New Mexico DEPARTMENT OF TRANSPORTATION
MOBILITY FOR EVERYONE

SB2 Financed Highway Projects & Legislative Priorities

Report to the Legislative Finance Committee

NMDOT | Section 6-3-18 NMSA 1978



Executive Overview

New Mexico DEPARTMENT OF TRANSPORTATION
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$75M

Annual recurring SB2 revenue

Recurring source for debt repayment

$350M

Bond proceeds referenced

Anticipated capital bond proceeds

4

2027 legislative priorities

- **Infrastructure investment:** SB2 financing advances five priority highway projects, supporting safety, infrastructure condition, freight mobility, and economic activity.
- **Financial sustainability:** Bond proceeds support critical construction, while recurring revenue provides debt repayment capacity and additional maintenance funding.
- **Legislative priorities:** Four proposed initiatives address work zone safety, motor carrier training, regulatory administration, and ambulance standards.
- **Continuing needs:** Significant maintenance and equipment funding gaps remain despite the additional SB2 revenue.

Statutory Reporting Framework

Section 6-3-18 NMSA 1978 — subjects addressed in the report

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- Project selection and priority: traffic, crashes, pavement/bridge condition and economic impacts.
- Expected useful life for each proposed improvement.
- Revenue needed for principal and interest, and State Road Fund forecasts.
- Effects of the bond program on construction and maintenance.

A separate economic development impact supplement is available

Bond Issuance Overview

Projected amounts and rates; final terms determined at sale

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$220M

2026A issuance

3.485520% rate; first-year service ~$9.8M

$130M

2026B planned

Dec 2026; estimated 4.5%–6.0% TIC

$210M

2027 planned

Apr 2027; 3.90% illustrative TIC scenario

~$735M

Outstanding obligations after Series 2026B

~$388.9M

Remaining statutory bonding capacity

All three issuances are structured with anticipated 15-year maturities.

Series 2026B | Debt Service

December 2026 bond sale • preliminary schedule, subject to market conditions

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$130M

Planned issuance

Estimated all-in TIC: 4.5%–6.0%

~$4–8M

Early annual payments

Narrative estimate for first four years

~$15M

Later annual payments

Average expected in remaining years

Debt service is designed to increase beginning in FY 2031, when substantial existing obligations are expected to retire.

The report includes a preliminary annual payment schedule. Actual repayment amounts depend on the final principal, rates, and bond terms.

Series 2027 | Proposed Financing

Illustrative April 2027 scenario • assumptions as of November 4, 2026

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$210.0M

Project fund

Four planned construction projects

3.90%

Illustrative TIC

15-year maturity through June 2042

$193.4M

Illustrative par amount

Reported bond summary amount

Annual scheduled service: ~$12.0M in FY 2028–2030, then ~$21.2M in FY 2031–2042.

Illustrative full-term debt service: ~$290.9M, including ~$97.5M in interest. The schedule is hypothetical and is not a final bond pricing.

Debt Capacity | FY 2031 Inflection

New repayment schedules reflect projected retirements in the existing bond portfolio

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~$735.0M

Outstanding after 2026B

Projected following December issuance

~$388.9M

Bonding capacity left

Estimated under current statutory authority

Higher scheduled principal repayments begin in FY 2031 as existing debt obligations are expected to decline.

NMDOT plans to use recurring SB2 revenue of $75 million annually to support repayment of bonds issued under the legislation.

SB2 Funding and Program Effects

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- Annual recurring SB2 revenue: $75 million, used to support repayment of bond debt.
- Bond proceeds keep major District projects moving without delays or phased delivery.
- Bond financing provides state match for three discretionary-grant projects totaling $220 million.
- Recurring funds not required for debt service can increase maintenance funding.
- Bond proceeds cannot finance routine maintenance.

2027 Projects | Five Investments

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- NM 31/128
- US 380
- I-25/US 84 interchange
- I-40 Gallup
- I-40 Santa Rosa

Safety | Asset condition | Traffic operations | Economic activity

NM 31 / NM 128 | District 2

CN 2104331 • MP 0.5–8 • Roadway reconstruction and intersection improvements

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5,727
AADT

61/100
Pavement rating
Fair

3.00
Crashes / MVMT
Statewide: 1.44

0.18
Fatalities / MVMT
Statewide: 0.017

- Supports Permian Basin energy industry and heavy freight movement.
- Four-lane widening, turn lanes, lighting and railroad crossing improvements.
- Design-year peak-period Level of Service improves from E to A/B on evaluated segments.

