State of New Mexico

Capacity Development Program
Triennial Report to the Governor
State Fiscal Years 2024-2026

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Prepared by
New Mexico Environment Department
Drinking Water Bureau

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Introduction

The Safe Drinking Water Act (SDWA), as amended in 1996, established the Drinking Water State Revolving Fund (DWSRF) to make funds available to drinking water systems to finance infrastructure improvements and to provide assistance to public water systems (PWS) to support the protection of public health. States operate their own DWSRF programs and receive annual capitalization grants from the Environmental Protection Agency (EPA) to support low-interest loans and provide assistance to PWSs. The State of New Mexico adopted the Drinking Water State Revolving Loan Fund (DWSRF) Act to support these efforts and implement the State's program. DWSRF funds are used to support compliance with drinking water standards, operating requirements, and to provide technical, managerial, financial, planning, and funding assistance to systems statewide.

The State, through the New Mexico Finance Authority (NMFA) and the New Mexico Environment Department's Drinking Water Bureau (DWB), utilizes the resources of DWSRF to cooperatively administer the New Mexico's DWSRLF program. Pursuant to state statute NMSA 1978 6-21A-4, the NMFA administers the loan funds of the program and the Administration Set-Aside and the DWB administers the EPA DWSRF set-aside funds. EPA DWSRF set-aside funds are used to provide technical assistance directed toward small PWS, state program management support for the bureau, and local assistance such as capacity development to work with drinking water systems to improve technical, managerial and financial (TMF) capacity. DWSRF set-aside funds also support infrastructure projects, engineering reviews, source water protection, and utility operator certification. As the State primacy agency, the DWB is required by the SDWA to carry out regulatory supervision of PWS, enforce SDWA violations and develop strategies to ensure that all public water systems (PWS) have the TMF capacity to provide safe drinking water.

Capacity Development Strategy

The DWB submitted a revised Capacity Development Strategy to the EPA in December 2022. Water system statistics, programmatic information, and DWB structure are out of date. A program goal was achieved for SFY 2022 when the updated Capacity Development Strategy was submitted to EPA December 20, 2022. An updated Capacity Development Strategy will be submitted during fiscal year 2027.

Sustainable Water Infrastructure Group (SWIG)

The DWB's Sustainable Water Infrastructure Group (SWIG) is responsible for providing training and assistance to public water systems by implementing the EPA DWSRF set aside programs, as well as community planning and infrastructure development assistance as needed from other funding sources. This document serves as New Mexico's *Capacity Development Triennial Report to the Governor* for the state fiscal years 2024-2026 (SFY24-26) covering the period of July 1, 2024, through June 30, 2026. During this reporting period, SWIG underwent a reorganization in 2025 to

better focus its efforts and adapt to the cancellation of a critical position, which necessitated adjustments to the organization's structure. Part of this reorganization included creating a manager position for the Utility Operator Certification Program. This team provides oversight and administration of water and wastewater sampling and operator certifications, exams, equivalency, and renewals. This team is focused on nurturing collaborative projects to increase the number of operators entering the water and wastewater workforce through development and support of technical training for utility operators. Currently, SWIG is comprised of four programs serving public water systems:

Regionalization and Sustainability Team

This team was created to promote regionalization efforts, establish sustainable solutions, and incorporate resiliency into infrastructure projects. The team establishes various resource hubs to encourage collaboration and resource sharing between public water systems. The efforts of this team are focused on sustainable resilient solutions to adapt to changing conditions including increased regulations, fewer operators and board members, and changing climate conditions. The team collaborates with numerous stakeholders to build support for regionalization through collaboration and assistance. Information is provided to support community efforts to build sustainable water systems with resiliency strategies and the development of long-term plans focused on addressing the impacts of climate change; addressing customer complaints that cannot be resolved with traditional technical, financial, and managerial capacity assistance and may require alternative solutions.

Infrastructure Support Team

The Infrastructure Support Team provides expanded support to public water systems, including providing engineering reviews for water infrastructure design plans for new and existing PWS to ensure that they follow the SDWA, America's Water Infrastructure Act (AWIA), and the National Primary Drinking Water Regulations. The team also assists water systems in initiating and completing DWSRF applications - supporting eligibility determination which is co-managed with the New Mexico Finance Authority. During this reporting period the Infrastructure Support Team has focused on providing outreach to community water systems regarding the significant amount of federal infrastructure funding that is currently available.

Capacity Support Team

The Capacity Support Team provides targeted technical assistance, support with emergency response, training, and implementation of the Area Wide Optimization Program (AWOP). Assistance provided by this team includes providing support to small water systems while increasing capacity through training and assistance targeting technical, managerial, and financial topics. Support may be directed directly by the team or through contracted technical assistance providers. A significant portion of SWIG's activities during the FY2026 reporting period focused on emergency response and assistance to PWS-related emergency situations resulting from fires and flooding.

Source Water Protection

The Source Water Protection Team used technical assistance for source water assessments and plans, training, and implementation of source water special studies. Members of this team provide assistance to water systems for development of source water assessments and protection plans including identification of hydrogeological-based capture zones and surface water areas. Special studies may focus on emerging and existing contaminants. Assistance to public water systems include implementation of plans and accomplishing objectives set in source water protection and development; reviewing existing assessments and protection plans; targeted assistance for compliance issues related to exceedance or primary drinking water standard maximum contaminant levels (MCLs); and assistance and guidance with climate change resiliency planning. During this reporting period, the Source Water Protection team has also played a significant role in DWB's PFAS related work and helped to make determination on the extent of PFAS contamination at public water system sources in New Mexico.

