

**MINUTES  
of the  
FOURTH MEETING  
of the  
TRANSPORTATION INFRASTRUCTURE REVENUE SUBCOMMITTEE**

**October 10, 2017  
State Capitol, Room 317  
Santa Fe**

The fourth meeting of the Transportation Infrastructure Revenue Subcommittee was called to order by Representative Roberto "Bobby" J. Gonzales, chair, on October 10, 2017 at 9:35 a.m. in Room 317 of the State Capitol.

**Present**

Rep. Roberto "Bobby" J. Gonzales, Chair  
Sen. John Arthur Smith, Vice Chair  
Sen. Ron Griggs  
Rep. Jane E. Powdrell-Culbert  
Sen. Clemente Sanchez  
Sen. Pat Woods

**Absent**

Rep. David M. Gallegos  
Rep. Patricio Ruiloba

**Advisory Members**

Sen. Carlos R. Cisneros  
Rep. Harry Garcia  
Rep. Bealquin Bill Gomez  
Sen. Stuart Ingle  
Rep. Rick Little

Rep. Sharon Clahchischilliage  
Sen. Carroll H. Leavell  
Rep. Antonio Maestas  
Sen. William H. Payne

**Minutes Approval**

Because the subcommittee will not meet again this year, the minutes for this meeting have not been officially approved by the subcommittee.

**Staff**

Mark Edwards, Drafter, Legislative Council Service (LCS)  
Pam Stokes, Staff Attorney, LCS  
Kathleen Dexter, Researcher, LCS

**Guests**

The guest list is in the meeting file.

**Handouts**

Handouts and other written testimony are in the meeting file or posted on the subcommittee's web page.

**Tuesday, October 10**

**Follow-up to Subcommittee Questions**

Tom Church, secretary, Department of Transportation (DOT); Tamara P. Haas, P.E., director, Asset Management and Planning Division, DOT; and Marcos B. Trujillo, policy director, DOT, presented information in response to questions members posed at previous meetings.

***Transportation funding.*** Congress typically authorizes federal highway funding through legislation covering multiple years that creates a formula for apportioning funds to the various states. Secretary Church said that while this is nonreverting funding, a state may not obligate more than 90% of its apportionment level. He said that, historically, New Mexico has used all of its available apportionments. Ms. Haas noted that as of September 30, 2016, New Mexico had obligated just over 48% of its federal apportionments authorized through the federal Moving Ahead for Progress in the 21st Century Act (MAP-21) and the federal Fixing America's Surface Transportation (FAST) Act. Recent apportionments were \$353.5 million in 2015 under MAP-21 and \$371.2 million in 2016 under the FAST Act. She listed the following seven programs created under the MAP-21 and the FAST Act and the years in which they were apportioned:

- 1) National Highway Performance Program (2015 and 2016);
- 2) Surface Transportation Program (2015 and 2016);
- 3) Highway Safety Improvement Program (HSIP) (2015 and 2016);
- 4) Railway-Highway Crossings Program (2015 and 2016);
- 5) Congestion Mitigation and Air Quality Improvement Program (CMAQ) (2015 and 2016);
- 6) Metropolitan Planning Program (2015 and 2016); and
- 7) National Highway Freight Program (NHFP) (2016).

The NHFP is a new program created under the FAST Act. Secretary Church indicated that while the FAST Act moved some funding into a "block grant" process, it did not substantially alter the nature of the federal highway funding program.

***Interstate highway traffic counts.*** Ms. Haas presented a map showing the average daily traffic on interstate highways 10, 25 and 40, with semi-trailer trucks given as a percentage of overall traffic. Semi-trailer trucks account for up to 40% of the traffic on Interstate 40, up to 30% on Interstate 10 and up to 12% on Interstate 25.

***Local Governments Road Fund projects.*** Mr. Trujillo presented a list of Local Governments Road Fund projects for fiscal year (FY) 2017 and FY 2018. Total project allocations for that period came to \$41.9 million, an amount that was secured by \$13.9 million in local matching funds.

Responding to questions about transit and safety funding, Mr. Trujillo said that funding from the Metropolitan Planning Program has been used as operational funding for some local transit systems; it has not been used for the capital costs of the Albuquerque Rapid Transit project. He also explained that CMAQ funding may be used for road improvements and for connections to alternative transportation that improve air quality; while HSIP funding may be used for items such as roundabouts, guard rails and signage that increase safety. Armando Armendariz, P.E., director, Design and Construction Division, DOT, noted that roundabouts may improve traffic flow, but can create challenges for pedestrians.

