Capital Outlay

Quality of Life Investments, San Juan County, August 2026

NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

Why is quality of life important—and what is it?

- Urban planning and economic research over decades has identified quality of life as an important factor in the success and competitiveness of cities. More recent research has found quality of life to be a more important predictor of population and economic growth than quality of business environment in "micropolitan" areas, which have population cores of 10 thousand to 50 thousand residents. Quality of life investments also promote the well-being of residents and can be associated with positive social outcomes, such as poverty reduction.
- Economists have used housing and wage data to develop quality of life indices and have then tried to identify characteristics of areas where residents pay a premium to live or businesses pay a premium to locate. Factors identified as important to quality of life and growth outside of metropolitan areas include:
    - Low crimes rates;
    - Spending on public schools;
    - Healthcare access;
    - Arts and culture;
    - Recreation opportunities;
    - Public access to natural amenities;
    - Shopping, food stores, restaurants and bars; and
    - Broadband access.
- The Project for Public Spaces defines high-quality places within a community in more general terms that hit on similar themes. According to the project, great places share four key attributes. They are:
    - Accessible and well-connected to other important places;
    - Comfortable and project a good image;
    - Attract people to participate in activities; and
    - Sociable environments people want to gather in and return to.
- LFC analysis has found the state's investments in quality of life grant programs have been successful in completing projects. But the programs are not guided by statewide needs assessments and asset mapping that could make them more strategic. The programs' outcomes could also be enhanced through more effective

coordination among state agencies that administer complementary programs.

- In some areas—such as San Juan County—coordination between state agencies and local governments may also maximize the regional benefits of state and local investment in quality of life.

San Juan County—a case study in opportunity

The beach at Farmington Lake

- San Juan County presents a useful case study in New Mexico of a region with an asset base to build on to improve quality of life through both state and local investment. Among San Juan County local governments, this brief focuses specifically on recent efforts related to quality of life within the city of Farmington.
- Since the closure of the San Juan Generating Station and ConocoPhillips' sale of San Juan Basin assets, Farmington has made a concerted effort to diversify its economy and retain residents through outdoor recreation and quality of life improvements.
- Farmington passed a dedicated one-quarter of a percent gross receipts tax to fund "community transformation and economic diversification" (CTED) initiatives, generating about $5.9 million a year. In combination with state and federal grants and private dollars, the fund supports:
    - Economic development and diversification,
    - Community assets and facilities,
    - Community safety, and
    - Blight removal.

Bisti Bay water park

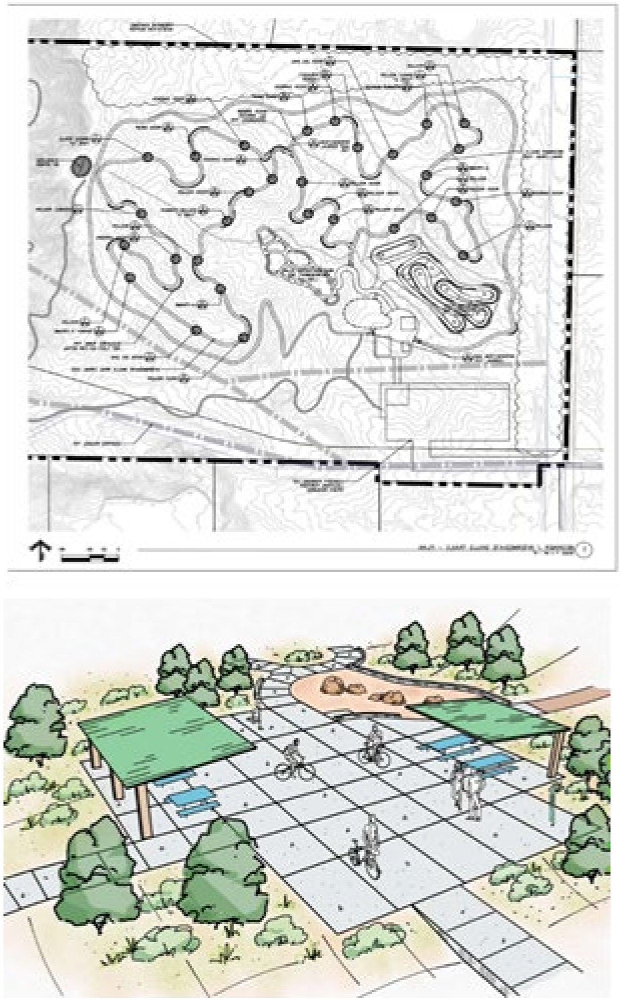
- Capital investment has been a significant component of the city's strategy and has included downtown revitalization through infrastructure and streetscape improvements; support for local business establishment downtown; arts, culture and community spaces; demolition of blighted properties; construction of parks and water parks; improvement of trails and community access to natural amenities; and a business park for outdoor recreation businesses.
- Major projects completed or underway include:
    - Road, streetscape, sewer, waterline, and fire suppression improvements to downtown;
    - Renovation of the Totah Theater;
    - Development of Gateway Park on the Animas River, including a recreational surf wave, a market pavilion building, and a public plaza;
    - Improvement of eight miles of trail on the Animas River, with additional segments planned;

