

NEW MEXICO FINANCE AUTHORITY  
LOCAL GOVERNMENT PLANNING FUND  
PROJECT MANAGEMENT POLICIES

**A. PURPOSE**

The purpose of the Local Government Planning Fund (“LGPF” or the “Fund”) is to provide capital necessary for proper planning of vital public projects, including infrastructure, preliminary engineering reports, long-term master plans, water conservation plans, asset management plans, economic development plans, affordable housing plans, flood inundation maps, archaeological clearances, or energy audits.

**B. GOALS**

The goals of these Project Management Policies are to:

- Foster a coordinated, strategic, long-range approach to community planning, infrastructure, funding and development;
- Set standards for funding based on need, community impact, and feasibility; and
- Establish criteria for the prioritization of projects based upon health, safety and welfare.

**C. IMPLEMENTATION**

These Local Government Planning Fund Project Management Policies (“Policies”) shall be implemented by the New Mexico Finance Authority (“NMFA”) Board and may, at times, be waived by the Board if it is determined that a deviation from its adopted policies is desired.

**D. DEFINED TERMS**

All capitalized terms used in the Policies shall have the meanings set out in the Amended and Restated Rules Governing the Local Government Planning Fund (the “Rules”) or as specifically defined herein.

## **SECTION 1. DETERMINATION OF NEED AND PRIORITIZATION**

### **Section 1.1 Overview**

Funding from the Fund shall be used to make Planning Grants to Planning Grant Qualified Entities for the purpose of funding Planning Documents. These Policies, along with the Rules, will define the terms and conditions under which the NMFA will make Planning Grants available from the Fund, and shall also govern the administration of the Fund.

### **Section 1.2 General Considerations**

Local support and contribution are vital to the success of any infrastructure project and will ensure the long-term effectiveness of the Planning Fund by providing evidence of need and support. The NMFA will adhere to the Rules that provide that funding will be made available only for a Planning Grant Qualified Entity's Unmet Need.

#### **A. Determination of Need of Localities**

In accordance with the Rules, the NMFA will determine the Planning Grant Qualified Entity's Unmet Need after taking into consideration unrestricted cash balances. The amount of Unmet Need that will be met with a Planning Grant will be determined in accordance with Section 5.1 of the Rules.

Pursuant to Section 5.2 of the Rules, waivers of the Local Match will be made for projects seeking to cure urgent needs or address regulatory compliance, economic development or affordable housing needs. For purposes of the Local Match waiver, the following definitions shall apply:

- 1) Projects for Urgent Needs are those that fit any of the following circumstances or conditions:
  - i) Projects that cure regulatory compliance violations cited by the U.S. Environmental Protection Agency or the New Mexico Environment Department.
  - ii) Public Health Threats including waterborne disease outbreak and inadequate water supply so long as the proposed project addresses the existing or imminent threats.
  - iii) Acute road hazards brought on by catastrophic events or severe weather conditions.
  - iv) Flood and drainage issues resulting from inadequate or poorly designed infrastructure causing health and safety issues.

- v) Dam Safety projects that restore to a safe condition impending failures in dam structures.
  - vi) Projects that seek to cure conditions brought on by an unforeseeable calamity, including a flood, fire, storm, earthquake, drought, civil disturbance, accidental spill of a hazardous material or similar occurrence, that disrupts the provision of utility services or endangers the provision of public utility services.
- 2) Projects for Planning Grant Qualified Entities addressing Economic Development are those that meet any of the following circumstances or conditions:
- i) Planning Documents that enact or update Local Economic Development Act ordinances.
  - ii) Planning Documents that enact or update Metropolitan Redevelopment Area Plans.
  - iii) Planning Grant Qualified Entities that qualify for the Small Cities Assistance Fund or Small Counties Assistance Fund that have experienced a decline of gross receipts tax collections over the past 24 months.
  - iv) Planning Grant Qualified Entities that do not qualify for the Small Cities Assistance Fund or Small Counties Assistance Fund that have experienced a decline of gross receipts tax collections over the past 36 months.
  - v) Planning Grant Qualified Entities that have experienced the loss of a major employer in the past 12 months.
  - vi) Planning Grant Qualified Entities without gross receipts taxing authority that serve fewer than 250 connections.
- 3) Projects addressing regulatory compliance are those that meet any of the following circumstances or conditions:
- i) Planning documents that include flood inundation maps required for emergency action planning in compliance with state rules and regulations.
  - ii) Planning documents necessary for archaeological clearances prepared in compliance with state rules and regulations.
  - iii) Planning documents developed to assess current and future water demands in relation to water rights permitted in compliance with state rules and regulations.

