

**NEW MEXICO STATE TRANSPORTATION COMMISSION
MEETING**

**Crown Plaza Hotel
1901 University Blvd NE.
Albuquerque, New Mexico 87102
April 18, 2019**

The New Mexico State Transportation Commission (STC or Commission) held a regular meeting on April 18, 2019, at The Crown Plaza Hotel, Albuquerque, New Mexico. Commissioner Adams called the meeting to order at 8:46 a.m.

Swearing in of Commission Members

The Honorable M. Monica Zamora, Chief Judge of the New Mexico Court of Appeals, swore in all State Transportation Commissioners, including continuing Commissioner Keith Mortensen, District Three, and Commissioners recently appointed by Governor Michele Lujan Grisham. The new Commissioners are: Jennifer Sandoval, District One; Bruce Ellis, District Two; Walter G. Adams, District Four; and Charles Lundstrom, District Six.

Approval of the STC Meeting Agenda

Commissioner Adams asked for a motion to approve the STC meeting agenda; Commissioner Mortensen made a motion to so approve the agenda; Commissioner Ellis seconded; motion carried unanimously.

Approval of the STC Minutes

Because the new Commissioners were not present at the January 25, 2019 STC meeting, Secretary Sandoval stated that he was present at the meeting, reviewed the meeting minutes and confirmed their accuracy.

Commissioner Adams asked for a motion to approve the January 25, 2019 STC meeting minutes; Commissioner Lundstrom made a motion to so approve; Commissioner Mortensen seconded; motion carried unanimously.

Election of STC Officers

Commissioner Adams asked for a nomination and a motion to nominate a STC Chairman; Commissioner Mortensen nominated Commissioner Adams as STC Chairman and made a motion to approve the nomination; Commissioner Lundstrom seconded; motion carried unanimously.

Chairman Adams stated that he is humbled and honored to serve as STC Chairman. He also stated that the Commission will make every effort possible to serve the State of New Mexico, the traveling public, and NMDOT employees.

Chairman Adams asked for a nomination and a motion to nominate a STC Vice-Chair; Commissioner Lundstrom nominated Commissioner Sandoval as STC Vice-Chair and made a motion to approve the nomination; Commissioner Mortensen seconded; motion carried unanimously.

Chairman Adams asked for a nomination and a motion to nominate a STC Secretary; Commissioner Mortensen nominated Commissioner Lundstrom as STC Secretary and made

a motion to approve the nomination; Commissioner Ellis seconded; motion carried unanimously.

Introductions

Michael Sandoval, Cabinet Secretary, NMDOT, congratulated the new STC Chairman, Vice-Chair and Secretary, and all of the Commissioners on their appointments by Governor Lujan Grisham. He introduced himself to the Commissioners and gave a brief overview of his NMDOT work experience. He stated he has learned much more about NMDOT since being named Cabinet Secretary and that he appreciates all of the support he has received the last four months from NMDOT staff, former STC Commissioners, as well as local and elected officials. He looks forward to working with the new Commission.

Elected Officials and Delegations:

The Honorable Charles Griego, Mayor, Village of Los Lunas
The Honorable Klarissa J. Peña, Albuquerque City Council President, District 3
The Honorable Cynthia Borrego, Albuquerque City Council Vice-President, District 5
The Honorable Issac Benton, Albuquerque City Council, District 2
The Honorable Joy Garratt, New Mexico State Representative, District 29
The Honorable Benny Shendo, Jr., New Mexico State Senator, District 22
The Honorable Harry Garcia, New Mexico State Representative, District 69
Victor Reyes, Legislative Director, Office of the Governor

State Transportation Commissioners Present:

Jennifer Sandoval, Vice-Chair, District One
Bruce Ellis, Commissioner, District Two
Keith Mortensen, Commissioner, District Three
Walter G. Adams, Chairman, District Four
Vacant, District Five
Charles Lundstrom, Secretary, District Six

NMDOT Staff Present:

Michael Sandoval, Cabinet Secretary
Kenneth B. Baca, General Counsel
NMDOT Staff

Welcoming Remarks

The Honorable Harry Garcia, New Mexico State Representative, District 69, introduced himself to the STC, congratulated all of the Commissioners on their appointments, and thanked meeting participants for attending.

