

NEW MEXICO STATE TRANSPORTATION COMMISSION

MEETING

**Farmington Civic Center
200 West Arrington Street
Farmington, New Mexico 87401
August 18, 2022**

The New Mexico State Transportation Commission (STC or Commission) held a regular meeting on August 18, 2022, at the Farmington Civic Center, Farmington, New Mexico. Chairman Adams called the meeting to order at 8:34 a.m. He asked for a roll call to establish a quorum. Mershawn Griego, Office of the Secretary, New Mexico Department of Transportation (NMDOT or the Department), proceeded to call the roll. Commissioners Bruce Ellis, Walter G. Adams and Thomas C. Taylor were present; Jennifer Sandoval participated via telephone

Approval of the STC Meeting Agenda

Chairman Adams asked for a motion to approve the STC meeting agenda; Commissioner Ellis made a motion to approve the agenda, as presented; Commissioner Taylor seconded; motion carried unanimously.

Approval of the STC Minutes

Chairman Adams asked for a motion to approve the July 21, 2022 STC regular meeting minutes; Commissioner Taylor made a motion to approve the minutes; Commissioner Ellis seconded; motion carried unanimously.

State Transportation Commissioners Present:

Jennifer Sandoval, Vice-Chair, District One (via telephone)
Bruce Ellis, Commissioner, District Two
Hilma E. Chynoweth, Commissioner, District Three (absent with notice)
Walter G. Adams, Chairman, District Four
Thomas C. Taylor, Commissioner, District Five
Charles Lundstrom, Secretary, District Six (absent with notice)

NMDOT Staff Present:

Ricky Serna, Cabinet Secretary
Justin Reese, Deputy Secretary, Business Support
Rick Padilla, P.E., Executive Director of Highway Operations
Jerry Valdez, Executive Projects Director
Kenneth B. Baca, General Counsel
NMDOT Staff

Elected Officials and Delegations Present:

The Honorable Rod Montoya, New Mexico State Representative, District 1
Steve Lanier, Chairman Pro Tem, San Juan County Commission, District 3
Terri Fortner, Chair, San Juan County Commission, District 4
The Honorable Nate Duckett, Mayor, City of Farmington
The Honorable Cynthia Atencio, Mayor, City of Bloomfield
Janis Jakino, Councilor, Farmington City Council, District 4
Scott Eckstein, Councilor, Bloomfield City Council
Mike Stark, County Manager, San Juan County
Robert Mayes, City Manager, City of Farmington
George Duncan, City Manager, City of Bloomfield
Michael Heal, Police Chief, City of Aztec Police Department

Introductions

Ricky Serna, Cabinet Secretary, NMDOT, acknowledged the elected officials and certain others in attendance. Thereafter, the STC Commissioners introduced themselves, and Secretary Serna introduced NMDOT Executive Staff.

Welcoming Remarks

Chairman Adams thanked the City of Farmington for hosting the STC meeting, and meeting attendees for their participation. He then asked certain NMDOT staff members in attendance to introduce themselves.

Nate Duckett, Mayor, City of Farmington, welcomed the STC to Farmington and expressed his gratitude for its support of the Pinon Hills extension bridge project. Governor Michelle Lujan Grisham will be in Farmington tomorrow, August 19, 2021, to make a formal announcement about the project. He also thanked Paul Brasher, P.E., District Five Engineer, NMDOT.

Public Comment

Michael Heal, Police Chief, City of Aztec Police Department, introduced several City officials. He thanked Justin Reese, Deputy Secretary, NMDOT, for his help in restoring funding (\$705,600) for the City's \$17.6 million arterial road project. He also thanked Commissioner Taylor for his continuing support on the project. The City anticipates the project will go out to bid in November. Chief Heal then thanked Paul Brasher, P.E., District Five Engineer, NMDOT; Sharon Cruz, TLP Coordinator, North Region Design, NMDOT; and the STC for its support and patience. He also asked for the STC's support in approving supplemental funding after the City moves the project through the Metropolitan Planning Organization (MPO) and onto the Department's Statewide Transportation Improvement Program (STIP).

