

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

COLONIAS INFRASTRUCTURE BOARD

November 8, 2018





COLONIAS INFRASTRUCTURE ACT

- ❖ The Colonias Infrastructure Act (the “Act”, NMSA 1978, Sections 6-30-1 – 6-30-8), defines a Colonia as 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 by a county or municipality due to:
 - ❖ Lack of potable water;
 - ❖ Lack of adequate sewage systems;
 - ❖ Lack of decent, safe and sanitary housing; and
 - ❖ Has been in existence as a Colonia prior to November 1990.
- ❖ There are 171 Colonias within NM’s 12 southern-most counties
- ❖ The Act provides that NMFA may make loans and grants from the Fund to qualified entities for projects prioritized by the CIB, including:
 - ❖ Water Infrastructure
 - ❖ Wastewater Infrastructure
 - ❖ Solid Waste Infrastructure
 - ❖ Housing Infrastructure (pre-development)
 - ❖ Flood and Drainage Control
 - ❖ Road Infrastructure



COLONIAS INFRASTRUCTURE BOARD

The Act creates the Colonias Infrastructure Board (CIB), a 12-member Board comprised of seven voting members and five advisory, non-voting members. Current members:

| Name | Representing |
|---|---|
| Doug Moore, <i>Chair</i> | Minority Leader of the Senate Appointee |
| Oscar Vasquez Butler, <i>Vice Chair</i> | President Pro Tempore of the Senate Appointee |
| Butch Tongate, <i>Treasurer</i> | Environment Department |
| John Gasparich, <i>Secretary</i> | New Mexico Finance Authority |
| Mary Helen Garcia | Minority Leader of the House of Representatives Appointee |
| Orlando Antonio Carrillo Jimenez | Speaker of the House of Representatives Appointee |
| Duffy Rodriguez | Department of Finance & Administration |
| Jay Armijo* | South Central Council of Governments |
| Dora Batista* | Southeastern Economic Development District Council of Governments |
| Jay Czar* | New Mexico Mortgage Finance Authority |
| Steve Kopelman* | New Mexico Association of Counties |
| Priscilla Lucero* | Southwest Council of Governments |

*Advisory, non-voting members

COLONIAS INFRASTRUCTURE PROJECT FUND

- ❖ Colonias Infrastructure Project Fund (the “Fund”) is created within the NMFA and annually receives an earmark of Senior Severance Tax Bond (“STB”) proceeds held by the State Board of Finance.
- ❖ HB 236/aa from the 2015 Regular Session amended the STB Act to phase in reductions to bonding capacity to increase the amount of severance tax receipts deposited in the severance tax permanent fund. The bill contained provisions that lessened the impact of the reduction by increasing the percentage of STB capacity dedicated to the Fund from 5% to 6.5% in FY 2016 and 5.5% thereafter.
- ❖ Senate Bill 8 from the 2016 Special Session reduced the percentage of STBs directed to Colonias to 4.5% beginning with the FY 2017 cycle.

COLONIAS INFRASTRUCTURE PROJECT FUND

- ❖ The CIB uses comprehensive Project Management Policies and Selection Criteria for prioritizing projects to be recommended for funding by the NMFA
- ❖ To the greatest extent possible, the CIB leverages local and federal funds to complete projects; state funds do not count towards the required contribution (minimum 10%)

| Colonias Cycle | Applications Received | | CIB Awards Made | | Additional Funds Leveraged | Total Funding Provided |
|----------------|-----------------------|----------------------|-----------------|---------------------|----------------------------|------------------------|
| | # | Amount | # | Amount | | |
| 2012 | 75 | \$40,360,527 | 39 | \$13,207,965 | \$13,141,403 | \$26,349,368 |
| 2013 | 59 | \$37,736,894 | 34 | \$16,640,461 | \$8,357,897 | \$24,998,358 |
| 2014 | 77 | \$40,351,172 | 37 | \$14,235,640 | \$10,437,286 | \$24,672,926 |
| 2015 | 54 | \$38,154,397 | 28 | \$14,000,875 | \$7,916,095 | \$21,916,970 |
| 2016 | 36 | \$30,842,183 | 13 | \$11,958,068 | \$5,366,034 | \$17,324,102 |
| 2017 | 32 | \$18,176,363 | 12 | \$5,222,483 | \$539,568 | \$5,762,051 |
| 2018 | 30 | \$16,912,464 | 17 | \$8,831,925 | \$948,358 | \$9,780,283 |
| TOTAL | 363 | \$222,534,000 | 180 | \$84,097,417 | \$46,706,641 | \$130,804,058 |