SWIG coordinates closely with the Drinking Water Compliance and Enforcement Division (CED) and the Water Conservation Fund groups regarding system compliance issues, contaminant and sampling waivers. Group staffing resources include one group manager, four team leads (supervisors), and 16 staff. During the reporting period, DWB absorbed two of the positions from the previously existing Policy team to the Regionalization and the Source Water Protection teams. At the start of the fiscal year, the Utility Operator Certification team emerged as its own program that includes a managerial position and one supervisory position. All supervisory positions are currently filled; the SWIG team has an overall vacancy rate of 15%, while UOCP has a vacancy rate of 40% at the end of the monitoring period.

Team Name	Vacancy Status
Assessment and Policy Team – No longer exists	Positions have been reorganized
Regionalization and Sustainability	1 vacancy of 4 positions
Infrastructure Support Team	0 vacancies of 5 positions
Capacity Support Team	1 vacancy of 4 positions
Source Water Protection Team	1 vacancy of 5 positions
Utility Operator Certification Team	2 vacancies of 5 positions

New and Small Systems Strategy

SWIG continues working with the Compliance and Enforcement teams from the Compliance and Enforcement Division adopting and implementing procedures to provide opportunities for water systems to improve capacity assessment. This includes identifying appropriate regulatory processes for systems that have historically been too small to regulate based on the number of service connections or the methods previously used to calculate population. In New Mexico, many of these very small local governments are Mutual Domestic Water Consumer Associations (MDWCAs), which are established under the Sanitary Projects Act (SPA), NMSA 1978, Section 3-29-5.

These communities are increasingly facing aging and failing water infrastructure that was historically constructed with public funding. As systems grow, some may now meet the population thresholds for regulation under the federal Safe Drinking Water Act (SDWA), while lacking the technical, managerial, and financial capacity—and in some cases, the revenue—to comply with SDWA requirements or maintain and replace aging infrastructure.

Recognizing the need to address this issue prospectively, the New Mexico Legislature amended the SPA in 2017 to provide that no new association may be formed unless it will serve at least 15 connections or a population of 25 for at least six months of the year. This requirement aligns the formation of new MDWCAs with the federal definition of a community water system and establishes a framework under which newly formed associations will be regulated by the Drinking Water Bureau (DWB).

New system procedures include specific steps for public water systems (PWSs) that have already begun serving water. These procedures include an initial evaluation of compliance through a sanitary survey, completion of a comprehensive capacity assessment, and submission of available engineering and facility documentation for review. They also identify areas where technical assistance may be needed to establish a process for determining appropriate enforcement actions. SWIG has continued to work with CED to implement these procedures and revise the Bureau's enforcement policy to support their consistent application.

SWIG is also continuing to develop methodologies for working with regional managerial entities during the planning and development phase, particularly when an entity has facility design and planning documents requiring approval but does not anticipate serving water for several years. Establishing a regional managerial entity can require multiple years of planning and coordination before it is prepared to assume responsibility for multiple water systems. However, New Mexico's existing regional entities have demonstrated the potential to support more sustainable, cost-effective, and compliant water system operations in rural areas.

For regional projects involving multiple entities, an important priority is to identify and communicate compliance expectations as soon as planning and engineering documents are sufficiently developed to support those recommendations, even when the system is not expected to begin serving water for a significant period. Establishing these expectations early provides the entities with an opportunity to incorporate regulatory requirements into planning, design, and organizational development rather than addressing compliance issues after operations have begun.

State's Legal Authority to approve a New System

New Mexico's legal authority to implement the New Systems Program has not changed over the previous 3-year period nor has there been changes to the State's control points. A control point is a point in time when the primacy agency can exert control to review and influence the system's capacity.

New System Control Point

The Capacity Development Strategy for New Systems, dated September 1999, identifies new system application review as a key control point. New Mexico Drinking Water Regulation 20.7.10.201.F NMAC requires new public water systems to demonstrate adequate technical, managerial, and financial capacity before receiving approval from the Drinking Water Bureau (DWB) for construction and operation.

In New Mexico, new public water systems must submit an Application for Construction or Modification of Public Water System. The application must include plans and specifications, an engineering design summary, a disinfection and sampling plan, an inventory of potential sources of contamination, and documentation sufficient to demonstrate that the proposed public water system has adequate technical, managerial, and financial capacity.

This control point will be maintained through any future revisions to the New Systems Capacity Development Strategy. Specific minimum capacity criteria have also been established to provide greater transparency regarding capacity expectations and the information needed to demonstrate compliance.

With the implementation of procedures addressing new systems already serving water, this control point will remain in place. Such systems will be subject to enforcement upon identification; however, technical assistance will also be provided, where feasible, to help systems address deficiencies and expedite their return to compliance.

Approved New Systems

In the period from July 1, 2025, to June 30, 2026, there were five (5) new public systems activated. The new systems activated during the reporting period were primarily non-community water systems.

