

**New Mexico Unit Fund Pilot Cycle II
Frequently Asked Questions (FAQ)
Updated July 30, 2026**

1. Is the installation or replacement of water meters an eligible project?

Yes, because the project:

- a. Falls into one or more of the eligible topic areas: efficient use of water and construction or repair of water infrastructure; and
- b. Is an eligible project cost as a fixed asset.

The application must also include the required documentation appropriate for the nature of the project. For a water meter replacement project that would likely include as specifications for the water meters and a cost estimate, among the other requirements. Please also see question #2.

NOTE: If the meter(s) are meant to measure the diversion of underground water, all groundwater measurement devices installed must meet the OSE requirements, have been previously approved, and be listed on the “FLOW METER LIST” prior to purchase and installation. See the [application for meter approval](#) and approved [flow meter list](#).

Relevant sections of the Pilot Cycle II Policy: Section 3, Eligible Projects, #3; Section 4, #12

2. What if we have a construction project that fits an eligible topic area, but the nature of the project means that we don’t have all the required documents listed on page 6 of the Policy?

We recognize that the specifics and nature of each project may affect available documentation. For instance, due to the nature of the project, if you are proposing to install water meters, you would not have a PER or bid documents, but you should have water meter specifications and a cost estimate. Whereas, if you are proposing to install a well, storage tank and pipeline you would need to have full design specifications signed by a licensed engineer. If the nature of your construction project means you do not have certain documents listed in the Pilot Cycle II Policy, you must explain in your application (1) why each missing requirement does not apply to your project AND (2) how the documents you do provide demonstrate that the project is fully planned and designed, is operationally sound, has an appropriate operation and maintenance plan, has screened for and defined all environmental impacts and appropriate mitigation actions, and has identified all necessary permitting requirements.

Relevant sections of the Pilot Cycle II Policy: Section 3, Eligible Projects, #3; Section 4, #12

3. Is a completed operation and maintenance plan required to APPLY for a construction project?

No. If you have a completed operation and maintenance (O&M) plan (sometimes called a procedure and operations plan) please include it. If not, please ensure your project activities include the development of an O&M plan prior to construction. A completed operation and

maintenance plan is required before starting construction, and approval of a project proposal may be conditioned on the completion of an O&M plan prior to entering into a funding agreement or starting construction. While it is common for construction firms to only deliver an O&M plan at the completion of construction, the NM Fund's commitment to sustainability requires the plan prior to construction to ensure the financial, human resource, and technical costs are clear and considered prior to expending funds on construction. Preparing the plan is ideally completed during the planning and design phases to fully consider the implications of O&M in design decisions and to maximize the likelihood of functionality and sustainability of the impacts provided by investments.

Relevant sections of the Pilot Cycle II Policy: Section 3, Eligible Projects, #3

4. What documentation is required for New Mexico public institutions of higher education that wish to apply?

New Mexico public institutions of higher education are Eligible Applicants when partnered with a federally recognized Indian tribe, nation, or pueblo or a political subdivision of the state located in the Southwest Region. These applicants must submit a letter signed by both the public institution of higher education and the entity stating that they are acting in partnership, both agree with the submittal and content of the application, describe how both intend to participate, and identify which party would directly receive funds under a funding agreement.

Relevant sections of the Pilot Cycle II Policy: Page 4, Section 3

5. What is required for small entities to be compliant with the Audit Requirements?

Please contact Manuel Luna, Small Local Public Body Coordinator at the NM Office of the State Auditor to confirm and process compliance with Audit requirements by contacting him at Manuel.Luna@osa.nm.gov or Cell Phone: 505-394-1600.

For instance, as specified in the PFAA, Audit Act, and NMSA Sections 6-6-2 and 6-6-3 (2025), public entities with \$50,000 or less in annual revenue are likely only required to keep all the books, records and accounts in their respective offices and furnish and file a budget for the next fiscal year with state auditor on or before June 1 of each year. Please confirm and process by contacting the Small Local Public Body Coordinator at the NM Office of the State Auditor.

Relevant sections of the Pilot Cycle II Policy: Section 4, #11 d and e

6. What happens if an entity can't meet the Audit Requirements?

At the time of submitting an application, applicants are required to certify that they have met financial and audit requirements in the Public Finance Accountability Act and NM Audit Act or that they will be met by the time they are ready to sign a funding agreement (in 1 year or less). The signing of funding agreements requires the recipient to confirm financial and audit compliance including confirming Public Finance Accountability Act and NM Audit Act compliance. If the recipient cannot demonstrate compliance with financial and audit requirements, the NMISC may determine it is necessary for the recipient to retain a fiscal

agent/fiscal administrator. Fiscal agents and fiscal administrators must be able to confirm Public Finance Accountability Act and NM Audit Act compliance. The Unit Fund may not be for fiscal agent/fiscal administrator costs when an entity is required to utilize a fiscal agent/fiscal administrator under the Public Finance Accountability Act.

7. Can I get project management or administration support as part of my grant?

Yes, eligible project costs include costs for administration and management. Fiscal agent/fiscal administrator costs are eligible, however, when an entity is required to utilize a fiscal agent/fiscal administrator under the Public Finance Accountability Act those costs are not eligible.

Relevant sections of the Pilot Cycle II Policy: Section 3, Eligible Projects, page 5