- Opening of Farmington Lake, the municipal drinking water reservoir, to recreational use, including fishing and a beach with a water park;
  - Construction of Bisti Bay water park;
  - Improvements to the Civic Center;
  - Construction of the Boundless Journey Adventure Park, an extensive playground and community park;
  - Design of the Juniper Basin Recreation Area, a bike park with Phase 1 under construction;
  - Demolition of blighted properties and conversion of one property into commercial space for outdoor businesses.
- Legislative investments in the recreation and quality of life grants, the Trails+ program, and other programs have supported multiple projects in Farmington. Capital outlay has been a minor contributing source to its quality of life improvements.
- Farmington officials report indicators of success to date include 23 new businesses downtown and an increase in population in the city even as the county's population has declined. Ongoing challenges include historic development patterns that zoned prime riverfront areas for industrial use and opposition to trail development along some reaches of the river from private property owners.

Table 1. Farmington Dedicated GRT Funds and Leveraged State Amounts, by Project Category

Category	CTED Amount	State Amount	State Sources
Downtown, Metropolitan Redevelopment Area, Cultural Revitalization	$5,726,822	$3,115,000	MainStreet, Recreation Quality of Life, Trails+, ONRT, Destination Forward
Land Acquisition, Property Demolition, Business Incentives	$3,353,875		
Major Parks, Water, Family Recreation	$5,736,197	$3,850,000	Recreation Quality of Life, Capital Outlay
Master Planning, Community Infrastructure	$2,687,043		
Trails, River Activation, Outdoor Adventure	$4,454,078	$5,048,839	Trails+, ONRT, DOT, Other
Total	**$21,958,015**	**$12,013,839**	

Source: City of Farmington, LFC files



Plans for the Juniper Basin municipal mountain bike park. Phase 1 is in construction.

Plans for the plaza and market building at Gateway Park on the Animas River. The project is in construction.