The new systems have been activated during the reporting period, and the EPA Enforcement Targeting Tool (ETT) scores over ten and/or administrative orders (AO) are listed in Table 1. The full list can be found on the NMED Enforcement Watch webpage.

Table 1: Water Systems with Associated ETT Scores over 10 in August 2026

PWS Number	PWS Name	ETT Score	Administrative Order Status Last Issue Date
NM3502421	AGUA SANA WUA	23	3/20/2024
NM3523102	ARAGON MDWCA	18	4/17/2025
NM3505529	ARROYO SECO MDWCA	14	3/20/20205
NM3502726	ARROYO SECO TEEN CENTER	22	
NM3509824	AZTEC DOMESTIC WATER SYSTEM	13	
NM3547501	BARCELONA MOBILE HOME PARK	36	3/31/2025
NM3500101	BEARCAT HOMEOWNERS ASSOCIATION	68	10/22/2024
NM3524932	BELEN WATER SYSTEM	45	9/8/2017
NM3526033	BIBO MUTUAL DOMESTIC WATER ASSOC	23	4/17/2025
NM3500129	BMG TRAILER PARK	13	
NM3510732	BOSQUE FARMS WATER SUPPLY SYSTEM	17	
NM3592925	PECOS DAIRY QUEEN	10	
NM3594933	BOWLINS BLUEWATER DAIRY QUEEN STORE	12	7/24/2025
NM3592117	BROKEN ARROW BIBLE RANCH	11	
NM3595201	BURGER BOY	17	10/27/2020
NM3502507	CAMINO REAL REGIONAL UTILITY AUTHORITY	13	11/12/2024
NM3567905	CANNON AIR FORCE BASE WATER SYSTEM	21	
NM3505629	CANON MDWCA	17	3/31/2025
NM3500421	CANON PLAZA MDWCA	22	9/26/2024
NM3510209	CASAS ADOBES MDWCA	41	10/30/2015
NM3500330	CASSANDRA WATER SYSTEM	1003	3/9/2016
NM3510801	CHILILI WATER USERS ASSN	30	5/30/2025
NM3573126	CIELO LINDO	68	2/13/2025
NM3526204	CIMARRON WATER SYSTEM	44	6/13/2025
NM3590009	CLIFF SCHOOL	45	6/2/2025
NM3575330	CLINES CORNERS WATER SYSTEM	33	10/1/2024
NM3508217	COAL BASIN DWUA	18	12/18/2024
NM3501221	CORDOVA MDWCA	14	7/25/2024
NM3505929	COSTILLA MDWCA	36	3/31/2025
NM3500402	COYOTE CREEK MUTUAL DOMESTIC WUA	19	

NM3533526	CUATRO VILLAS MDWCA	32	4/17/2025
NM3595333	CUBERO ELEMENTARY SCHOOL	16	
NM3504226	CUNDIYO MDWCA	12	6/13/2025
NM3559717	D & S TRAILER RANCH	22	
NM3511021	DELANCEY STREET FOUNDATION	70	4/17/2025
NM3528616	DEMING MUNICIPAL WATER SYSTEM	20	
NM3527131	DES MOINES WATER SYSTEM	11	
NM3554307	DONA ANA MDWCA	16	
NM3500329	EAGLE ROCK VILLAGE	54	3/31/2025
NM3575430	ECHO VALLEY WATER COMPANY	19	3/31/2025
NM3522532	EL SHADDAI WATER CO OP	19	5/28/2025
NM3563319	ENCHANTED VALLEY WUA	29	6/2/2025
NM3501821	ENSENADA MDWCA	30	
NM3593726	FOUR SEASONS RESORT RANCHO ENCANTADO	12	
NM3500204	FRENCH MDWCA/SWA	15	6/2/2025
NM3500525	GABALDON MDWCA	27	11/18/2024
NM3599526	GABRIELS	38	1/10/2024
NM3502021	GALLINA WATER SYSTEM	18	2/5/2025
NM3556212	GLEN ACRES WATER COOP	11	6/3/2025
NM3504326	GLORIETA EAST WATER SUPPLY	18	2/7/2024
NM3504526	GREATER GLORIETA REGIONAL MDC	30	3/28/2025
NM3502401	GREEN RIDGE MDWCA, INC.	15	4/15/2025
NM3520708	HAPPY VALLEY COOPERATIVE WATER WORKS	17	3/31/2025
NM3501232	HIGHLAND MEADOWS ESTATES MDWCA	1363	6/10/2025
NM3509123	JEMEZ SPRINGS DWUA	15	4/21/2014
NM3574826	JUNIPER HILLS RANCH	34	4/17/2025
NM3581801	KROSSROADS INTEGRATIVE HEALTH & RECOVERY	11	
NM3549801	LA MESA VILLA MOBILE HOME PARK, LLC	31	10/10/2024
NM3580509	LAKE ROBERTS WATER USERS ASSOCIATION	20	1/21/2025
NM3501923	LAS PLACITAS PRESBYTERIAN CHURCH	11	6/2/2025
NM3594713	LEA COUNTY ELECTRIC COOPERATIVE INC	31	5/22/2025
NM3510020	LIBERTY MDWCA	22	5/22/2025
NM3502314	LINCOLN HILLS WATER CO-OP	35	4/17/2025
NM3500432	LOMA ESCONDIDA WATER ASSOCIATION	502	6/13/2025
NM3521108	LOVING WATER SYSTEM	36	5/29/2025