Terri Fortner, Chair, San Juan County Commission, thanked the STC and NMDOT Executive Staff, and introduced certain San Juan County officials in attendance at the STC meeting. Chair Fortner recognized and thanked Commissioner Taylor for all he has done for San

Juan County. She also thanked Governor Michelle Lujan Grisham, NMDOT, and local legislators for their continued support of countywide transportation projects. The funding to complete the Pinon Hills bypass extension project will significantly benefit the community. Lastly, Chair Fortner discussed State Highway 173, between Aztec and Navajo Dam. She stated that it is in major need of repairs. It has narrow shoulders, blind hills and is almost washed out every time it rains heavily; consequently, it is extremely unsafe. She requested that NMDOT identify the road as a top priority for full improvement.

Janis Jakino, Councilor, Farmington City Council, asked for an update on the status of funding for resurfacing and repairs on NM 516 corridor between English Road and Country Club Drive. Paul Brasher, P.E., District Five Engineer, NMDOT, responded that the project is a priority and NMDOT will be working on it next spring.

David Sypher, P.E., Community Works Director, City of Farmington, expressed his gratitude to Commissioner Taylor, former Cabinet Secretary, Michael Sandoval, and Deputy Secretary, Justin Reese, for their assistance with the region's number one project which will eventually connect the Bloomfield Highway and NM 516. He echoed Councilor Jakino's comments regarding East Main and is glad to know the project is scheduled for this spring. He also expressed his appreciation for the Pinon Hills Boulevard project.

Jonah Begay, Navajo Nation Division of Transportation (NDOT), introduced himself and Marge Begay, Planning Department, NDOT. He commented regarding four projects: (1) Reconstruction of US 64 from Shiprock to the New Mexico/Arizona state line. NMDOT and the Navajo Nation are currently working on right of way for the project. He wants to make sure the Nation keeps things moving so the grant for the project doesn't expire. (2) NM 371 and Navajo

Route N36 safety project that both the Navajo Nation and NMDOT are contributing funds to. He asked for the STC's help in getting the project started. (3) He thanked NMDOT and the STC for the resurfacing of NM 264 from the New Mexico/Arizona state line to Window Rock. (4) To'hajiilee, a NDOT/NMDOT partnership project. He thanked NMDOT and the STC for funding and their involvement with the project.

Cynthia Atencio, Mayor, City of Bloomfield, thanked NMDOT and specifically, Paul Brasher, P.E., District Five Engineer, for striping on US 64 and US 550, and for the asphalt work on three main state highway intersections in Bloomfield. She also mentioned two other upcoming projects: (1) Bergin Lane, which is important because middle school students are walking where there are no sidewalks or storm water drainage. The area is prone to flooding, and it is a safety issue. (2) East Blanco Boulevard Bridge. Funding is needed to replace the bridge the City acquired that was formerly located on US 64, and owned by the state before the new road was built.

Jason Burns, Public Works Director, Eddy County, and Chairman, District Two Metropolitan Planning Organization (MPO), expressed concerns regarding Transportation Project Fund (TPF) funds that are being shored up. The MPO went through an extensive process to evaluate its projects and submitted them with District Two Engineer, Francisco Sanchez's recommendation. All of the projects that are being shored up have existing contracts that clearly state any overruns are the sole responsibility of the entities that funds are being awarded to. He believes the practice of shoring up is setting a dire precedent that will be very critical for the future of the TPF. By taking funding away from new projects to subsidize existing projects that are over budget and under-performing reinforces and awards further poor behavior and under-performance. He inquired about the limits of shoring up; what assurances are NMDOT going to get that the shored up funding is going to be expended responsibly and timely? Does NMDOT intend to shore

up shored up funding when over budget and under-performing projects continue to be over budget and under-performing? If it continues, it is an exponentially compounding problem that will essentially deplete the TPF. He thinks projects that need additional funding should come before their MPOs, be resubmitted, re-evaluated, re-recommended, and re-awarded with new contracts. There is a need to ensure that funding is distributed to entities that will expend funds responsibly and timely to projects that are actually shovel ready, and that have been prioritized using technical data, not opinions.

