

**MINUTES  
of the  
SIXTH MEETING  
of the  
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE**

**October 4, 2006  
Vado/Del Cerro Community Center  
180 La Fe Avenue  
Vado**

**October 5, 2006  
Pancho Villa State Park  
Columbus**

**October 6, 2006  
Mimbres Valley Learning Center  
2300 East Pine  
Deming**

The sixth meeting of the New Mexico Finance Authority (NMFA) Oversight Committee for the 2006 interim was called to order by Senator Mary Kay Papen, chair, on Wednesday, October 4, 2006, at 9:20 a.m. at the Vado/Del Cerro Community Center in Vado, New Mexico.

**Present**

Sen. Mary Kay Papen, Chair  
Rep. Daniel P. Silva, Vice Chair  
Rep. Daniel R. Foley (October 4-5)  
Sen. Clinton D. Harden, Jr.  
Rep. Dona G. Irwin  
Rep. Jane E. Powdrell-Culbert (October 5-6)  
Rep. Henry "Kiki" Saavedra  
Rep. Joe M Stell  
Rep. Don L. Tripp

**Advisory Members**

Rep. Jose A. Campos (October 4-5)  
Rep. Ernest H. Chavez  
Rep. Anna M. Crook (October 5-6)  
Sen. Dianna J. Duran  
Rep. Mary Helen Garcia  
Sen. Mary Jane M. Garcia (October 4)  
Sen. Leonard Lee Rawson (October 4, 6)  
Rep. Edward C. Sandoval  
Rep. Sheryl Williams Stapleton (October 5-6)  
Sen. James G. Taylor

**Absent**

Sen. Joseph J. Carraro  
Rep. Patricia A. Lundstrom  
Sen. Lidio G. Rainaldi  
Sen. Shannon Robinson  
Sen. Nancy Rodriguez  
Sen. H. Diane Snyder  
Rep. Richard D. Vigil  
  
Sen. Vernon D. Asbill  
Rep. Hector H. Balderas  
Sen. Pete Campos  
Sen. Kent L. Cravens  
Sen. Joseph A. Fidel  
Rep. Roberto "Bobby" J. Gonzales  
Sen. Stuart Ingle  
Rep. Ben Lujan  
Sen. Richard C. Martinez  
Sen. Steven P. Neville  
Rep. Luciano "Lucky" Varela

(Attendance dates are noted for members not present for all days of the meeting.)

**Staff**

Cleo Griffith  
Doris Faust  
Lindsey Bilovesky

### **Guests**

The guest list is in the meeting file.

Copies of all handouts are in the meeting file.

### **Wednesday, October 4**

#### **Welcome and Introductions**

Senator Papen welcomed the committee to her district and introduced committee members to the public. She encouraged the attending public to sign up if they wanted to address the committee and announced that she will call speaker's names in the order they signed up.

#### **Overview of Local Capital Projects and Capital Needs**

Terrence Moore, Las Cruces city manager, and Robert Garza, Las Cruces assistant city manager, thanked the committee for the opportunity to discuss the capital needs of Las Cruces. Mr. Moore explained various projects that Las Cruces is working on, including: downtown revitalization, a police and firefighter training facility, east and west mesa development and increased housing. Mr. Garza reported that the NMFA is currently funding water-related projects in and around Las Cruces. Mr. Garza and Mr. Moore explained that they will be working with the NMFA to obtain funding for a convention center as well. Committee members asked questions of the panel regarding revenue streams for requested bond funding and anticipated time lines for project completion.

Judd Nordyke, mayor of Hatch, described Hatch's legislative funding priorities for the upcoming session. Mayor Nordyke explained that excessive flooding devastated Hatch. Creation and funding of the Placitas Arroyo Flood Control District would help alleviate this problem. Mayor Nordyke also mentioned that Hatch will seek funding from the state to expand the Dona Ana County free-trade zone and create a business improvement district. A public safety/judicial building is under construction, but floods have pushed the completion date back. Hatch's swim training facility is nearly completed, but an additional \$200,000 is needed to finish the project. Mayor Nordyke said street improvements and wastewater treatment improvements are both in the design phase.

Committee members asked questions of Mayor Nordyke regarding population growth in Hatch, the possibility of grants to repair flood damage and projected income streams for bond issues. Mayor Nordyke showed the committee photos of the Hatch floods.