The Honorable Joy Garratt, New Mexico State Representative, District 29, introduced herself and stated, “When people move, ideas move”. She is a member of the House Transportation Committee and believes this STC meeting is one of the most important meetings to attend this year to help fix State roads and the transportation system.

The Honorable Benny Shendo, Jr., New Mexico State Senator, District 22, introduced himself and a couple of other members of Tribal Government present at the meeting.

The Honorable Cynthia Borrego, Albuquerque City Councilor, District 5, congratulated the Commissioners on their appointments and welcomed meeting attendees to Albuquerque. She introduced Lawrence Rael, Chief Operating Officer, City of Albuquerque; Patrick Montoya, Director of the Municipal Development Department; and Tom Menicucci, Project Manager, City Council, City of Albuquerque. She thanked NMDOT for being a great partner to the City of Albuquerque, and stated she had the privilege of receiving \$2.1 million for the expansion of Paseo Del Norte on the west side of Albuquerque.

The Honorable Charles Griego, Mayor, Village of Los Lunas, thanked the STC for its time. He reported that for the past 21 years, the Village has been working with NMDOT on an

interchange project in Los Lunas. During the 2019 Legislative Session, the Village received a \$10 million appropriation to help move the project forward. He looks forward to providing the STC with an update on the project at a later date.

Chairman Adams recognized Mr. Victor Reyes, Legislative Director, Office of the Governor. He also acknowledged Bill McCamley, Cabinet Secretary, and Ricky Serna, Deputy Secretary, New Mexico Department of Workforce Solution, for being extremely helpful with the rapid hires NMDOT has been working on in order to bring its vacancy rate down.

Secretary Sandoval thanked Mr. Reyes for attending the STC meeting and for his work during the 2019 Legislative Session.

Federal Highway Administration (FHWA) staff and NMDOT Executive Staff introductions followed.

Michael Sandoval, Cabinet Secretary, NMDOT, introduced NMDOT Senior Staff members, Rick Padilla, P.E., State Maintenance Engineer; Tamara Haas, Asset Management & Planning Division Director; and Mallery Manzanares, Budget Director and Acting ASD Director, and acknowledged them for being exceptionally helpful over the past four months since his appointment as Cabinet Secretary.

The welcoming remarks portion of the meeting concluded with introductory comments by new and continuing Commissioners.

Department Goals and Overview

Secretary Sandoval discussed 2019 Legislative Session highlights and his priorities as Cabinet Secretary. He stated the 2019 Session was one of the most successful he has seen in the 20 years he has served as a NMDOT liaison at Legislature. It was due, in large part, to the new Administration and the Governor's robust agenda, a good portion of which was accomplished. One of the items on the agenda was roads.

NMDOT's base budget for FY 2020 is \$915 million, which will be used primarily for road needs and construction throughout New Mexico. NMDOT's base budget consists of funding from the following sources: (1) approximately \$400 million from Gasoline Tax, Special Fuel Tax, Motor Vehicle Registration fees and Weight/Distance Tax; (2) approximately \$500 million from Road Fund; and (3) approximately \$400 million from FHWA and other federal partners. NMDOT does not generally receive any General Fund appropriations for its base budget; accordingly, the budget is usually all revenue based. However, this year because of the State's considerable surplus, NMDOT will receive a one-time General Fund appropriation of \$400 million. This will allow NMDOT to triple its construction program. \$250 million will be used for major investment projects (approximately \$125 million is earmarked for specific projects, and the other \$125 million is for discretionary use by NMDOT and the STC); \$89 to \$100 million will be divided equally among the six districts (per House Bill 2, *General Appropriation Act of 2019*), the total amount will depend on the surplus funds available on June 30, 2019; and \$50 million will go to the new Local Government Transportation Project Fund. Through the passage of House Bill 6, *Tax Changes*, the recurring funding NMDOT will receive from Motor Vehicle Excise Tax (MVET) will increase from 3% to 4% per year. Because the State budget, in significant part, is derived from oil and gas revenues in the Permian Basin in District Two, the first two years of funding from