NM3501225	LOWER COLONIAS MDWCA	24	3/21/2025
NM3594521	MCCURDY SCHOOL	228	6/2/2025
NM3580305	MELROSE BOMBING RANGE	15	2/27/2025
NM3504221	MESA SHOPPING CENTER	254	4/1/2025
NM3590621	MESA VISTA CONSOLIDATED SCHOOLS	38	
NM3526504	MIAMI WATER USERS ASSOCIATION	41	5/14/2025
NM3591925	MIKE MATEO ELEMENTARY SCHOOL	14	
NM3557713	MONARCHY COUNTRY ESTATES	14	
NM3525633	MOQUINO WATER SYSTEM	26	3/20/2009
NM3524230	MORIARTY WATER SYSTEM	14	3/31/2025
NM3535320	NARA VISA MDWCA	13	11/15/2023
NM3564119	NATIONAL SOLAR OBSERVATORY	14	
NM3590024	NAVAJO LAKE STATE PARK - COTTONWOOD CAMP	42	8/1/2024
NM3590521	OJO CALIENTE MINERAL SPRINGS	35	4/17/2025
NM3521308	OTIS MDWCA	37	1/17/2025
NM3501901	PAAKWEREE VILLAGE WATER CO-OP ASSOC, INC	51	3/31/2025
NM3503401	PAJARITO MESA MDWCA	16	4/4/2024
NM3590110	PAJARITO REST AREA - EAST BOUND	12	10/16/2024
NM3590010	PAJARITO REST AREA - WEST BOUND	12	10/16/2024
NM3574125	PENDARIES MDWCA	41	3/31/2025
NM3510016	PEOPLES WATER COOP	15	
NM3501024	PINE RIVER MDCA	138	5/6/2025
NM3502514	PINON HILLS RV PARK	915	6/5/2025
NM3502729	PIZANOS RESTAURANT	11	
NM3510119	PONDEROSA PINES PROPERTY OWNERS ASSOC	16	
NM3506829	QUESTA WATER SYSTEM	14	2/27/2025
NM3507029	RANCHOS DE TAOS MDWCA	32	3/31/2025
NM3590504	RATON PASS CAMP	11	6/13/2025
NM3509523	REGINA MDWCA	18	2/19/2025
NM3580121	RIO ARRIBA COUNTY DETENTION CENTER	15	
NM3510221	RIO ARRIBA COUNTY VELARDE TREATMENT FAC.	20	6/2/2025
NM3507229	RIO LUCIO MDWCA	15	
NM3547010	RIO PECOS VILLA MDWCA	22	6/2/2025
NM3591416	ROCK HOUND STATE PARK	46	
NM3500324	ROSA JOINT VENTURES WATER SYSTEM	26	2/18/2019

NM3520203	ROSWELL MUNICIPAL WATER SYSTEM	16	
NM3502614	RUIDOSO MOTORCOACH RANCH	11	
NM3591319	SACRAMENTO CAMP CONFERENCE CENTER, INC	12	
NM3561317	SAGEBRUSH WATER CO-OP	27	9/30/2024
NM3500529	SANCHEZ MOBILE HOME PARK	21	
NM3591010	SANTA ROSA LAKE	28	
NM3525933	SEBOYETA WATER SYSTEM	27	4/17/2025
NM3526604	SPRINGER WATER SYSTEM	60	5/7/2025
NM3596033	ST JOSEPHS SCHOOL	41	6/2/2025
NM3500216	STAGECOACH RV RANCH	12	
NM3595104	SUGARITE - LAKE ALICE CAMPGROUND	11	
NM3505226	SUNLIT HILLS WATER SYSTEM	26	
NM3524530	TAJIQUE MDWCA	12	
NM3594229	TALL PINES RESORT	26	
NM3519325	TECOLOTE MDWCA	11	3/31/2025
NM3546419	TIMBERON W AND SD	21	
NM3532617	TOP OF THE WORLD WATER ASSOCIATION CORP	12	
NM3561101	TRANQUILLO PINES MDWCA	17	4/4/2024
NM3503421	TRUCHAS MDWCA	68	5/27/2025
NM3514327	TRUTH OR CONSEQUENCES	15	
NM3514019	TULAROSA WATER SYSTEM	59	6/2/2025
NM3500825	UNITED WORLD COLLEGE	18	5/14/2025
NM3507829	UPPER ARROYO HONDO MDWCA	33	4/17/2025
NM3515310	VAUGHN DURAN WATER SYSTEM	49	10/10/2024
NM3582601	VETERANS ADMINISTRATION HCS NEW MEXICO	12	6/3/2025
NM3539607	VILLA DEL SOL MOBILE HOME PARK	11	4/17/2025
NM3531904	VILLAGE OF ANGEL FIRE	32	
NM3501201	VISTA DE MANANA	14	5/30/2025
NM3531001	WESTERN TERRACE	32	1/12/2025
NM3503721	YOUNGSVILLE MDWCA	205	

Existing Systems Strategy

The current approach to capacity development was amended in December 2022 to incorporate an updated capacity assessment designed to support a more comprehensive approach to training, technical assistance, and planning. The amended strategy also established new methods for tracking program performance through the Safe Drinking Water Information System (SDWIS).