Michael Cadena, mayor of Mesilla, thanked the committee for prior legislative support for his community and reported that Mesilla's legislative priority is funding to repair or upgrade infrastructure, including several streets in need of repair. He described streets in Mesilla that have been severely damaged by flooding that will require approximately \$1.5 million to repair. He also wants to build a municipal board room that would accommodate 30 percent more residents. Mayor Cadena emphasized that Mesilla needs to upgrade its wells and water storage to better serve its customers. A new public safety building has also been requested, which would

house the Mesilla marshal and the fire department. Mayor Cadena's legislative requests total approximately \$7 million. Discussion ensued regarding Mesilla's gross receipts tax (GRT) income and Mesilla's status as a historic town.

Ralph Lopez, representing the colonias of Berino and Bosque, asked the committee for help in repairing Berino Road. Flooding has eroded the thoroughfare, making it difficult for residents to get to work and school. Mr. Lopez also asked for funding for a community center. Jorge Granados, spokesperson for Dona Ana County Facilities and Parks, addressed Mr. Lopez's request and reported that Dona Ana County will begin work on the road shortly.

Martin Lopez, spokesperson for the Lower Rio Grande Mutual Domestic Water Association, requested funding for a regional planning and feasibility study, a regional treatment facility, a distribution system and a regional sewer line extension. The total appropriation to complete all of the projects would be approximately \$20 million. Committee members clarified issues raised by the water association's requests.

Arturo Uribe, spokesperson for the New Mexico Progressive Alliance for Community, spoke to the committee about Mesquite's problem with water contamination and local environmental issues. Mr. Uribe claimed that Helena Chemical Company, a nearby fertilizer plant, is contaminating the local environment and is emitting pollutants in excess of the state regulations. He said these pollutants are causing birth defects and respiratory health problems within the community, noting that nitrate levels are very high near the plant, and that there are residences within 17 feet of the plant. Mr. Uribe asked the committee to put pressure on the Department of Environment to enforce its regulations, and asked for more funding for border health issues. Discussion ensued regarding Helena Chemical Company's operations in New Mexico and other states, the fertilizers, fungicides and pesticides stored at and distributed from the plant and the number of New Mexicans employed by Helena Chemical Company.

During the course of questions and discussion by committee members, Senator Garcia moved, and Senator Taylor seconded, a motion that the committee write Governor Richardson, David Abbey, director of the Legislative Finance Committee, and Ron Curry, secretary of environment, regarding Helena Chemical Company. The motion passed without opposition.

Clifford Terry, Las Cruces Homeowner's Association, spoke on behalf of Picacho Hills and Coronado Ridge Estates. He described extensive flood damage to the neighborhoods and asked for an allocation of \$5 million to redirect the water, build a storm drain and construct concrete channels in his community. He cautioned lawmakers against state construction of culverts on the basis that they clog too easily and urged legislators to consider enacting a moratorium on building on hillsides or areas prone to flooding.

Dona Ana County commissioners Oscar Vasquez-Butler and Dolores Saldana-Caviness reported that the recent heavy rains brought to light many new issues. Dona Ana County is working on creating and implementing a drainage plan and a comprehensive plan to deal with growth and arroyo control issues. Dona Ana County would like help from state government to deal with these issues. Dona Ana County's other priorities are the same as those outlined in Governor Richardson's colonias initiative, and the county will seek funding to work on these problems as well. The commissioners asked the committee to consider tighter development restrictions to prevent developers from building communities that turn into colonias because they

lack the proper infrastructure. Discussion ensued regarding the county's ability to generate tax revenue and Senator Harden requested information pertaining to GRT that are collected and dispersed to colonias.

Ray Valdez, spokesperson for the Chaparral Health Council, asked for long-term funding to proceed with the education of his community. Mr. Valdez stated that community organization is key to improving health care.

Mariano G. Martinez, general manager for the Dona Ana Mutual Domestic Water Consumer's Association, described the North Valley regional water and wastewater projects. Mr. Martinez's five legislative priorities include: West Hatfield/El Camino Real water system improvements, Armstrong/Engler water system improvements, Fairacres water distribution improvements, regional water reclamation and a regional wastewater collection system. Mr. Martinez explained the association's partnership with the NMFA. Judge Valentine's concern that three times more water rights are being appropriated than are being adjudicated was discussed.

Mr. Bustamante, representing the community of Roddy, reported that his community's priority is to provide natural gas service to residents. At the present time, Roddy has only one gas line, which serves eight families. Drainage is also an issue for the community. Roddy is trying to incorporate as a village, but has not completed that process.

