



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



**Establishment and Process
Development of the
Colonias Infrastructure Fund**



August 29, 2022

**Mary Kay Papen, Colonias Board Chair
Marquita D. Russel, CIB Secretary, NMFA CEO**



Colonias Infrastructure Act

- Created by the 2010 Legislature with an effective date of July 1, 2011
- The Act establishes the 12-member Colonias Infrastructure Board
- The Act earmarks a portion of annual Senior Severance Tax Bond proceeds for a variety of infrastructure projects
- The first STB distribution was made available in 2012, and eleven application cycles have been completed to date:

Colonias Cycle	Applications Received		CIB Awards Made		Additional Funds Leveraged	Total Funding Provided
	#	Amount	#	Amount		
2012	75	\$40,360,527	38	\$12,411,965	\$13,141,403	\$25,553,368
2013	59	\$37,736,894	35	\$16,887,736	\$8,357,897	\$25,245,633
2014	77	\$40,351,172	37	\$12,719,872	\$10,437,286	\$23,157,158
2015	54	\$38,154,397	28	\$15,922,643	\$7,916,095	\$23,838,738
2016	36	\$30,842,183	13	\$11,460,915	\$5,366,034	\$16,826,949
2017	32	\$18,176,363	10	\$4,347,476	\$539,568	\$4,887,044
2018	30	\$16,100,000	17	\$9,519,823	\$962,324	\$10,482,147
2019	29	\$17,100,000	25	\$14,671,481	\$16,839,638	\$31,511,119
2020	31	\$25,528,474	26	\$19,996,093	\$4,346,896	\$24,342,989
2021	47	\$40,011,730	34	\$26,667,201	\$3,341,823	\$30,009,024
2022	54	\$77,248,074	38	\$36,276,713	\$18,744,275	\$55,020,988
TOTAL	524	\$381,609,814	301	\$180,881,918	\$89,993,239	\$270,875,157



Colonias Infrastructure Board

- Board is comprised of 12 members
 - 7 voting members
 - 5 advisory, non-voting members
- Voting board members
 - Secretary of the Department of Finance and Administration
 - Secretary of the Environment Department
 - Chief Executive Officer of the NM Finance Authority
 - Four members appointed by Legislative Leaders
 - President Pro Tempore of the Senate (Mary Kay Papen)
 - Minority Leader of the Senate (Janice Baca Argabright)
 - Speaker of the House (Orlando Antonio Carrillo-Jimenez)
 - Minority Leader of the House (Vacant)



Colonias Infrastructure Board

- Advisory, non-voting members include the Executive directors of the following organizations
 - South Central Council of Governments (Jay Armijo)
 - Southwest New Mexico Council of Governments (Priscilla Lucero)
 - Southeastern New Mexico Economic Development District (Dora Batista)
 - New Mexico Counties (Steve Kopelman)
 - New Mexico Mortgage Finance Authority (Isidoro Hernandez)



Colonias Infrastructure Board

- Pursuant to the Act, the Board meets at least quarterly
- Committees meet approximately six times per year
- Policy Committee recommends changes to Board Rules, Policies and By-Laws
- Project Review Committee bets project recommendations
- Each Committee is comprised of 3 voting members and all non-voting members
- In addition to Board Committees, the rules and policies provide for the Colonias Infrastructure Board to be advised by a multi-agency Project Management Team



Program Responsibilities

- Duties of the Board
 - Promulgate rules governing acceptance, evaluation and prioritization of applications
 - Policy setting
 - Project prioritization and recommendations
 - Requests for reconsideration
 - Oversight of Project Management Team
- Duties of the NMFA
 - Provide staff support to the Board
 - Administer the project fund
 - Process, review and evaluate applications
 - Determine terms and conditions for financial assistance
 - Administer qualified projects that receive financial assistance



Colonias Infrastructure Act

- 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 a Colonia by the municipality due to:
 - Lack of potable water;
 - Lack of adequate sewage systems;
 - lack of decent, safe and sanitary housing;
 - Has been in existence as a Colonia prior to November 1990;
 - Colonia communities must provide documentation to the Colonias Infrastructure Board that supports the designation by the municipality or county.
- There are 171 Colonias within NM's 12 southern-most counties
- The Act allows funding to be used for a variety of infrastructure projects:
 - Water
 - Wastewater
 - Solid Waste Disposal
 - Roads
 - Housing
 - Flood Control



Broad Project Eligibility

- Eligible Project
 - “a capital outlay project selected by the board for financial assistance that is primarily to develop colonias infrastructure, and may include a water system, a wastewater system, solid waste disposal facilities, flood and drainage control, roads and housing infrastructure, but does not include general operation and maintenance, equipment, housing allowance payments or mortgage subsidies.”

- Eligible Applicant
 - “a county, municipality or other entity recognized as a political subdivision of the state.”



Board Operates with Rules and Policies

- Board policies and rules established through a transparent and public process
- Rules address
 - Application Process
 - Request of Reconsideration of Board action
 - Interaction with the NM Finance Authority Board
- All other aspects of project prioritization and funding are set in policy
- Policies provide that awards be provided as 90% grant / 10% loan. Loans have a term of 20 years and are made at a 0% interest rate.



2022 Award Consideration

- The Colonias Board at its May 3, 2022, meeting set aside 5% (approx. \$1.9 million) of the STB proceeds in an effort to assist any of the 2022 awardees that may experience funding shortfalls due to increasing costs for construction.



Funding

- Funding Timeline ensures efficient use of funds
 - Clients provided four months from approval of award to submit readiness to proceed items
 - Clients provided two years to draw funds
 - Loan repayments begin after project is complete

Current Expenditure Summary								
Colonias						% of Funds	Open	% Projects
Cycle	Awarded	#	Secured	#	Open	Expended	Projects	Completed
2012	\$12,411,965	38	\$12,411,965	38	\$0	100%	0	100%
2013	\$16,887,736	35	\$16,887,736	35	\$0	100%	0	100%
2014	\$12,719,872	37	\$12,719,872	37	\$0	100%	0	100%
2015	\$15,922,643	28	\$15,922,643	28	\$0	100%	0	100%
2016	\$11,460,915	13	\$11,460,915	13	\$0	100%	0	100%
2017	\$4,347,476	10	\$4,347,476	10	\$0	100%	0	100%
2018	\$9,519,823	17	\$9,519,823	17	\$0	100%	0	100%
2019	\$14,671,481	25	\$14,671,481	25	\$1,147,271	92%	3	88%
2020	\$19,996,093	26	\$19,996,093	26	\$11,955,497	40%	20	23%
2021	\$26,667,201	34	\$26,667,201	34	\$25,223,362	5%	34	0%
2022	\$36,203,314	38	\$0	0	\$36,203,314	0%	38	0%
SUBTOTAL	\$180,808,519	301	\$144,605,205	263	\$74,529,444	76%	95	74%

*2022 cycle was awarded on May 24, 2022; current RTP submission deadline date is October 31, 2022



Next Application Cycle: Timeline

- Applicant Training (January 2023)
- On-line Application begins (January 30, 2023)
- Application evaluations by Project Management Team (March)
- Consideration of policy waivers (April)
- Recommendation for funding (May)
- Funding Awards by NMFA (June)
- Training for award recipients (June)
- Four months to meet award conditions (October)
- Funding agreements secured thereafter
- Applicants must demonstrate the ability to timely spend down the awards prior to applying for additional funds