

**MINUTES
of the
SECOND MEETING
of the
RURAL ECONOMIC OPPORTUNITIES TASK FORCE**

**July 19-20, 2021
Mora High School
Mora**

The second meeting of the Rural Economic Opportunities Task Force was called to order by Representative Candie G. Sweetser, co-chair, on July 19, 2021 at 9:00 a.m. at Mora High School in Mora.

Present

Sen. Siah Correa Hemphill, Co-Chair (7/20)
Rep. Candie G. Sweetser, Co-Chair
Rep. Gail Armstrong
Sen. Craig W. Brandt
Rep. Willie D. Madrid
Rep. Roger E. Montoya
Sen. Michael Padilla (7/19)
Sen. Shannon D. Pinto
Rep. Nathan P. Small
Sen. Elizabeth "Liz" Stefanics (7/19)

Absent

Rep. Anthony Allison
Rep. Rachel A. Black
Sen. Crystal R. Diamond
Rep. Kelly K. Fajardo
Sen. Carrie Hamblen
Rep. Susan K. Herrera
Sen. Leo Jaramillo
Sen. Joshua A. Sanchez

Advisory Members

Rep. Ambrose Castellano (7/19)
Rep. Rebecca Dow (7/19)
Rep. Tara L. Lujan (7/19)

Sen. David M. Gallegos
Rep. Harry Garcia
Rep. D. Wonda Johnson
Rep. Patricia A. Lundstrom
Rep. Antonio Maestas
Sen. Brenda G. McKenna
Sen. Mimi Stewart

Guest Legislator

Rep. Eliseo Lee Alcon

(Attendance dates are noted for members not present for the entire meeting.)

Staff

Ariel MacMillan-Sanchez, Staff Attorney, Legislative Council Service (LCS)
Mark Edwards, Bill Drafter, LCS
Amy Chavez-Romero, Assistant Director for Drafting Services, LCS

Guests

The guest list is in the meeting file.

Handouts

Handouts and other written testimony are in the meeting file and posted on the legislature's website.

References to Webcast

The time reference noted next to each agenda item in this document is cross-referenced to the webcast of the task force meeting, which can be found at www.nmlegis.gov, under the "Webcast" tab. The presentations made and task force discussions for agenda items can be found on the recorded webcast for this meeting.

Monday, July 19

Welcome and Introductions (9:00 a.m.)

Representative Sweetser welcomed task force members and asked members and staff to introduce themselves.

Improving Infrastructure in Rural Areas: Water, Wastewater, Electricity and Roads (9:14 a.m.)

Monica Abeita, executive director, North Central New Mexico Economic Development District (NMEDD), provided the task force with a presentation on the functions of the NMEDD and discussed the various water, wastewater, transportation and utility infrastructure needs of the counties served by the NMEDD. The presentation can be found here:

<https://www.nmlegis.gov/handouts/REOTF%20071921%20Item%201%20A%20NCNMEDD.PDF>.

Issues identified:

- municipal water systems:
 - aging infrastructure, such as asbestos and clay pipes;
 - leaks and water loss;
 - storage tanks and tank upgrades; and
 - water rights purchases;
- wastewater:
 - centralized treatment systems to replace individual septic systems and cesspools;
 - closure of sewage lagoons;
 - extensions to service new customers; and
 - need for certified operators;
- water quality issues:
 - ground water contamination;
- drought and climate change:

- dry wells;
- depleted water tables; and
- acequias;
- mutual domestic water associations:
 - infrastructure maintenance;
 - new connections and customers; and
 - organizational capacity;
- roadways and bridges:
 - reconstruction;
 - grading;
 - resurfacing;
 - paving;
 - safety improvements;
 - bridge improvements;
 - curb and gutter;
 - drainage;
 - streetscapes;
 - sidewalks;
 - pedestrian amenities;
 - lack of natural gas providers; and
 - rural electric cooperatives;
- broadband and rural housing:
 - lack of investment from developers;
 - old housing stock and lack of quality; and
 - affordable housing;
- addiction rehabilitation and recovery:
 - resources;
 - capacity; and
 - facilities; and
- capacity:
 - need for more staff;
 - large unincorporated areas outside of city limits that lack access to municipal service;
 - counties with limited tax bases;
 - multi-jurisdictional areas;
 - complex application processes (e.g., community development block grant: large entitlement communities receive funding directly, non-entitlement communities must apply);
 - matching fund requirements; and
 - operational costs and requirements.