Natalia Mercado, advocate for migrant workers' health, asked the legislature for funding to help extend health services to migrant workers' children. Senator Papen explained that the state legislature cannot fund nonprofit 501(c) (3) organizations and she directed Ms. Mercado to the federal Department of Health and Human Services.

Victor Montoya, spokesperson for Moving Anthony Forward, explained that Anthony is in the unique position of having the Texas/New Mexico state line running directly through town. Mr. Montoya said all of the GRT and development takes place on the Texas side, and asked for funding to improve New Mexico's portion of Anthony. Mr. Montoya also reported that Anthony's gas lines are not functioning properly and that a local dam may break if flood water is not redirected soon.

The committee also heard from a resident of Del Cerro, who asked for funding for the roads in Del Cerro. She reported that children have difficulty getting to school when it rains and described the problems Del Cerro faces with the dairy community. The dust and smell pose health problems, especially for the children.

Manuel Garcia, Dona Ana County resident, explained that his community needs a new sewer and wastewater system. Mr. Granados addressed Mr. Garcia's complaint, reporting that the process has fallen one month behind schedule, but the contract to build the wastewater system will be awarded in the middle of October.

The committee then toured a number of local colonias, including Del Cerro, Mesquite and Las Palmeras, which is currently an "E" class colonias. Las Palmeras is planning on paving its roads and would thereafter be upgraded to an "A" class colonias.

## **Overview of Local Capital Projects and Capital Needs Continued**

Ruben Segura, mayor of Sunland Park, reported that Sunland Park is working to create a community identity and to develop an economic strategy for community enhancement. Sunland Park is working closely with the Verde Group to bring businesses to the area. Mayor Segura also discussed the difficulties his town faces being on the Mexico/New Mexico border. Border traffic is slow, but extending border crossing hours would help dramatically. Mayor Segura noted that his community is the fastest-growing community in the state, but its budget and infrastructure are not keeping pace with the increase in population. He praised the Sunland Park Racetrack and Casino for its contributions to the community. Mayor Segura's legislative priorities include arsenic/uranium abatement, more sidewalks and a water treatment plant/water system.

Discussion ensued regarding border and immigration issues, the 700-mile border fence proposed by the federal government, water issues and GRT issues.

### **Governmental Gross Receipts Tax Deduction for Special Events at University Venues**

Dominic Silva, New Mexico State University (NMSU) lobbyist, presented draft legislation that seeks to exempt GRT from being paid on receipts from admissions to nonathletic special events at NMSU. He explained that NMSU's Pan-American Center is losing revenue because of the current tax laws.

Will Lofdahl, director of NMSU special events, emphasized the importance of being competitive with other nearby venues. He stated that NMSU currently has a competitive disadvantage due to the imposed GRT. Event promoters are setting up concerts in El Paso, Texas, because they do not have to pay this tax in Texas. Mr. Lofdahl said that this is causing NMSU to bring in fewer, lower-quality shows.

Representative Joni Gutierrez noted that NMSU is a publicly funded school so the GRT is considered governmental gross receipts tax (GGRT). She understands that the money brought in from the GGRT has already been pledged on bonds issued by the NMFA. Representative Gutierrez says she does not want to hurt the NMFA's bond rating, she just wants to bring in more development.

William Sisneros, director of the NMFA, explained that the NMFA is required to disclose any change in a bond, even a minor impairment. Mr. Sisneros stated that if NMSU obtains an exemption on the GGRT, and when he discloses this information to the bond holders, it would be perceived as an impairment on the bond. This could ultimately hurt the NMFA's reputation and bond rating.

Mark Valenzuela, director of intergovernmental relations for the NMFA, said that this bill presents a difficult issue for the NMFA. While the NMFA supports the goal of creating pricing parity between NMSU and the University of Texas-El Paso, a proposed impairment of any NMFA bond is a problem. He elaborated on the proposed bill, noting that although the bill calls for a GRT deduction, NMSU actually wants to exempt the portion of the GGRT brought in from ticket sales. This would have a definite impact on the GGRT revenue stream. Mr. Valenzuela emphasized that the NMFA is committed to working with NMSU to reach a solution to the problem. He suggested hiring bond counsel to confirm that the bill would in fact constitute an impairment on NMFA bonds, and also recommended studying the impact over time and developing a process to make this bill revenue neutral.