The amended strategy takes a broad approach to providing water systems with additional resources, options, and support to address capacity deficiencies. Its primary objective is to help water systems strengthen their financial, managerial, infrastructure, and operational capacity so they can provide safe drinking water in a consistent, reliable, and cost-effective manner.

Since 2022, the strategy has been implemented and has continued to evolve through the refinement of standard procedures and improvements to program implementation practices. Key elements of the Capacity Development Strategy have been incorporated into existing Drinking Water Bureau (DWB) programs and activities and are carried out as part of routine bureau operations.

The strategy is intended to support sustainable communities through the development and maintenance of sustainable water systems. This is accomplished by strengthening the capacity of water system personnel, providing resources to address aging and failing infrastructure, and protecting the quality and quantity of drinking water sources.

Implementation of the strategy has also provided valuable opportunities for program improvement. Lessons learned through implementation have informed ongoing refinement of procedures, strengthened program practices, and helped the DWB identify additional opportunities to achieve the strategy's capacity development goals.



Capacity Development Strategy

New Mexico communities face increasingly complex challenges in maintaining reliable, safe drinking water supplies. Water outages, reduced water production, declining source availability, and threats to water quality are being driven by prolonged drought, aquifer depletion, increasing demand, and changing environmental conditions. These pressures are compounded by aging and failing infrastructure, limited financial resources, workforce constraints, and the increasing difficulty of maintaining water systems in geographically dispersed and rural communities.

Wildfire has emerged as an additional and increasingly significant threat to drinking water infrastructure and source water. New Mexico has experienced several exceptionally destructive wildfire seasons in recent years. The 2022 Hermit's Peak/Calf Canyon Fire burned more than 340,000 acres and remains the largest wildfire in state history. The fire and subsequent flooding demonstrated that wildfire impacts can extend well beyond the immediate burn area, affecting watersheds, infrastructure, source water, and communities for years after a fire is contained. In 2024, the South Fork and Salt Fires burned more than 25,000 acres, destroyed more than 1,000 structures, and resulted in the evacuation of more than 8,000 people in the Ruidoso and Mescalero communities. Other 2024 fires burned approximately 102,000 acres on federal lands in New Mexico.

The effects of wildfire on water resources can be particularly persistent. High-intensity fires can alter watershed conditions, increase erosion and sediment transport, affect surface-water quality, damage or isolate infrastructure, and increase the vulnerability of water systems to flooding and other post-fire impacts. New Mexico has documented water-quality impacts in wildfire-affected areas, including elevated metals detected in groundwater following the Hermit's Peak/Calf Canyon Fire. The State has consequently identified watershed restoration and wildfire-risk reduction as important components of protecting critical surface-water sources and drinking water supplies.

In 2026, New Mexico again experienced severe drought and fire conditions statewide. The State reported historically low snowpack, record-low runoff, and below-average river flows while also responding to elevated wildfire risk. These conditions reinforce the need for communities to consider water supply, source-water protection, emergency preparedness, infrastructure resilience, and long-term system sustainability as interconnected components of drinking water planning.

A sustainable approach to these challenges requires communities to think more holistically about their water infrastructure, water supplies, and operational capacity over the long term. The challenges associated with operating and managing a water system in New Mexico are increasingly leading communities toward more inclusive planning that considers emergency response and continuity of operations, source water protection, drought contingency planning, infrastructure and development planning, regionalization opportunities, water conservation, energy use, and wastewater reuse. These considerations are increasingly important in determining how communities can ensure that high-quality water supplies remain available to meet current and future demands.

Water system capacity refers to a water system's ability to consistently provide safe and reliable drinking water to its customers. To accomplish this, a system must possess the technical capabilities, managerial skills, and financial resources necessary to operate effectively and meet state and federal drinking water requirements. Technical, managerial, and financial capacity are distinct but highly interrelated dimensions of a sustainable water system.

SWIG continues to provide technical, managerial, and financial assistance to public water systems to strengthen these core capacities. At the same time, the scope of capacity development assistance has expanded to address the broader planning challenges communities face. This approach recognizes that regulatory compliance, while essential, represents only one component of a system's long-term sustainability. Capacity development must also help communities anticipate future risks, improve operational efficiency, protect water supplies, make informed infrastructure investments, and establish sustainable management practices.

The Area Wide Optimization Program represents one component of this expanded approach. The program moves beyond a compliance-focused model by helping systems optimize drinking water treatment, operations, and system management. Optimization can improve treatment performance and operational efficiency while providing systems with better information and practices to support long-term planning and resilience.

Similarly, the inclusion of community planning within the capacity development strategy through the Source Water Protection Program builds upon the principles of the EPA Clean Water and Drinking Water Infrastructure Sustainability Policy. The approach recognizes that drinking water sustainability cannot be achieved solely through improvements within the boundaries of an individual water system. The quality and reliability of a drinking water supply are influenced by the condition of the watershed, aquifer, surrounding land uses, infrastructure, community development, emergency conditions, and the availability of financial and technical resources.