the MVET increase, which amounts to approximately \$55 million per year, about \$110 million in total, will go to District Two to address road needs in the Permian Basin. In year three, FY 22 and going forward, the percentage that NMDOT will receive from the 4% of MVET will increase 1.5%, which equals approximately \$84 million per year. NMDOT still has about \$3 billion in unmet needs, but the appropriated funds will certainly help move NMDOT forward toward making some needed improvements.

Specifically in District Three, \$10 million is earmarked for the Los Lunas East and West Corridor project, which is lacking about \$70 to \$80 million to complete; NMDOT will be adding \$20 million, so the project will receive \$30 million in total; and NMDOT is still looking at adding another \$20 million. In addition, \$8 million is set aside for the final study and design of the I-25/Gibson interchange. And finally, \$3 million is set aside for purchasing the remaining right of way needed for the Paseo del Volcan project.

Secretary Sandoval provided an overview regarding the Local Governments Road Fund, including information regarding funding, match requirements and hardship waivers. He also discussed the particulars of the new Local Government Transportation Project Fund. He outlined the STC's responsibilities with respect to both funds and identified certain dates for proposal submissions and STC approvals.

The Secretary also discussed one of NMDOT's other priorities, first and foremost, safety. Last year, there were 390 fatalities on New Mexico roadways, and of those, 126 were alcohol related. He mentioned certain improvements that can be made to improve highway safety, and specifically mentioned Marcus Gutierrez, a District Four employee, who was removing snow from a particularly bad storm a couple of months ago. He finished his shift around midnight, got in a

truck and was heading home when he hit a patch of ice and was killed in a crash. Consequently, safety is a priority to NMDOT because of people like Marcus, who after working a 12-hour shift was not able to make it home, and is no longer with us. It is very important to NMDOT to get people home safely to their families and friends.

Reducing NMDOT's vacancy rate, recruitment and retention are also NMDOT priorities. NMDOT is working on building career pathways for staff, including offering training, development and better opportunities. Changes are already being made.

Removing bottlenecks within NMDOT is also a priority. Secretary Sandoval has been meeting with staff to identify where bottlenecks exist within projects and to discuss how to improve processes. The Secretary is committed to providing support, resources and training, and to filling vacancies so that bottlenecks do not remain an issue, especially with respect to using new funding to move projects forward. He also discussed his intention to explore with the Governor and Legislature, new funding opportunities for NMDOT; improving NMDOT's letting schedule and prequalification, specifically implementation and establishing fair criteria; working with contractors; the importance of building internal and external relationships and communication; and developing the attitude and mentality of caring about the entire road system and all communities within the State.

Secretary Sandoval mentioned that later in the STC Meeting, a request will be made to change the May 16, 2019 STC meeting date to May 23, and the location of the meeting to Las Cruces. It will be up to each Commissioner to choose where in their district they would like the STC meeting to be held. Secretary Sandoval informed the STC that a commitment has been made to hold a STC meeting in Hobbs, possibly in September or later in the year, because of the necessity

to see some of the road conditions and discuss the issues that are arising from the boom in oil and gas.

The Secretary also outlined various options regarding Commission meetings, including scheduling, duration, frequency, location choices, attire, and staff support and coordination.

