

**NEW MEXICO STATE TRANSPORTATION COMMISSION  
MEETING**

**Bosque Redondo Memorial  
3647 Billy the Kid Drive  
Fort Sumner, New Mexico 88119  
October 16, 2014**

The New Mexico State Transportation Commission (STC or Commission) held a regular meeting on October 16, 2014, at the Bosque Redondo Memorial, Ft. Sumner, New Mexico. Chairman Rahn called the meeting to order at 8:30 a.m. Commissioner Mathews led meeting attendees in the Pledge of Allegiance.

**Approval of the Agenda:**

**Chairman Rahn asked for a motion to approve the agenda; Commissioner Schmeits made a motion to so approve; Commissioner Mathews seconded; motion carried unanimously.**

**Approval of the Minutes**

**Chairman Rahn asked for a motion to approve the minutes of the regular meeting of September 18, 2014; Commissioner Mathews made a motion to so approve; Commissioner Schmeits seconded; motion carried unanimously.**

**Elected Officials and Delegations:**

Pat Woods, New Mexico State Senator, District 7  
Cathrynn Brown, New Mexico State Representative, District 55  
Justin Ingram, Mayor, Village of Fort Sumner  
Adolfo Lucero, Chairman, De Baca County Commission  
Bill Cathey, Commissioner, Roosevelt County

**State Transportation Commissioners Present:**

Kenneth White, Secretary, District One  
David Sepich, Commissioner, District Two (Absent with Notice)  
Pete K. Rahn, Chairman, District Three  
Ron Schmeits, Vice Chairman, District Four  
Butch Mathews, Commissioner, District Five  
Jackson Gibson, Commissioner, District Six (Absent with Notice)

**NMDOT Staff Present:**

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

**Welcoming Remarks**

The Honorable Justin Ingram, Mayor, Village of Fort Sumner, welcomed the STC and NMDOT staff to Fort Sumner.

Adolfo Lucero, Chairman, De Baca County Commission, welcomed the STC, NMDOT and other meeting attendees to the Village of Fort Sumner. He thanked the STC for its assistance in realizing the railroad quiet zone.

## Workshop Agenda

### Infrastructure Committee

#### Transfer of NM 195 and NM 171 to City of Elephant Butte

Trent Doolittle, P.E., District One Engineer, NMDOT, outlined the City of Elephant Butte's (the "City") request to assume the jurisdictional and maintenance responsibilities for NM 195 and NM 171 (Warm Springs Drive), which are both located within the corporate limits of the City. The City made the request because it believes the roads are critically important to future growth and economic development. The City also believes that it will be able to be more responsive to the needs of the traveling public and that the road transfer is in the best interest of the community. The City Council passed Resolution Number 11-12-276 in support of the road exchange, and District One favors the transfer given that it will reduce NMDOT's maintenance obligations in the Williamsburg Patrol area.

#### Commission Policy 91 - Alternate Bidding for Pavement Type Selection – National Quality

##### Initiative (NQI) Workshop Report

Tamara Haas, P.E., Strategic Planning & Asset Management Division, NMDOT, and Ted Barela, Facilitator, Bohannon Huston, Inc., reported on the NQI workshop. They explained that CP 91, Alternate Bidding for Pavement Type Selection, was developed by the NMDOT divisions of (1) Infrastructure, and (2) Strategic Planning and Asset Management, and was adopted by the STC in December 2013. The policy enables NMDOT to employ the use of alternate bidding for pavement type selection on certain state transportation projects. Following the STC's approval of the Policy, NMDOT created a procedures document to use in performing a Life Cycle Cost Analysis. Thereafter, the STC requested that NMDOT conduct an NQI workshop for the

purpose of affording industry professionals an opportunity to provide input on the process that NMDOT was planning to implement. The NQI workshop was held on September 26, 2014. It was attended by NMDOT and FHWA staff and representatives from the Asphalt Pavement Association of New Mexico and the New Mexico Chapter of the American Concrete Pavement Association.

