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Status of Major Fire Recovery

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Hermits Peak-Calf Canyon Fire Recovery

- After the Hermits Peak-Calf Canyon Fire in 2022, the largest state fire in history, Senate Bill 6 (SB6) was passed in 2023 containing \$100 million allocated to the Local Government Division at the Department of Finance and Administration (DFA) to provide zero-interest loans to political subdivisions affected by the fires. In partnership with the Department of Homeland Security and Emergency Management (DHSEM), DFA awarded \$99.6 million to five different political subdivisions to replace or repair public infrastructure damaged by fire, flooding, or debris flows caused by or stemming from the Hermits Peak-Calf Canyon fire. Projects include:
 - \$41.1 million to Mora County for road and culvert repairs
 - \$34.2 million to San Miguel County for road and bridge repairs
 - \$22.6 million to the City of Las Vegas for debris removal projects and a temporary filtration system
 - \$1 million to Mora Mutual Domestic Water Consumers Associations for a well water pump project
 - \$500 thousand to Agua Pura Water Association for water supply system pipe repairs and replacement
- SB6 requires Federal Emergency Management Agency (FEMA) to approve political subdivisions and their projects to be eligible to receive funds from the \$100 million appropriation as federal reimbursement is the basis of the general fund appropriation. SB6 requires granted political subdivisions to repay their loan amount using the first dollars received from the approved federal public assistance. Loan recipients are to repay the loan within 30 days of having received approved federal public assistance funding.
 - As of July 2024, San Miguel County is the only entity to have received FEMA reimbursements which have fully paid two of their fire recovery loans. DFA has transferred the loan repayments of \$703,626.70 to the general fund.

Salt and South Fork Fire Recovery

- In the 2024 1st legislative special session, New Mexico lawmakers passed House Bill 1 (HB1) containing emergency funding in the amount of \$70 million to DFA's local government division for recovery from the Salt and South Fork fires in 2024. Similar to 2023's SB6, the federal reimbursement is the basis of the \$70 million general fund appropriation. FEMA also approved political subdivisions and their projects. Projects for Salt and South Fork fire recovery include:
 - \$26 million to Lincoln County for road and bridge damages in the Cedar Creek and Gavilan Canyon area
 - \$44 million to the Village of Ruidoso to repair road and bridge damage in the Upper Canyon area.
- In addition to the HB1 appropriation, as of August 2024, Lincoln County has a contingent award through DFA's New Mexico Match Fund to leverage federal funding from the emergency watershed program through the US Department of Agriculture (USDA). If awarded, Lincoln County would leverage \$50 million of federal funds with a state match of \$12.5 million through the Match Fund for further recovery efforts.
- As of August 2024, the Mescalero Apache Tribe also has a contingent award through the Match Fund for flood mitigation from the emergency watershed program at USDA. If awarded, the Mescalero Apache Tribe would leverage \$21.8 million of federal funds with a state match of \$2.3 million through the Match Fund.

Impact of Funded-Recovery Efforts

- SB6 and HB1 were passed to provide cash flow for political subdivisions to cover the costs of federally approved projects. The legislative intent of the funds are to provide zero-interest loans to allow political subdivisions to use state funds to pay for their approved projects, to then be reimbursed federally and paid back to DFA. Though the state has appropriated a total of \$170 million to recover from damage caused by fire, flooding, or debris, completion of projects are slow.
 - Loan recipients have stated there is a federal delay when it comes to completing projects and receiving reimbursement overall. Though FEMA has reimbursed over \$1 billion to claimants who have filed a notice of loss for Hermits Peak-Calf Canyon damage, \$2.95 billion remains to be dispersed from the \$3.95 billion allowable by Congress.
- On staff visits to burn sites, LFC staff heard concerns that some project costs to replace and repair roads, bridges, and other critical infrastructure do not correlate with the amount appropriated or federally approved. Not all political subdivisions affected by the fires were appropriated funds for fire recovery, possibly leading to further unmet and unseen needs in the state.

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- For Salt and South Fork fire recovery, seven political subdivisions were deemed eligible, but only two were awarded funds.
 - Though the exact impact of the \$170 million is unknown, federal delays and large project costs have led to the slow progress of complete projects and the amount of money out the door.