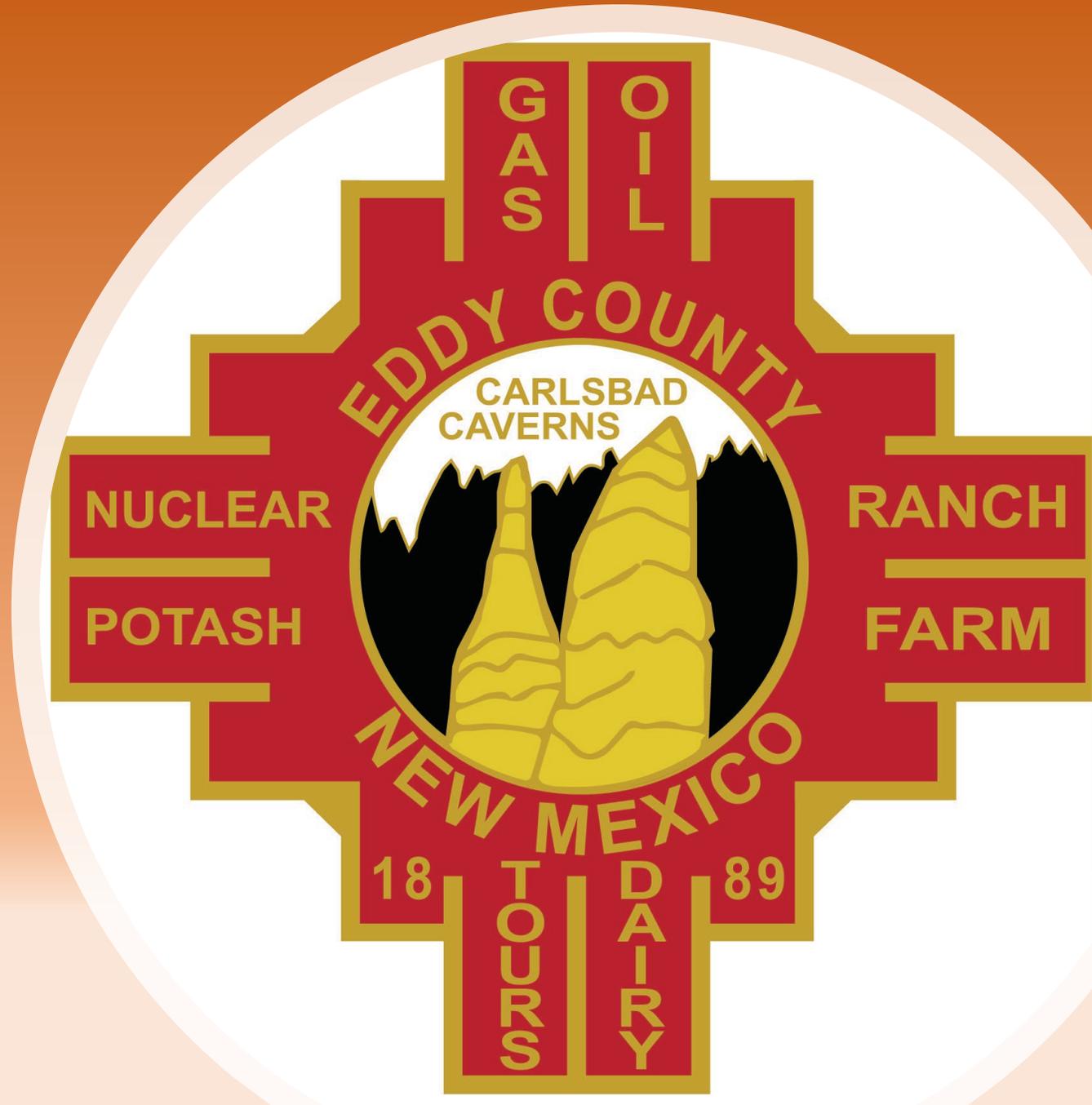


New Mexico Transportation Infrastructure Revenue Subcommittee

October 4, 2021

Allen Davis – Eddy County Manager

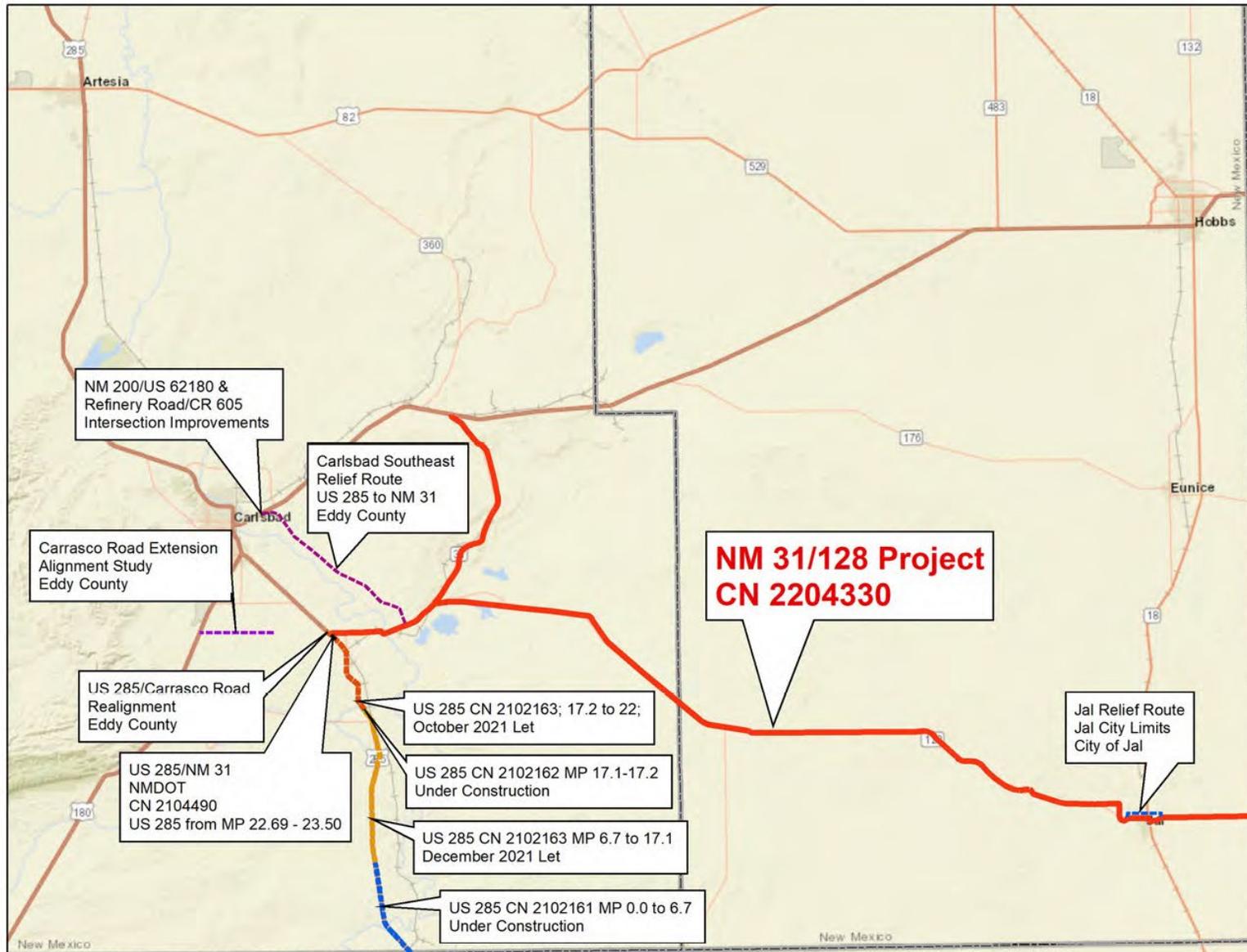


Feedback for the Transportation Infrastructure Revenue Subcommittee



- ▶ Thank you to Governor Lujan-Grisham for funding major NMDOT projects in Eddy and Lea Counties in 2019: US Highway 285, State NM 31 & State NM 128; these are the infrastructure corridors for the extraction industry in SE NM
- ▶ Thank you to Transportation Secretary Sandoval
 - ▶ Secretary Sandoval and his staff at NMDOT have been exceptional partners for Eddy County to work with over the past three years
 - ▶ These major NMDOT projects are moving forward
 - ▶ Construction has begun on the first segment of highway 285; and work for NM 31 & NM 128 is completing Phase 1, with an anticipated Design-Build Agreement award in the fall of 2022 if not sooner
 - ▶ The extractive industry is one of the significant business engines that deliver substantial State revenues; sound infrastructure contributes to that success
 - ▶ The industry largely depends on County roads in southeast New Mexico as the arterial, collector and feeder roads to access the development areas
 - ▶ Both Eddy and Lea County support these industries, and strive to fund infrastructure projects which improve and maintain roadways

