



**Presentation to the
NMFA Legislative Oversight Committee
by the New Mexico Finance Authority**

**Update from the
Colonias Infrastructure Board**

September 7, 2023

Mary Kay Papen, Colonias Board Chair

Marquita D. Russel, NMFA CEO & Colonias Board Secretary



Colonias Infrastructure Act

- Created by the 2010 Legislature with an effective date of July 1, 2011
- The Act establishes the 12-member Colonias Infrastructure Board
- The Act earmarks a portion of annual Senior Severance Tax Bond proceeds for a variety of infrastructure projects
- The first STB distribution was made available in 2012, and twelve application cycles have been completed to date:

Colonias Cycle	Applications Received		CIB Awards Made		Additional Funds Leveraged	Total Funding Provided
	#	Amount	#	Amount		
2012	75	\$40,360,527	38	\$12,411,965	\$13,141,403	\$25,553,368
2013	59	\$37,736,894	35	\$16,887,736	\$8,357,897	\$25,245,633
2014	77	\$40,351,172	37	\$12,719,872	\$10,437,286	\$23,157,158
2015	54	\$38,154,397	28	\$15,922,643	\$7,916,095	\$23,838,738
2016	36	\$30,842,183	13	\$11,460,915	\$5,366,034	\$16,826,949
2017	32	\$18,176,363	10	\$4,347,476	\$539,568	\$4,887,044
2018	30	\$16,100,000	17	\$9,519,823	\$962,324	\$10,482,147
2019	29	\$17,100,000	25	\$14,671,481	\$16,839,638	\$31,511,119
2020	31	\$25,528,474	26	\$19,996,093	\$4,346,896	\$24,342,989
2021	47	\$40,011,730	34	\$26,667,201	\$3,341,823	\$30,009,024
2022	54	\$77,248,074	35	\$35,599,014	\$18,744,275	\$54,343,289
2023	48	\$90,666,959	31	\$67,445,000	\$34,742,646	\$102,187,646
TOTAL	572	\$472,276,773	339	\$247,649,219	\$124,735,885	\$372,385,104

*2023 \$30,198,077 of leveraged amount are from federal funds



Colonias Infrastructure Board

- Board is comprised of 7 Voting Members
 - Secretary of the Department of Finance and Administration
 - Secretary of the Environment Department
 - Chief Executive Officer of the NM Finance Authority
 - Four members appointed by Legislative Leaders
 - President Pro Tempore of the Senate (Mary Kay Papen)
 - Minority Leader of the Senate (Janice Baca Argabright)
 - Speaker of the House (Orlando Antonio Carrillo-Jimenez)
 - Minority Leader of the House (Rebecca Dow)
 - Board is comprised of 5 Advisory (non-voting) Members. The Executive Directors of:
 - South Central Council of Governments (Jay Armijo)
 - Southwest New Mexico Council of Governments (Priscilla Lucero)
 - Southeastern New Mexico Economic Development District (Dora Batista)
 - New Mexico Counties (Joy Esparsen)
 - New Mexico Mortgage Finance Authority (Isidoro Hernandez)



Colonias Infrastructure Board Committees

- Pursuant to the Act, the Board meets at least quarterly
- Committees meet approximately six times per year
- Policy Committee recommends changes to:
 - Board Rules
 - Policies
 - By-Laws
- Project Review Committee
 - Vets project recommendations
- Each Committee is comprised of 3 voting members and all non-voting members
- In addition to Board Committees, the rules and policies provide for the Colonias Infrastructure Board to be advised by a multi-agency Project Management Team



Program Responsibilities

- Duties of the Board
 - Promulgate rules governing acceptance, evaluation and prioritization of applications
 - Policy setting
 - Project prioritization and recommendations
 - Requests for reconsideration
 - Oversight of Project Management Team
- Duties of the NMFA
 - Provide staff support to the Board
 - Administer the project fund
 - Process, review and evaluate applications
 - Determine terms and conditions for financial assistance
 - Administer qualified projects that receive financial assistance



