

NEW MEXICO STATE BOARD OF FINANCE (SBOF) SUBMISSION  
REQUIREMENT CHECKLIST FOR APPROVAL OF LOANS AND GRANTS  
FROM THE EMERGENCY WATER FUND PURSUANT TO SECTION  
3-27-9 NMSA AND EMERGENCY FUNDING POLICY 11-03

1. List of all other possible funding sources and austerity measures explored and exhausted:
  - a. The former Tyrone Property Owners Association (TPOA), a private homeowners' association, has been dissolved and a new mutual domestic the Tyrone Water & Wastewater Association (TWWA) was formed on January 25, 2022. The purpose of this transformation is to make the TWWA eligible to apply for federal, state, grants, loans, and other public funding sources that the TPOA was not eligible for as a private homeowners' association.
  - b. TWWA has applied for a Colonias grant, but due to the urgency of the situation, the one operating pump is likely to fail before Colonias funds are awarded; scope of work prepared; pre-bid job walk conducted; bidding period of 60 days has expired; and the award of the bid has taken place. Construction of the interim repairs with an estimated cost of \$130,418.34 is anticipated to be completed in 30 days after the start of the actual construction work.
  - c. TWWA has received approval from the USDA to use portions of our mandated reserves to fund the ongoing lift station emergency.
  - d. TWWA did not receive any enumerated funds during the most recent legislative session.
  - e. Since the incorporation of the system, the SWNM Council of Governments submitted a capital outlay request before the deadline of capital outlay using the Town of Silver City as the fiscal agent. Upon incorporation, the SWNMCOG changed the capital outlay request to Tyrone Water and Wastewater Association. At this time, we are seeking funds for the both water and wastewater under the Colonias Infrastructure Program. Those application are due March 4, 2022. Should they receive the funding they will not be able to expend those funds until December of 2202 or January of 2023.
  - f. With reference to USDA funding, we would have to develop a Preliminary Engineering Report that would take time to complete. In addition, new USDA guidelines only allow a 55% grant and 45% loan currently based on Tyrone's MHI. TWWA cannot qualify for any additional funding unless they are in violation. This we are trying to avoid is a violation that could assess penalties.
  - g. The TWWA has an agreement with Town of Silver City for billing customers and receiving payment for the water and wastewater. What is unique to this system is the contract with the Town of Silver does not cover the maintenance of the systems thereby they have no revenues to pledge for improvements to system except the membership fees.
  - h. The private system expended all of their reserves over \$330,000 in member fees trying to alleviate the wastewater issues there by only leaving the USDA short live asset reserve and the reserve for the payment of the USDA loan.
  - i. In approximately 2010, TPOA was eligible to receive funds from USDA to completely redo their wastewater system and it became a regional system utilizing the Town of Silver City Wastewater System.

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2. Nature of emergency, including the governmental services not being delivered and effect of the failure of the service on the public health, safety, and welfare of individuals and/or community:
  - a. The Tyrone townsite lift station was constructed in 2012 and has experienced operational issue since the first years of its life. In the past two years, TWWA experienced sewage pump failures, broken underground flanges, and failure of one of the three Vogelsang macerators. The original Vogelsang pumps were replaced by Moyno progressive pressure pumps beginning in 2019. For a period of time, the whole system was inoperable, and an emergency pumping system had to be installed by Rain for Rent, a water pumping and storage company. The original system was designed with three sewage pumps that operated in a rotating and sequential fashion. The replacement Moyno pumps configuration did not allow for three pumps in the pit. We have been operating with only one pump for over three months and based on the history of the system, a pump failure could happen at any time.
  - b. Tyrone did try to seek assistance from the Grant County but unfortunately due to it being a private system they were unable to assist. We reached out to Silver City and the same issue resulted in that the system was not public.
3. Demonstration that the current system is unable to provide adequate and safe drinking water (no septic, wastewater, grey water, recycled):
  - a. The current system does not have a large enough receiving tank so that it adequately absorbs the ebb and flow of the sewage coming from the townsite without the pump constantly cycling. The power to the pumps and macerators is via a 3 phase 480 vac source. There are concerns that the frequent cycling of the motors is detrimental to their long-term lives.
  - b. Unfortunately, these wastewater issues seem to be a common occurrence in Grant County for wastewater systems that are only 10 years old and not meeting their useful life of 30 years. The City of Bayard experienced the same issue.
  - c. The greatest concern for the TWWA is that sewage will leak thereby causing a public health threat that could lead to EPA violations to a system that has depleted all of their reserves.
  - d. Tyrone was forward thinking in the early 2000's to be able to alleviate this issue and took responsibility in seeking grant funds to development a new system connecting it to the Town of Silver City wastewater system.
4. Confirmation that the population of the community is less than 5,000:
  - a. Tyrone is Census Designated Place with a population of 800 people. There are 326 households within the townsite.
5. Confirmation that the community is using a drinking water supply system in common:
  - a. The community is using a drinking water supply system in common. Potable water is supplied by the Town of Silver City. Silver City reads the water meters and bills each homeowner directly. TWWA does not receive any revenue from the domestic water system.
6. Number of individuals affected and the nature of the effect:

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- a. There are currently 326 households with a population of 800 people. Failure of the wastewater system would be catastrophic, as the residents would not be able to flush toilets, wash clothing, or use kitchen or bathroom sinks. Baths and showers would not be able to be used. If the pumping system failed completely, it would be a matter of a few hours for the raw sewage to backup into the townsite. At some point, homes at the lowest level in town would experience untreated sewage backup into their floor drains, sinks, bathtubs, showers, and toilets.
7. Description of how the public entity responded to the emergency:
  - a. TWWA has worked diligently for the past two years to manage the incoming and outgoing wastewater as it enters and exits the lift station. One of the more problematic issues is the disposal of "flushable wipes" down toilets. The flushable wipes do not degrade as toilet paper does and they plug up macerators and pumps and the prolific use and disposal of the wipes has contributed to pump and macerator failures.
  - b. TWWA and our contractors conduct regular inspections of the lift station facility and undertake cleaning, degreasing, and other tasks related to sustaining the operation of the facility on a regular basis.
  - c. Tyrone did try to seek assistance from the Grant County but unfortunately due to it being a private system they were unable to assist. We reached out to Silver City and the same issue resulted in that the system was not public.
8. Whether the emergency funding is requested as a loan or a grant:
  - a. Since the TWWA does not receive revenues from water and wastewater only from membership dues, the TWWA would like to request a grant to alleviate the immediate need. In seeking funds for the long-term solution, the TWWA will have to pledge 20% match/loan to the Colonias Infrastructure Fund for the long-term improvements to the system. They currently do not have the funds to do both for this loan and the colonias loan.
9. The amount of emergency funding requested, with priority given to requests that can be addressed without unreasonably restricting the amount of emergency funding available for other potential emergency funding requests that may be made through the remainder of a fiscal year:
  - a. The TWWA is request \$155,000 for the short-term solution to alleviate a public health threat until funding can be secured for the long-term solution.
10. Whether the public entity is in compliance with all applicable audit requirements:
  - a. TWWA took over the finances of the former TPOA on January 25, 2022. TWWA has conducted an internal account review to identify and document all costs related to the lift station emergency. A table of accounts is included in Appendix A. The TWWA has adopted an open meetings resolution, has met with DFA Budget division and has submitted interim. Since TWWA was incorporated they will not need to be in compliance with audit until December of 2022 to meet the audit requirements. The staff will attend audit training to begin to secure an auditing firm. The SWNMCOG has been working with us to ensure that we are compliant with all state requirements.

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11. If a loan is requested:
- a. The proposed timeline for repayment: compare dues to probability of payment to the Colonias.  
Should we have to incur a loan, our recommendation would be t0 years. A colonias grant is awarded they will have to incur a loan for 20% at the time of project completion for 10 years, therefore, a 100% grant will be a great benefit to the association.
  - b. Confirmation that the public entity will pledge and encumber funds for repayment each fiscal year that the loan is outstanding, in accordance with the repayment schedule proposed by the public entity:
    - i. TWWA confirms that it will pledge and encumber funds for repayment each fiscal year that the loan is outstanding, in accordance with the repayment schedule by the public entity. This confirmation is included in the Board resolution
  - c. Listing of the public entity's existing outstanding debt, including bonds, lease purchase agreements and other loans and the debt service schedule associated with such outstanding debt:
    - i. TWWA has issued a monthly payment of \$2,250.00 to the USDA for the lift station project beginning in March 2013 and terminating in February 2053.
  - d. Demonstration of a feasible plan and commitment to repay the loan over the timeline proposed in the public entity's repayment schedule:
    - i. Tyrone will be working toward developing a more comprehensive annual budget with more accurate figures for operation and maintenance with technical assistance from Rural Community Assistance Corporation.
  - e. Description of the public entity's plan for future financial stability:
    - i. The TWWA will develop a financial structure based on membership fees to ensure adequate membership fees are being assessed to maintain the operations and the sustainability of the system Rural Community Assistance can also provide assistance in this effort.
  - f. When emergency funding is requested in the form of a loan, whether the public entity agrees to pledge its revenues for loan repayment, with priority given to public entities that have taken steps or agree to take steps to pledge revenues for loan repayment.
    - i. The Tyrone WWA will pledge funds from its membership fees for loan repayment should a loan have to be incurred.
12. A statement that the public entity will agree to submit completed quarterly reports on SBOF authorized forms.
- a. The TWWA will complete quarterly reports and submit them to the SBOF within 10 days after the end of the quarter.
13. Recommendation from the Environment Department and Office of the State Engineer on the current situation, if applicable.
- a. The system is not in violation therefore there is no recommendation from the NMED. Tyrone WWA did seek assistance from NM Rural Water to assist with these efforts.

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14. Resolution of the governing body, if applicable, requesting emergency loan or grant. Another resolution special meeting of the Board
  - a. Refer to the attached resolution of the TWWA Board, dated March 2, 2022.