



# **Presentation to the NMFA Legislative Oversight Committee**

## **Update from the Colonias Infrastructure Board**

**September 10, 2024**

**Janice Baca-Argabright, Colonias Board Vice Chair**

**Marquita D. Russel, Chief Executive Officer, NMFA**



# Colonias Infrastructure Act

- Created by the 2010 Legislature (with an effective date of July 1, 2011) to assist Colonias in New Mexico:
  - 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 a municipality or county 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
    - Roads
    - Housing
    - Flood Control



# Colonias Infrastructure Act

- The Act establishes the 12-member Colonias Infrastructure Board
- The Act earmarks 4% of annual Senior Severance Tax Bond proceeds for a variety of infrastructure projects. The first STB distribution was made available in 2012, and thirteen 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	34	\$16,497,736	\$8,357,897	\$24,855,633
2014	77	\$40,351,172	37	\$12,719,872	\$10,437,286	\$23,157,158
2015	54	\$38,154,397	28	\$15,922,643	\$7,916,095	\$23,838,738
2016	36	\$30,842,183	13	\$11,460,915	\$5,366,034	\$16,826,949
2017	32	\$18,176,363	10	\$4,347,476	\$539,568	\$4,887,044
2018	30	\$16,100,000	17	\$9,519,823	\$962,324	\$10,482,147
2019	29	\$17,100,000	25	\$14,671,481	\$16,839,638	\$31,511,119
2020	31	\$25,528,474	26	\$19,996,093	\$4,346,896	\$24,342,989
2021	47	\$40,011,730	33	\$25,808,519	\$3,341,823	\$29,150,342
2022	54	\$77,248,074	34	\$35,217,867	\$18,744,275	\$53,962,142
2023	48	\$90,666,959	30	\$66,144,992	\$34,742,646	\$100,887,638
2024	40	\$77,747,265	31	\$42,481,050	\$4,248,105	\$46,729,155
<b>TOTAL</b>	<b>612</b>	<b>\$550,024,038</b>	<b>357</b>	<b>\$287,590,432</b>	<b>\$128,983,990</b>	<b>\$416,574,422</b>

Chart current as of August 31, 2024; does not include \$20.6 million of awards to be made on September 19, 2024



# Colonias Infrastructure Board

- Board is comprised of 7 Voting 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 (Mary Kay Papen)
    - Minority Leader of the Senate (Janice Baca Argabright)
    - Speaker of the House (Jose Luis Segura)
    - Minority Leader of the House (Rebecca Dow)
  - Board is comprised of 5 Advisory (non-voting) Members. The Executive Directors of:
    - South Central Council of Governments (Jay Armijo)
    - Southwest New Mexico Council of Governments (Priscilla Lucero)
    - Southeastern New Mexico Economic Development District (Dora Batista)
    - New Mexico Counties (Joy Esparsen)
    - New Mexico Mortgage Finance Authority (Isidoro Hernandez)



# 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
- In addition to Board Committees, the rules and policies provide for the Colonias Infrastructure Board to be advised by a multi-agency Project Management Team



# Program Responsibilities

## ■ Duties of the Board

- Promulgate rules governing acceptance, evaluation and prioritization of applications
- Policy setting
- Project prioritization and recommendations
- Requests for reconsideration
- 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



# 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, flood 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.”



# Board Operates with Rules and Policies

- Board policies and rules established through a transparent and public process.  
Rules address
  - Application Process
  - Requests for Reconsideration of Board action
  - Interaction with the NM Finance Authority Board
- All other aspects of project prioritization and funding are set in policy
- Awards are delivered as 90% grant / 10% loan. Loans have a term of 20 years and are made at a 0% interest rate with a modest  $\frac{1}{4}$  of 1% administrative fee.
- Funding Timeline ensures efficient use of funds.
  - Clients provided four months from approval to submit evidence of readiness
  - Clients provided two years to draw funds
  - Loan repayments begin after the project is complete



# Funding

At its May 16, 2024 meeting, the Colonias Board awarded \$42,481,050 of the available funds (\$63,168,682). Applicants not able to meet the spring deadline were given additional time to meet regulatory compliance. The Colonias Board will meet on September 19, 2024 to award the remaining balance of the 2024 funding (\$20,687,632)

Current Expenditure Summary								
Colonias Cycle	Awarded	#	Secured	#	Open	% of Funds Expended	Open Projects	% Projects Completed
2012	\$12,801,965	39	\$12,801,965	39	\$0	100%	0	100%
2013	\$16,497,736	34	\$16,497,736	34	\$0	100%	0	100%
2014	\$12,719,872	37	\$12,719,872	37	\$0	100%	0	100%
2015	\$15,922,643	28	\$15,922,643	28	\$0	100%	0	100%
2016	\$11,460,915	13	\$11,460,915	13	\$0	100%	0	100%
2017	\$4,347,476	10	\$4,347,476	10	\$0	100%	0	100%
2018	\$9,519,823	17	\$9,519,823	17	\$0	100%	0	100%
2019	\$14,671,481	25	\$14,671,481	25	\$0	100%	0	100%
2020	\$19,996,093	26	\$19,996,093	26	\$1,085,224	95%	3	89%
2021	\$25,808,519	33	\$25,808,519	33	\$5,678,466	78%	8	76%
2022	\$35,217,867	34	\$34,407,191	32*	\$18,451,058	0%	30	0%
2023	\$66,144,992	30	\$50,417,658	24*	\$62,968,925	5%	29	3%
<b>2024</b>	<b>\$42,481,050</b>	<b>31</b>	<b>\$0</b>	<b>0^</b>	<b>\$42,481,050</b>	<b>0%</b>	<b>31</b>	<b>0%</b>
<b>SUBTOTAL</b>	<b>\$287,590,432</b>	<b>357</b>	<b>\$228,571,372</b>	<b>262</b>	<b>\$130,664,723</b>	<b>55%</b>	<b>101</b>	<b>72%</b>

\*Remaining projects pending USDA consent

^2024 cycle was awarded on May 16, 2024; current RTP submission deadline date is October 31, 2024



# Next Application Cycle: Timeline

- Applicant Training (January 22, 2025)
- On-line Application begins (January 27, 2025)
- Application evaluations by Project Management Team (March)
- Consideration of policy waivers (April)
- Recommendation for funding (May)
- Financial Structure Approval by NMFA (June)
- Training for award recipients (June)
- Four months to meet award conditions (October)
- Funding agreements secured thereafter
- Applicants must demonstrate the ability to timely spend down the awards prior to applying for additional funds