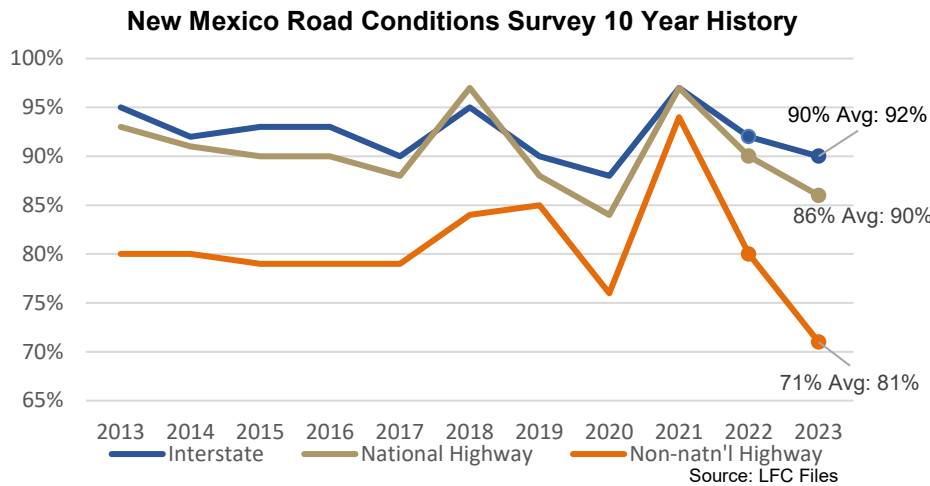


Topic Area: Transportation

Since the first LegisStat hearing for the Department of Transportation (NMDOT) in June 2024, the department has reported updated road conditions for calendar year 2023, showing a pull back in overall road conditions, particularly for roads not on the national highway system. Additionally, performance reports from the department show a continued pull back in putting projects to bid on time and in completing projects on time. However, the department has moved quickly to deploy appropriations for road maintenance projects approved by the Legislature at the 2024 session and is preparing to put to bid nearly \$320 million in major infrastructure projects in the coming year. Attachment 1 includes a status update of general fund and severance tax bond appropriations, as of October 2024.

Key Data



- After a brief uptick in calendar year 2021, NMDOT reported road conditions below the 10-year average in 2022 and 2023. Typically, road conditions are best on the interstates, followed by non-interstate national highways, followed by state roads not a part of the national highway system.
- To improve road conditions, the Legislature has allocated general fund appropriations to NMDOT for road maintenance projects, including \$120 million in 2024.
- Since March, NMDOT has moved quickly to deploy additional maintenance resources; \$94.8 million has either been spent or is under contract, as of mid-October.

NMDOT Pavement Preservation by Quarter

	Q1	Q2	Q3	Q4	Total	Target
FY20	1,228	1,039	331	1,372	3,970	2,750
FY21	1,418	1,040	385	1,009	3,852	3,000
FY22	2,031	1,304	205	833	4,373	3,000
FY23	907	983	264	1,236	3,390	3,500
FY24	999	2,025	1,117		4,141	3,500

Year-over-Year Increase	Year-over-Year Decrease
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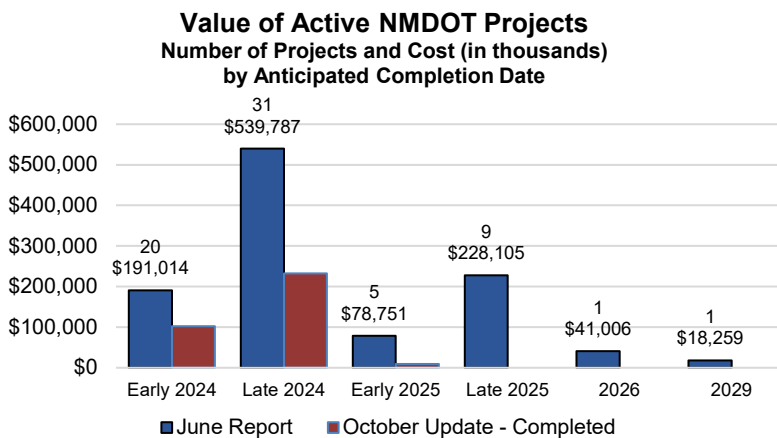
Source: NMDOT Performance Reports

- In addition to road construction, NMDOT needs to support a strong road maintenance program.
- The department has consistently beaten performance measure targets for pavement preservation.
- Where the department has fallen short, it is often related to extraordinary events. For example, in the summers of 2022 and 2023 some NMDOT staff were diverted to emergency response activity, such as wildfires. This limited maintenance activity in some cases.