“Best of New Mexico” Paving Awards

Brian Jones, Executive Director, Asphalt Pavement Association of New Mexico, congratulated the Commissioners on their appointments and presented 2018 Best of New Mexico paving awards. The 2018 award winners were: (1) District One for city street reconstruction on US 70, MP 149.2 - 149.5, Spitz, Solano, Three Crosses, and North Main intersections; (2) District One for preventive maintenance surface seal treatment on NM 27, MP 15 - MP 27; (3) District Two for an innovative technology project on US 285, MP 120.1 - 131.5; (4) District Four for rural highway resurfacing on I-40, MP 262.9 - MP 269.9; and (5) District Six for rural highway reconstruction on NM 6, MP 0.272 - 18.475.

Public Comment

Mahesh Sita, Government Relations Director, New Mexico American Heart Association, distributed a handout entitled “Introduction to Complete Streets”. He explained that “Complete Streets” is one of the American Heart Association’s priority projects. Complete Streets are streets that can be used safely and comfortably and are easy to cross. New Mexico is ranked number 7 in the United States for pedestrian safety, and Albuquerque is ranked number 17. The Heart Association is working with the City of Albuquerque and the Mayor’s office to strengthen the City’s “Complete Streets” ordinance to make street access and crossing safer for all pedestrians. Mr. Sita requested that NMDOT and the STC consider using a portion of the Local Governments

Road Fund money for Complete Streets improvement projects in Albuquerque and other cities in New Mexico.

The Honorable David Toledo, Governor, Jemez Pueblo, congratulated the Commissioners on their appointments. He also expressed his gratitude to NMDOT for all of its assistance in the past, and stated that he was grateful that Pueblo representatives were able to meet recently with District Six staff.

Bert Thomas, President, American Council of Engineering Companies of New Mexico (ACEC), introduced the consultants at the meeting, who have been working with NMDOT to put together programs. He also welcomed the new Commissioners and congratulated them on their appointments. He stated he appreciates ACEC's strong relationship with NMDOT and congratulated Secretary Sandoval on his appointment as Cabinet Secretary. He looks forward to continuing the good working relationship with NMDOT.

The Honorable Harry Garcia, New Mexico State Representative, District 69, commented he looks forward to having a prosperous year this year because of good funding, and hopes that it continues next year. He also thanked NMDOT employees.

Issac Benton, Albuquerque City Councilor, District 2, introduced himself and congratulated the Commissioners on their appointments. He acknowledged District Engineer Ken Murphy and highlighted the importance of the interaction between the City of Albuquerque and NMDOT. It has been a great working relationship over the years. He also expressed that he is especially pleased with the appointment of Secretary Sandoval as Cabinet Secretary. He mentioned the increasingly difficult conditions at Rio Grande Boulevard and the I-40 interchange, especially during the afternoon rush hour with people trying to get on I-40 and cross westbound

over the river. Lastly, he discussed the City's ongoing efforts to improve the safety of City streets by the use of "Vision Zero" to help reduce pedestrian deaths.

Lawrence Rael, Chief Operating Officer, City of Albuquerque, congratulated the Commissioners and the Secretary on their appointments. On behalf of Mayor Keller and City of Albuquerque, he welcomed everyone to Albuquerque. He thanked the STC for visiting with communities, and NMDOT for its work that directly impacts economic development and growth in the State. He extended an invitation on behalf of the Mayor to meet with him when possible to discuss issues. Finally, he mentioned looking forward to working with NMDOT on projects related to the Albuquerque Balloon Fiesta, including traffic management, access and alternative routes.

District Three Presentation and Employee Recognition

Kenneth Murphy, P.E., District Three Engineer, NMDOT, gave a presentation regarding District Three activities, during which he discussed the District's various projects and maintenance accomplishments. He also reported on the District's Employee Recognition Program, acknowledged the recent award winners, and introduced other District staff members in attendance at the meeting.