Reported design life: 20 years. Freight share reported as 10–30% westbound and 10–25% eastbound.

US 380 | District 2

CN 2100743 • MP 190.852–201.333 • Rehabilitation and passing lanes

New Mexico DEPARTMENT OF TRANSPORTATION
MOBILITY FOR EVERYONE

3,875
AADT

46/100
Pavement rating
Poor

0.68
Crashes / MVMT
Statewide: 1.44

0.08
Fatalities / MVMT
Statewide: 0.017

- Critical route for energy, tourism and access to recreation destinations.
- Passing lanes reduce queues behind agricultural vehicles, RVs and trucks.
- Fatality rate is approximately 4.7 times the reported state average; head-on collisions are a factor.

Reported freight: 419 vehicles/day (11%). Design life: 20 years.

I-25 / US 84 interchange | District 4

CN 4101530 • Romeroville • Interchange reconstruction and bridge replacement

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2,388
AADT

34/100
US 84 pavement
Poor

40
Crashes / MVMT
Statewide: 1.44

75 years
Bridge design life
Replacement vs. 10–15-year rehabilitation

- Existing bridge is more than 60 years old; deck and superstructure are deteriorating.
- Most crashes occur at interchange junctions and are lower speed/property-damage crashes.
- Longer entrance and exit ramps improve safety; no major capacity gain is expected.

Reported fatality rate: 0 / MVMT; freight: 334 vehicles/day (14%).

I-40 Gallup | District 6

CN 6100931 • MP 17.9–21.99 • Roadway reconstruction

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27,708
AADT

35/100
Pavement rating
Poor

0.73
Crashes / MVMT
Statewide: 1.44

0.03
Fatalities / MVMT
Statewide: 0.017

- No additional through lanes are proposed.
- Corrects deficient ramps at the US 491 interchange.
- Provides 12-foot inside and outside shoulders to maintain two traffic lanes during operations, incidents and maintenance.

Reported design life: 20 years. Freight value reproduced as given in report (334 / 14%).