Performance Challenge: Managing Transportation Investments

NMDOT maintains a multi-year financial plan for current and upcoming projects known as the Statewide Transportation Improvement Program (STIP), which is required by federal regulations. NMDOT’s current STIP includes nearly 1,500 projects with a total cost estimate of more than \$7.6 billion. An additional 116 projects worth more than \$1.9 billion are included as “informational” items, identifying future projects for which the department has no yet assigned a specific funding source. More than 900 STIP items are NMDOT-led projects are on this list.

Unlike most other state agencies, NMDOT is funded by earmarked revenue, rather than receiving annual allocations from the general fund. Those revenues come from taxes of gasoline and diesel fuel, fees on commercial trucking, and fees on vehicles registered in New Mexico. NMDOT is projecting falling revenue over the long term. Gasoline taxes, once the department’s primary revenue source, have stagnated due to improved fuel efficiency and other revenue, such as vehicle registration fees, have not grown in line with agency expenses. To supplement earmarked revenue and allow NMDOT to continue investments in New Mexico’s roads, the Legislature has allocated more than \$1.8 billion in general fund and severance tax bond revenue to the department since 2019, often to fund major road construction projects. This has permitted the amount NMDOT has available for projects to continue to grow.



- NMDOT reports a total of 54 active construction projects led by the department on roads throughout the state. These projects have a collective value of almost \$1.1 billion, based on the contractor’s bid. See Attachment #2
- Compared with June, the value of total active projects increased modestly, by \$27 million, even as the number of projects declined. This is partly due to the beginning of a \$240 million project on I-25 in Albuquerque, which has taken up an outsized share of NMDOT funding.
- For project completions, NMDOT has completed 27 of the 67 projects that were active in June.
- Projects initially scheduled to be closed in the first half of 2024, 14 of 20 projects were completed, with 6 projects remaining.
- Major projects expected to be closed that remain on NMDOT’s active project list include the reconstruction of the I-25 exit at Williamsburg, while some projects finished ahead of schedule, like I-25 at La Bajada.
- For FY24, NMDOT reported 74 percent of projects were completed on time, below the agency’s performance target of 88 percent.

On-Time Project Performance and Cost-Over-Bid by Quarter

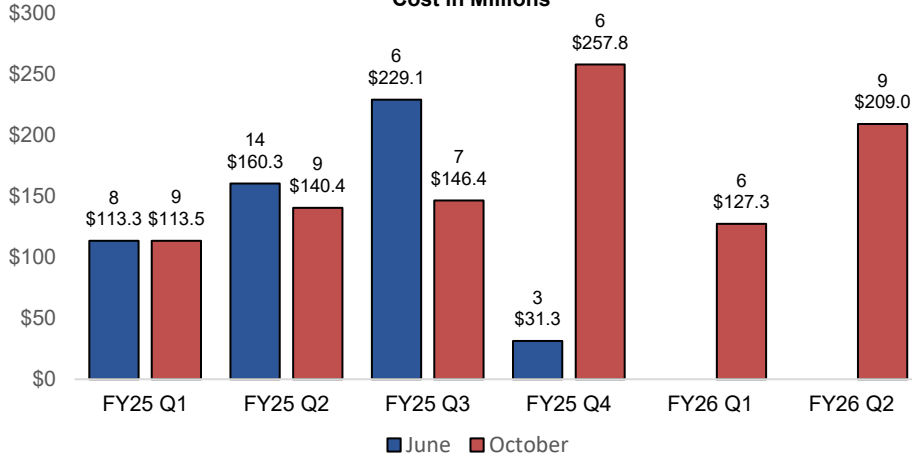
	Annual Total			Target		
	On Time Letting	On Time Complete	On Budget	On Time Letting	On Time Complete	On Budget
FY19	49%	86%	0.22%	67%	88%	3%
FY20	75%	92%	1.00%	67%	88%	3%
FY21	77%	94%	1.80%	67%	88%	3%
FY22	98%	91%	1.15%	67%	88%	3%
FY23	98%	91%	2.00%	75%	88%	3%
FY24	91%	74%	1.00%	75%	88%	2%

Above Target

Below Target

Source: NMDOT Performance Reports

NMDOT FY25 and FY26 Letting Schedule by Quarter
 Number of Projects and Estimated Cost
 Cost in Millions