New Mexico's limited water resources, geographic diversity, and competing demands require an additional level of sustainable planning within this framework. The New Mexico sustainable community model therefore expands the traditional capacity-development concept to include the development, preservation, protection, and resilient management of high-quality source water for drinking water supplies.

The strategy is intended to help communities move from a primarily reactive approach—responding to compliance problems, infrastructure failures, drought, wildfire, or other emergencies—to a more proactive approach that integrates risk identification, planning, collaboration, and investment. This model recognizes that a community's ability to provide safe drinking water over the long term depends not only on its existing infrastructure, but also on its ability to anticipate changing conditions and make informed decisions before those conditions become crises.

Key aspects of the strategy include:

- Continued program development and improvement to ensure capacity-development activities remain responsive to the evolving technical, managerial, financial, environmental, and operational challenges facing New Mexico public water systems.
- A community planning focus through the Source Water Protection Program incorporates planning objectives best addressed at the community or watershed level and encourages meaningful public participation. These objectives may include emergency response and continuity of operations, water conservation, drought contingency planning, source-water protection, wildfire and post-fire watershed considerations, infrastructure resilience, development planning, and regionalization opportunities.
- Expanded consideration of wildfire and watershed resilience within drinking water planning, recognizing that wildfire can affect source-water quality, water availability, infrastructure, access, and system operations during both the immediate emergency and the years following

a fire. The State's experience since 2022 demonstrates the importance of incorporating wildfire risk and post-fire impacts into long-term source-water and emergency planning.

- Increased collaborative outreach through regional board training, outreach presentations, community engagement, and continued development of the Area Wide Optimization Program in New Mexico.
- Increased coordination and collaboration with funding providers in New Mexico to encourage and promote sustainable water infrastructure projects and investments that address both immediate needs and long-term community resilience.
- Expansion of the concept of "regionalization" to include a broader range of collaboration among neighboring public water systems, including shared operations, management, staffing, technical resources, purchasing, emergency response, infrastructure, and other cooperative arrangements. Increased outreach will encourage public water systems to consider collaboration across all areas of capacity development where regional approaches may improve sustainability.
- Integration of emergency preparedness and resilience into capacity development, recognizing that drought, wildfire, flooding, infrastructure failure, power interruptions, and other emergencies can affect a system's ability to maintain water service and protect public health.
- Protection and preservation of source water as a component of system capacity, recognizing that the long-term availability and quality of a water supply are fundamental to a system's ability to provide safe drinking water. This includes consideration of watershed conditions, aquifer sustainability, land use, wildfire risk, post-fire impacts, drought, and other environmental factors.
- Development of tracking procedures for capacity assessments and assistance to improve the Bureau's ability to document assistance provided, identify recurring capacity needs, measure progress, and evaluate the effectiveness of capacity-development investments.
- Development of methods to capture capacity milestones accomplished by public water systems through set-aside-funded assistance, allowing the Bureau to better demonstrate measurable improvements in technical, managerial, and financial capacity and identify areas requiring continued assistance.

Ultimately, the strategy is intended to strengthen the capacity of New Mexico communities to provide safe, reliable drinking water not only under normal operating conditions, but also through periods of drought, wildfire, infrastructure failure, and other changing conditions. By integrating traditional technical, managerial, and financial capacity development with source-water protection, optimization, emergency preparedness, regional collaboration, and community planning, SWIG can help public water systems build the knowledge, partnerships, infrastructure, and decision-making processes necessary to sustain drinking water supplies for decades to come.

Identifying the Need for Capacity Development Assistance

Capacity assessments provide a structured method for collecting and evaluating technical, managerial, and financial information about a public water system. The assessment is used to evaluate how effectively a system is managed and operated and to identify areas where additional capacity development, technical assistance, or other intervention may be beneficial.

As part of the assessment process, the assessor requests documentation that is essential to the effective management and operation of a public water system. While the core categories of documents reviewed remain consistent regardless of what initiates the assessment, the specific documents requested are

tailored to the type, size, and circumstances of the water system. Each document is evaluated against established criteria identifying the elements that are necessary or desirable for effective system management. This approach provides a consistent framework for identifying deficiencies, recognizing existing strengths, and establishing appropriate assistance priorities.

Capacity assessment triggers are applied consistently across SWIG teams to identify systems that may have technical, managerial, or financial capacity deficiencies. When an assessment identifies a need for assistance, the resulting SWIG Assistance Work Plan is developed collaboratively among the applicable programs. This coordinated approach helps ensure that identified needs are addressed comprehensively rather than through isolated program activities.

Capacity development priority triggers provide a mechanism for identifying and prioritizing public water systems with capacity deficiencies based on the relative importance and urgency of the identified need. Triggers may be scaled to reflect the scope of the deficiency, available program resources, current program priorities, and the level of assistance necessary to address the identified need. This flexibility allows SWIG to adjust the type and intensity of assistance while maintaining a consistent framework for prioritization.

SWIG outreach and program activities may also identify additional systems or emerging needs that warrant capacity development assistance. Outreach can therefore increase the number of identified triggers and corresponding assistance activities. SWIG work planning should account for this dynamic demand by maintaining sufficient flexibility to respond to emerging needs and requests for assistance while continuing to address established capacity-development priorities.