I-40 Santa Rosa | District 4

CN 4102020 • MP 269.9-277.27 • Roadway rehabilitation

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15,683
AADT

72/100
Pavement rating
Good

0.73
Crashes / MVMT
Statewide: 1.44

0.03
Fatalities / MVMT
Statewide: 0.017

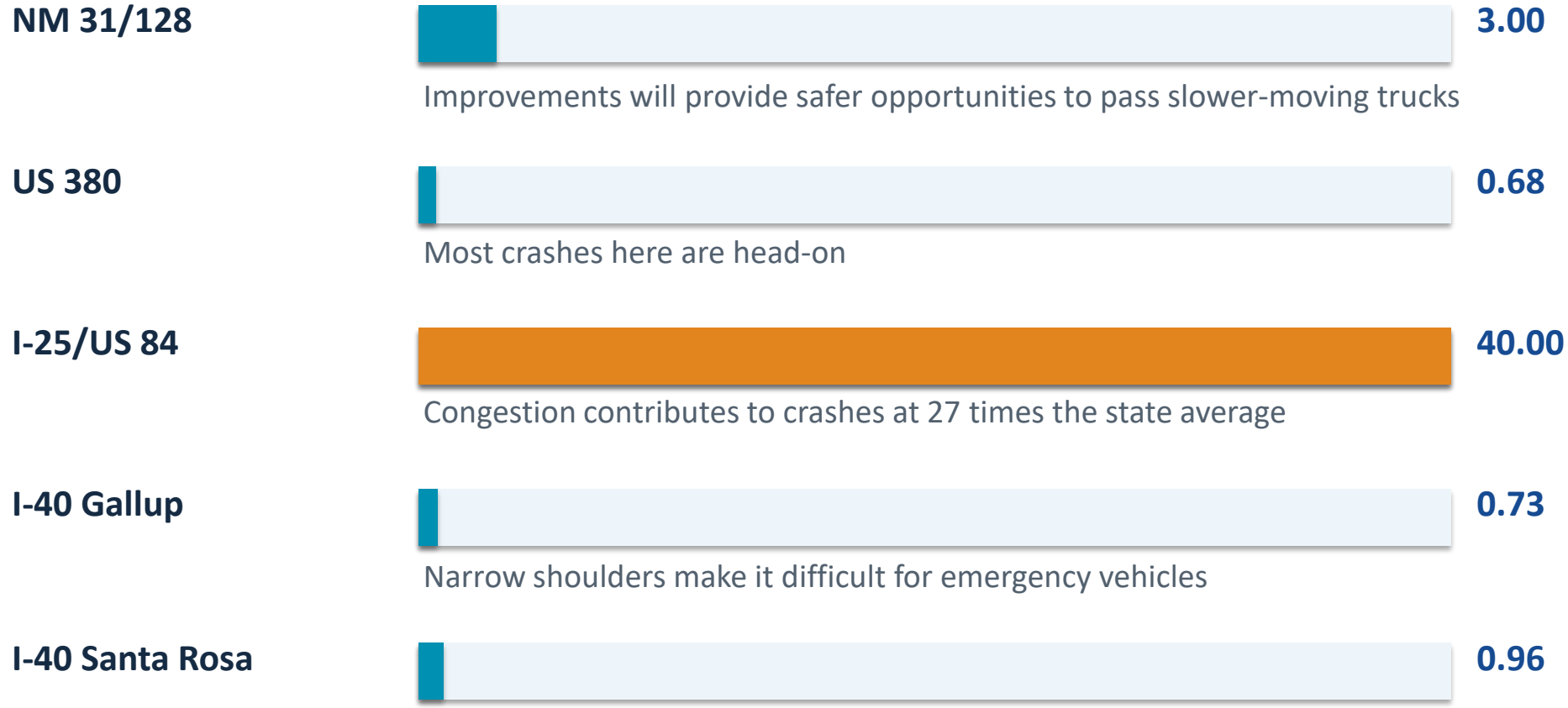
Reported design life: 20 years. Freight value reproduced as given in report (4,078 / 26%).

Safety Comparison | Reported Crash Rates

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Crashes per million vehicle miles traveled (MVMT)

Statewide = 1.44



Safety Comparison | Reported Fatality Rates

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Statewide = 0.017

Fatalities per million vehicle miles traveled (MVMT

NM 31/128 — **0.180**

High freight volume and congestion contribute to high fatality rate

US 380 — **0.080**

Head-on crashes contribute to higher fatality rate

I-25/US 84 — **0.000**

Interchange speeds are low resulting in property damage crashes

I-40 Gallup — **0.030**

Wider shoulders will allow better traffic movement

I-40 Santa Rosa — **0.024**

Construction and Maintenance Outlook

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$250M

Additional maintenance need

Identified in FY 2028 budget submission

$100M

Additional equipment need

Identified in FY 2028 budget submission

- Bond proceeds support major capital projects but cannot fund routine maintenance.
- SB2 recurring revenue improves funding capacity yet does not close maintenance gaps.
- Continuing need for one-time HB 2 appropriations and/or additional recurring revenue.

2027 Legislative Priorities

Four proposed legislative initiatives

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01 Work Zone Speed Cameras

Authorize or advance the use of speed cameras in highway work zones.

02 Motor Carrier Training

Establish motor carrier training requirements.

03 Bureau Name Updates

Replace “Traffic Safety Bureau (TSB)” with “Traffic Regulation Bureau (TRB)” in the cited statutes.

NM Stat §§ 65-2A-4(A)(9); 65-2A-5(C), (D); 65-2A-11(C); 65-2A-13(B), (C)(1); 65-2A-15(E); and 65-2A-20(G).

04 Ambulance Standards

Transfer ambulance standards to the Department of Health (DOH). Co-sponsors: Senator Woods and Senator Duhig.

NMDOT Looking Ahead

Infrastructure investment • Financial sustainability • Transportation safety

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01

Deliver Critical Infrastructure Investments

Advance priority highway projects that improve safety, mobility, freight movement, and the condition of New Mexico's transportation system.

02

Maintain Long-Term Financial Sustainability

Leverage $75 million in annual recurring SB2 revenue while addressing continuing maintenance and equipment funding needs.

03

Advance Safety and Regulatory Improvements

Pursue four 2027 legislative priorities involving work zone enforcement, motor carrier training, regulatory clarity, and ambulance standards.

Deliver today's investments while strengthening tomorrow's transportation system.