Training for Equipment Excellence Winners

David Trujillo, P.E., Special Projects Engineer, NMDOT, presented the 2018 Training for Equipment Excellence awards, and introduced the fourth-time statewide winners from District Four: Margarito Encinias; Jose Gonzales; Joseph Garcia; Edward Crespin; Marcus Gutierrez; Aaron Montoya; Jeffery Willebrand; Chris Lucero; Joe Lavender; Larry Saiz; Charlie Romero;

Robert Chavez; Phillip Ulibarri; James Lopez; John Samson Baca; Ricardo Archuleta; Jake Gonzales; Jeremy Trujillo; and Dominic Pacheco. Mr. Trujillo then acknowledged Marcus Gutierrez, the District Four employee who lost his life in a tragic accident on February 23, 2019. Marcus was only 26 years old, an eight-year veteran of NMDOT District Four, with the Wagon Mound Patrol, and the 2017 first place winner of the backhoe competition. He also competed in the 2018 state tournament.

Mr. Trujillo stated that he was the District Four Engineer for the past six years and was recently appointed by Secretary Sandoval as the NMDOT Special Projects Engineer at the General Office. He thanked District Four staff for a wonderful six years and for the outstanding work they do in keeping the roadways safe, clean and clear for the traveling public.

Staff Briefings

FHWA Report

Rodolfo Monge-Oviedo, FHWA, discussed the NMDOT/FHWA Executive Dashboard Metrics report for the second quarter of federal fiscal year 2019. He outlined certain statistics concerning district change orders; claims; the federal aid obligation execution rate; closeout transactions; inactive balances and projects; STIP obligations; and the Highway Safety Improvement Program (HSIP).

Secretary Report

Michael Sandoval, Cabinet Secretary, NMDOT, thanked the Commissioners for taking the time to recognize NMDOT employees. Employee recognition is very important to NMDOT and is a small token of appreciation for all the hard work that employees do. They are really the heart

and soul of NMDOT, out on the roads, sometimes working nights, and often away from their families. Employee recognition means a lot to them. It is good for moral and the right thing for NMDOT to do.

Secretary Sandoval introduced Marcos Trujillo, Project Oversight Director, NMDOT, who presented a certification related to the Second Amendment to the BNSF Taxable Revolving Line of Credit Agreement by and among NMDOT, New Mexico Finance Authority (NMFA) and Wells Fargo Bank (“Certification”), that requires the signature of new STC Chairman. He explained that NMDOT manages the funding and debt for the Rail Runner that is part of NMDOT’s bond program. He further explained that when NMDOT purchased the track and right of way from BNSF for the Rail Runner, BNSF required NMDOT to put in place a liquidity facility, in excess of NMDOT’s insurance policy, to cover costs in the event of a catastrophic occurrence. As part of that transaction, NMDOT later acquired a \$50 million Taxable Line of Credit at Wells Fargo Bank, which is set to expire, and consequently needs to be extended for a three-year period. In January, the STC executed Resolution No. 2019-02 (JAN), that authorized the execution of certain amendments to extend the termination date of the Line of Credit from June 30, 2019 to June 30, 2022. The Certification is part of the package required by Wells Fargo to complete the transaction.

Chairman Adams asked Secretary Sandoval for his recommendation regarding the Certification.

Secretary Sandoval confirmed the Line of Credit extension was approved by the former STC and the related STC Resolution was executed by the former Commissioners. Accordingly, the Certification needs to be signed by the new STC Chairman. He therefore recommended that Chairman Adams sign the Certification.

Secretary Sandoval asked for the STC's approval to change the date and location of the May 16, 2019 STC meeting in Deming to May 22, 2019 in Las Cruces.

Chairman Adams asked for a motion to approve the change of date and location of the May meeting from May 16, 2019 in Deming to May 22, 2019 in Las Cruces; Commissioner Mortensen made a motion to so approve the change; Commissioner Ellis seconded; motion carried unanimously.