Colonias Infrastructure Act

- A rural community with a population of 25,000 or less located within 150 miles of the United States-Mexico border that:
 - Has been designated a Colonia by a municipality or county due to:
 - Lack of potable water;
 - Lack of adequate sewage systems;
 - Lack of decent, safe and sanitary housing;
 - Has been in existence as a Colonia prior to November 1990;
 - Colonia communities must provide documentation to the Colonias Infrastructure Board that supports the designation by the municipality or county.
- There are 171 Colonias within NM's 12 southern-most counties
- The Act allows funding to be used for a variety of infrastructure projects:
 - Water
 - Wastewater
 - Solid Waste Disposal
 - Roads
 - Housing
 - Flood Control



Broad Project Eligibility

- Eligible Project
 - “a capital outlay project selected by the board for financial assistance that is primarily to develop colonias infrastructure, and may include a water system, a wastewater system, solid waste disposal facilities, flood and drainage control, roads and housing infrastructure, but does not include general operation and maintenance, equipment, housing allowance payments or mortgage subsidies.”

- Eligible Applicant
 - “a county, municipality or other entity recognized as a political subdivision of the state.”



Board Operates with Rules and Policies

- Board policies and rules established through a transparent and public process. Rules address
 - Application Process
 - Requests for Reconsideration of Board action
 - Interaction with the NM Finance Authority Board
- All other aspects of project prioritization and funding are set in policy
- Awards are delivered as 90% grant / 10% loan. Loans have a term of 20 years and are made at a 0% interest rate with a modest $\frac{1}{4}$ of 1% administrative fee.

2023 Award Consideration

- The Colonias Board at its May 24, 2023, meeting awarded \$67,445,000 of the available funds (\$67,560,000) with the remaining balance of \$115,000 of the proceeds to be set aside to assist any of the 2023 awardees that may experience funding shortfalls due to increasing costs for construction.

Timeline ensures efficient use of funds

- Clients given four months from approval of award to submit readiness to proceed items
- Clients provided two years to draw funds
- Loan repayments begin after the project is complete

Current Expenditure Summary

Colonias Cycle	Awarded		Awards Secured		Open Awards		% of Funds Expended	% Projects Completed
2012	\$12,411,965	38	\$12,411,965	38	\$0	0	100%	100%
2013	\$16,887,736	35	\$16,887,736	35	\$0	0	100%	100%
2014	\$12,719,872	37	\$12,719,872	37	\$0	0	100%	100%
2015	\$15,922,643	28	\$15,922,643	28	\$0	0	100%	100%
2016	\$11,460,915	13	\$11,460,915	13	\$0	0	100%	100%
2017	\$4,347,476	10	\$4,347,476	10	\$0	0	100%	100%
2018	\$9,519,823	17	\$9,519,823	17	\$0	0	100%	100%
2019	\$14,671,481	25	\$14,671,481	25	\$0	0	100%	100%
2020	\$19,996,093	26	\$19,996,093	26	\$5,533,788	12	72%	54%
2021	\$26,667,201	34	\$26,667,201	34	\$19,308,979	30	28%	12%
2022	\$35,599,014	35	\$31,266,499	25	\$33,682,234	35	5%	0%
2023	\$67,445,000	31	\$0	0	\$67,445,000	31	0%	0%
TOTAL	\$247,649,219	329	\$175,871,704	288	\$125,970,001	108	49%	67%

*2022 cycle - seven of the 10 projects not secured are pending USDA consent since June 2022

**2023 cycle was awarded on May 24, 2023; current RTP submission deadline date is October 31, 2023



Next Application Cycle: Timeline

- Applicant Training (January 2024)
- On-line Application begins (January 29, 2024)
- Application evaluations by Project Management Team (March)
- Consideration of policy waivers (April)
- Recommendation for funding (May)
- Funding Awards by NMFA (June)
- Training for award recipients (June)
- Four months to meet award conditions (October)
- Funding agreements secured thereafter
- Applicants must demonstrate the ability to timely spend down the awards prior to applying for additional funds