Together, capacity assessments, priority triggers, and coordinated assistance work planning provide SWIG with a consistent and adaptable framework for identifying capacity deficiencies, prioritizing assistance, and directing available resources toward activities that strengthen the long-term technical, managerial, and financial capacity of New Mexico public water systems.

1. Request from the NMED Secretary's Office: The Secretary/Governor/ regional representative often has questions, concerns or would like to understand the status of a particular water system. These assessments along with compliance determinations allow SWIG to express more information on the needs of a Public Water System to decision makers and should be addressed immediately.

2. Direct requests from the water system: SWIG can provide assessments and assistance by request especially in identifying the best path to resolving an issue at hand, such as a water shortage, compliance problems, water loss, low production, capacity deficiencies previously identified, etc. SWIG should respond to public water systems reaching out for assistance as soon as possible. If a system has a specific request for assistance a full assessment may not be necessary.

3. Direct requests from outside agencies: Sometimes water systems are given a referral to SWIG by an outside assistance agency or any agency working with water systems. After initiating the conversation with the water system, an assessment and assistance work plan could follow if the system is interested in receiving support from the program. SWIG should respond to both the outside agency and public water system as soon as possible. If an agency has a specific assistance request for a water system, a full assessment may not be necessary.

4. EPA /DWB Enforcement: EPA and NMED would like to understand the status of long-time non-compliers and the root causes of the water system's problems. The Enforcement Targeting Tool (ETT) report, list of current administrative orders (AO) and ETT tracker tools will help SWIG determine who should be assessed and aided to return to compliance. The ETT list should be reviewed on a quarterly basis to identify new water systems out of compliance that need to be offered capacity development assistance.

5. Project Interest Form (PIF) Submittal: Water systems that are interested in a DWSRF loan will need to have a full capacity assessment complete and an assistance work plan to address any capacity deficiencies. PIFs are submitted to the SWIM portal and are accepted year-round. DWB funding partners may request assistance for a system to submit a PIF and the Community Services Team will work with the system to meet funding application requirements. These capacity assessments are completed within 2 weeks of the water systems supplemental document submittal.

6. CED Compliance Program request: These should be completed within 2 weeks of the request and primarily are the result of supplemental documents collected at a sanitary survey; but they may include any recommendation of an issue. Capacity assessments resulting from issues identified during sanitary surveys are intended to broaden the baseline of capacity data beyond systems that may typically be triggered.

Capacity Assessment for Existing Systems

The existing system strategy also coordinates with Compliance and Enforcement programs and has added capacity minimum criteria as significant deficiencies in a sanitary survey. Capacity assessments provide a structured method for collecting and evaluating technical, managerial, and financial information about a public water system. The assessment is used to evaluate how effectively a system is managed and operated and to identify areas where additional capacity development, technical assistance, or other intervention may be beneficial.

As part of the assessment process, the assessor requests documentation that is essential to the effective management and operation of a public water system. While the core categories of documents reviewed remain consistent regardless of what initiates the assessment, the specific documents requested are tailored to the type, size, and circumstances of the water system. Each document is evaluated against established criteria identifying the elements that are necessary or desirable for effective system management. This approach provides a consistent framework for identifying deficiencies, recognizing existing strengths, and establishing appropriate assistance priorities.

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Together, capacity assessments, priority triggers, and coordinated assistance work planning provide SWIG with a consistent and adaptable framework for identifying capacity deficiencies, prioritizing assistance, and directing available resources toward activities that strengthen the long-term technical, managerial, and financial capacity of New Mexico public water systems.

Capacity Assistance Methods

The main assistance methods that SWIG performs, which are also included as the third-party capacity development scope of work, are the following:

Training: DWB has continued to employ a formalized approach that uses work orders to request technical assistance from providers to better align assistance to public water systems targeted for optimal outcomes. Work orders include requests for outreach that include technical, managerial, and financial support. Additional service requests include in person and virtual educational opportunities that target water systems in regional groupings. Training includes advanced operator training, regulatory compliance topics related to various state and federal reporting requirements, board training, and topics related to resiliency and regionalization. DWB has contracted with the Southwest Environment Finance Center to develop an on-demand board training as well as tasking other service providers with providing additional board and operator training on a variety of regulatory, managerial, technical, and financial topics.

SWIG continues to focus on providing frequent high quality managerial and financial training across New Mexico that cover the credit hour requirements for both water system boards and operators. Training courses are marketed and offered to all types of public water systems. SWIG utilized contracts with several assistance providers which significantly increased SWIG's ability to provide assistance to systems. Work is prioritized so that any system requesting return to compliance assistance will receive assistance as soon as possible.

Direct assistance: DWB has implemented the use of the Priority Assistance and Technical Help (PATH) framework which establishes a consistent and structured approach to technical assistance.

While the framework was originally conceived around emergency response, its design applies equally to all types of support provided by DWB, whether addressing immediate crises or helping systems build long-term technical, managerial, and financial (TMF) capacity.
Public water systems must actively participate in their own recovery and improvement. When that does not occur, PATH provides a clear mechanism to document non-cooperation and withdraw limited resources so they can be redirected to communities that are ready to engage.