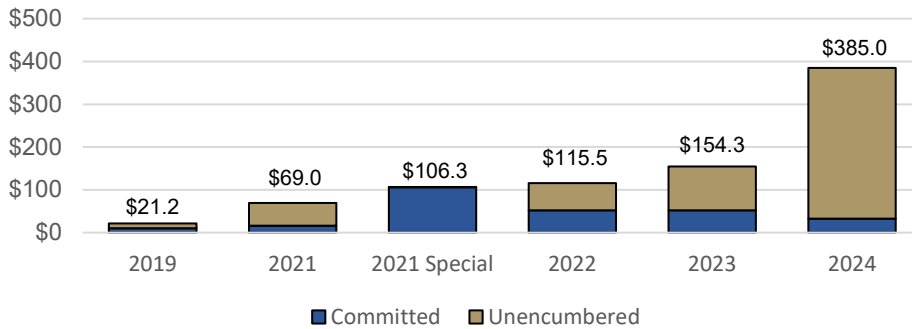


Note: Cost estimates are based on the Statewide Transportation Improvement Program estimated construction costs, not including preliminary engineering or right-of-way costs.

Source: LFC Files

- NMDOT maintains a one year “letting schedule” to assist the contracting community with planning and preparing to bid on NMDOT projects.
- The current schedule includes projects with a total estimated cost of \$880.8 million, up from \$645 million in June. NMDOT adjusts the letting schedule each month, adding new projects or adjusting the timing of existing projects to address issues that have arisen with the project.
- For the first quarter of FY25, NMDOT let 9 projects, versus 8 on the agency’s schedule in June. Some projects were delayed until later this year, but the department replaced those with other projects that were ready for construction.
- A total of 16 projects were moved back on the letting schedule between June and October, although most delays were 2 months or less and projects further out on the letting schedule were more likely to be delayed.

Remaining General Fund and STB Appropriations for Major Road Projects
 (in millions)



- According to the state’s account system, NMDOT has more than \$850 million in general fund and capital outlay appropriations to deploy over the next few years.
- These funds are tied to projects on NMDOT’s STIP and lettings schedule, but they generally take several years to program and spend. Attachment #3 illustrates this process for select major projects.
- Attachment #4 provides a roadmap to when NMDOT plans to spend these funds by fiscal year.
- Notably, NMDOT has scheduled five major projects partially funded with severance tax bond funds appropriated by the Legislature in 2024.
- Bond sales typically occur in December and June. Based on this schedule about half of the appropriated fund could be certified for the December sale and the other half certified for the June sale.

Letting Dates for Severance Tax Bond Projects

Project	Amount	Letting Date
US-380, East of Roswell	\$45,000,000	2/21/2025
Rio Bravo Bridge	\$107,000,000	4/25/2025
NM-128, Lea County	\$30,000,000	9/19/2025
I-40, near Church Rock	\$62,800,000	9/19/2025
NM-213/NM-404 Interchange, Chaparral	\$45,000,000	10/17/2025
I-25/US-64 Interchange, Raton	\$25,000,000	11/19/2027
Total Programmed	\$314,800,000	

Source: NMDOT Letting Report, STIP

I-40 Projects > \$20 Million
(in thousands)

Project	Cost	Year
I-40 Widening Construction, Phase I	\$65,993	2025
Carnuel Bridges, I-40 Bridges Over Tijeras (Informational)	\$36,500	2028
I-40 Pavement Rehabilitation, near Tucumcari (Informational)	\$33,600	2028
I-40 Pavement Rehabilitation, through Santa Rosa (Informational)	\$27,950	2029
I-40 Pavement Rehabilitation, east of Santa Rosa (Informational)	\$27,625	2029
I-40, Gallup Interchange	\$24,000	2027
I-40 Pavement Rehabilitation, near Colonias (Informational)	\$22,750	2029
I-40, between Tucumcari and San Jon (Current Active Project)	\$21,099	2024

Source: NMDOT STIP

- At the June LegisStat hearing, several questions were directed at road conditions for Interstate 40.
- NMDOT's STIP lists 22 projects with a collective value of \$406 million.
- 13 of these projects are informational only, meaning they are not included in the current four year funding plan, which runs from federal fiscal year 2024 to 2027.

Suggested Questions

1. How does the department account for deteriorating road conditions on the 2023 road condition survey, particularly for roads that are not part of the national highway system? Does meeting or exceeding pavement preservation targets improve these reported number?
 - a. How did the loss of \$74 million in maintenance funding in the 2023 GAA impact road maintenance?
2. Although the department missed target benchmarks for on-time completion of projects the department was able to keep cost overruns below target. How does the department monitor cost overruns due projects taking longer than expected?
3. From a project planning perspective, does the department attempt to group together projects in specific geographic areas to allow contractors the ability to bid on multiple projects in one location?
4. A total of \$133 million in unencumbered general fund appropriations are scheduled to revert at the end of FY25. Separately, the department requested \$350 million in nonrecurring general fund appropriations for FY26 and subsequent years. If projects are not proceeding according to their original schedule, could a portion of the unused appropriations from 2021 and 2022 be used to meet some of the department's needs, such as the \$175 million requested for road maintenance projects?

