



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



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



July 11, 2019

Marquita D. Russel, Chief of Programs



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 annual Senior Severance Tax Bond proceeds for a variety of infrastructure projects
- First STB distribution was made available 2012, and eight 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	39	\$12,801,965	\$13,141,403	\$25,943,368
2013	59	\$37,736,894	37	\$16,640,461	\$8,357,897	\$24,998,358
2014	77	\$40,351,172	37	\$13,079,904	\$10,437,286	\$23,517,190
2015	54	\$38,154,397	28	\$15,562,611	\$7,916,095	\$23,478,706
2016	36	\$30,842,183	14	\$11,958,068	\$5,366,034	\$17,324,102
2017	32	\$18,176,363	13	\$5,365,208	\$539,568	\$5,904,776
2018	30	\$16,100,000	18	\$8,831,925	\$962,324	\$9,794,249
2019	29	\$17,137,098	26	\$14,058,013	\$2,038,963	\$16,096,976
TOTAL	392	\$238,858,634	212	\$98,298,155	\$48,759,570	\$147,057,725



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 (Oscar Butler)
 - Minority Leader of the Senate (Doug Moore)
 - Speaker of the House (Orlando Antonio Carrillo-Jimenez)
 - Minority Leader of the House (Mary Helen Garcia)



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 (Hubert Quintana)
 - New Mexico Counties (Steve Kopleman)
 - New Mexico Mortgage Finance Authority (Jay Czar)



Colonias Infrastructure Board Committees

- 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
 - By-Laws
- Project Review Committee
 - Vets project recommendations
- Each Committee is comprised of 3 voting members and all non-voting members



Program Responsibilities

- Duties of the Board
 - Promulgate rules governing acceptance, evaluation and prioritization of applications
 - Project prioritization
 - Funding recommendations
 - Requests for reconsideration
 - Policy setting
 - Establishment of Rules
 - 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
 - Road
 - 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, floor 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.”



Program Implementation

- Officers appointed in 2011
- By-laws adopted in 2011
- Board considered Rules, Policies and Evaluation Criteria for approximately six months prior to adoption
- Rules established in 2012 after public review and comment
- Policies adopted in 2012
- Evaluation criteria established in early 2012
- To date, rules and by-laws have not been changed; policies and criteria have continued to be refined:



Rules and Regulations

- Rules also address
 - Application Process
 - Request of Reconsideration of Board action
 - Interaction with NM Finance Authority Board

- All other aspects of project prioritization and funding are set in policy

- The proposed rules and policies establish a transparent and public process

- The rules and policies provide for the Colonias Infrastructure Board to be advised by a multi-agency Project Management Team



Policy and Evaluation Criteria Changes

- **October 2015 (beginning with 2016 cycle):**
 - Clarifying language throughout
 - Adopting Construction Loan structure
 - Clarification/processes for reallocation of declined or rescinded funds
- **October 2016 (beginning with 2017 cycle):**
 - Streamlined policies to make them more understandable to clients
 - Expanded definitions of “regionalization”
- **October 2017 (beginning with 2018 cycle):**
 - Clarifying language on “Project Urgency”;
 - Expansion of current language to further clarify the conditions and procedures for returned and/or rescinded funds prior to executing and securing the funding agreement-(this helped to initiate requirements for readiness as part of the application);
 - Re-distribution of points in scoring criteria for Regionalization (15 to 10) and Long-term Community Benefit (5 to 10);
 - Improvements in scoring criteria eliminating a possible subjective scoring range (eg. From 3-5 pts to 5 pts);
 - Further definition of AMP requirements within scoring criteria



Policy and Evaluation Criteria Changes

- **October 2018 (beginning with 2019 cycle):**
 - Clarifying requirements and documentation for certifying projects as “Urgent”
 - Clarifying the current process on project continuation that will not include the year prior to the current funding year
 - Changing the match obligation to allow applicants to borrow additional funds in lieu of the required match
 - Removing certain requirements that are either duplicative or not received, monitored or reviewed in the application process
 - Requirements on developing AMP (mirrors WTB requirements)
 - Eliminating the “cap” on financial assistance award for professional services allows flexibility. The Board was comfortable with this elimination because NMED-CPB now oversees design and construction
 - NMFA staff and Colonias Board are currently working with NM Mortgage Finance Authority to adopt criteria for policy and application requirements in the field of Housing Infrastructure (a qualified project type as defined by statute) limited to the planning, design and construction of connecting private residences to qualified water or wastewater systems
 - Continuing to review Criteria; comparison of scoring criteria between project types



Pace of Funding

- In 2012, projects averaged 286 days from NMFA Board approval to the securing of the award; by 2018 that had been cut by more than 100 days
- In 2012, the average time from securing the award to first draw was 409 days, by 2017 the average was reduced by half
- In 2012, the average days from NMFA Board approval to project completion was 1,163 days. By 2016, the average time was reduced by 250 days

Colonias Cycle	Awarded		Awards Secured		Open Awards		Funds Expended	Projects Completed
2012	\$12,801,965	39	\$12,801,965	39	\$0	0	100%	100%
2013	\$16,640,461	37	\$16,640,461	37	\$0	0	100%	100%
2014	\$13,079,904	37	\$13,079,904	37	\$0	0	100%	100%
2015	\$15,562,611	28	\$15,562,611	28	\$0	0	100%	100%
2016	\$11,958,068	14	\$11,958,068	14	\$2,215,799	3	81%	79%
2017	\$5,222,483	13	\$5,222,483	13	\$2,633,284	10	50%	23%
2018	\$8,831,925	18	\$8,824,306	17	\$8,099,634	18	8%	0%
2019*	\$14,058,013	26	\$0	0	\$0	0	0%	0%
TOTAL	\$98,155,430	212	\$84,089,798	185	\$12,948,717	31	87%	85%



Current Application Timeline

- Applicant Training (November)
- On-line Application begins (January)
- Project presentations to full board (March)
- Evaluation of applications by Project Management Team (March)
- Consideration of policy waivers (April)
- Recommendation for funding (April)
- Funding Awards by NMFA (May)
- Training for award recipients (July)
- Four months to meet award conditions (September)
- Funding agreements secured thereafter: 90% grant/10% loan. The loan is structured as a 0% interest loan. Clients provided two years to draw funds. Loan repayments begin after project is complete.
- Applicants must demonstrate the ability to timely spend down the awards prior to applying for additional funds