Responding to questions about the funding availability for specific projects, Mr. Trujillo noted that New Mexico received only \$1 million under the Railway-Highway Crossings Program; a single railroad grade crossing project costs \$300,000 to \$400,000. In a similar vein, annual funding is limited for the Local Governments Road Fund. Accordingly, project costs tend to range from \$50,000 to \$150,000, and a \$2 million appropriation for a single project is unlikely.

### **DOT Status Update**

Secretary Church stated that the DOT has no major issues at the moment and provided some broad indicators of the state of the department. He said that the department's revenue is flat for the year, and its budget request for FY 2019 is down by \$15 million from FY 2018 due to current and anticipated federal funding reductions. On average, the department pays 92% of the invoices it receives within 30 days of receipt. The department's overall inactive obligation rate is less than 1%. The current staff vacancy rate is 15% and rising, in part due to competition from the somewhat-improved economy. In particular, the DOT faces competition for drivers with commercial driver's licenses from the oil and gas industry. The DOT has 99 active projects totaling \$732 million, and its on-time, on-budget rate for projects is 95%.

Responding to questions about some of the factors that may affect the DOT's budget, Secretary Church noted that New Mexico receives \$1.18 in federal highway funding for every \$1.00 the state pays out. He indicated that the department has reduced its liability profile, saying that, while six years ago the DOT faced lawsuits for claims totaling \$140 million, the total is now \$10 million. Regarding the deterioration of publicly used but privately constructed roads in some counties, Secretary Church said that although the DOT can donate millings to counties, it does not have the resources to take over maintenance on county or private roads. With regard to the potential use of public-private partnerships in New Mexico, he said that for transportation projects, this type of financing tends to be for toll roads. He added that New Mexico does not have the population density to make toll roads feasible.

### **Central New Mexico Rail Park**

Tim Cummins and Lawrence Rael, both of RIO Real Estate Investment Opportunities, LLC, gave a presentation on an industrial park under development in Los Lunas that has received a "certified site" designation from the BNSF Railway (BNSF).

The BNSF transcontinental line passing through central New Mexico services a large portion of the nation's freight shipping. The Central New Mexico Rail Park will take advantage of this traffic by providing transloading facilities and rail spurs to industries in the area, as well as manufacturing, warehousing, distribution and storage space. Because some of BNSF's customers are looking to expand their operations but are located in sites that have limited space for growth, the company plans to encourage those companies to move to the Central New Mexico Rail Park. At full capacity, the industrial park has the potential to provide up to 5,000 jobs. The rail park is financed entirely through local investors and is hiring local contractors.

In response to questions, Mr. Cummins stated that the Central New Mexico Rail Park does not compete with the rail parks in Santa Teresa and Gallup because those parks serve different markets. The Santa Teresa park caters to border businesses, and the Gallup Energy Logistics Park caters to the oil and gas industry. He said the park is not designed as an intermodal facility at this time. He said that, although Los Lunas developed a plan 34 years ago that designated the area for industrial use, most of the Central New Mexico Rail Park land is still zoned for grazing. RIO Real Estate Investment Opportunities held public hearings on the proposed rail park. In those meetings, two people spoke against it; the others spoke in favor. The Pueblo of Isleta, which borders the park, and the Pueblo of Laguna have expressed support for the project.

### **Greater Albuquerque Transportation and Logistics Hub Study**

Randall Trask, director, New Mexico Trade Alliance, reported the findings of a study commissioned by the Mid-Region Council of Governments on transportation and logistic strengths in the Albuquerque area and how they can be leveraged for economic development.

Unlike most other states, where infrastructure was developed to accommodate industry, New Mexico's transportation infrastructure was built in response to military bases, military testing, mining activities and agriculture. It has also been developed for the oil and gas industry, which operates well away from the major population centers along the Rio Grande corridor. With the state's economy so heavily weighted toward the government, energy and agriculture sectors, very few goods are produced in the state for shipment elsewhere.

The Albuquerque area has several transportation and economic development advantages that could be better marketed to industries looking to "nearshore" or "reshore" their operations. Advantages include the intersection of two interstate highways that connect the east and west coasts and connect Canada with Mexico; the BNSF's most heavily traveled rail line; and the BNSF's only rail line into central Mexico. The Albuquerque Sunport's international port of entry and foreign trade zone are also advantages; however, 95% of the export goods produced in the Albuquerque area that are ultimately shipped by air cargo are trucked out of state for loading at other airports. The study concluded that five industries are best suited for increased development in Albuquerque, based on the area's strengths: 1) value-added manufacturing in the automotive sector; 2) aerospace technology; 3) photonics technology; 4) food manufacturing; and 5) plastics.