## **Review of Border Authority Activities**

Jaime Campos, executive director of the New Mexico Border Authority, described the trends in border port-of-entry traffic and trade. He said that commercial trade along the border continues to increase. In the last year, trade increased 12 percent. Mr. Campos stated that used motor vehicles are the leading export and that livestock are the leading import. Traffic at the Santa Teresa, Columbus and Antelope Wells ports of entry is steadily increasing as well. Mr. Campos discussed the individual needs of each port.

Rick Homans, secretary of economic development, and chair of the New Mexico Border Authority, reported that United States Senator Jeff Bingaman has been involved in extending border crossing hours to increase trade and decrease traffic congestion. Since any change in border crossing hours on the New Mexico side requires a corresponding change in Mexico, there has been a lot of choreography between the United States and Mexico on this issue.

Secretary Homans is also working with Texas in support of the Union Pacific Railroad project in El Paso. An intermodal ramp that will expedite intermodal freight travel is in the design phase. Union Pacific is investing \$150 million in a new refueling and switching yard four miles west of Santa Teresa. This is anticipated to have a tremendous positive economic impact, and may generate expansion of warehousing and light industry in the area. The committee discussed the cost of increased use of railroad tracks and how this plan will affect Columbus.

Kelly O'Donnell recommended that it would be good tax policy to remove the GRT on railroad fuel. The exemption would benefit economic development in the state.

## **Spaceport Authority Update**

Secretary Homans briefed the committee on the spaceport, reporting that Spaceport Authority administration and technical support are growing. A new environmental impact study consultant will be hired soon. The technical partnership between White Sands Missile Range and the Spaceport Authority, which is key to the spaceport's success, has been renewed. Secretary Homans updated the committee on the design and construction of the spaceport, reporting that the land acquisition process is already in the works, and that temporary and permanent access roads are being built. The Spaceport Authority has completed a water study determining that adequate water for the spaceport needs to be developed. The spaceport also needs to reach agreements with local ranchers and with the State Land Office on water issues. Secretary Homans also discussed the potential for federal funding and talked about state funding through the GRIP project.

The committee recessed at 5:43 p.m.

## **Thursday, October 5**

The committee reconvened at 9:58 a.m. at Pancho Villa State Park in Columbus, New Mexico.

## **Welcome and Introductions**

Senator Papen welcomed the committee back and invited Representative Irwin to chair the meeting. Representative Irwin welcomed committee members to her district and asked members to introduce themselves.

Eddie Espinosa, mayor of Columbus, welcomed the committee to Columbus. He described some of the problems that Columbus faces, including the lack of affordable housing, the recent flooding that damaged parts of the town, the lack of infrastructure and lack of clean drinking water. Residents must get their drinking water from a single spigot at city hall. Mayor Espinosa said 77 percent of Columbus' 2,000 residents are at or below the poverty rate, noting that the only major employers are the state park and the school system. High school students must be bused to Deming because Columbus does not yet have a high school. Mayor Espinosa remains confident that the community could support a AA high school that would flourish. Another of Mayor Espinosa's legislative priorities is the addition of a code enforcement officer to Columbus. On a positive note, Mayor Espinosa said Columbus is home to the only 24-hour port in the state.

Sylvia Brenner, spokesperson for Pancho Villa State Park, welcomed the committee to Pancho Villa State Park, and provided a wealth of information on the park and its history. Ms. Brenner also reported that the park is very involved in community service in the area, especially with the school system.

### **Border Security Issues**

Eddie Flores, captain of New Mexico State Police District 12, described some of the changes that have occurred in the border region since Governor Richardson's declaration of emergency. Captain Flores reported that his agency has an excellent working relationship with the border patrol, and that as cooperation among law enforcement agencies has increased, the response time to emergency calls has decreased. He touched on the subject of border crossing deaths, noting that while his department's focus is to provide police service, the New Mexico State Police is also concerned with preventing death or injury to those crossing the border. His officers are not charged with the task of handling immigration issues, but they routinely check on people found in the desert to determine whether those people need emergency assistance. Captain Flores added that drug trafficking on the roads has decreased, but drug trafficking on foot has increased.

Discussion ensued regarding police procedures for stopping individuals found walking in remote desert areas, in which it was noted that police procedure in the border region is consistent with procedure in all other areas of the state. The committee also discussed the minuteman groups that have converged in the border region. State law enforcement responds to calls made by the minutemen, but does not treat the minutemen different from any other citizens, and does not seek assistance from the minutemen.

Kenny Montoya, brigadier general for the New Mexico National Guard, noted that border and immigration control is primarily a federal problem, not a state problem. State funding will not help unless all 50 states get on board. The National Guard's border mission is to observe the border and to serve as the eyes and ears of the border patrol.