Potential solutions:

- increased staff.

Sandy Chancey, executive director, Eastern Plains Council of Governments (EPCOG), provided the task force with a presentation on the functions of the EPCOG and discussed needs pertinent to water infrastructure, regional water planning, renewable energy development and road and bridge improvements in the areas served by the EPCOG. The presentation can be found here:

<https://www.nmlegis.gov/handouts/REOTF%20071921%20Item%201%20B%20EPCOG.PDF>.

Issues identified:

- broadband;
- lack of local government matching funds to apply for federal funding;
- need for increased staff to help rural communities create plans and apply for funds to repair or replace water system infrastructure (some communities are paying off old loans that prevent them from taking out additional federal loans);
- need for sustainable water supply; and
- road improvements.

Potential solutions:

- funding for staff to draft project plans and write grants; and
- input on legislative policy changes.

A task force member asked Ms. Abeita and Ms. Chancey to provide a list to the task force of contacts at their respective councils of governments.

In response to a question regarding what the legislature could do to assist rural communities, Ms. Abeita said that increased funding for entities that assist communities and for rural projects in areas such as broadband and additional integration of regional council of governments directors into the policymaking process would be helpful. Ms. Chancey stated that funding for additional staff would also be beneficial to regional councils of governments.

Affordable Housing in Rural Areas (10:52 a.m.)

Officials from the New Mexico Mortgage Finance Authority (MFA) provided a joint presentation specifying various needs and opportunities for development of and access to affordable housing in rural areas throughout the state. They also recommended that money be appropriated to the New Mexico Housing Trust Fund for energy efficiency upgrades for low-income New Mexicans. MFA presenters included Jeff Payne, chief lending officer; Rebecca Velarde, senior director of policy and planning; George Maestas, director of housing development; and John Garcia, assistant director of community development. The presentation can be found here:

<https://www.nmlegis.gov/handouts/REOTF%20071921%20Item%202%20MFA%20Presentation.pdf>.

Issues identified:

- the need for rental housing;
- the need for multifamily housing;
- the need for sale development and rehabilitation and weatherization of housing stock;
- high-interest rate chattel loans and leased land for manufactured housing;
- the lack of complete plumbing and kitchens;
- overcrowding and a low construction rate of residential housing;
- high housing cost burden for low-income individuals; and
- poor affordability of housing.

Potential solutions:

- homelessness prevention;
- rental and mortgage assistance programs;
- mortgage products for low- and moderate-income homebuyers;
- improvements to existing housing stock, development of new housing and investment in underserved areas and market segments; and
- a request from the MFA for \$12,000,000 in the 2022 legislative session to help build, rehabilitate, preserve, weatherize or provide energy efficiency upgrades for approximately 1,300 quality affordable homes for low-income New Mexicans.

In response to a question from a task force member, Ms. Velarde indicated that she would provide the task force with additional information on how specific programs and incentives, such as the federal low-income housing tax credit, are used to assist with or incentivize affordable housing developments in rural areas throughout the state.

Remarks from Mora Independent School District Superintendent (12:16 p.m.)

Marvin MacAuley, superintendent, Mora Independent School District, welcomed members of the task force to Mora and discussed his goal of preparing students for the workforce.

Acequia Infrastructure Needs (1:20 p.m.)

Paula Garcia, executive director, New Mexico Acequia Association, and Ralph Vigil, chair, Acequia Commission, provided the task force with information on the governance of acequias, water-sharing practices and the ecological benefits provided by acequias to local food systems. The presenters discussed contributions of acequias to the agricultural economy, infrastructure challenges affecting acequias, funding sources for acequias, funding challenges pertinent to the New Mexico Irrigation Works Construction Fund (IWCF) and staffing needs at the Interstate Stream Commission (ISC). They recommended that the fund be replenished and made recommendations to provide an inventory and mapping for a hazard mitigation plan. The presentation can be found here:

<https://www.nmlegis.gov/handouts/REOTF%20071921%20Item%203%20NMAA-NMAC-ISC%20HANDOUT.PDF>.