Outreach events: SWIG's objective with regional outreach events is to provide a comprehensive picture of water system sustainability in regional outreach settings. Collaborative efforts of the DWB Assessment and Policy, Regionalization and Sustainability, Source Water Protection, and Capacity Support teams have been targeted to educate water systems of impending regulatory changes, capacity development, and resiliency. Presentations covered topics related to emergent contaminants, the Revised Lead and Copper Rule, source water protection, sustainable development, regionalization, and capacity building; all topics were focused on educating water systems to increase awareness of the regulatory landscape, identify funding options, and how to become a fundable water system. SWIG also participates in all operator schools and conferences hosted by NM Rural Water Association and the NM Water and Wastewater Association by providing trainings. The Assessment and Policy Team within SWIG participates in the planning and trainings for the Infrastructure Finance Conference and completes annual outreach by survey on community water systems' current rates for 6000 gallons of water, their production amounts and information on their AWWA water loss audit results when completed. In SFY 26, several conferences were attended by Drinking Water Bureau and the Water Protection Compliance and Enforcement teams, and multiple seminars and trainings were hosted collaboratively with service providers.

Complaint Resolution: For the local government type, Mutual Domestic Water Consumer Association (MDWCA), NM Environment Department has been empowered to investigate the board's activities for compliance with the Sanitary Projects Act (SPA) requirements, more specifically that boards follow their rules, bylaws, and state law in their decision-making process. Current standard processes are in place for complaint resolution and if no resolution is made a legal request is made to the Department to make a determination on a violation of SPA. SWIG has developed this further in the past few years, so that all water system and water customer complaints are funneled through this process and managed by the SWIG Regionalization and Resiliency Team as well as the Capacity Support Teams.

SFY26 Capacity Development Activities, Target Audiences and Performance

During State Fiscal Year (SFY) 2026, the New Mexico Environment Department (NMED) Drinking Water Bureau (DWB) used Drinking Water State Revolving Fund (DWSRF) set-aside resources to support regulatory oversight, technical assistance, source water protection, infrastructure development, capacity development, and regionalization. These activities were carried out across the Sustainable Water Infrastructure Group (SWIG) and Drinking Water Compliance & Enforcement

functions and were directed toward helping public water systems (PWSs) achieve and maintain compliance with the Safe Drinking Water Act (SDWA), New Mexico drinking water requirements, the Utility Operator Act, and the Sanitary Projects Act. This year was characterized by continued expansion of federal drinking water requirements, increased infrastructure and grant-management responsibilities, workforce shortages, and the organizational transition of the Public Water System Supervision (PWSS) team to the Compliance and Enforcement Division (CED) effective July 1, 2025. Despite these pressures, the Bureau continued to deliver substantial regulatory, technical, financial, and capacity-building services statewide.

The capacity development team worked with 62 systems from April 1, 2025, to June 30, 2025. Technical assistance worked with 48 systems while managerial and financial assistance assisted 14 systems. The emergency response coordinator worked with 23 systems. There were numerous fires, flooding, and water outages that the emergency response team responded to. Some events including the Trout Fire and regional flooding in the Ruidoso impacted numerous systems. We finalized 17 technical reviews for Colonias funding. This includes a focused review of each project for funding. The team also worked with the water trust board to assist four systems that may be eligible for a second round of funding. The team finalized the schedule and locations for the EPA Region 6 AWOP meeting that New Mexico will host in October 2025. The team also completed a second round of interviews for a new capacity assistance coordinator. We hope to have a new team member in the next quarter. We completed the reviews of applicants for the RFP to assist small systems with technical assistance. The team also participated in various projects including the Public Safety Power Shutoff meetings and the regionalization efforts including roundtable discussions and work groups. The staff also attended the NM Rural Water Association annual conference where we conducted training including operations and maintenance and emergency preparedness. Additional emergency response trainings were also conducted in coordination with our regionalization water leadership institutes. The team has also completed AWOP training and emergency response for the Camino Real Regional Utility Authority. Summarizing FY25 activities, the Source Water Protection team facilitated year-over-year increases across the board for source water-specific tasks. The number of unique public water systems assisted by the program on plans and/or assessments rose 250% to 35, with a corresponding increase in source water assistance actions (238%, 215 in FY24 to 511 in FY25). Only waiver reviews fell (82 in FY24 to 19 in FY25) as the SOP for this task continues to undergo revision. Stable numbers (<10% change) were observed for outreach events and environmental assessment reviews.

Key SFY 2026 results included 203 public water systems receiving Capacity Assistance support to return to compliance, 359 associated assistance actions, 200 sanitary survey site visits, 189 sanitary survey reports issued, 589 deficiencies resolved, 177 plans and specifications reviewed through the workplan reporting measure, and 100 percent of reported engineering reviews completed within regulatory timeframes. The DWSRF program also supported projects representing approximately $29.7 million in Base/IIJA General Supplemental commitments, $1.59 million in Lead Service Line Replacement commitments, and $10.11 million in Emerging Contaminants commitments.

Regionalization and sustainability efforts expanded collaboration among small and rural systems, with 29 systems engaged in shared services, 18 regionalization or collaboration efforts in process, multiple regional forums, and progress toward Regional Water Authorities. Source Water Protection activities included assistance to 35 unique PWSs, 465 assistance actions related to source water assessments and protection plans, and 100 PFAS-related actions.