The New Mexico State Transportation Commission (STC or Commission) held a regular meeting on January 18, 2017, at the New Mexico Department of Transportation, General Office, Santa Fe, New Mexico. Chairman Schmeits called the meeting to order at 8:30 a.m. Commissioner Mathews led meeting attendees in the Pledge of Allegiance.

Approval of the STC Agenda

Chairman Schmeits asked for a motion to approve the STC agenda; Commissioner Mathews made a motion to so approve; Commissioner Sepich 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 October 6, 2016; Commissioner Mathews made a motion to so approve; Commissioner Sepich seconded; motion carried unanimously.
State Transportation Commissioners Present:

Kenneth White, Secretary, District One
David Sepich, Commissioner, District Two
Keith Mortensen, Commissioner, District Three
Ron Schmeits, Chairman, District Four
Butch Mathews, Vice-Chairman, District Five
Jackson Gibson, Commissioner, District Six

NMDOT Staff Present:

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

District Five Presentation and Employee Recognition

Paul Brasher, P.E., Acting District Five Engineer, NMDOT, gave a presentation regarding District Five 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, Mark Martinez, Risk Management Supervisor, as Employee of the Year; the Dog Head Fire Crew as Crew of the Year; and the Vactor and Welding Crew, as Best Practice Program winner for the vactor wheel.

General Office Employee Recognition

Anthony Lujan, Deputy Secretary, NMDOT, acknowledged the 2016 General Office Employee Recognition Program award winners, General Services Division, Buildings and Grounds Crew as Section of the Year; and Environmental Analyst, James Hirsch as Employee of the Year.
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 January 3, 2017. The current adjusted budget for Programs and Infrastructure is $537.5 million; Highway Operations, $233.8 million; Business Operations, $42.2 million; and Modal, $69.8 million. There is $189.4 million in encumbrances, and expenses of $266.6 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, 12.2%; Business Operations, 17.7%; and Modal, 18%.

Mr. Friel presented FY17 Budget Adjustment Request (BAR’s) Nos. 13, 14, and 15. BAR No. 13 for Modal is required to increase the budget authority by $6.5 million for the Ports of Entry initiative partnership with the Department of Taxation and Revenue and the Department of Public Safety/Motor Transportation Division. BAR No. 14 forModal is required to establish budget authority in Category 300/Contractual Services for the National Highway Traffic Safety Association Fund. BAR No. 15 for Modal is required to establish budget authority in Category 300/Contractual services for Traffic Safety Education and Enforcement.

FY18 Road Fund Forecast

Laura Bianchini, Economist, NMDOT, presented the FY18 Road Fund Forecast as of January 2017. The forecast is one of two annual forecasts of NMDOT revenues. FY18 Road Fund revenues are decreased by $8.5 million from the prior estimate published in July 2016,
representing a 2.1% reduction. FY17 Road Fund revenue is now expected to be $5 million below the January 2016 legislative budget estimate, or 1.2% less. The decreases in revenue are mainly due to downward revisions in Motor Vehicle Registration and Special Fuels revenues. Weight distance revenue is forecast to grow around 3-3.5%, while gasoline revenue is expected to be flat. The forecast for FY18 is $2.2 million, or 0.6% above the budgeted January 2016 estimate for FY17. The overall Road Fund growth rate is expected to be slightly negative in FY17, and to stay around 1% in subsequent years.

**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 December 31, 2016, the balance in the portfolio was $98.5 million, a net decrease of $32.7 million from November. The change is attributed to debt service payments of $206.7 million, no draws this month, plus total earnings of $26,412, and $16.1 million in debt service set asides, and a deposit from the 2006 escrow account of $157.9 million. The escrow payment paid off the 2006B bond series. There is 53% in the project account, of which $15,054 is in the 2010A bond fund account, $52.1 million in the 2014A Highway Infrastructure Fund (HIF) account, 47% in debt service accounts, and less than 1% in the arbitrage rebate account. A 5 year arbitrage report was completed on the 2006 bond series, of which a payment of $133,196 was made to the Internal Revenue Service. On December 31, 2016, 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.
Public Financial Management (PFM) Quarterly Debt Portfolio Report

Peter Shellenberger, Managing Director, PFM, and Christine Choy, Senior Managing Consultant, PFM, presented the quarterly Debt Portfolio Report and Debt Management Update, which included detailed information regarding the latest developments in the financial markets, the economy, interest rates, NMDOT’s current debt and swap portfolio, and potential financing opportunities.