Annual Report to State Auditor Regarding Regional Transit Districts (RTDs)

David Harris, Transit and Rail Division Director, NMDOT, presented NMDOT's Annual Report to the State Auditor regarding RTDs. He explained that under the provisions of Commission Policy 90, *Certification of Regional Transit District (RTD)*, and NMSA 1978, Section 73-25-15 (B), the STC is required to file an annual report with the State Auditor concerning the activities of all active RTDs. The report details how many districts have been created, describes their boundaries and specifies the regional transit systems that are being provided and how they are being funded. The report will be sent to the State Auditor after the STC meeting.

Mr. Harris also reported that in November, the sunset/expiration date was removed from North Central Regional Transit District's (NCRTD) 1/8th of 1 percent gross receipts tax, so it will now continue in perpetuity. NCRTD also received \$5.1 million via two separate grants from the U.S. Department of Transportation to build a fueling and maintenance facility on its property in Espanola, New Mexico. Ridership in the area served by NCRTD has been increasing. Accordingly, NMRTD is planning to extend services into Angel Fire, New Mexico. Mr. Harris also briefly discussed the Rio Metro Regional Transit District's Positive Train Control project and the status of the Southwest Regional and South Central Regional Transit Districts.

Finance Reports

NMDOT Monthly Financial Report

Mallery Manzanares, Budget Director and Acting ASD Director, NMDOT, presented the NMDOT operating budget and financial report as of April 1, 2019. Current program vacancy rates are as follows: Project Design and Construction (P562), 26%; Highway Operations (P563), 17.1%; Business Support (P564), 17%; and Modal (P565), 19.5%. The current budget for Project Design and Construction is \$608.4 million, with a remaining balance of \$232.4 million; Highway Operations, \$247.6 million, with a remaining balance of \$75.1 million; Business Support, \$42.7 million, with a remaining balance of \$12.7 million; and Modal, \$71.3 million, with a remaining balance of \$20.2 million. Ms. Manzanares also discussed NMDOT cash balances and restricted fund balances.

Approval of FY20 Budget Request

Laura Bianchini, Economist, NMDOT, presented the 2019 revenue forecast. She explained that because this forecast was prepared in January, it does not include the recurring revenue NMDOT will receive from the 2019 legislative appropriations. She discussed NMDOT's four major sources of revenue, Gasoline Tax, Special Fuel Tax, Weight/Distance and Motor Vehicle Registration, and detailed revenue expectations for FY20.

Mallery Manzanares, Budget Director, and Acting ASD Director, NMDOT, presented and requested approval of NMDOT's FY20 operating budget, as appropriated by House Bill 2, the General Appropriation Act of 2019 (HB 2), signed by Governor Michele Lujan Grisham on April 5, 2019 (Laws 2019, Chapter 271). The total FY20 operating budget is \$915.3 million, which represents a \$28.9 million increase from the approved FY19 operating budget. This appropriation

is supported by \$447.6 million from State Road Fund revenue; \$41.6 million from Restricted Fund revenue; \$3.5 million from a transfer from other agencies; \$21.0 million from State Road Fund balance and Restricted Fund balance; and \$401.5 million from federal sources. It includes a \$19.8 million increase to Project Design and Construction; a \$12.6 million increase to Highway Operations; a \$0.5 million increase to Business Support; and \$4.0 million decrease to Modal. Ms. Manzanares outlined the major differences between the FY19 and FY20 operating budget appropriations and the particulars of each NMDOT program. She also discussed the one-time special appropriations to NMDOT in HB 2 and the recurring Motor Vehicle Excise Tax funds appropriated to NMDOT by 2019 House Bill 6, signed by the Governor on April 4, 2019 (Laws 2019, Chapter 270).

Commissioner Lundstrom inquired about the process Ms. Manzanares used to budget full-time employees (FTEs) given the different vacancy rates in the districts. Ms. Manzanares responded that the rates vary by district, and are a little higher than usual because NMDOT has been dealing with the Human Resources consolidation.