Issues identified:

- the number of acequias requesting funding and assistance exceeds the current capacity for funding programs;
- acequias vary greatly in capacity and project readiness;
- many acequias need assistance with governance, preplanning and project management; and
- the bottleneck in the process for engineering design limits the number of acequias ready to receive construction funding.

Potential solutions:

- incrementally replace the IWCF in the Office of the State Engineer and ISC budget with General Fund money to keep IWCF revenues and expenditures in balance;
- in the next ISC budget, include an Acequia Bureau with four to six full-time-equivalent positions, including at least one professional engineer;
- continue current funding levels for the Acequia and Community Ditch Education Program at the Department of Finance and Administration (DFA);
- conduct and complete acequia infrastructure inventory and mapping for Homeland Security and Emergency Management Department and Federal Emergency Management Agency hazard mitigation plans;
- train and prepare local acequia leaders to serve as liaisons with state and federal disaster agencies;
- provide more resources for the Homeland Security and Emergency Management Department's response to disasters that do not receive a federal emergency declaration; and
- provide institutional support for climate-resilient infrastructure designs.

Jonathan Martinez, acequia program manager, ISC, provided the task force with an overview of the ISC's acequia rehabilitation program. Mr. Martinez provided information on acequia and community ditch projects completed with the program's assistance and described the program's eligibility requirements. He also discussed opportunities for acequias to apply for funding from the Acequia and Community Ditch Infrastructure Fund and to obtain funding from other sources, such as the ISC's loan program. The presentation can be found here:

<https://www.nmlegis.gov/handouts/REOTF%20071921%20Item%203%20NMISC%20Acequia%20Program.pdf>.

In response to a question from a task force member, Ms. Garcia indicated that she would send the task force additional information regarding the Acequia and Community Ditch Infrastructure Fund.

Improving Public Safety in Rural Areas (2:41 p.m.)

Tim Q. Johnson, interim secretary, Department of Public Safety, and Robert Thornton, acting chief, New Mexico State Police, provided the task force with a presentation on services provided by the New Mexico State Police in rural areas of the state. They discussed how the specialized divisions within the New Mexico State Police are used in various areas of the state, the services those divisions provide and how those services are used to assist local police departments. They also discussed ways that the New Mexico State Police encourages community education and engagement and crisis intervention and prevention. Secretary Johnson and Chief Thornton provided a number of recommendations, including recommendations for increased salaries for officers and investment in training and equipment. The presentation can be found here:

<https://www.nmlegis.gov/handouts/REOTF%20071921%20Item%204%20Improving%20Public%20Safety%20in%20Rural%20Areas.pdf>

Issues identified:

- manpower;
- personnel staying in areas for several years;
- resources for smaller agencies;
- collaboration among agencies;
- analytical software for smarter policing;
- risk management software;
- fleet;
- proper infrastructure needed to support adequate radio; and
- dispatch personnel.

Potential solutions:

- pay for officers (high starting salaries, longevity);
- committee meetings with state, local and municipal law enforcement executives regarding specific issues;
- investments in officer and dispatch training and education;
- radios, infrastructure;
- funding upgrades for technology; and
- equipment and fleet.

Rural Infrastructure Study Update (4:30 p.m.)

Terry Brunner, chief executive officer, Pivotal New Mexico, and Jenny Jackson, program manager, Pivotal New Mexico, provided the task force with an update on a rural infrastructure needs study for which a final report will be provided to the legislature in December 2021. They discussed the scope of work for the study and provided preliminary data from the state's infrastructure capital improvement needs database regarding the locations and needs for drinking water, wastewater, electrical and broadband projects throughout the state. They also provided the task force with an overview of the various sources of available funding for those projects and

identified possible reasons for funding gaps. The presentation documents can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=REOTF&Date=7/19/2021&ItemNumber=5>.