Special Transportation Appropriations, 2019 to 2024

Year	Type	Appropriation	Expended	Encumbered	Remaining ¹	Reversion Date
2019	for state roads, MIPS	\$175,000,000	\$153,833,127	\$10,397,151	\$10,769,722	6/30/2025
	Subtotal: 2019	\$175,000,000	\$153,833,127	\$10,397,151	\$10,769,722	
2021	for state roads, MIPS	\$170,000,000	\$100,971,298	\$16,219,200	\$52,809,502	6/30/2025
2021	for local roads	\$121,000,000	\$108,192,656	\$11,235,875	\$1,571,470	6/30/2025
2021	for essential air service	\$9,000,000	\$6,213,756	\$2,786,244	\$0	
	Subtotal: 2021	\$300,000,000	\$215,377,710	\$30,241,319	\$54,380,972	
2021 Sp.	for state roads, MIPS	\$142,500,000	\$36,231,480	\$105,687,400	\$581,120	6/30/2027
2021 Sp.	for roadway beautification	\$10,000,000	\$9,026,188	\$973,812	\$0	6/30/2027
2021 Sp.	for regional airports	\$10,000,000	\$5,529,396	\$4,470,604	\$0	6/30/2027
2021 Sp.	for electric vehicle charging	\$10,000,000	\$9,079,945	\$920,055	\$0	6/30/2027
	Subtotal: 2021 Special	\$172,500,000	\$59,867,009	\$112,051,870	\$581,120	
2022	for state roads, MIPS	\$247,500,000	\$132,003,997	\$51,820,206	\$63,675,798	6/30/2025
2022	for I-40/I-10 Planning	\$25,000,000	\$1,028,138	\$21,519,548	\$2,452,314	6/30/2025
2022	for essential air service	\$5,000,000	\$0	\$5,000,000	\$0	6/30/2025
2022	for equipment/district offices	\$9,000,000	\$7,938,235	\$1,015,853	\$45,912	6/30/2025
2022	for the transportation project fund	\$60,000,000	\$46,059,416	\$13,940,584	\$0	6/30/2025
2022	for rest area improvements	\$20,000,000	\$3,711,330	\$2,659,420	\$13,629,250	6/30/2027
2022	for regional airports	\$5,000,000	\$112,208	\$4,787,792	\$100,000	6/30/2025
2022	for wildlife corridors	\$2,000,000	\$115,063	\$0	\$1,884,937	6/30/2025
	Subtotal: 2022	\$373,500,000	\$190,968,386	\$100,743,403	\$81,788,210	
2023	for regional airports	\$55,000,000	\$13,811,199	\$39,852,535	\$1,336,266	6/30/2026
2023	for state roads, MIPS	\$232,000,000	\$77,699,084	\$52,371,901	\$101,929,014	6/30/2026
2023	for wildlife corridors	\$5,000,000	\$0	\$1,739,983	\$3,260,017	6/30/2026
2023	for ports of entry ²	\$7,000,000	\$504,585	\$2,294,101	\$4,201,315	6/30/2026
	Subtotal: 2023	\$299,000,000	\$92,014,868	\$96,258,520	\$110,726,612	6/30/2026
2024	for wildlife corridors	\$5,000,000	\$0	\$0	\$5,000,000	6/30/2027
2024	for roadway beautification	\$10,000,000	\$443,474	\$3,136,357	\$6,420,169	6/30/2027
2024	for road projects	\$70,000,000	\$5,002,959	\$32,515,863	\$32,481,178	6/30/2027
2024	for road maintenance	\$120,000,000	\$39,530,317	\$55,304,653	\$25,165,030	6/30/2027
2024	for rural air service	\$15,000,000	\$0	\$9,630,697	\$5,369,303	6/30/2027
2024	major road projects (STBs)	\$320,000,000	\$0	\$0	\$320,000,000	6/30/2024
	Subtotal: 2024	\$540,000,000	\$44,976,750	\$100,587,570	\$394,435,680	
	Grand Total	\$1,860,000,000	\$757,037,851	\$450,279,833	\$652,682,316	

Source: LFC Files

¹The "remaining" column displays the amount not currently under a contract or grant agreement. NMDOT typically assigns these unencumbered amounts to specific projects.

²The appropriations for ports of entry is from the weight distance tax identification permit fund.