### **Alternate Project Delivery Methods**

Albert Thomas, P.E., Senior Vice President, Bohannon Huston, Inc.; Adam Triolo, President, AUI Inc. and Associated Contractors of New Mexico (ACNM); and Robert Ortiz, P.E., Parsons Brinckerhoff, Inc. and Chair of the Alternative Project Delivery Task Force (Task Force), gave a presentation regarding the proposed alternative project delivery legislation that the Task Force intends to introduce during the 2015 legislative session. Messrs. Thomas, Triolo and Ortiz explained that the alternative project delivery systems that are the subject of the bill could be employed by NMDOT in certain construction and reconstruction projects. An alternative project delivery method may be authorized when the NMDOT Cabinet Secretary and/or the STC make a determination in writing that it is appropriate and in the best interest of the State to use one of the methods on a specific project. The proposed alternative methods do not replace the design-bid-build process typically used to deliver the NMDOT program, but could be used as supplemental methods for specific projects identified in the program. Design-bid-build will remain NMDOT's preferred delivery system.

The presentation included an overview of the three proposed alternative project delivery methods: (1) Design-Build; (2) Construction Manager/General Contractor at Risk; and (3) Job Order Contracting. The presenters indicated that their goal is to create partnership between NMDOT, the American Council of Engineering Companies New Mexico (ACEC), and ACNM

in developing legislation that will authorize the use of alternative project delivery systems by New Mexico's transportation industry. The STC would like to consider at its December meeting a resolution endorsing alternative project delivery legislation.

### **Policy Committee**

#### **Proposed Amendment to Commission Policy 2 - New Mexico State Transportation**

##### **Commission Code of Conduct (CP 2)**

Loren Hatch, General Counsel, NMDOT, briefed the STC regarding a revision that was made to CP 2 following the September 18, 2014 Policy Committee discussion. Section B(8) has been amended to state: "For a period of one (1) year after leaving office, a former Commissioner shall not receive any pay for representing a person before the Commission or the New Mexico Department of Transportation...."

#### **Discussion Regarding Potential Revisions to Commission Policy 65 – Interstate Access**

##### **(CP 65)**

Loren Hatch, General Counsel, NMDOT, discussed certain proposed revisions to CP 65. He explained that (1) pursuant to the policy, the STC currently approves new or modified *interstate accesses* provided that no impact or minimal impact on public safety can be assured; and (2) the policy, as currently written, outlines the specific procedure that must be followed when new or modified interstate access is requested by local government agencies, Indian nations, tribes, and pueblos or their representatives. He further explained that if the STC wants to revise NMDOT procedures to include STC's approval of all access control changes, in addition to interstate accesses, it would necessitate revising rule 18.31.6 NMAC by striking the second to the last sentence in paragraph 4 on page 27, which states, "Highway Commission



approval is only needed for requested breaks in interstate access controlled rights of way.” Any revision of 18.31.6 would also require technical changes and updating to bring the rule up to current standards.

### **Proposed 2015 STC Schedule**

Loren Hatch, General Counsel, NMDOT, presented the proposed STC meeting schedule for 2015 listing planned dates and locations. Commissioner Mathews requested that the May meeting location be changed from Red River to Aztec. Commissioner Schmeits requested changing the March meeting location from Clayton to Tucumcari. The revised schedule will be presented to the STC for approval at its December 2014 meeting.

### **Finance Committee**

#### **Budget Adjustment Request (BAR) for Highway Infrastructure Fund (HIF) Debt Service**

Marcos Trujillo, Policy Director, NMDOT, presented a BAR for HIF debt service. The proposed BAR establishes budget authority from the HIF fund balance to cover \$3.5 million in additional debt service costs in FY15. The FY15 budget was approved prior to final debt schedules being created after the 2014A bond sale.