Issues identified:

- funding gap between Infrastructure Capital Improvement Plan (ICIP) costs and available funds due to lack of comprehensive understanding of funding strategies, such as leveraging, and the spectrum of available funds;
- lack of human resource capacity to apply for competitive funds;
- limited ability to take on debt for small communities, tribes and small utilities; and
- lack of time and capacity to look at the big picture and plan strategically to solve problems.

Potential solutions:

- develop a statewide centralized project merit and urgency review process to prioritize needs;
- community-level technical support for project planning and budgeting;
- support policies that ensure that more projects are fully funded; and
- prepare communities to access and use incoming federal funds for water and wastewater and broadband projects.

Public Comment (5:10 p.m.)

Mora County Commissioner Frank Maestas expressed concerns about water infrastructure in rural communities. He stated that he believes that the state should not only address emergencies as they arise but also increase efforts to prevent emergencies pertaining to water systems. He also stated that it would be helpful to provide for a centralized system to address rural emergencies pertaining to water and wastewater.

Recess

The task force recessed at 5:13 p.m.

Tuesday, July 20

Reconvene, Welcome and Introductions (8:42 a.m.)

The task force was reconvened by Representative Sweetser at 8:42 a.m., and members and staff introduced themselves.

Remarks from Collins Lake Ranch (8:49 a.m.)

Steve Smaby shared with the task force how Collins Lake Ranch supports autistic adults in education, employment and living.

Rural Food Insecurity and Census Data (8:52 a.m.)

Carol Miller, M.P.H., director, National Center for Frontier Communities, and administrative director, Silver City, provided the task force with an overview of the goals of the Village Investment and Development Action project. Ms. Miller explained the project's role in providing access to food in the local community during the COVID-19 pandemic. She discussed the benefits of revenue sharing for rural communities and provided the task force with information on census data relevant to rural communities, including access to food and the definition of "poverty". She explained the statistical indicators of elderly isolation, the Distressed Communities Index, access to bank branches and minimum wages. The presentation can be found here:

<https://www.nmlegis.gov/handouts/REOTF%20071921%20Item%206%20VIDA%20-%20Rural%20Food%20Insecurity%20and%20Census%20Data.pdf>.

Issues identified:

- the need for a revenue-sharing program for rural and frontier communities;
- most of the state is low-income and has limited access to grocery stores;
- increased mobility for the aging population to decrease isolation;
- more than one-third of New Mexicans are distressed according to the Distressed Communities Index;
- a lack of access to banking branches;
- the definition of "poverty" needs to be updated; and
- minimum wages are inadequate.

Potential solutions:

- develop pilot programs for sharing resources with unincorporated areas or clusters of unincorporated areas;
- study innovations from other states, such as Alaska, that recently enacted a new program to fund nonprofit organizations when the organizations are the sole lead entity in a community;
- look at ways to direct resources to public-serving communities where three or more organizations, led primarily by volunteers, are creating and maintaining infrastructure; for example, mutual domestic water consumers associations, fire and rescue and emergency medical services, libraries and community centers, acequias and others; and
- create ways to provide administrative and financial services to public-serving communities.

Allison K. Smith, registered lobbyist for the New Mexico Association of Food Banks (NMAFB), provided the task force with an overview of food insecurity in rural New Mexico and how the NMAFB works toward ending hunger. Ms. Smith explained that the NMAFB is able to deliver fresh produce and other nutritious food by vehicle to rural communities so that there is no

need for long-term storage on-site, enabling the NMAFB to help alleviate food insecurity. The presentation can be found here:

<https://www.nmlegis.gov/handouts/REOTF%20071921%20Item%206%20NMAFB.PDF>.

Issues identified:

- people in rural areas face hunger at higher rates than those who live in urban areas;
- residents of rural areas often have a lack of transportation to the nearest grocery store, food pantry or food bank;
- rural areas lack job opportunities, with more jobs concentrated in low-wage industries; and
- rural areas have high rates of underemployment and unemployment.

Potential solutions:

- supplying rural community food pantries and mobile food pantries with the food they need to deliver food to communities.

Capital Outlay Structure Obstacles for Rural Areas (10:05 a.m.)