FY16 Financial Statement Audit Report

Raul Anaya, Principal, and Andres Gamez, Senior Associate, Clifton Larson Allen, LLP (CLA), presented the NMDOT FY16 Financial Statement Audit Report. They discussed CLA’s unmodified Financial Statement Audit Opinion and unmodified Single Audit Opinion, the audit process, findings, and recommendations. NMDOT had a total of four findings in its FY16 audit.

FY16/FY17 Financial Hardship Match Waiver Program - Local Government Road Fund (LGRF)

Clarissa Martinez, LGRF Statewide Coordinator, NMDOT, reported regarding the FY16/FY17 LGRF Financial Hardship Match Waiver Program. She explained that the program was created to help county and municipal governments with a 25% funding match in instances where hardship exists. In October 2016, NMDOT sought STC approval for certain eligible local government projects; however, match waivers for Village of Santa Clara, City of Santa Rosa, Village of Wagon Mound, Village of Eagle Nest, and Village of Willard projects were not included in the original request. This occurred because those projects did not meet the eligibility requirements set by the Department of Finance and Administration (DFA). Upon review, DFA determined that the original submissions made by the aforementioned local governments were
lacking adequate financial information. DFA subsequently performed a second review and determined that the subject projects did, in fact, qualify for the program.

**Infrastructure Committee**

**NM 195P - Road Transfer to the City of Elephant Butte**

Trent Doolittle, P.E., District One Engineer, NMDOT, discussed the proposed transfer of NM 195P (Rock Canyon Road) to the City of Elephant Butte (Elephant Butte) under the provisions of Commission Policy 62, *Additions to and Deletions from the State Highway System*. He explained that Elephant Butte contacted the NMDOT District One Office regarding assuming jurisdictional and maintenance responsibilities for NM 195P from its junction with NM 195 to the city limits. The Elephant Butte City Council passed a Resolution (No. 16-17-107) on July 20, 2016, in support of the road transfer and entering into an official agreement with NMDOT. District One is in favor of the transfer because it will reduce the lane miles that District staff is responsible to maintain within the Williamsburg Patrol area. Mr. Doolittle requested the STC’s conditional approval of the transfer, pending receipt of all required signatures on the formal Road Transfer Agreement between NMDOT and Elephant Butte. He explained that it is Elephant Butte’s preference not want to wait until the March 2017 STC Meeting to request the transfer because of certain upcoming civic events.

**Santa Teresa Border Area Transportation Needs Assessment and Strategic Plan (STBAT)**

Mario Juarez-Infante, Wilson and Company, presented the Santa Teresa Border Area Transportation Needs Assessment and Strategic Plan. He introduced the STBAT project team, which includes both NMDOT staff and Wilson and Company staff. He outlined the goals of the
project, the area studied, existing conditions, the team’s efforts, as well as findings, recommendations, implementation and strategic plans.

**Policy Committee**

**Annual Determination of Notice Provisions for Open and Closed State Transportation**

**Commission Meetings**

Loren Hatch, Deputy Secretary, NMDOT, discussed the annual determination of notice provisions for open and closed State Transportation Commission meetings pursuant to NMSA 1978, Section 10-15-1 (D) of the Open Meetings Act. He explained that every public body in the State that holds public meetings is required to define, on an annual basis, the particulars regarding reasonable notice for meetings. Commission Policy 1, *New Mexico State Transportation Commission Organization and Meetings* (CP 1), sets forth guidelines regarding the organization and meetings, both open and closed, of the STC. He also explained that the STC is required to take action at this time to determine the specific notice provisions for its open and closed public meetings. He recommended that the STC reaffirm its current notice provisions contained in CP 1.

**Initial Rulemaking Action 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, requested the STC’s approval to initiate rulemaking action to repeal and replace 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.