#### **BAR for Debt Service on Bonds**

Marcos Trujillo, Policy Director, NMDOT, presented a BAR for debt service on bonds. The BAR is for the amount of \$8.5 million and is for the purpose of establishing budget and authorizing the use of residual debt service balances to pay debt service for FY15. The residual balances of \$8.5 million have accrued over time on several debt service accounts for the variable rate bonds, as well as excess debt service on the BNSF escrow account (2008D bonds). The

BNSF escrow was defeased and replaced with a line of credit to reduce risk and cost. Under certain bond covenants, the residual balances can only be used for debt service.

### **FY14 Year End Financials**

Larry Viarreal, Chief Financial Officer, NMDOT, presented the unaudited agency operating budget financial report for the year ending June 30, 2014 (FY14). He reported that Road Fund actuals were \$380 million, which is about \$3.8 million under budget, with the majority being PRC revenues. Federal Highway revenues were \$372 million on a reimbursement basis. Of the \$372 million, \$272 million was for construction reimbursement and \$100 million was for debt service reimbursements; other operating costs were \$109 million, with a total of \$98 million of inflows over expenditures. The year end fund balance was \$141 million. The FY14 audit is in process and is due on December 3, 2014.

### **Monthly Financial Report**

Larry Viarreal, Chief Financial Officer, NMDOT, reported on the NMDOT operating budget financial summary for the month ending September 30, 2014. He stated that there was a \$258 million rollover of FHWA funding, there is a new BAR, approved by the STC, for the amount of \$13 million for the Districts, and that the Road Fund balance is currently \$41 million. Road Fund actuals are \$39 million; FHWA reimbursements \$42 million. He noted NMDOT has re-budgeted over \$120 million in Road Fund reserves over the past three years.

### **NMFA Monthly Report**

Mark Lovato, Investment Manager, NMFA, provided an update regarding NMDOT portfolio funds under NMFA management. As of September 30, 2014, the balance in the GRIP/HIF portfolio was \$146.9 million, a net increase of \$9.1 million from August. The change

is attributed to debt service payments of \$420,608; \$3.5 million in draws on project funds; total earnings of \$1,030; and \$13.1 million in debt service set asides. There is 64% in the project account, 1% in debt service reserve, 34% in debt service, and 1% in the arbitrage rebate account. As of the end of September, there were no draws on either the collateral or BNSF lines of credit. There is about \$10 million posted in collateral with RBC, JP Morgan and, by Friday October 17, 2014, that will increase to about \$13 million.

### **Debt Management Update**

Peter Shellenberger, Managing Director, and Christine Choi, Senior Managing Consultant, Public Financial Management, Inc. (PFM), presented the NMDOT quarterly debt management update. Their presentation included a report regarding (1) recent municipal market conditions; (2) NMDOT's existing debt portfolio (\$1.443 billion in total par outstanding as of October 7, 2014); and (2) various financing considerations relating to refunding and swap termination. As a result, NMDOT is looking into refinancing \$87 million in fixed rate bonds to achieve a savings of approximately \$10 million.

### **Budget Status Report for Personal Services and Employee Benefits**

Michael Friel, Budget Director, NMDOT, presented a budget status report regarding Personal Services and Employee Benefits. The report reflects an overall gain of \$394,500 to the budget; however, due to NMDOT's decision to monitor its vacancy savings and delay the budgeting of the FY15 3% employee compensation increase of \$3,345,000, a category 200 shortfall is projected in the Highway Operations Program along with gain to budget in Programs and Infrastructure and Business Support. Because NMDOT is unable to overrun a program



budget, a BAR for approval to reconcile the three programs will be presented to the STC in March 2015.

**The STC completed the workshop portion of the agenda and proceeded to the Regular Agenda Staff Briefings.**

### **Regular Meeting Agenda**

#### **Staff Briefings**

#### **Secretary Report**

Tom Church, Cabinet Secretary, NMDOT, provided an update regarding recent flooding in several counties. The Counties of Eddy, Lea and Dona Ana were the hardest hit with rain. The Federal Highway Administration (FHWA) contributed emergency relief funds to the State in the amount of \$1.5 million. Anthony Lujan, Deputy Secretary, NMDOT, dispatched crews to Eddy and Lea, and Trent Doolittle, P.E., District One Engineer, NMDOT, will be assisting Dona Ana with emergency clean up and repairs to county roads. Secretary Church also reported that the Paseo Del Norte project is approximately 85% complete and that the Balloon Fiesta was a success with no reported traffic incidents.