NMDOT Active Projects by Anticipated End of Construction

October Update

Anticipated Completion Date	Number of Projects	Cost of Projects*	Projects > \$20 M	Projects Complete	Active Projects	Cost of Complete	Cost of Active
Early 2024	20	\$191,014	I-25, Williamsburg Interchange - \$37M US-64/NM-434, Colfax Co. - \$28.5M I-40, east of Clines Corner - \$23M I-25, Raton Pass #2, \$21.4M	14	6	\$102,198	\$88,816
Late 2024	31	\$539,787	14 projects, including: US-285, Eddy Co. - \$53M I-25, La Bajada - \$39.9M NM-404, Dona Ana Co. - \$39.9M	12	19	\$232,674	\$307,113
Early 2025	5	\$78,751	I-10, near Arizona border - \$23.3M	1	4	\$9,677	\$69,074
Late 2025	9	\$228,105	US-64, near Arizona border - \$59.4M US-54, Ancho to Corona - \$38.2M I-25, Raton Pass #3 - \$27.6M I-40, near Hudson Lake - \$22.5M	0	9		\$228,105
2026	1	\$41,006	US-180 Improvements, Phase 1 - \$41M	0	1		\$41,006
2029	1	\$18,259	None	0	1		\$18,259
New Projects - Oct.			I-25, Montgomery and Comanche - \$240M US-380, Chaves County - \$24.8M NM-101, Dona Ana County - \$22.8M	0	14		\$371,556
Total Active Projects	67	\$1,096,923		27	54	\$344,550	\$1,123,929

*Cost of projects is based on the bid initially accepted by NMDOT.

Source: NMDOT, bidx.com

Project Schedules for Select Major Infrastructure Projects

District	County	Project	Estimated Cost	30% Design	60% Design	90% Design	Letting Date	Construction Start	Estimated Finish	Change from June
1	Dona Ana	NM-213/NM-404 Interchange Improvements	\$82,230,481	July 2023	December 2024	February 2025	August 2025	October 2025	Winter 2027	On Track
2	Chaves	US-380 Corridor, Priority 2	\$48,000,000	November 2023	August 2024	October 2024	December 2024	February 2025	Winter 2027	New Project
2	Lea	NM-128 Construction Phase I	\$49,000,000	Summer 2024	Winter 2024	Spring 2025	June 2025	August 2025	Winter 2027	On Track
2	Lea	NM-128 Reconstruction & Intersection Improvements (Brininstoll, Delaware, Battle Axe Streets)	\$40,000,000	Winter 2024	Spring 2025	Summer 2025	September 2025	November 2025	Winter 2027	New Project
2	Curry	US-60 Downtown Clovis Phase II	\$42,180,000	April 2017	April 2018	September 2025	January 2026	March 2026	Fall 2028	Project Accelerated
3	Bernalillo	Rio Bravo Bridge Replacement	\$125,000,000	June 2022	March 2023	August 2023	April 2025	June 2025	Fall 2027	On Track
3	Bernalillo	I-25 Improvements, Gibson Blvd. Interchange	\$111,303,453	WINTER 2024/25	FALL 2026		Design Build	Fall 2027	Winter 2029	On Track
4	Colfax	US 64/87 Interchange on I-25	\$49,351,133	June 2023	July 2024	December 2024	December 2025	February 2026	Fall 2028	On Track
5	San Juan	US 64 Phase III	\$37,900,000	February 2021	March 2024	August 2024	December 2024	February 2025	Winter 2027	Slight delay on letting and construction start; final completion on track
5	Santa Fe	Cerrillos Road Reconstruction Phase I	\$14,313,025	March 2023	January 2024	May 2024	November 2024	January 2025	Spring 2026	On Track
5	Santa Fe	Cerrillos Road Reconstruction Phase II	\$40,300,000	January 2023	November 2023	June 2024	October 2025	December 2025	FALL 2027	End date delayed from Fall 2026
6	Valencia	Suwannee Bridge Replacement	\$31,887,400	July 2017	July 2022	February 2023	May 2025	July 2025	Spring 2027	On Track
6	McKinley	I-40 Widening Construction Phase I	\$45,000,000	August 2023	April 2024	August 2024	December 2024	February 2025	Spring 2027	On Track
6	McKinley	I-40 Corridor Drainage Improvements	\$66,000,000	June 2024	Septebmer 2024	February 2025	September 2025	November 2025	Spring 2028	New Project
6	McKinley	I-40 Bridge Replacement, Over Rio Puerco	\$50,728,961	April 2023	March 2024	June/July 2025	December 2025	February 2025	Spring 2027	New Project

Source: NMDOT

Date Moved Up from June Report
 Date Moved back from June Report