The Animas whitewater wave

Higher Education and State Parks

- State entities can play a direct role in advancing quality of life in the communities where they are based.
- San Juan College (SJC) dedicates portions of local general obligation bond issuances to community-based assets, including recreational amenities. Its investments and programming are often coordinated with other community leaders. For instance, its Quality Center for Business houses a high-end camper manufacturer Farmington economic development officials recruited from Colorado, supporting both its fabrication and business operations as it gets established. Development of outdoor businesses is one component of the city's economic development strategy around recreation. The college is also partnered with the local hospital to pay nursing students a stipend while they are in school, supporting healthcare access through workforce development.
- Assets SJC has built that are open to community use include:
    - A recreation center with an indoor track, climbing wall, gymnasiums, exercise classes, weight and cardio rooms;
    - Mountain bike pump track;
    - Disc golf course; and
    - Theater and meeting rooms.
- The Legislature has made major capital appropriations to improve state parks in recent years as part of its quality of life strategy. San Juan County is home to Navajo Lake, one of the highest visitation state parks. Additional investment in Navajo Lake would directly complement local efforts to build an outdoor recreation-based economy and enhance a significant amenity for local residents. Assets to build on at the park include high-quality trout fishing below Navajo Dam, campgrounds and day use areas on the San Juan River, and access to the reservoir itself.
- Capital appropriations to state parks totaled $76 million from FY25 to FY27.
    - $5.8 million has been budgeted, encumbered, or expended for Navajo Lake, with $1 million in additional federal funding leveraged for one project underway with state dollars.
- Improvements have so far been focused on campgrounds and day use areas on the San Juan River, with planning underway for parking and pedestrian access improvements at Navajo Lake.

Day use area improvements at Navajo Lake State Park.

Additional campground improvements are needed at the reservoir and parks staff reported to LFC there is potential to develop additional non-water-based recreation opportunities in the park.

- Farmington city officials reported to LFC that additional camping infrastructure is needed in the region, including modern sites with full hookups. The state park and local governments could coordinate on such recreation infrastructure needs to maximize the benefits of state and local investment.
- State Parks' capital request for FY28 is $55 million, including $10 million for parking improvements at Navajo Lake.

Day use area improvements at Navajo Lake State Park

LFC Hearing Brief

NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

AGENCY: Economic Development Department

DATE: Aug 2026

PURPOSE OF HEARING: Trails+ grant program

PREPARED BY: Julisa Rodriguez and Antonio Ortega, LFC Analysts

EXPECTED OUTCOME: Informational

BACKGROUND INFORMATION: Trails+ Grant Program

The Trails+ grant program supports the development of outdoor recreation infrastructure projects. The program was created to increase access to the outdoors for New Mexicans and ensure healthy outcomes, environmental stewardship, and support economic growth and job creation in local communities. The program supports the design, engineering, construction, and maintenance of outdoor recreation infrastructure projects.

The Trails+ grant program is primarily funded through one-time appropriations to the Economic Development Department (EDD). Since FY22, the Legislature has appropriated $47.5 million in one-time appropriations to the program. Not including the most recent appropriation, the Outdoor Recreation Division (ORD) has spent 97.7 percent of its appropriated funds—indicating both the ability to execute grants and the demand for funding.

In addition to one-time appropriations, ORD receives recurring Trails+ funding through the land of enchantment legacy fund (LELF), created in 2023 to support preservation and conservation programs. EDD is allocated 15 percent of LELF's total distribution, which is then split between the outdoor equity fund (25 percent) and the Trails+ grant program (75 percent). EDD received its first LELF allocation in FY25. Based on the most recent estimates, LELF funding for Trails+ is expected to increase to $2.2 million in FY29.

One-Time Appropriations to Trails+ Grant Program
(in thousands)

Year	Amount	Funding
FY22	$7,000	ARPA
FY22	$500	Youth Conservation Corps Fund
FY24	$10,000	GF
FY25	$10,000	GF
FY26	$10,000	GF
FY27	$10,000	GF
Total	**$47,500**	

Source: LFC files

Program Administration

The Trails+ grant program is administered by the Outdoor Recreation Division at the Economic Development Department. The division was established in 2019 to increase outdoor-based economic development, tourism, and ecotourism in New Mexico.

Eligible Expenses. Trails+ supports the design, engineering, construction, and maintenance of outdoor recreation infrastructure projects across the state. ORD defines outdoor recreation as any activity occurring outdoors in a natural environment, such as camping, bicycling, trail use, off-roading, and water activities. Examples of eligible projects include trail design or construction, signage, river access, whitewater amenities, outdoor classroom infrastructure, trailhead improvements, picnic shelters, or wildlife viewing areas. Up to 30 percent of an applicant's request can be used for equipment for project construction and maintenance and up to 10 percent for administrative costs.

