in private practice, state government, federal agencies, and work in the nonprofit and non-governmental organization (NGO) sector. “It’s so great to have all those types of entities come together here for this process.... I have been working with the Western States Water Council for probably over 20 years, and I know all the other states are keenly paying attention to what we’re doing through this process. It really amplifies our ability to share experiences across state boundaries. Even if we have different political parties in charge or different priorities...we’re all trying to learn from each other through this type of experience. It also amplifies the close connection that we have with our federal partners, and the many different layers of interconnection that we see on a daily basis.”

Eric Gaddis, Senior Water Resources Director, SWCA Environmental Consultants, acknowledged the extensive state, federal, and other sources of funding delivered to various types of water projects. “One of the challenges with the congressional funding that we’ve seen over the last couple of years is that it’s a lot of money, and it’s created a lot of new programs, and it is sometimes difficult for local entities and even state agencies to understand and figure out and navigate where they’re going to find the most value in a particular program.... Essentially, what we’ve done in this project is tried to identify needs, opportunities and barriers to accessing dollars, especially for the water resource needs that the State of New Mexico has identified as priorities, and pair existing traditional financing that we’re all aware of with maybe some new financing, and some new ideas to accelerate progress on some of those priorities. In many cases, we have found that you may need a different policy or you may need a new planning effort in order to activate some of those dollars. So together, between traditional and new financing, and identifying enabling policy and planning solutions, that’s where we find success.”

Gaddis talked about the evolution of the project. “This required several pivots, but we went through an effort to inventory New Mexico’s water needs, which are identified in [New Mexico’s Water Policy and Infrastructure Task Force report and 50-Year Water Action Plan.] We talked to at least 50 people in one-on-one conversations...and had a survey asking some of you what your priorities are. Dozens of activities were inventoried, and then we worked with Tanya and the New Mexico executive team to select criteria or considerations for how we would pick what we would work on together.”

Gaddis highlighted a few of the funding, policy, and planning strategies identified over the course of the virtual workshops. For example, while a significant amount of loan funding is available for drinking water, the loans are unaffordable for projects that need to be regionalized in small communities. Accessing more grants to leverage existing loan funds was one strategy, and engaging more robustly with private financing mechanisms or the New Mexico Match Fund were other alternatives.

Programs discussed at the workshop included: (1) Bureau of Reclamation’s WaterSMART program; (2) FEMA’s Building Resilient Infrastructure and Communities (BRIC) and Hazard Mitigation Grant Program (HMGP); (3) Army Corps of Engineers’ Civil Works programs; (4) Department of Energy’s Energy-Water Resilience program; (5) New Mexico Finance Authority’s Technical Assistance Procurement; (6) New Mexico Department of Finance and Administration’s New Mexico Match Fund and Land of Enchantment Legacy Fund; (7) New Mexico Environment Department’s (NMED) funding programs; (8) New Mexico Forestry Division’s funding programs; (9) Thornburg Foundation’s philanthropic funding; and (10) Sustainability Partners’ private financing. After a brief presentation on each of the programs, workshop participants had time to informally visit with the program representatives and ask more questions.

The afternoon started with three breakout sessions corresponding to the three demonstration projects, allowing the participants from the virtual workshops to meet in person and contribute additional insights and ideas, prioritize and discuss next steps, and consider any further obstacles or policy considerations.

The meeting concluded with a discussion about what a New Mexico Agency Support Team (modeled after the WSWC-WestFAST relationship) might look like. Ideas included: (1) having the participants sign on to a charter or memorandum of understanding, mirroring the structure of the Corps Silver Jackets program, and enabling resilience and continuity through political changes; (2) identifying mutual federal and state priorities; (3) using meetings to coordinate on funding, training, communication with nonprofits and others, and meeting at least twice a year with clear action items; (4) identifying who will take on the role of convener, which should be a state or New Mexico-centered entity with support from the Governor and legislature; (5) improving local-federal coordination on water; (6) standardizing application processes; (7) providing outreach and education on state and federal agency responsibilities and programs for local communities; and (8) ensuring representation from all state and federal agencies at the appropriate levels to bring critical knowledge to share with the group.

For further information on the workshop, the draft report, and the project, please see: <https://westernstateswater.org/topical-resources/state-federal-funding-mechanisms/nm-integrated-water-financing-plan/workshop/>.