NEW MEXICO STATE TRANSPORTATION COMMISSION
MEETING

New Mexico Department of Transportation
District Three Auditorium
7500 Pan American Freeway NE

Albuquerque, New Mexico 87199
March 16, 2017

The New Mexico State Transportation Commission (STC or Commission) held a regular meeting on March 16, 2017, at the New Mexico Department of Transportation, District Three Auditorium, Albuquerque, New Mexico. Chairman Schmeits called the meeting to order at 8:35 a.m. Commissioner Mortensen led meeting attendees in the Pledge of Allegiance.

Approval of the STC Meeting Agenda

Chairman Schmeits asked for a motion to approve the STC meeting agenda; Commissioner Mathews made a motion to so approve; Commissioner Mortensen seconded; motion carried unanimously.

Approval of the STC Minutes

Chairman Schmeits asked for a motion to approve the minutes of the regular STC meeting of January 18, 2017; Commissioner Mathews made a motion to so approve; Commissioner Mortensen seconded; motion carried unanimously.
**Elected Officials and Delegations:**

Richard J. Berry, Mayor, City of Albuquerque
Michael Sage, Deputy Director, Greater Gallup Economic Development Corporation
Evan Williams, Deputy Director, Northwest New Mexico Council of Governments

**State Transportation Commissioners Present:**

Kenneth White, Secretary, District One (Absent with Notice)
David Sepich, Commissioner, District Two (Absent with Notice)
Keith Mortensen, Commissioner, District Three
Ron Schmeits, Chairman, District Four
Butch Mathews, Vice-Chairman, District Five
Jackson Gibson, Commissioner, District Six (Via Teleconference)

**NMDOT Staff Present:**

Tom Church, Cabinet Secretary
Anthony Lujan, Deputy Secretary
Loren Hatch, Deputy Secretary
NMDOT Staff

**Welcoming Remarks**

The Honorable Richard J. Berry, Mayor, City of Albuquerque, welcomed the STC and NMDOT staff to Albuquerque. He thanked NMDOT employees for helping to maintain roads in the Albuquerque area and all around New Mexico. He also spoke briefly about transportation and infrastructure within Albuquerque.

**Presentations by Elected Officials and Delegations**

Michael Sage, Deputy Director, Greater Gallup Economic Development Corporation, and Evan Williams, Deputy Director, Northwest New Mexico Council of Governments, gave a presentation regarding the Carbon Coal Road/4CITE Master Plan, during which they detailed the
proposed Plan, implementation strategy, timing, costs, and the procurement process that will be utilized for the project.

**District Three Presentation and Employee Recognition**

Kenneth Murphy, P.E., Acting 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 and acknowledged 2016 award recipients, Stanley Vigil, Environmental Management Crew, as Employee of the Year; Andres Sanez, Sr., Bridge and Structures Crew, as Supervisor of the Year; the Courtesy Patrol as Crew of the Year; and the District Three Customer Inquiry Log, developed by Sharon Cruz, Ann Lutz and John Brown, and the MMS Go-to-Guide developed by Kimberly Gallegos, Nick Lucero, Marc Romero, Carl Lucero, and Dominic Gallegos, as Best Practice Program winners. He also acknowledged Kevin Baca, Courtesy Patrol, and Cruz Lugo, North Urban Patrol, as Highway Heroes.

**Workshop Agenda**

**Finance Committee**

**Monthly Financial Report**

Michael Friel, Accounting Services Director/Chief Financial Officer, NMDOT, presented the NMDOT operating budget and financial report as of March 3, 2017. The current adjusted budget for Programs and Infrastructure is $537.4 million; Highway Operations, $233.8 million; Business Operations, $42.1 million; and Modal, $71.8 million. There is $270.4 million in encumbrances, and expenses of $371.3 million. Mr. Friel indicated that NMDOT is in good financial standing at this time, and, regarding the current vacancy rate within NMDOT, he
reported that Project Design and Construction is at 21%; Highway Operations, 11.7%; Business Operations, 15.6%; and Modal, 18.8%.