Land of Enchantment Legacy Funding for Outdoor Infrastructure
(in thousands)

FY25	$1,418.0
FY26	$1,406.3
FY27 Est.	$1,690.0
FY28 Est.	$1,986.4
FY29 Est.	$2,206.3

Based on CREG projections from December 2025.

Source: LFC files

The program does not support indoor recreation amenities, structures owned by private businesses not open for public use, or projects to enhance athletic fields. Ineligible expenses include land acquisition, outdoor swimming pools, and projects only focused on landscaping and beautification.

Trails+ Grant: Number of Projects and Awards
(in thousands)

FY	Funded Projects	Total Amount Awarded	Average Award Amount
2021	6	$92.2	$15.4
2022	25	$492.2	$19.7
2023	57	$6,789.3	$119.1
2024	57	$7,663.3	$134.4
2025	73	$13,118.4	$184.7
2026	64	$11,120.9	$176.5
Total	**282**	**$39,276.3**	**$139.3**

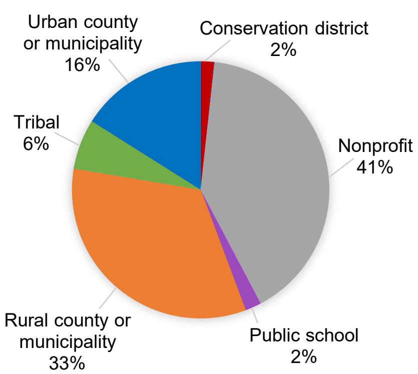
Source: LFC files

Awarded Projects by Grant Tiers

Tier	Range	Awarded Projects
Tier 1 Local Projects	$25 thousand to $99.9 thousand	219
Tier 2 Regional Projects	$100 thousand to $499.9 thousand	41
Tier 3 Regional Projects	$500 thousand to $1 million	20

Source: EDD, LFC files

Percent of Total Grants by Applicant Type



Source: EDD, LFC files

Grants. Funds are awarded upfront to grantees. Grantees have 24 months to spend funds. Starting in FY23, ORD offers three tiers of funding ranging from $25 thousand to $99.9 thousand, $100 thousand to $499.9 thousand, and $500 thousand to $1 million.

All tiers require a match—either a 1-to-1 match for urban applicants or 2-to-1 match for rural applicants. In-kind donations and services, such as volunteer hours, prior work, or annual maintenance, qualify as matching funds. Other state and federal funds can also be used as a match. To date, awarded projects—totaling $39.2 million—have brought in $47.1 million in match funds.

Application Process. Applicants may apply for Trails+ funding for one phase of a project and later reapply for funding for a subsequent phase after demonstrating progress and organizational capacity in the initial phase. However, ORD permits only one application per entity per fiscal year.

Additionally, applicants in the two largest tiers are required to make a formal presentation to the review committee during the application process. Applicants in the two largest tiers should also have an operating budget five times the grant request and have dedicated staff to overseeing the project.

ORD staff provide technical assistance to possible applicants before the end of a grant cycle to ensure applications meet eligibility requirements, address possible connections to other projects, and ensure accurate budget and timeline estimates.

An external review committee scores the applicants based on the following criteria: recreational value, contribution to equitable outdoor access, environmental and cultural impacts, economic value, community support, and engaged partners with defined roles. The review committee consists of rotating members from various state agencies and nonprofit organizations. The committee finalizes recommendations with EDD. Applicants are notified of the status of their project within two months of the application deadline.

Tracking Projects. ORD requires all applicants to submit two reports—one progress report half-way through the grant period and one final report after project completion. Both reports share details on project expenditures. Awarded projects in the second and third tier also require an in-person site visit from ORD upon project completion.

