



New Mexico
**Department of Finance
and Administration**

**Infrastructure Planning
and Development Division**

2025 ANNUAL REPORT

Rural Frontier Equity Ombud

Reporting Period: September 2024 through June 30, 2025



New Mexico Department of Finance and Administration

Infrastructure Planning and Development Division

Table of Contents

Introduction	3
Overview of Ombud Activities.....	5
Interactions with Governmental Agencies	7
Technical and Planning Assistance Provided (<i>Abridged</i>)	9
Priority Recommendations.....	11

Introduction

1. **Background**

The Rural Frontier Equity Ombud was established by SB 193 (2021) within the Local Government Division of the New Mexico Department of Finance & Administration (DFA) and transferred by HB 232 (2024) into the newly created Infrastructure Planning & Development Division (IPDD) of the DFA. The creation of the Ombud’s role and IPDD speak to the evolving capacity building and capital needs in rural communities. This report covers the period since Fall 2024, when two new ombuds were hired, and a sampling of outreach supported by those individuals.

2. **Executive Summary**

Entity Type by Support Provided	Compliance & Audit	Infrastructure & Funding	Technical Assistance	Policy & Advocacy	Total
Special Districts	24	12	16	4	56
Municipalities	15	11	4	1	31
State Agencies	4	4	2	4	14
Counties	3	4	2	0	9
Nonprofits	1	2	2	0	5
Other / Federal	1	1	0	0	2
TOTAL	48	34	26	9	<u>117</u>

The Rural Frontier Equity Ombuds (Ombuds) have transformed the landscape of rural communities through **117 documented high-impact encounters**, primarily targeting the state’s most vulnerable Special Districts (48%) and Municipalities (26%). By delivering a dual-strategy of deep-dive case management and broad technical outreach, the Ombuds addressed the primary barrier of **fiscal compliance**- which accounted for 41% of all service requests.

Through direct technical assistance and Infrastructure Capital Improvement Plan (ICIP) prioritization, alongside **coordinated interagency state referrals**, the Ombud addressed compliance barriers that had frozen capital funding for distress communities, most notably evidenced by San Rafael water and sanitation district’s (WSD) submission of 15 years of delinquent audits. This strategic bridge between local bodies and state agencies has transitioned rural entities from a state of regulatory inaction to active infrastructure development and fiscal sustainability.

3. Key Achievements and Highlights



4. Major Challenges Facing Rural Communities in New Mexico

Many of the issues currently encountered by the Ombuds originate in the phenomenon of rural-to-urban migration. While originally observed during the industrialization of primary industries, recent challenges stem from a lack of job opportunities, educational access, and healthcare availability throughout rural New Mexico. For traditional communities that are recognized as special districts like **Acequias and Land Grants**, this migration threatens the workforce required to maintain communal infrastructure; for example, entities struggle with insufficient internal capacity and technical skills to manage essential reporting, while others face decades of patchwork repairs on infrastructure systems that have now reached end of their useful life.

As populations in rural areas continue to diminish, infrastructure maintenance becomes unaffordable for communities with overextended and stagnant revenues. This is exacerbated by a lack of internal capacity to secure and manage grants, often leaving special districts searching for disaster funding or audit assistance to remain viable. Furthermore, lack of audit compliance prevents these frontier communities from accessing capital, as evidenced by **San Rafael WSD**, which sat in regulatory immobility for 15 years before an Ombud intervened to unlock the funding necessary for basic planning and construction.

According to the decennial census of 2000, 32.4% of New Mexico residents lived in rural and frontier areas; in 2010, that number shrank to 23.5%. The 2020 census showed a slight increase to 24.7%. However, as populations age and workforces evolve, state agencies can provide valuable support through training and technical assistance on budget preparation, procurement, and financial systems, strengthening the long-term sustainability of these communities.

To address the complex barriers facing rural and frontier communities, this report recommends coordinated action across three strategic areas: (1) financial and compliance reforms, including partnerships with the Office of the State Auditor and financial assistance programs for audit compliance; (2) capital outlay and infrastructure process improvements to better prepare entities for legislative funding requests; and (3) governance and capacity development initiatives to strengthen local officials, address workforce gaps, and expand Ombuds staffing for proactive outreach. While the Ombuds have proven effective in providing technical assistance, these systemic barriers require state-level policy interventions. Detailed recommendations are provided at the conclusion of this report.