**FY17 Budget Adjustment Request (BAR) Nos. 16, 17, 18, and 19**

Mallery Martinez, Acting Budget Director, NMDOT, and Marcos Trujillo, Project Oversight Director, NMDOT, presented FY17 BAR Nos. 16, 17, 18 and 19. BAR No. 16 for Programs and Infrastructure is required to increase budget authority by $110.5 million for the FHWA program. BAR No. 17 for Highway Operations is required to increase budget authority by $6.5 million for the FY17 US550 Warranty Program. BAR No. 18 for Modal is required to increase budget authority by $400,000 in Contractual Services for the Traffic Safety Driver Improvements Fund. BAR No. 19 for Modal is required to increase budget authority by $2.75 million for the Aviation Division for multiple construction/maintenance projects and equipment needs at 28 New Mexico airports.

**New Mexico Finance Authority (NMFA) Monthly Report**

Mark Lovato, Investment Manager, NMFA, provided an update regarding NMDOT’s portfolio funds under NMFA management. As of February 28, 2017, the balance in the portfolio was $104.2 million, a net decrease of $6.8 million from January. The change is attributed to debt service payments of $326,476, draws of $19.3 million, plus total earnings of $40,078, and $12.8 million in debt service set asides. There is 32% in the project account, of which $15,054 is in the 2010A bond fund account, $32.9 million in the 2014A Highway Infrastructure Fund (HIF) account, 68% in debt service accounts, and less than 1% in the arbitrage rebate account. On February 28, 2017, the balance in the taxable line of credit at RBC was $50 million for collateral needs, and the balance in the taxable line of credit at Wells Fargo was $50 million for the BNSF
Escrow account. Mr. Lovato also provided a breakdown regarding NMDOT/NMFA outstanding debt service.

**NMDOT Debt Management, Refunding and Issuance of Bonds**

Marcos Trujillo, Project Oversight Director, NMDOT, discussed the recent evaluation by NMDOT staff and financial advisors, NMFA and Public Financial Management (PFM), regarding potentially reducing NMDOT’s $420 million debt by terminating the NMDOT swap portfolio and refunding the associated variable rate bonds by issuing new fixed rate bonds. Mr. Trujillo reported that NMDOT and its advisors mutually agreed to delay such action until interest rates are more favorable in order to minimize the costs of the transaction.

**NMDOT Office of Inspector General (OIG) FY17 Status Update**

Jeff Canney, Inspector General, NMDOT, reported regarding certain audits identified in the FY16 OIG Annual Performance Audit Plan (Audit Plan) that have been completed in FY17. He also discussed the current status of the FY17 OIG Audit Plan and requested the STC’s consideration to amend Commission Policy 30 to add two additional OIG responsibilities: (1) oversight for NMDOT Prequalification Program applications and the related scoring process; and (2) providing reasonable assurance that engineering and design contractors’ overhead rates comply with Federal Acquisition Regulations.

**Public Comment**

Chairman Schmeits asked to briefly deviate from the STC meeting agenda to receive public comment from a meeting attendee that arrived late.
Jon Messier, President, New Mexico Rail, expressed his appreciation to the members of the STC, Secretary Church and NMDOT staff for the extraordinary work that NMDCT performed in partnership with AMTRAK to maintain the Southwest Chief in New Mexico.

Policy Committee

Update Regarding Proposed Repeal and Replacement of NMDOT Rule 18.28.3 NMAC,

Selection Committee for Qualifications Based Proposals

Armando Armendariz, P.E., State Construction Bureau, NMDOT, provided an update regarding the proposed repeal and replacement of NMDOT rule 18.28.3 NMAC, Selection Committee for Qualifications Based Proposals. He discussed the reasons for the proposed repeal and replacement of the rule and outlined the rulemaking procedure.

Initial Rulemaking Action Regarding Proposed Repeal and Replacement of NMDOT Rule 18.27.5 NMAC, Contractor Prequalification Rule

Armando Armendariz, P.E., State Construction Bureau, NMDOT, requested the STC’s approval to initiate rulemaking action to repeal and replace NMDOT rule 18.27.5 NMAC, Contractor Prequalification Rule. He discussed the reasons for the proposed repeal and replacement of the rule and outlined the rulemaking procedure.
Regular Meeting Agenda

Staff Briefings

Secretary Report

Tom Church, Cabinet Secretary, NMDOT, reported regarding the 2017 New Mexico Legislative Session. NMDOT’s finance and accounting team did an outstanding job in obtaining Department of Finance and Administration and Legislative Finance Committee consensus on NMDOT’s budget within the first three weeks of the Session. NMDOT’s budget is good; however, House Bill 2, the General Appropriation Act of 2017 (HB 2), in its current form, includes a transfer of approximately $6 million from the State Road Fund to the General Fund for the Taxation and Revenue Department, Motor Vehicle Division. Secretary Church thanked NMDOT staff for their work during the Session.