Chairman Adams discussed the history of the TPF and its steady funding increases over the years, including the permanent funding stream of \$40 million recently created by Representative Patricia Lundstrom.

Commissioner Ellis shares Mr. Burns' concerns. He has been contacted by State Representatives, who are concerned that projects are running over the amounts initially allocated. He stated Mr. Burns' concern is a concern we should all share. It is not just a District issue, it is a state issue that needs to be evaluated in order to identify and understand the risks to NMDOT and TPF projects. NMDOT and the STC need to establish a mechanism to continue projects in the pipeline and ensure that future projects can be funded and that tomorrow's money is not spent on today's commitments.

Ricky Serna, Cabinet Secretary, NMDOT, stated that he thinks NMDOT can immediately begin to address the issue of "under-performance". It is important to understand that there is a difference between shoring up, cost inflation, increased costs, and under-performance. NMDOT must treat under-performance related projects very differently. It must understand what the implications are to the local governments' capacity to do the projects and how it can help keep

them on track. NMDOT is looking at costs of goods and services differently from contractors that come to NMDOT and need more money because they don't have the capacity move the projects along the way they should. NMDOT will immediately make a commitment to essentially hold local governments accountable if they don't have the capacity to keep projects where they need to be. NMDOT needs to develop a way to better manage the progress of these projects.

Due to the rate of inflation and construction and maintenance costs, NMDOT needs both immediate and long-term solutions. Accordingly, NMDOT is thinking creatively about what can be done legislatively to address the issue.

George Duncan, City Manager, City of Bloomfield, commented that he has recently noticed a lot of people traveling cross country on bicycles. Some are road bicyclists, some may be bikepacking and using a combination of state highways, county roads, city streets, and trails. He believes that road improvements need to be made, such as cleanliness, litter pickup and sweeping broad or wide shoulders to increase safety. He advocated for a better job to be done statewide to at least create safer venues on highways and right of way shoulders. He also mentioned the state highway (US 64 and US 550) intersections in Bloomfield where the asphalt is rolling up and creating dangerous conditions. He asked NMDOT to consider using other materials, perhaps concrete.

Brian Jones, Executive Director, Asphalt Pavement Association of New Mexico (APANM), reported that APANM and the Associated Contractors of New Mexico (ACNM) meet quarterly with NMDOT Executive Staff. They discuss issues of concern. An agreement regarding fuel costs was recently reached which is satisfactory to both NMDOT and the contractors. Mr.

Jones also discussed a new process for APANM's Best of New Mexico Paving awards. He encouraged NMDOT District Engineers as well as counties and cities to submit applications.

Approval of Governor Michelle Lujan Grisham's Appointment of Ricky Serina as Secretary of Transportation

Kenneth Baca, General Counsel, NMDOT, presented and requested approval of Governor Michelle Lujan Grisham's appointment of Ricky Serina as Secretary of Transportation, and adoption of related STC Resolution No. 2022-07 (AUG). He explained that under NMSA 1978, Section 67-3-23, the Commission is required to consider for approval the Governor's appointment of the Secretary of Transportation. Further, Commission Policy 3, *Approval of Secretary*, specifically provides that upon the Governor's notice to the Commission of a person selected to be appointed as Secretary of Transportation, the Commission shall meet to discuss and vote its approval or disapproval. Mr. Baca then read proposed Resolution No. 2022-07 (AUG) aloud to the Commission.

Chairman Adams asked for a motion to approve Governor Michelle Lujan Grisham's appointment of Ricky Serina as Secretary of Transportation, and adoption of STC Resolution No. 2022-07 (AUG); Commissioner Taylor made a motion to so approve; Commissioner Ellis seconded; motion carried unanimously.