Mr. Trask said that the Mid-Region Council of Governments has formed a committee to advise on transportation infrastructure planning and is forming subcommittees to focus on three main strategies: 1) air cargo investment; 2) advancements in rail cargo; and 3) industrial investment. It was noted that this sort of planning is needed because the state's economy is not diversified. If one large employer or one strong industry in the state has a bad year, the statistics for the whole state are skewed.

### **Minutes**

On a motion duly made, seconded and unanimously adopted, the minutes from the September 22, 2017 meeting were approved.

### **New Mexico Gas Company — Status of Pilar Area Project**

Tom Domme, vice president and general counsel, New Mexico Gas Company, and LaVanda Jones, governmental affairs, New Mexico Gas Company, gave an update on a gas pipeline project on New Mexico Highway 68 between Pilar and Rinconada in Taos County.

New Mexico Gas Company is moving a six-mile above-ground portion of the natural gas pipeline that serves Taos County from the west side of the Rio Grande south of Pilar to the east side of the river. In its new placement, the pipeline is buried five feet below the shoulder of the road adjacent to the northbound lane. To accommodate the installation crews, a maximum of one mile of road is reduced to a single lane, with pilot cars leading traffic through the construction zone 24 hours a day. Wait time for traffic stopped at the work site averages 10 to 12 minutes. New Mexico Gas Company has a memorandum of understanding with the New Mexico State Police and the Taos County Sheriff's Office for traffic control; it has also contracted with a private company to monitor the hillside for rock slides.

Responding to questions, the presenters provided the following specific information:

- New Mexico Gas Company's service area is the entire state;
- the pipeline section that is being moved is also being upgraded from eight-inch pipe to 12-inch pipe; the remainder of the pipeline will be upgraded to 12-inch pipe later; no blasting is planned for the project; the crews are boring through the rock;
- no emergency shut-off valves are being installed in the section that is being moved; if the pipeline has to be shut off, that is done in the Albuquerque headquarters;
- New Mexico Gas Company is abandoning the pipeline's original right of way; and
- the natural gas supply is abundant enough to absorb more demand. There is no drilling on the Otero Mesa because the cost of removing the tailings is too high.

### **New Mexico Transit Association (NMTA) — Update**

Philo Shelton, treasurer, NMTA; and Stan Cooper, director, NMTA, gave an overview of the NMTA's work to strengthen public and private transportation systems in the state.

The NMTA provides training and technical support for transit providers statewide, both rural and urban. It also hosts annual events to inform members of transportation issues at the state and federal levels, and it represents transportation interests before the legislature and the executive branch. During the 2017 regular session, the NMTA backed a "yield-to-bus" bill that passed both chambers; the bill was later pocket-vetoed by the governor.

The presenters urged subcommittee members to consider allocating General Fund money to transportation for the elderly in the state. They said that the percentage of the population that will be 65 or older is projected to exceed 20% by the year 2030. They said that these services are now primarily funded with federal and local dollars, which are insufficient to meet the growing transportation needs of this age group.

In the ensuing subcommittee discussion, the following points were raised:

- transportation systems need both capital and operational funding: 1) capital funding to replace buses, which are in service for longer than is optimal and which can cost up to \$500,000 each; and 2) operational funding to serve as a match for federal dollars;
- the South Central Regional Transit District (RTD) is the only RTD in the state that has not yet imposed a regional transit gross receipts tax; Class A counties are authorized in statute to impose a \$0.02-per-gallon tax to fund public transit and roads; and
- the United States Department of Agriculture has funding available for transit systems.

### **Review of Proposed Legislation**

Mr. Edwards and Senator Woods explained a bill that Senator Woods may sponsor in the upcoming legislative session. The bill amends the section of law that specifies the amount of various fines for violations of the Motor Vehicle Code known as penalty assessment misdemeanors. The bill is needed to conform the penalty assessment list to match changes that were made in previous sessions to some of the statutes that establish the violations as misdemeanors. Senator Woods did not request, and the subcommittee did not vote on, endorsement of the bill.

### **Adjournment**

There being no further business, the subcommittee adjourned at 2:30 p.m.