Overview of Ombud Activities

1. **Internal Policy & Procedure Creation**

Since the Ombuds role shift over to IPDD, Deputy Director (Hallie Brown) has led the team (Michael Gilmore and Jason Quintana) in procedure creation for outreach strategies, tracking visits, and inter-state agency collaborative case management. The next phase of growth and operationalization will involve recruitment of a Bureau Chief by Fall of 2025. The individual will lead the Capital Navigation and funding Bureau, providing management to oversee the Ombud program, create standard operating procedures informed by previous outreach, and continue rural funding assistance efforts.

Among the initial projects assigned to the Ombuds, upon transfer to the IPDD, was development of internal policies and procedures that instruct the following activities:

- receipt and processing of requests for information, assistance, and advocacy, and how these requests are to be assessed and addressed;
- coordination with local, state, and federal agencies and public service entities, maintaining appropriate transparency and confidentiality standards; and,
- a system for tracking, analyzing, and reporting upon these activities.

As of Spring 2025, an Ombud contact web form was created for convenience, ease of use, and efficient tracking. The form is posted on the DFA website and can be found following this link: <https://www.nmdfa.state.nm.us/infrastructure-planning-and-development-division/contact-ombuds/>

The ombuds also compile detailed reports on site visits and communications for the purposes of data analysis, ongoing situational awareness, and general reference.

2. Key Activities

The Ombud plays a key role in assisting throughout New Mexico in the targeted communities. Rural and frontier entities like Acequias, Mutual Domestic Water Consumer Associations (MDWCAs), Water and Sanitation Districts, Soil and Water Conservation Districts, and others have limited staff capacity and often limited technical training, relying on volunteers to operate. Ombuds provide needed technical assistance and capacity building opportunities for these entities.

To begin addressing these immediate needs, the ombuds organized an ongoing series of Capacity Building Trainings, to be repeated with revolving subject matter, semi-annually and in collaboration with the seven regional Councils of Government. The session series included beginning- to intermediate-level training on:

- Audit Act compliance and audit-related technical assistance from Office of the State Auditor (OSA)
- Capital planning and policy, including navigating the ICIP and questionnaire processes
- IPDD's Funding Navigation services
- Statutorily mandated financial reporting to DFA Local Government Division (LGD) and the Local Government Budget Management System (LGBMS)
- Open Meetings Act and Inspection of Public Records Act Requirements
- Capital Project System (CAPS)
- State bonding program with the Board of Finance (BOF)
- Project Accountability Reporting System (PARS)

In addition to this and other technical assistance and training provided on an expanding range of topics, the Ombuds also continues engagement in the following activities:

- Managing inquiries and concerns regarding policy, procedure, funding, and advocacy
- Facilitating stakeholder discussions to build consensus, particularly for rural communities and public bodies
- Researching and educating on relevant policy, procedures, and resources to optimize project planning, funding, and management
- Analyzing compliance patterns and structural barriers to identify systemic issues and recommend policy improvements
- Conducting outreach and education to rural communities and public bodies on technical assistance opportunities

3. Key Issues & Sectors of Engagement

The sectors in which the ombud has been most consistently engaged throughout the year include:

1. Water supply and associated issues, including:
 - a. Watershed restoration and conservation
 - b. Drought and aridification
 - c. Groundwater depletion and aquifer recharge
 - d. Aging infrastructure, including materials & safety compliance, deferred maintenance and failure in supply systems (pipes) and storage systems (dams)
2. Wastewater management systems
 - a. Aging infrastructure, deferred maintenance, system failures
 - b. Insufficient operational staffing and resources, including:
 - i. Certified wastewater operators
 - ii. Financial expertise
 - iii. Project management
3. Capital outlay project assistance, including:
 - a. Preliminary planning and ICIP completion
 - b. Funding navigation and acquisition
 - c. Questionnaire completion
 - d. Education on grant agreement processes at different state agencies administering projects
4. Executive agency interaction, assistance, advocacy, and compliance (see Section III – Interactions with Government Agencies)

Interactions with Governmental Agencies

The Ombuds serve as a critical liaison between rural communities and state agencies, providing advocacy, technical assistance, and compliance support. This work includes navigating regulatory requirements, securing funding, and resolving operational challenges across multiple state entities.