The New Mexico National Guard is made up of 70 percent permanent staff and 30 percent rotating staff from other states. Brigadier General Montoya is deploying many of the 700 to 900 guard members under his command to help secure the border and to slow drug trafficking. Guard members also work within the community, acting as role models for children in the public school system. Brigadier General Montoya believes border security has increased with implementation of vehicle barriers in high-traffic areas. Together, all law enforcement

agencies are working to secure the border, and to improve the Mexico/New Mexico border relationship.

The New Mexico National Guard troops that have been deployed overseas will return in December. Brigadier General Montoya noted that of the 23 New Mexico military deaths overseas, only one has been a guard member.

Jack Jeffreys, field operations supervisor with the Deming station of the United States Border Patrol, reported that staffing has increased to 220 agents locally, with more agents enrolled in the academy, and 150 National Guard troops assigned to border control. He explained that after the declaration of border emergency, the Deming office has decreased the border region it patrols from 52 to 47 miles. This small decrease has helped the border patrol concentrate on harder-hit areas. Although the lack of infrastructure and cameras make it more difficult to control certain areas of the border, Mr. Jeffreys emphasized that the National Guard has been instrumental in the border patrol's ability to regain control of very remote areas.

Human and drug trafficking used to be very separate, but now they are mixed together, which creates a new problem for the border patrol. Border checkpoints are helping tremendously. Suspicious cars or persons are now referred to a secondary agent to keep traffic moving more quickly. In only one year, the apprehension of illegal immigrants has decreased from 4,447 to 1,315. Agent Jeffreys attributes this decline to the increase in staff and the 13.5 miles of border barriers. Agent Jeffreys described Operation Lightning Strike, which targets high-traffic areas of the border.

The panel reported that recruiting new border control agents and National Guard troops has been difficult and requested aid from the legislature in this area.

### **Bus Tour of the Border**

The committee toured the border region, including Columbus, sections of the border known for heavy illegal immigrant traffic, National Guard observation towers, the Johnson Ranch and the Palomas border crossing.

### **Friday, October 6**

The committee reconvened at 9:10 a.m. at the Mimbres Valley Learning Center in Deming, New Mexico.

### **Overview of Local Capital Needs**

Linda Enis, Deming city councilor, welcomed the committee to Deming. She described the critical housing shortage in Deming, reporting that even Deming's hotels are full because about 200 National Guard troops are living in them. Many of National Guard troops have their families with them, which adds to the congestion. Increasing the availability of affordable housing is one of Deming's primary goals. Deming has approximately 194 homeless children currently enrolled in school and about 75 of their families qualify for housing vouchers. However, there are no vacant houses or apartments that Deming can place them in. Deming recently corrected a technical error in its application for assistance through the Mortgage Finance Authority and now qualifies for assistance.

Rick Holdridge, Luna County Commission chair, reported strong growth in Luna County,

and described new projects that are in the works in Deming, including: expanding the learning center, renovating the old depot, remodeling a museum and remodeling the courthouse. Commissioner Holdridge also mentioned the possibility of a new golf course/community and an Indian casino on a small piece of tribal land near Deming.

The committee and panelists discussed the problems faced by the border communities, including the affordable housing shortage caused in part by an increased National Guard presence, the cost of housing prisoners, the cost of providing medical services to illegal immigrants and the cost of providing EMT services to remote areas. These problems impose an increased financial burden on the border regions, with no corresponding increase in federal funding.

Joe Nestor Chavez, lobbyist for Luna County, requested that the committee introduce a joint memorial asking the federal government for greater assistance in the border issues. Staff will prepare the memorial for review by the committee at the next meeting.

### **Proposed NMFA Legislation**

Mr. Valenzuela and Mr. Sisneros presented, in concept form, the NMFA's legislative agenda for the 2007 legislative session. Draft bills will be presented at the November meeting of the committee. Appropriation requests will include a \$30 million appropriation for the SMART Money Initiative and a \$2 million state match to go to the Drinking Water Revolving Loan Fund.

Mr. Valenzuela also explained several bills needing authorization from the committee, such as the Public Project Revolving Loan Fund, the SMART Money Initiative and the Local Transportation Infrastructure Fund. Mr. Valenzuela recommended that the committee endorse an amendment to the Local Transportation Infrastructure Fund laws that would provide for legislative authorization of projects before any money is appropriated.

### **Adjournment**

There being no other business, Senator Papen adjourned the meeting at 11:32 a.m.