In 2024 and 2025, the Legislature specified one-time Trails+ funding to support contract assistance and grant management. In FY25, ORD used two professional services contracts to support its grant programs. Contractors maintain Submittable, ORD's grant management software; process award paperwork, including W-9s; draft grant agreements; and contact awardees for additional documents and information. ORD states that outsourcing these tasks allows staff to engage more directly with awardees and projects. ORD also pays for an annual Submittable subscription, which lets awardees submit project updates and gives staff a centralized view of each project.

Program Reach and Impact

Awards to Date

Since the inception of the Trails+ grant program, ORD has awarded approximately **$39.3 million across 282 projects**. ORD reports having rescinded funding from only 7 projects due to a lack of progress or changes in project scope.

Community Engagement and Expanding Access

Community engagement has been critical to the program's success. Many projects are shaped by local needs and reflect strong community input. ORD also works closely with applicants throughout the grant life cycle to ensure successful implementation, conducting regular phone check-ins, site visits, and requiring quarterly reports to monitor progress and spending.

Acceptance Rate. According to ORD, the program is currently operating in a highly competitive funding environment. The division reports the program's acceptance rate was approximately 65 percent in FY25 but has since steadied to around 50 percent, with the review committee mostly turning away projects due to limited funding availability or ineligible application proposals for recreational amenities not directly tied to trails. As the program has grown, the committee has adopted a more targeted approach that emphasizes project readiness, compliance, and potential impact, allowing for more strategic and selective funding decisions.

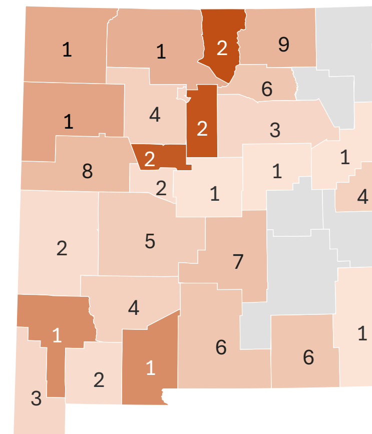
Distribution of Projects. Trails+ has also focused on ensuring access and equity through its upfront funding model, which is especially beneficial for small local governments and community organizations lacking cash flow for reimbursement-based programs. Notably, ORD has launched targeted outreach efforts—including a two-month social media, newspaper, and radio campaign—to raise awareness in rural and underrepresented areas. However, the division notes counties on the eastern plains remain underrepresented. ORD is working to support these communities through direct engagement and technical assistance, including regular office hours and hands-on support with project development.

Aligning Trails+ with Statewide Priorities

The EDD's statewide strategic plan identifies outdoor recreation as one of nine target industries, along with bioscience, aerospace, cybersecurity, film, sustainable agriculture, intelligent manufacturing, global trade, and sustainable energy. The plan emphasizes New Mexico's geography, diverse outdoor activities, and outdoor recreation's potential to attract businesses and improve residents' quality of life. According to the most recent U.S. Bureau of Economic Analysis data, outdoor recreation contributed 2.5 percent to New Mexico's gross domestic product in 2024, up from 1.9 percent in 2022. Top activities included recreational vehicle travel, boating and fishing, snow sports, and equestrian activities. The industry also employed 31.5 thousand people, a 12.4 percent increase from 2022.

While ORD has not developed a formal, statewide master plan for outdoor recreation, the Energy, Minerals and Natural Resources Department (EMNRD) completed its *2022–2026 Statewide Comprehensive Outdoor Recreation Plan* (SCORP), a requirement of the federal Land and Water Conservation Fund Act of 1965. New Mexico's SCORP addresses state and national trends in outdoor recreation, inventories recreation assets, outlines strategies to protect those assets,

Number of Projects by County



*Note: Does not include projects spanning across multiple counties.