1. New Mexico Office of the State Auditor (OSA)

The Ombuds support entities in maintaining Audit Act compliance and connecting with OSA resources. Work includes providing financial and technical assistance for audit preparation and addressing sensitive advocacy issues involving private sector service providers. The Ombuds frequently direct entities to OSA contacts for auditor placement assistance.

2. New Mexico Environment Department (NMED)

Coordination with NMED encompasses several critical areas:

- Permit compliance and project management for wastewater and water system improvements
- Construction Projects Bureau collaboration on infrastructure development
- Brownfields program support tied to economic development initiatives
- Emergency funding requests for urgent environmental and infrastructure needs
- Project planning and funding assistance for financially or operationally troubled entities

3. New Mexico Department of Transportation (NMDOT)

The Ombuds assist entities with grant agreement compliance and execution, project management, and connecting rural communities with district resources. This includes direct consultation with NMDOT District Community Liaisons on rural infrastructure needs and transportation project coordination.

4. New Mexico Office of the State Engineer (OSE) / Interstate Stream Commission

Work focuses on dam safety and repair projects, as well as addressing overlapping issues between OSE jurisdiction and Soil & Water Conservation Districts. The Ombuds have coordinated with OSE on capital outlay language requirements, including equipment purchase specifications for organizations like Las Acequias del Norte. Future projects on the horizon may include supporting mapping efforts and geospatial and hydrology matching as well as outreach for Main Stream (ISC's water planning program).

5. New Mexico Economic Development Department (EDD)

The Ombuds connect communities and organizations with EDD funding programs and resources, including Small Business Recovery Act (SB169/170) support. Recent work included linking the Indian Pueblo Cultural Center with appropriate EDD contacts for economic development assistance. Other economic development capacity building and lead up, included grant writing and technical assistance support to aid in future National Telecommunications and Information Administration (NTIA) capacity grant submissions.

Technical and Planning Assistance Provided (*Abridged*)

Entity Name	Date	Nature of Engagement	Outcome	Assigned Ombud
Village of Melrose	11/20/24	Emergency water supply issues (leaking water towers, asbestos pipes)	Initiated emergency funding search with DFA team; coordinated with Mayor to amend ICIP for emergency funding qualification	Michael
Village of San Jon	11/21/24	Fund maximization for Route 66 centennial grant	Established direct communication with administrator to review funding planning; directed entity to provide specific data	Michael
City of Eunice	11/22/24	Investigation of reverted funds for rodeo arena project	Confirmed funds reverted 6/30/24 due to non-use; advised reversion was final; shifted strategy to identifying new funding sources	Michael
Village of Loving	12/17/24	Lack of response to DFA "Special Conditions" letters	Discovered letters sent to inactive email of former mayor; re-sent to current Mayor and Clerk, re-establishing compliance loop	Michael
Sierra County	1/7/25	Late capital outlay request for Emergency Ops Center	Secured permission from Governor's Office and Legislative Council Service for late submission; guided County Manager through rapid submission	Michael
Village of Eagle Nest	2/20/25	Emergency loan conversion, dam safety, 3 years delinquent audits	Facilitated meeting with IPA and Village leadership; established mandatory weekly Friday accountability meetings, targeting FY22 audit exit	Michael
Mora MDW & SWA	7/11/25	Crisis involving failing wastewater plant and required NMED regulatory demands	Identified standard compliance impossible due to infrastructure obsolescence; escalated to DFA Legal for atypical solutions	Michael
San Rafael WSD	5/8/25	Submission of 15 years of past-due AUPs	Entity submitted all 15 years of delinquent reports to OSA; Ombud assisted with LGD/BFB onboarding to normalize status	Michael
Torreon MDWCA	5/12/25	Procuring auditor after jumping to Tier 5 status	Provided procurement materials and OSA training; guided entity through unfamiliar RFP process to remain current	Michael
Tome Land Grant	10/22/24	Introductory outreach; securing Capital Outlay	Confirmed signed auditor contract; established follow-up schedule to monitor audit progress for funding qualification	Jason
Carnuel Land Grant	10/22/24	Audit backlog (4 years) and new water lines	Entity identified cannot request Capital Outlay due to backlog; established check-in relationship for support through backlog	Jason

