

**New Mexico Environment Department
Water and Wastewater Infrastructure Development Division
Construction Programs Bureau
American Reinvestment and Recovery Act (ARRA) –
“Stimulus Money”
CWSRF ARRA Project Funding Background**



MARCH 2009

New Mexico Environment Department
Construction Programs Bureau
505.827.2806
www.nmenv.state.nm.us/cpb/cpbtop.html

**New Mexico Environment Department
Water and Wastewater Infrastructure Development Division
Construction Programs Bureau
American Reinvestment and Recovery Act (ARRA) – “Stimulus Money”
CWSRF ARRA Project Funding Background**

The New Mexico Environment Department’s Construction Programs Bureau (CPB) operates the state’s Clean Water State Revolving Fund (CWSRF). Historically, the CWSRF has provided low-interest rate loans for the construction of wastewater facilities in New Mexico. This year, Congress passed the American Reinvestment and Recovery Act (ARRA) which will fund approximately 19.2 million dollars in New Mexico CWSRF projects. In addition to CPB’s traditional CWSRF loan program, CPB will administer ARRA funding through the CWSRF.

The ARRA funds are meant to stimulate New Mexico’s economy by funding projects on the CWSRF Priority List that are ready to start construction. ARRA requires that preference be given to projects that can be started and completed expeditiously. CPB will offer ARRA funding in the form of CWSRF loan and grant combinations for wastewater infrastructure. CPB will follow the guidelines outlined in this document to distribute the ARRA stimulus funds.

To be eligible for ARRA funding, projects first must be on the CWSRF Priority List. The CWSRF Priority List was updated to include all applications received by the March 2, 2009 deadline for submission of new projects. Each project was ranked using the established system, approved by the New Mexico Water Quality Control Commission. The result of this ranking is the 2009-2013 CWSRF Integrated Projects Priority List (Priority List). Projects on the Priority List are eligible for ARRA funding based on ARRA requirements and objectives and existing State law.

ARRA requirements include: 1) “Shovel Ready” projects, defined as those project that can be under contract and in construction within twelve months of the date ARRA was signed, February 17, 2009, 2) Allocating not less than 20% of the ARRA Stimulus Funds for Green projects, and 3) Allocating not less than 50% of the ARRA Stimulus Funds for loan subsidies, with an emphasis on communities that could not otherwise afford their projects through established channels. The majority of the stimulus funds will be distributed in the form of grants to meet ARRA’s subsidization requirement. State regulations authorize grants only in combination with loans. Further, state regulations limit eligibility for loan and grant combinations to rural communities experiencing hardship.

Congress passed ARRA to address the economic hardship being experienced throughout the country. New Mexico is particularly hard hit with a decline in gross receipt taxes, the primary funding source for communities. For purposes of ARRA funds, CPB considers the entire state to be experiencing hardship conditions. CPB considers municipalities with less than 20,000 people or counties with less than 200,000 people to be rural communities.

To satisfy ARRA requirements and objectives and State law, the following factors will be used to select projects for ARRA funding through the New Mexico CWSRF program:

1. The project must be ranked and listed on New Mexico's current 2009-2013 CWSRF Integrated Projects Priority List.
2. The project must be under contract and in construction by February 2010.
3. The project must be in a rural community.
4. To maximize the number of projects completed with ARRA funding and to address the hardship conditions statewide, small projects requiring loan/grant combinations of \$1 million or less will be given first consideration.
5. Consideration also will be given to distressed communities with high unemployment rates as identified by the Economic Development Department.
6. Green projects will be identified and at least 20 percent of ARRA funds will be reserved for these projects.
7. The remaining ARRA funding will be distributed to projects on the Priority List in order of rank.
8. The loan/grant combination given to each community will be based on the community's ability to take on debt by factoring in its population, Median Household Income (MHI), and current sewer fees.
9. Any unfunded ARRA eligible projects will remain on the Priority List. If a project selected for ARRA funding is unable to proceed, then that funding will become available for other ARRA eligible projects on the Priority List.

Projects selected for funding from ARRA, must apply Davis-Bacon wage rates to their projects. Also, unless waived by the Environmental Protection Agency, ARRA funded projects must utilize steel, iron, and manufactured goods produced in the United States.

Those projects not eligible for ARRA stimulus funds or not selected for ARRA stimulus funds may be eligible for other existing funding and will be considered under the Uniform Funding Application process.