NMDOT Update – NM 31-128 Public Information Meeting – August 31, 2021



Extractive Industry Pace of Activity in Southeast New Mexico



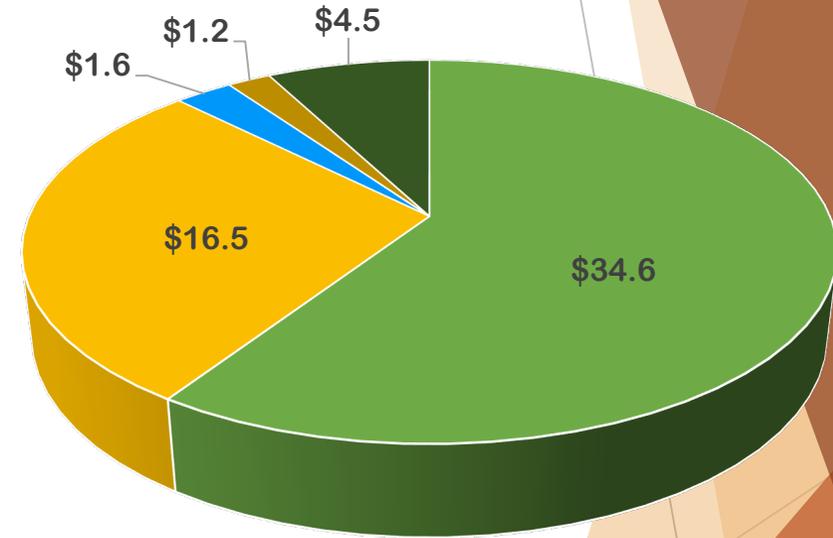
- ▶ Peak industry activity occurred Q4 2019 - Q1 2020
 - ▶ Road infrastructure in Eddy County was under duress with high volumes of heavy traffic on roads that weren't designed, nor intended for that use
 - ▶ Eddy County leveraged partnerships with NMDOT and industry to address repairs and improvements for priority County roads
- ▶ Industry activity during 2021 represents a more moderate pace
 - ▶ Using rig count in NM as a barometer of activity: peak count - 115, February 2020; lowest count - 41, September 2020; current count - 84, September 24, 2021
- ▶ Industry outlook would seem moderate to firm
 - ▶ Commodity prices remain firm; WTI and Henry Hub prices haven't been higher since 2014; production volumes from the County continue to increase
 - ▶ BLM APD's approved and pending, shows significant development activity across southern Eddy County
- ▶ The inference then, is that the impact on County road infrastructure will need to be a continual focus for the foreseeable future

Eddy County Infrastructure Investments FY 2019 – 2021



<u>PROJECT</u>	<u>FUNDING SOURCE</u>	<u>PROJECT COST</u> (millions)	<u>PROJECTS</u> <u>COMPLETED</u>	<u>ONGOING</u> (millions)
Derrick Road	State LGRF/Local	\$3.0	√ FYE 2019	
Hermosa	State LGRF/Local	\$1.0	√ FYE 2019	
Buck Jackson	Donation/Local	\$4.5	√ FYE 2019	
Black River Village	Local	\$6.5	√ FYE 2020	
Standpipe	Federal	\$1.6	√ FYE 2020	
Standpipe	Local	\$4.9	√ FYE 2020	
Old Cavern Road	State Alternate Route	\$1.1	√ FYE 2021	
Black River Village	State Alternate Route	\$1.2	√ FYE 2021	
Twin Wells	Local Alternate Route	\$1.0	√ FYE 2021	
Campbell Road	Local w/Lea County	\$10.5	√ FYE 2021	
Higby Hole	Local	\$1.1	√ FYE 2021	
26th Street	State LGRF/Local	\$1.3	√ FYE 2021	
13th Street	State LGRF/Local	\$0.4	√ FYE 2021	
Carter Road	Local	\$0.7	√ FYE 2021	
31/285 Intersection	Donations	\$1.4	FYE 2022	
McDonald	State Alternate Route	\$2.7	FYE 2022	
McDonald	Local Alternate Route	\$3.0	FYE 2022	\$2.8 Encumbered
Buck Jackson	Local Alternate Route	\$1.0	FYE 2022	
South East Relief Route	State	\$6.7		\$3.2 Encumbered
South East Relief Route	State	\$4.75		
West Loop	Local			\$3.5 FYE 2022
	<u>Subtotal</u>	\$58.4		
Multiple Roads	Federal FEMA	\$66.6	spent to date	
Multiple Roads	Local FEMA	\$41.5	\$26.5 spent to date	\$15 Encumbered
	<u>FEMA Subtotal</u>	\$108.1		
	Local Funding	\$34.6		
	State Funding	\$16.5		
	Federal Funding	1.6		
	State LGRF/Local*	\$1.2	*State portion \$300k / project	
	State LGRF/Local*	\$4.5	*Local portion covers the balance	

Eddy County Completed Projects
\$58.6 million Invested



■ Local Funding ■ State Funding ■ Federal Funding ■ State LGRF* ■ Local LGRF*



Investing in Eddy County Infrastructure

- ▶ As the State considers funding infrastructure projects in upcoming budgets, money for Eddy County infrastructure is a good investment
- ▶ Eddy County infrastructure project completion history has been effective
 - ▶ In the last 3 years - \$58.6 million invested in completed infrastructure work
- ▶ Investments made today equals people working tomorrow
 - ▶ Eddy County has multiple shovel ready projects that need funding
- ▶ Investment in Eddy County infrastructure yields multiple dividends
 - ▶ Improved road conditions increases public safety on heavily traveled roadways
 - ▶ Significant economic development opportunities related to the road routes
 - ▶ Increases property values along some routes
 - ▶ Provides connectivity to major State thoroughfares
 - ▶ Supports multiple industries by increasing travel efficiency
 - ▶ Sustains current business engine that delivers State revenues

New Mexico Transportation,
Infrastructure, Revenue
Subcommittee

Thank you for the opportunity