Source: LFC files

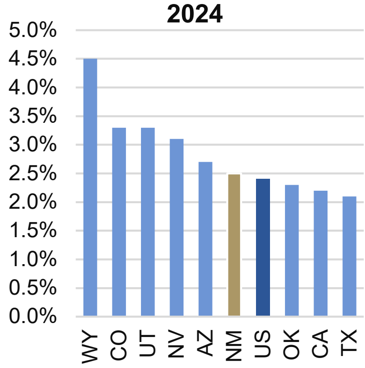
LFC Policy Spotlight: Regional Recreation Centers and Quality of Life Grants

A 2024 LFC policy spotlight examined Regional Recreation Centers/Quality of Life (RRC/QOL) grants administered by the Department of Finance and Administration (DFA). The review found that projects using best practices for infrastructure funding were on track to finish before reversion deadlines—an outcome better than many similar local capital outlay projects. DFA rated projects on their potential impact on recreational access and the local capacity to execute them. Its screening criteria also prioritized rural and underserved communities.

In 2024, RRC/QOL grants covered 72 percent of requested project costs, compared with 41 percent under the regular capital outlay process. The LFC evaluation found that successful projects shared key traits: proactive local planning, early investment in design with local funds before securing state grants, multiple funding sources, and professional staff capable of delivering the projects.

During the 2025 session, the Legislature appropriated $50 million of one-time funding to DFA for regional recreation centers and quality of life grants.

Outdoor Recreation Value Added as a Percent of GDP 2024



Value added consists of the gross output of an industry less its intermediate inputs, in other words, the contribution of an industry to gross domestic product.

Source: U.S. Bureau of Economic Analysis

State Funding for Similar Infrastructure

While no other state program is identical to Trails+, there are some that provide funding to local and tribal governments for items related to outdoor recreation infrastructure.

The New Mexico Tourism Department (NMTD) administers the Destination Forward grant program, which support the development and implementation of tourism infrastructure projects, such as outdoor recreation infrastructure, signage, camping and recreational vehicle-related accommodations, and tourism-related parking. In FY26, NMTD awarded $1.9 million to 14 tourism-related infrastructure projects through the Destination Forward program.

The New Mexico Department of Transportation (NMDOT) administers the federally funded Recreational Trails Program (RTP), which provides funding to eligible entities to develop and maintain recreational trails and trail-related facilities for both non-motorized and motorized uses. In federal fiscal year 2025, NMDOT awarded $701.4 thousand through the program, including both federal (85.4 percent) and match (14.6 percent) portions.

and sets priorities for awarding federal funds. Although the SCORP was not developed in direct coordination with EDD or ORD, it may serve as a guiding document for Trails+ investment decisions.

Additionally, the state may benefit from coordinating outdoor infrastructure investments across a variety of state-funded quality-of-life programs to ensure resources are directed to communities where they can generate the greatest economic, recreational, and public health benefits. A more coordinated approach could help prioritize investments in areas with the highest demonstrated need, the strongest project readiness, or the greatest potential return on public investment.

Recreation Programs in Other States

Compared to similar programs in other states, New Mexico's Trails+ program is smaller in scale and administrative capacity. States like Utah, Colorado, and Tennessee have developed multi-tiered grant frameworks and long-term investment strategies to support outdoor recreation and trail infrastructure.

In Utah, multiple grant programs operate alongside the federally funded Recreational Trails Program (RTP), including the state-funded Utah outdoor recreation grant, recreation restoration infrastructure grant, and off-highway vehicle recreation grant. These programs support a wide range of projects—such as trail construction, maintenance, restoration of aging infrastructure, and public education—and are often structured in tiers, with funding awards ranging from $1,000 to $1 million. Some programs may also be combined to support larger or more complex initiatives.