#### **FHWA Report**

J. Don Martinez, Division Administrator, FHWA, thanked Secretary Church and NMDOT staff for accommodating U.S. Transportation Secretary Anthony Foxx, who was in New Mexico on October 15, 2014 to tour the Paseo Del Norte project and hold a business roundtable discussion. Mr. Martinez praised NMDOT for doing a good job in closing out

projects and holding District Engineers responsible for ensuring that correct documentation is prepared on all closeouts.

### **District Two Presentation**

Ralph Meeks, P.E., District Two Engineer, NMDOT, gave a presentation regarding District Two activities. He recognized District Two employees in attendance at the meeting. He also exhibited photographs of the flood damage in District Two, which is estimated to be approximately \$150,000. He subsequently discussed the District's maintenance projects, including the NM 229 revitalization project in Eddy County and the US 82 erosion repair project in Chaves County. In addition, Mr. Meeks discussed upcoming projects, maintenance accomplishments, FY 14/15 Engineering Support projects, and construction projects. He concluded his presentation by acknowledging Employee Recognition Program award recipients.

### **Action Items**

#### **Approval of NM 195 and NM 171 Road Transfer to City of Elephant Butte**

Trent Doolittle, P.E., District One Engineer, NMDOT, requested the STC's approval of NMDOT's transfer of NM 195 and NM 171 to the City of Elephant Butte.

**Chairman Rahn asked for a motion to approve NMDOT's transfer of NM 195 and NM 171 to the City of Elephant Butte; Commissioner Mathews made a motion to so approve; Commissioner White seconded; motion carried unanimously.**

**Approval of Proposed Amendment to Commission Policy 2 - New Mexico State**

**Transportation Commission Code of Conduct (CP 2)**

Loren Hatch, General Counsel, NMDOT, requested the STC's approval of the proposed amendment to CP 2.

**Chairman Rahn asked for a motion to approve the proposed amendment to CP 2; Commissioner Mathews made a motion to so approve; Commissioner White seconded; motion carried unanimously.**

**Approval of Budget Adjustment Request (BAR) for Highway Infrastructure Fund (HIF)**

**Debt Service**

Marcos Trujillo, Policy Director, NMDOT, requested the STC's approval of a BAR for HIF debt service.

**Chairman Rahn asked for a motion to approve the BAR for HIF debt service; Commissioner Schmeits made a motion to so approve; Commissioner White seconded; motion carried unanimously.**

**Approval of BAR for Debt Service on Bonds**

Marcos Trujillo, Policy Director, NMDOT, requested the STC's approval of a BAR for debt service on bonds.

**Chairman Rahn asked for a motion to approve a BAR for debt service on bonds; Commissioner Schmeits made a motion to so approve; Commissioner Mathews seconded; motion carried unanimously.**

**Commissioner Comments**

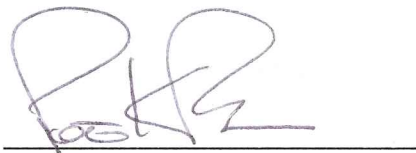
Commissioner White extended his appreciation to the Village of Fort Sumner for its hospitality.

Commissioner Schmeits thanked everyone for attending the meeting.

Commissioner Mathews expressed his appreciation to Secretary Church and NMDOT staff for their outstanding work and then thanked all other meeting attendees.

Chairman Rahn also extended his thanks.

**Chairman Rahn asked for a motion to adjourn the regular meeting at 1:30 p.m.; Commissioner Mathews made a motion to so adjourn; Commissioner White seconded; motion carried unanimously.**



**Chairman  
Pete K. Rahn**



**Secretary  
Kenneth R. White**