Four Corners Freight Rail Project

Mike Stark, County Manager, San Juan County; Arvin Trujillo, CEO, Four Corners Economic Development; and Kevin Keller, Vice President, HDR Engineering, Inc., gave a

presentation entitled "*Freight Rail Line Feasibility Study San Juan County, New Mexico*". Mr. Stark explained the Four Corners Freight Rail Project is a transportation and economic development diversification project for local municipalities, San Juan County, the Navajo Nation, and the Four Corners region. He and Messrs. Trujillo and Keller discussed the particulars of the project, its economic benefits and importance to the region, and asked for the STC's support.

Commissioner Ellis asked if the project will include a public spur for non-rail line users. He explained that with the help of the State of New Mexico, one was constructed in Roswell about 10 years ago. It is a tremendous asset that facilitates and encourages additional revenues by non-traditional partners. Mr. Keller responded that that is exactly what is being looked at, as well as intermodal logistics parks, trans load operations and similar facilities that could spur development.

Commissioner Taylor commented about the history of the railroad in the area. He believes this is a great opportunity to work with the Navajo Nation. Development of the Nation is an extremely important objective in the Four Corners area given the Nation is a partner in almost every project and is very important to the economy of the region. He thinks this project provides some great opportunities and briefly discussed recovery of energy-based economy communities and job creation.

Rod Montoya, New Mexico State Representative, District 1, thanked the STC and NMDOT for helping with the Pinon Hills bypass bridge and road project. It will alleviate a lot of the traffic issues that have grown exponentially over the last 20 years on the east side of town. Representative Montoya also commented in support of the Four Corners rail project. He discussed the effects of the closure of the power plants and coal mines in the area, specifically the loss of jobs. The rail project would be of great benefit and importance to the Navajo Nation in providing high paying

jobs to residents. He suggested that this project become a high priority in view of the large, underserved population living in poverty on the Reservation. He stated that this is a bigger issue than just transportation; it is a livelihood issue. The Navajo Nation is having to live on money coming from the federal government and potentially from the state, and that is not what they want. They want as many jobs and as much income within their community so they can have self-determination.

District Five Update

Paul Brasher, P.E., District Five Engineer, NMDOT, provided an update (via video recording) regarding District Five, during which he discussed the District's budget, projects and other activities. He described the work the District did to assist during the fires, and is currently doing to assist with flood mitigation. He also reported on the District's Employee Recognition Program, acknowledged recent award winners, and thanked District Five staff members for their work.

Staff Briefings

Secretary's Report

Ricky Serna, Cabinet Secretary, NMDOT, reported he has been with NMDOT for a month and has been meeting with staff in the General Office and District Offices to discuss Department organizational structure, reporting and other matters. He is trying to become familiar with the agency, how it functions, determine if improvements are needed, and identify priorities and challenges. Priorities presently include filling vacancies; managing relationships with local

elected officials and local governments; updating the Commission regarding strategies for maximizing bill funding; evaluating NMDOT's capacity to help local governments manage projects from design to completion; and exploring the possibility of working with FHWA to help train local and tribal governments to properly manage funding so that projects get designed and constructed.

NMDOT released a grant solicitation to help identify where the Department can expend \$6 million of American Rescue Plan Act (ARPA) funding for the purpose of installing fast charging electric vehicle (EV) charging stations in rural locations across the state. This is just one of a few measures that will help NMDOT outfit the entire State of New Mexico as an EV friendly state. NMDOT also anticipates that additional funds (\$30 million) to help with the project will come through the approval of its National EV Infrastructure (NEVI) Plan.

He has asked staff to develop a public dashboard to track projects and funding to better share with the general public, lawmakers and the Commission the details of how much money has been received and where that funding is in the state.

He also discussed with staff concerns about cost overruns, how there are fewer contractors bidding on projects now, and how that will impact NMDOT as it receives more revenues and resources and has more projects, and local governments have more projects. NMDOT will need to work with contractors more closely on scheduling and timing of projects.