FOCUS ON EXPENDITURES

- ❖ Board and staff are focused on increased pace of spending; projects not timely expending prior awards may be bypassed in current funding cycle.
- ❖ 18 projects were approved in May 2018 and given until September 10th to submit all project readiness items/conditions of closing. To date, seventeen of the 18 projects have submitted their readiness items; nine have closed; eight will close by the end of the year, and one has returned their award.

Current Expenditure Summary

| Colonias Cycle | Awarded | # | Pending | # | Secured | # | Open | % of Funds Expended | Open Projects | % Projects Completed |
|-----------------|---------------------|------------|--------------------|----------|---------------------|------------|---------------------|---------------------|---------------|----------------------|
| 2012 | \$13,207,965 | 39 | \$0 | 0 | \$13,207,965 | 39 | \$0 | 100% | 0 | 100% |
| 2013 | \$16,640,461 | 34 | \$0 | 0 | \$16,640,461 | 34 | \$0 | 100% | 0 | 100% |
| 2014 | \$14,235,640 | 37 | \$0 | 0 | \$14,235,640 | 37 | \$313,935 | 98% | 2 | 95% |
| 2015 | \$14,000,875 | 28 | \$0 | 0 | \$14,000,875 | 28 | \$2,365,987 | 83% | 13 | 54% |
| 2016 | \$11,958,068 | 13 | \$0 | 0 | \$11,958,068 | 13 | \$6,732,019 | 44% | 12 | 0% |
| 2017 | \$5,222,483 | 12 | \$0 | 0 | \$5,222,483 | 12 | \$4,793,631 | 8% | 11 | 8% |
| 2018* | \$8,831,925 | 17 | \$4,389,344 | 8 | \$4,442,581 | 9 | \$8,827,283 | 1% | 17 | 0% |
| SUBTOTAL | \$84,097,417 | 180 | \$4,389,344 | 8 | \$79,708,073 | 172 | \$23,032,855 | 62% | 55 | 51% |