Federal Highway Administration (FHWA) Report

J. Don Martinez, Division Administrator, FHWA, provided an update regarding recent events in Washington, D.C. He informed the STC and NMDOT management that the Continuing Resolution for federal highway funding has been extended until the end of April. He does not anticipate that Congress will pass a new budget in the near future.
Action Items

Approval of FY17 BAR No. 16 for Programs and Infrastructure

Marcos Trujillo, Project Oversight Director, NMDOT, requested the STC’s approval of FY17 BAR No. 16 for Programs and Infrastructure to increase budget authority by $110.5 million for the FHWA program.

Chairman Schmeits asked for a motion to approve FY17 BAR No. 16 for Programs and Infrastructure; Commissioner Mathews made a motion to so approve; Commissioner Mortensen seconded; motion carried unanimously.

Approval of FY17 BAR No. 17 for Highway Operations

Mallery Martinez, Acting Budget Director, NMDOT, requested the approval of BAR No. 17 for Highway Operations to increase budget authority by $6.5 million for the FY17 US550 Warranty Program.

Chairman Schmeits asked for a motion to approve the FY17 BAR No. 17 for Highway Operations; Commissioner Mathews made a motion to so approve; Commissioner Mortensen seconded; motion carried unanimously.

Approval of FY17 BAR No. 18 for Modal

Mallery Martinez, Acting Budget Director, NMDOT, requested the approval of BAR No. 18 for Modal to increase budget authority by $400,000 in Contractual Services for the Traffic Safety Driver Improvements Fund. The STC discussed BAR No. 18 and unanimously agreed
that additional information needs to be both provided and considered at the May 2017 STC meeting before any action can be taken to approve the subject BAR.

**Approval of FY17 BAR No. 19 for Modal**

Mallery Martinez, Acting Budget Director, NMDOT, requested the approval of BAR No. 19 for Modal to increase budget authority by $2.75 million for the Aviation Division for multiple construction/maintenance projects and equipment needs at 28 New Mexico airports.

Chairman Schmeits asked for a motion to approve the FY17 BAR No. 19 for Modal; Commissioner Mortensen made a motion to so approve; Commissioner Mathews seconded; motion carried unanimously.

**Approval of Initial Rulemaking Action Regarding Proposed Repeal and Replacement of NMDOT Rule 18.27.5 NMAC, Contractor Prequalification Rule**

Armando Armendariz, State Construction Bureau, NMDOT, requested STC approval to initiate rulemaking action to repeal and replace NMDOT rule 18.27.5 NMAC, Contractor Prequalification Rule.

Chairman Schmeits asked for a motion to approve initial rulemaking action to repeal and replace NMDOT rule 18.27.5 NMAC, Contractor Prequalification Rule; Commissioner Mathews made a motion to so approve; Commissioner Mortensen seconded; motion carried unanimously.

**Commissioner Comments**

Commissioner Mortensen praised NMDOT District Three staff and other NMDOT employees for their continuing help with the maintenance and safety of New Mexico roads. He also thanked other meeting attendees.
Commissioner Mathews thanked Commissioner Gibson for attending the meeting via teleconference and expressed his appreciation to NMDOT staff for the work they do.

Commissioner Gibson thanked NMDOT District Six Employees for their outstanding work they did to keep the roads open during recent weather events. He also thanked all of the men and women in the NMDOT workforce who put their lives at risk every day.

Chairman Schmeits commended NMDOT staff, including Secretary Church, Deputy Secretaries Lujan and Hatch, District Engineers, and FHWA partner, Division Administrator, J. Don Martinez.

Chairman Schmeits asked for a motion to adjourn the regular meeting at 11:41 a.m.; Commissioner Mortensen made a motion to so adjourn; Commissioner Mathews seconded; motion carried unanimously.

Chairman

Ronald Schmeits

Secretary

Kenneth R. White

March 16, 2017