Chairman Adams commented that NMDOT recently partnered with the Department of Workforce Solutions on a rapid hire program in an effort to reduce the vacancy rate. He explained the differences between that process and the usual State Personnel Office hiring process.

Secretary Sandoval discussed the vacancy rate and NMDOT's difficulties hiring for certain positions because of the current pay scale.

Chairman Adams asked for a motion to approve the FY20 operating budget; Commissioner Lundstrom made a motion to so approve; Commissioner Ellis seconded; motion carried unanimously.

New Mexico Finance Authority (NMFA) Monthly Report

Mark Lovato, Investment Manager, NMFA, provided an update regarding NMDOT's investment portfolio funds under NMFA management and NMDOT/NMFA's outstanding bond debt service as of March 31, 2019. NMDOT has nine bond series outstanding, which total \$1,082,320,000. It is a fairly short program, with the final maturity in 2030. NMDOT makes payments on the debt semi-annually, June 15 and December 15. The principal debt service payment due on June 15, 2019 is \$93,650,000, plus interest in the amount of \$26,294,975, which totals \$119,944,975. On December 15, 2018, NMDOT paid down \$9,140,000 in principal, \$25,774,756 in interest, for a total of \$34,914,756. Accordingly, for FY 2019, after the June 15, 2019 payment, NMDOT will have paid \$102,790,000 in principal, \$52,069,731 in interest, which amounts to a total of \$154,859,731 for debt service. Currently, there is \$225,926 in the arbitrage rebate account, \$8.1 million in the project account, and \$103.4 million in the debt service account. On March 31, 2019, the balance in NMDOT's taxable line of credit at Wells Fargo was \$50 million for the BNSF requirement. The line of credit will expire at the end of the fiscal year on June 30, 2019, but will be renewed for an additional three years. The existing terms will not change. The commitment fee is paid quarterly at the rate of 20 basis points. \$25,000 was paid in March.

Request for Approval of FY19 Budget Adjustment Request (BAR) No. 11 - US 550 Warranty

Rick Padilla, P.E., State Maintenance Engineer, NMDOT, presented and requested approval of FY19 BAR No. 11 - US 550 Warranty. The BAR is required to increase budget authority for the US 550 Warranty Program (Category 300) by \$5.5 million. The agreement with Mesa PDC for Corridor 44 (US 550) Professional Services and warranty, executed on July 27, 1998, stipulates that eligible work covered by the warranty must be administered by the State,

including procurement of services and payment to the contractor performing the services. Mesa PDC will reimburse NMDOT for a percentage of the expenditures. The percentage is based on an inflationary clause in the agreement. A total of \$5.5 million is needed this year. Mesa PDC will reimburse NMDOT at the rate of 78.0% (\$4.29 million) and NMDOT's match is 22.0% (\$1.2 million).

Chairman Adams asked how much longer NMDOT is tied to the warranty. Mr. Padilla responded that the remaining segments of the warranty will expire within two years, and thereafter NMDOT will be responsible for all maintenance.

Chairman Adams asked for a motion to approve FY19 BAR No. 11 - US 550 Warranty; Commissioner Ellis made a motion to so approve; Commissioner Lundstrom seconded; motion carried unanimously.

Policy Reports

Commission Policy 30 , Office of Inspector General (CP 30)

Jeff Canney, Inspector General, NMDOT, discussed the provisions of CP 30. CP 30 specifies the purpose, authority and responsibilities of the NMDOT Office of Inspector General (OIG). In particular, CP 30 requires the OIG to provide audit reports to the STC on a quarterly basis. Accordingly, Mr. Canney will be personally visiting with Commissioners at certain STC meetings and will be providing them with an envelope containing OIG audits for the preceding month or two. Mr. Canney expressed his appreciation to Commissioner Mortensen, who, for the past couple of years, has served as the STC liaison for the OIG. With the approval of the Chairman, Commission and Secretary Sandoval, Mr. Canney will continue to have Commissioner Mortensen serve in that capacity.