Steve Olson, fiscal analyst, Legislative Finance Committee (LFC), provided an analysis of capital outlay structural obstacles for rural areas. He discussed the importance of expeditiously using available funds for capital projects for such purposes as enhancing public health and safety, containing costs and supporting local economies. He provided the task force with information on outstanding capital outlay fund balances and current bonding capacity. Mr. Olson discussed specific obstacles resulting in backlogs of funds for capital project development and provided several recommendations to help overcome those obstacles. The presentation can be found here:

<https://www.nmlegis.gov/handouts/REOTF%20071921%20Item%207%20a%20-%20LFC%20Structural%20Obstacles%20for%20Rural%20Capital%20Outlay%20Pr...pdf>.

Issues identified:

- backlog of funds to develop capital projects caused by:
 - lack of project planning;
 - state requirements;
 - administrative capacity;
 - technical capacity;
 - right-sizing state support;
 - piecemeal funding; and
 - increased construction costs.

Potential solutions:

- legislators can:
 - confirm that their current sponsored projects are progressing and fully funded;
 - confirm that entities are audit-compliant or have fiscal agent agreements in place;
 - fund projects that are planned, designed and shovel-ready;

- fully fund phased and functional requests;
- discourage small projects costing less than \$100,000;
- coordinate priorities with local stakeholders, other legislators and the executive; and
- see "Guidelines for Local Capital Projects" for more information;
- 2021 LFC water evaluation:
 - create an interagency council to vet water projects for funding;
- Local Government Division of the DFA:
 - provide a small fraction (approximately 1%) of appropriations for project oversight if entities complete project management training;
- county representative:
 - require that fiscal agent agreements with nonprofit entities be in place before appropriations are made; and
- City of Albuquerque:
 - allow audit-compliant entities with in-house capacity to bypass capital appropriation administrative requirements.

Mr. Olson additionally provided task force members with a list of capital projects for which severance tax bonds have been authorized but not issued and proposed guidelines for funding local capital outlay. The documents can be found here:

<https://www.nmlegis.gov/handouts/REOTF%20071921%20Item%207%20%20a%20-%20Authorized%20but%20Unissued%20STB%20List%20July%202021.pdf>; and

<https://www.nmlegis.gov/handouts/REOTF%20071921%20Item%207%20%20a%20-%20Guidelines%20for%20Funding%20Local%20Capital%20Outlay%20Project....pdf>.

Colonel Donnie Quintana, director, Local Government Division, DFA, discussed how definitions of "rural" and "urban" communities can affect funding for different areas and mentioned that there have been efforts to reform classification systems to better reflect the many variations that exist in communities. Colonel Quintana outlined capital outlay challenges experienced by rural communities and reasons for failed capital outlay projects. He provided several recommendations to improve opportunities for successful capital outlay projects in rural communities, including maximized use of the General Services Department's (GSD's) statewide price agreement, development of a request for proposals database (RFPDB), support for grassroots investment and leveraging of public-private partnerships. Colonel Quintana additionally discussed some specific deadlines with respect to the infrastructure capital improvement plan. The presentation can be found here:

<https://www.nmlegis.gov/handouts/REOTF%20071921%20Item%207%20b%20-%20DFA.pdf>.

Issues identified:

- lack of project management capacity;
- inadequate planning;
- limited or no bids for design or construction;

- higher construction costs;
- projects are not meeting user requirements, and assumptions give rise to conflicts;
- architects get their briefs from people who are not regular users of a building or do not know the specific requirements of the building;
- financial limitations;
- timing and scheduling;
- technical barriers;
- different personalities;
- lack of good project managers;
- consultants spend a long time preparing and completing projects; and
- materials required for specifications may not be easily available in rural areas.

Potential solutions:

- maximize and optimize the use of the GSD price agreement;
- build resilient communities by supporting grassroots investment;
- create a participatory grant program;
- develop and administer an RFPDB;
- the RFPDB owned and operated by Confluent Forms, LLC;
- development agencies need to involve construction personnel in design;
- revisit and leverage the use of the Anti-Donation Clause of the Constitution of New Mexico;
- leverage public-private partnerships; and
- incentivize local governments to certify staff in project management.

Public Comment

There was no public comment.

Adjournment

There being no further business before the task force, the meeting adjourned at 11:34 a.m.