In Colorado, the Great Outdoors Colorado (GOCO) program provides a model for large-scale investment and strategic planning. The program was created in 1992 and is funded through lottery proceeds. It has invested over $1.4 billion across 5,800 projects in all 64 Colorado counties. GOCO funds are distributed through four focus areas: outdoor recreation, wildlife, local governments, and open space. Unlike Trails+, which draws on annual appropriations, GOCO is supported by a dedicated revenue stream and guided by a long-term strategic plan.

In Tennessee, the state's Office of Outdoor Recreation also administers several programs to support trail and outdoor recreation infrastructure, including the Recreational Trails Program, the Tennessee Recreation Initiative Program, and the local parks and recreation fund. These programs prioritize land acquisition, infrastructure development, trail maintenance, and educational outreach similar to Trails+, but with a larger emphasis on compliance, accessibility, and long-term land protection.

Project Spotlights

Glorieta Adventure Camps

County	Santa Fe
Type	Rural
Trails+ Funding	$500,000
Matching Funds	$252,819
Total Project Cost	$752,819

Planning and Design Complete Prior to State Funding	Yes
Phase Fully Funded	Yes
Project Fully Funded	Yes

Project Status	Percent Local Cost Share	Initial Funding Received	Project Completion
Construction	34%	2025	2026

Glorieta 2.0, a nonprofit outdoor adventure organization operating on 2,400 acres in Santa Fe County, is in the process of expanding its trail infrastructure through an adaptive stacked loop trail system, a loop trail with multiple routes and accessible to those with disabilities. The project includes trail improvements to widen existing routes and the construction of new trails. Work is also being done for a new 80-space parking lot with composting toilets, a bike maintenance station, and interpretive signage, as well as installation of an 18-hole disc golf course. The initiative builds on Glorieta's earlier work to revitalize historic paths on its property, including sections of the Old Santa Fe Trail and Route 66.

The current project received $500 thousand through the Trails+ program and the organization provided approximately $253 thousand in matching funds. While the parking lot—estimated to cost $200 thousand—is expected to be done by fall 2025, trail construction is ongoing and may take another year to complete. Prior to applying for Trails+ funding, Glorieta completed design and permitting work and used in-house equipment to reduce costs related to forest thinning. The organization previously completed a nearly $100 thousand adaptive trail project funded by Trails+ in FY23, resulting in a 4-mile multi-use path designed for mountain bikes, adaptive bikes, and small ATVs. The trail became one of the first adaptive trails in Santa Fe County.

Glorieta's recent investments in trail infrastructure are expected to increase recreational access for a broad range of users, support inclusive programming, and accommodate higher visitor volumes. The long-term impact includes improved access to historically significant trails and a strengthened outdoor recreation network in the region.

Tijeras Education Center Sensory Trail

County	Bernalillo
Type	Rural
Trails+ Funding	$498,408
Matching Funds	$498,575
Total Project Cost	$996,983

Planning and Design Complete Prior to State Funding	Yes
Phase Fully Funded	Yes
Project Fully Funded	Yes

Project Status	Percent Local Cost Share	Initial Funding Received	Project Completion
Complete	50%	2022	2025

Ciudad Soil and Water Conservation District, in partnership with the city of Albuquerque Open Space Division and several nonprofit organizations, completed an accessible sensory trail compliant with the federal American with Disabilities Act at the Tijeras Creek Environmental Education Center in Bernalillo County. The trail includes interpretive signage, activity stations, and sensory elements that engage visitors through touch, sound, sight, and smell. The project is part of a broader initiative to restore habitat and manage stormwater in the Tijeras Arroyo area and is expected to support local educational programming, increase visitation, and improve access to nature for individuals with disabilities.

The total project cost was approximately $997 thousand, with $498 thousand provided through the Trails+ program and $499 thousand in local match, primarily through in-kind support from the city. In addition to trail construction, project work included stream and floodplain restoration, as well as installation of infrastructure to filter runoff from nearby open space. The trail is now open to the public and serves as a pilot for inclusive trail design.