Secretary Sandoval briefly outlined the role Mr. Canney serves for NMDOT. He asked that the Commissioners keep all audits confidential, and specifically stated that if an individual requests a copy of an audit, the individual should instead be directed to make an Inspection of Public Records Act (IPRA) request. Commissioners should not deal with such requests themselves. For example, if the media wants to see a particular investigation, NMDOT will handle the request internally. Mr. Sandoval further explained that NMDOT is required to submit to an annual financial audit by an external auditor, the results of which are presented to the STC by Ms. Manzanares.

Mr. Canney described the types of audits performed by the OIG and the manner in which they are conducted.

Request to Initiate Rulemaking Action to Adopt a New Rule to Administer the “Local Government Transportation Project Fund”

Stephen P. Thies, Assistant General Counsel, NMDOT, presented and requested approval to initiate rulemaking action to adopt a new rule to administer a new fund to be known as the “Local Government Transportation Project Fund” (LGTPF). He explained that during the 2019 legislative session, NMDOT staff sought the passage of House Bill 694 (HB 694), to create the LGTPF to fund local transportation projects. The LGTPF will serve as a mechanism to expeditiously distribute appropriated General Fund money using NMDOT’s existing Metropolitan Planning Organization and Regional Transportation Planning Organization planning process to review and prioritize local projects, which will then be presented to the STC for approval. NMDOT will enter into agreements with local governments to provide for the distribution of funds to the local governments. It is anticipated that use of the LGTPF instead of the existing Local

Governments Road Fund will allow funds to be distributed to local governments by the end of the first half of FY20, which in turn will allow construction of approved projects to begin in the last half of FY20. HB 694 was passed by the Legislature with unanimous bipartisan support. The Governor signed the bill on April 3, 2019 (Laws 2019, Chapter 205), and through HB 2, the Legislature appropriated \$50 million to the LGTPF.

Since the LGTPF is new, details related to the administration and oversight of the LGTPF need to be developed. This would be accomplished through the adoption of a new rule. However, due to the normal time periods associated with the adoption of a new rule, in order to comply with the requirement in HB 694 that a list of projects be presented to the STC by August 1, 2019, staff is proposing to initiate emergency rulemaking in addition to opening the regular rulemaking process that will lead to a final permanent rule. Accordingly, Mr. Thies requested the STC to authorize both the initiation of emergency rulemaking and regular rulemaking proceedings for the LGTPF.

Secretary Sandoval explained that NMDOT needs to develop the emergency and final rules to clarify the details of the new law, and even though NMDOT has the statutory authority to do so, it needs the STC's approval to start the rulemaking process.

Chairman Adams asked Secretary Sandoval for his recommendation regarding the initiation of rulemaking proceedings. The Secretary recommended that the Commission approve the request so NMDOT may establish the rule for local governments.

Chairman Adams asked for two motions to approve the initiation of the rulemaking action for: (1) an emergency rule implementing the LGTPF; and (2) a new rule

implementing the LGTPF; Commissioner Lundstrom made motions to so approve; Commissioners Ellis and Sandoval seconded; motions carried unanimously.

Chairman Adams asked about the possibility of having a STC workshop to give Commissioners an opportunity to learn more about NMDOT and their responsibilities as Commissioners. Secretary Sandoval responded that NMDOT staff has been developing an orientation workshop that will include important information about Commission responsibilities, protocol, conduct, meetings and policies, as well as details about NMDOT's business, operations, funding, bonding program, processes and procedures. The workshop will give the Commissioners the opportunity to ask any questions they may have.

Adjournment

Chairman Adams adjourned the regular meeting at 12:20 p.m.



Chairman

Walter Adams



Secretary

Charles Lundstrom