January 18, 2017
Regular Meeting Agenda

Staff Briefings

Secretary Report

Tom Church, Cabinet Secretary, NMDOT, introduced NMDOT’s new Legislative Finance Committee Budget Analyst, Ruby Ann Esquibel, and thanked her for attending the STC meeting. He subsequently discussed the 2016 NMDOT Annual Report. He explained that under the provisions of Commission Policy 21, Annual Report, the STC is required to approve the NMDOT’s Annual Report. The Annual Report provides an overview of NMDOT and its 2016 accomplishments, particularly concerning the state highway system, and the other areas for which it has oversight. The report includes information regarding executive program managers and District Engineers; major investment projects; detail regarding NMDOT revenue, budget and expenditures; highway and bridge conditions; highway improvement projects; district operations and state maintenance; transportation modal programs; and traffic safety initiatives. Also contained in the report is NMDOT’s financial summary for the fiscal year ended June 30, 2016.

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 April. He does not anticipate that Congress will pass a new budget in the near future.
Action Items

Commissioner Mathews requested approval of STC agenda action items 9 (a) - (d) and (f) - (i) as follows:

9 (a) Approval of NM 195P Road Transfer to the City of Elephant Butte;
9 (b) Approval of FY17 Budget Adjustment Requests Nos. 13, 14, and 15;
9 (c) Approval of Initial Rulemaking Action Regarding Proposed Repeal and Replacement of NMDOT Rule 18.28.3 NMAC, Selection Committee for Qualifications Based Proposals;
9 (d) Approval of FY16/FY17 Financial Hardship Match Waiver Program – Local Government Road Fund;
9 (f) Approval of Proposed Update of Commission Policy No. 3, Approval of Secretary;
9 (g) Approval of Proposed Update of Commission Policy No. 44, Funding Assistance to Local Governments;
9 (h) Approval of Annual Determination of Notice Provisions for State Transportation Commission Open and Closed Meetings Pursuant to NMSA 1978, Section 10-15-1 (D);

and

9 (i) Approval of 2016 NMDOT Annual Report.

Chairman Schmeits asked for a motion to approve STC Agenda action items 9 (a) - (d) and 9 (f) - (i); Commissioner Mathews made a motion to so approve; Commissioner Sepich seconded; motion carried unanimously.

January 18, 2017
Approval of Final Rulemaking Action Regarding Proposed Amendments to NMDOT Rules 18.11.3 NMAC, Air Service Assistance Program, and 18.11.9 NMAC, Governing the Approval of Grants (STC agenda action item 9 (e))

Steve Summers, Aviation Division Director, NMDOT, requested the STC’s approval to complete rulemaking action regarding proposed amendments to NMDOT Rules 18.11.3 NMAC, Air Service Assistance Program, and 18.11.9 NMAC, Governing the Approval of Grants.

Chairman Schmeits asked for a motion to approve the final rulemaking action regarding proposed amendments to NMDOT rules 18.11.3 NMAC, Air Service Assistance Program, and 18.11.9 NMAC, Governing the Approval of Grants; Commissioner Mathews made a motion to so approve; Commissioner White seconded; motion carried unanimously.

Commissioner Comments

Chairman Schmeits thanked the NMDOT Highway Employees Association (HEA) for providing refreshments for the meeting and expressed his appreciation to NMDOT staff.

Commissioner Gibson thanked Anthony Lujan, Deputy Secretary, NMDOT, and Marcos Trujillo, Policy Director, NMDOT, for attending the District Six holiday luncheon. He stated that he is looking forward to working with NMDOT staff in 2017.

Commissioner Mathews commented briefly regarding the State of New Mexico budget shortfall. He also expressed his appreciation to NMDOT staff and the contractors that work with NMDOT.

Commissioner Mortensen praised NMDOT District Three staff for receiving a great audit report from the NMDOT Office of Inspector General.
Commissioner Sepich expressed his appreciation to NMDOT staff for their proficiency. He also thanked FHWA.

Commissioner White thanked District Two and FHWA staff.

Chairman Schmeits asked for a motion to adjourn the regular meeting at 12:00 p.m.; Commissioner Mathews made a motion to so adjourn; Commissioner Sepich seconded; motion carried unanimously.

Chairman

Ronald Schmeits

Secretary

Kenneth R. White