Entity Name	Date	Nature of Engagement	Outcome	Assigned Ombud
Cubero	10/23/24 (Update: 6/25/25)	Finding NM Statewide Price Agreement website for building repairs	Guided to correct contractor website; Entity completed FY24 audit and actively working with CES on \$500,000 funding deployment	Jason
Los Vigiles	10/23/24	Training needs to become own fiscal agent	Diagnosed fiscal agency capacity gap; identified entity sitting on \$221,530 in grant funds needing immediate training	Jason
San Joaquin de Rio de Chama	10/23/24 (Updates: 3/12/25, 4/2/25)	Federal grants (\$600k) for remodeling the Sala	Helped register with NM Surplus Property for motor grader; assisted drafting Audit Response Letter to LGD	Jason
Town of Estancia	10/30/24 (Update: 12/4/24)	Onboarding new administrator regarding funding and match grants	Resolved SLFRF balance confusion; facilitated meeting between Mayor and DFA staff to confirm funds spent and correct data	Jason
Leesburg Mutual	11/27/24 (Update: 12/17/24)	Accessing GSD vendor list for procurement	Walked President through GSD website login; entity enrolled in NM Edge training to close procurement knowledge gap	Jason
Village of Des Moines	3/13/25	Fixed asset valuation and disposal questions	Resolved technical questions on asset values; procured disposal process documentation from LGD and transferred to Village	Jason
San Miguel de Bado	12/16/24	Fiscal agency training needs	Identified need and referred to NM Edge training for fiscal agency certification	Jason
Village of La Joya	5/15/25	ICIP and budgeting assistance	Assisted with completing Bond Questionnaire and ICIP questions	Jason
Abiquiu MDWCA	3/25/25	Insurance rate hikes (spiked from ~\$58k to prohibitive levels due to contractors on-site)	Identified as systemic issue affecting all entities; initiated investigation and suggested contacting DOJ	Jason
Acequia Vadito	1/30/25	Property/water rights dispute (project stall due to new property owner changing water flow)	Referred entity to Department of Justice and connected with Enrique Romero	Jason
Las Acequias del Norte	5/13/25	Restrictive legislative language (wanted to buy used equipment but appropriation specified "purchase and equip a backhoe")	Clarified with OSE that they must follow language or return to legislature to amend it	Jason
Dona Ana County	4/16/25	Asset Management policy and procedure examples	Provided concrete P&P document examples enabling county to draft compliant internal controls	Jason

Priority Recommendations

The barriers facing rural and frontier communities in New Mexico are complex and interconnected, requiring coordinated policy reforms and programmatic interventions. While the Ombuds have proven effective in providing technical assistance and navigating entities through compliance, planning, funding, and project execution challenges, systemic issues remain that cannot be addressed through technical assistance alone. The following recommendations represent priority areas where state-level action can meaningfully reduce structural barriers and expand rural communities' ability to access critical infrastructure funding and complete essential capital projects.

- **Financial and Compliance Reforms**

- Develop financial assistance programs to help cash-constrained entities meet audit requirements and maintain compliance
- Expand capacity in the Independent Public Accountant field approved by the OSA to serve rural and frontier communities

- **Capital Outlay and Infrastructure Process Improvements**

- Continue capital outlay rehabilitation efforts, specifically addressing barriers to rural entity access and funding eligibility
- Enhance pre-session technical assistance programming to prepare entities for legislative capital outlay requests

- **Governance and Capacity Development**

- Strengthen the capacity of local elected officials to navigate governance requirements and access critical public resources and funding
- Develop targeted workforce development strategies to address high turnover and technical capacity gaps in rural regions
- Strengthen private sector capacity for construction and professional services outside metropolitan areas to support timely project completion
- Expand internal Ombuds staffing capacity within DFA to enable proactive outreach and early intervention across rural and frontier communities