Secretary Serna will present a transition summary at the next STC meeting that will also be sent to the Governor's office. The summary will address priorities and gaps and perhaps include legislative priorities for the upcoming session. It will also address the question of what the Commission can do to help NMDOT advance. He hopes to articulate the role that he and NMDOT

expect the Commissioners to play within their Districts, on an ongoing basis, so they can act as an informed resource for the Department and help NMDOT achieve its goals and priorities.

Finance Reports

NMDOT Financial Status Update

Mallery Manzanares, Administrative Services Director, NMDOT, presented the NMDOT financial status update as of July 30, 2022. State Road Fund: To date, NMDOT has received a total of \$37.7 million in revenue and spent approximately \$28.8 million. NMDOT's FY23 Operating Budget is \$1.7 billion. Restricted Funds: To date, NMDOT has received \$1.7 million in revenue and spent approximately \$800 thousand. NMDOT's FY23 Restricted Budget is approximately \$240 million. Mrs. Manzanares also discussed NMDOT's FY23 cash balances for operating budget funds: Road Fund: \$503.1 million, which represents approximately \$181.1 million growth from July FY21. Restricted Funds: \$114.8 million, which represents approximately \$49.1 million growth from July FY21. At present, NMDOT's projected FY23 year end fund balances ("savings account" amounts) are: Road Fund: approximately \$35.9 million and Restricted Funds: approximately \$9.5 million.

Approval of FY23 Budget Adjustment Request (BAR) No. 6 - Clayton Port of Entry

Franklin Garcia, Modal Division Director, NMDOT, presented and requested approval of FY23 BAR No. 6 - P565 - Modal - Clayton Port of Entry. The BAR is required to establish budget authority for the Ports of Entry Bureau. It will increase Contractual Services (Category 300) by

\$2.0 million to fund the repaving of the Clayton Port of Entry parking lot and driveways. The funds are supported by State Road Fund.

Chairman Adams asked for a motion to approve FY23 BAR No. 6 - Clayton Port of Entry; Commissioner Ellis made a motion to so approve; Commissioner Taylor seconded; motion carried unanimously.

Approval of FY23 Transportation Project Fund (TPF) Final Project Selection and Funding Amounts

Clarissa Martinez, State Grants Manager, Project Oversight Division, NMDOT, presented and requested the STC's approval of the final project selection and funding amounts for the FY23 Transportation Project Fund (TPF). Ms. Martinez explained this year was unique in that project selection was split into two priorities: (1) assisting local entities to cover shortfalls for prior year projects that were experiencing inflation due to rising construction costs; and (2) new projects. The total amount requested for projects experiencing shortfalls is \$13,078,353.41. The total amount requested for new projects is \$95,064,780.33.

Chairman Adams asked for a motion to approve the final project selection and funding amounts for the FY23 TPF; Commissioner Taylor made a motion to approve the request, as presented; Commissioner Ellis seconded; motion carried unanimously.

New Mexico Finance Authority (NMFA) Report

Mark Lovato, Managing Director, Investments, NMFA, provided an update regarding NMDOT's investment portfolio funds under NMFA management and NMDOT/NMFA's

outstanding bond debt service as of July 31, 2022. During the month of July, NMFA received from NMDOT a debt service set aside payment in the total amount of \$15.9 million. NMFA is currently holding \$16.4 toward NMDOT's debt service. NMDOT's next debt service payment in the total amount of \$22.1 million (for interest only) is due on December 15, 2022. NMDOT has two project fund accounts: \$302.9 million in the 2021A project account and \$6.7 million in the 2014A project account, which together total \$309.6 million. NMDOT has a \$50 million line of credit with Wells Fargo, pursuant to certain agreements with BNSF. The next quarterly commitment fee payment for the line of credit will be due in September.

Policy Reports

Reissuance of Commission Policies with a New Effective Date

Kenneth Baca, General Counsel, NMDOT, presented and requested the STC's approval for the reissuance of 18 Commission policies with a new effective date. Most policies have expired or are due to expire in the next month or two. Under Commission Policy 4, *New Mexico State Transportation Commission Rules and Policies* (CP 4), Commission Policies are valid for a period of five years from their effective date. Accordingly, it is time to reissue these policies, which CP 4 authorizes the Commission to do.