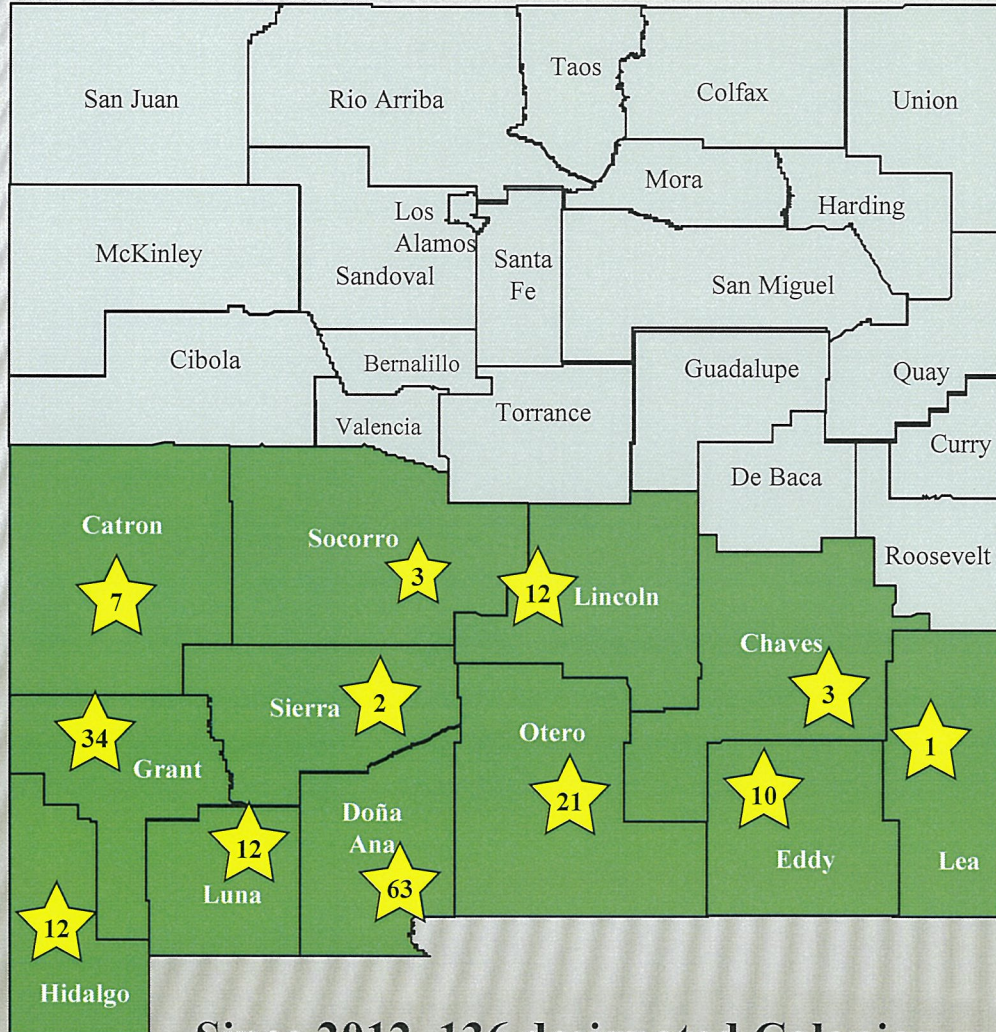
*2018 cycle was awarded on April 25, 2018; current RTP submission deadline date is September 10, 2018



COLONIAS PROJECT ADMINISTRATION

- ❖ In 2015, NMFA moved the administration of the Colonias program to its Water Resources Department
 - ❖ Aligned Colonias and Water Trust Board processes which provides client with greater predictability, oversight and outreach
 - ❖ Same NMFA personnel oversee both Colonias and Water Trust Board programs
 - ❖ Michael Vonderheide, Director of Water Resources
 - ❖ Angela Quintana, Senior Program Administrator (Primary Program Contact)
 - ❖ Charlotte Larragoite, Water Resources Administrator (Secondary Program Contact)
 - ❖ Michelle Harding, Administrative Assistant (Board Administrator)
 - ❖ Staffing changes resulted in an increased pace of project expenditures and accelerated closing process
- ❖ In FY 2016, NMFA entered into an Memorandum of Agreement with NM Environment Department to provide engineering and construction oversight services
- ❖ In FY 2018, NMFA staff provided 2018 award training “*What’s Next*”.
- ❖ For FY 2019 Application Cycle: On-line application open from December 5, 2018 – January 17, 2019, with application training provided in September

Colonias Infrastructure Project Fund Awards 2012 - 2018



| County | # of Awards | Amount |
|--------------|-------------|---------------------|
| Catron | 7 | \$ 3,567,757 |
| Chaves | 3 | \$ 1,801,007 |
| Doña Ana | 63 | \$ 28,405,669 |
| Eddy | 10 | \$ 3,963,739 |
| Grant | 34 | \$ 15,875,081 |
| Hidalgo | 12 | \$ 5,566,221 |
| Lea | 1 | \$ 320,602 |
| Lincoln | 12 | \$ 8,988,702 |
| Luna | 12 | \$ 4,375,143 |
| Otero | 21 | \$ 8,700,632 |
| Sierra | 2 | \$ 1,500,000 |
| Socorro | 3 | \$ 1,032,864 |
| Total | 180 | \$84,097,417 |

Since 2012, 136 designated Colonias have been approved for 180 funding awards totaling more than \$84 million