Chairman Adams asked for a motion to approve the reissuance of the following Commission Policies with a new effective date: No. 2 - *New Mexico State Transportation Commission Code of Conduct* (CP 2); No. 3 - *Approval of Secretary* (CP 3); No. 4 - *New Mexico State Transportation Commission Rules and Policies* (CP 4); No. 5 - *Involvement in Operations* (CP 5); No. 21 - *Annual Report* (CP 21); No. 29 - *Disposition of Real Property* (CP 29); No. 41

- Annual Budget Policy (CP 41); No. 43 - Annual Financial Audit by External Auditor (CP 43); No. 44 - Funding Assistance to Local Governments (CP 44); No. 47 - Archaeological Costs (CP 47); No. 61 - Memorial or Honorary Designation or Dedication of Highways, Transportation Facilities and Structures (CP 61); No. 69 - Landscape Development on State Transportation Facilities (CP 69); No. 70 - Red Light and Speed Enforcement Cameras (CP 70); No. 71 - Recreational Off-Highway Vehicles on Paved State Highways (CP 71); No. 84 - Snow Removal Priorities (CP 84); No. 87 - Acquisition of Rights of Way from Native American Nations, Tribes and Pueblos (CP 87); No. 88 - Special Construction Features (CP 88); and No. 90 - Certification of Regional Transit District (RTD) (CP 90); Commissioner Ellis made a motion to approve the reissuance of the aforementioned Commission policies, as presented, with the current effective date; Commissioner Taylor seconded; motion carried unanimously.

Commissioner Ellis asked for clarification of the expiration date of the Commission policies. Mr. Baca responded that the policies will be valid for five years from today's date, August 18, 2022.

Transfer of SP 30 (Bibo Road, South of I-40), Old NM 124 Spur (north of I-40), together with Tracts 3-1-C and 3-4 from the NMDOT to the United States of America in Trust for the Pueblo of Acoma


Lisa Vega, P.E., District Six Engineer, NMDOT, presented and requested the STC's approval of the transfer by quitclaim deed of SP 30 (Bibo Road, South of I-40), Old NM 124 Spur (north of I-40), together with Tracts 3-1-C and 3-4 from the NMDOT to the United States of America in Trust for the Pueblo of Acoma. She explained that the NMDOT received a request to transfer certain portions of roads and parcels to the Pueblo of Acoma related to the reconstruction

and realignment of Exit 102 on I-40 several years ago. NMDOT previously agreed by Memorandum of Agreement dated December 8, 2008, that it would convey its interest in Tract 3-1-C to the Pueblo as consideration for the Pueblo's consent to the grant of easements needed by NMDOT for the reconstruction and realignment of Exit 102. The remaining parcels, SP 30, Old NM 124 Spur, and Tracts 3-4 were no longer needed by NMDOT because of the realignment of Exit 102.

Chairman Adams asked for a motion to approve the Transfer of SP 30 (Bibo Road, South of I-40), Old NM 124 Spur (north of I-40), together with Tracts 3-1-C and 3-4 from the NMDOT to the United States of America in Trust for the Pueblo of Acoma; Commissioner Taylor made a motion to approve the request; Commissioner Ellis seconded; motion carried unanimously.

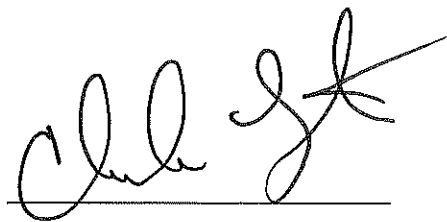
Adjournment

Chairman Adams asked for a motion to adjourn the regular meeting at 10:59 a.m.; Commissioner Taylor made a motion to adjourn the regular meeting; Commissioner Ellis seconded. Motion carried unanimously.



Chairman

Walter G. Adams



Secretary

Charles Lundstrom