4) Projects addressing affordable housing needs are those that meet any of the following circumstances or conditions:

- i) Planning documents necessary to enact or update Affordable Housing Act ordinances.

**B. Determination of Need for Projects with Statewide Impact**

The NMFA or its staff may request and rely on the assistance of other state agencies, for example and without limitation, the Department of Finance and Administration or the New Mexico Economic Development Department in determining the need for economic development projects with statewide impact. Statewide projects may exceed the \$100,000 limitation if the Fund has sufficient availability of funding such that the requested grant would not impact funding committed to local projects.

**C. Reliance on Outside Expertise**

The NMFA or its staff may request and rely on the assistance of other state agencies, e.g. the Department of Transportation, Energy, Minerals and Natural Resources Department, the New Mexico Environment Department, the Office of the State Engineer, New Mexico Economic Development Department, Department of Cultural Affairs, or the Mortgage Finance Authority in determining the minimum criteria for planning documents, the need for the planning document including letters of recommendation and adequacy of the completed Planning Document.

**Section 1.3 Determination of Project Prioritization**

**2. Project Prioritization**

As established in the Rules, the NMFA may give priority in awarding planning grants to those entities seeking funding to develop the following documents:

1. Preliminary Engineering Reports to address remedies to emergency or urgent projects as defined by these Policies;
2. Environmental Information Documents that are compliant with the State’s Drinking Water Revolving Loan Fund (“DWRLF”) State Environmental Review Process (“SERP”);
3. Plans to implement the Local Economic Development Act;
4. Plans to implement the Affordable Housing Act;
5. Plans to reduce blight pursuant to the Metropolitan Redevelopment Act;

6. Water Conservation Plans;
7. Flood inundation maps necessary for emergency action planning;
8. Archaeological clearances necessary to comply with state rules and regulations;
9. Asset Management Plans;
10. Long-term Master Plans;
11. Preliminary Engineering Reports necessary to access apply for federal funding;
12. Preliminary Engineering Reports necessary to apply for state funding;
13. Economic Development Feasibility Studies; and
14. Energy audits

Applications will be accepted monthly. Annually, the NMFA shall reserve \$600,000 for applications determined to be Urgent pursuant to Section 1.2 (A)(1) of these Policies. Applications will be prioritized according to the ordering set out in this Section 3.1(A), above. In the event that there are insufficient funds to fund projects in the same priority rank, those Planning Grant Qualified Entities that have not previously received Planning Grants will be given priority over Planning Grant Qualified Entities that have previously received Planning Grants within the last five fiscal years. In the event that there are insufficient funds to fund projects in the same priority rank, and all Applicants have previously received Planning Grants, priority will be given to those Qualified Entities whose previous Planning Grants are older in time.

Plans must be developed using established minimum criteria approved by the NMFA in consultation with the appropriate reviewing agency.

LGPF will be limited to \$100,000 per Planning Document and \$100,000 per entity per 24-month period. Notwithstanding this limit, Planning Grant Qualified Entities may receive an additional \$100,000 per 24-month period for funding of Metropolitan Redevelopment Plans or Affordable Housing Plans.

#### B. Regionalization

NMFA recognizes that efficient operation of public projects may occur through regional efforts, including both physical connections and/or joint operations. Entities proposing a regional solution may apply separately for planning funds provided that a separate document is produced for each entity and that the separate Planning Document addresses the infrastructure needs of each Qualified Entity.

For Water, Wastewater and Solid Waste public projects and Long Term Master Plans, a discussion of regionalization must be included as a solution for findings covered in the document itself.

## **SECTION 2. LIMITATIONS FOR FUNDING**

NMFA recognizes that planning documents may vary in scope and complexity based on factors such as the number of connections served by a utility, population served by a local government, or the level of public participation and formal action required by governing bodies as part of the planning process. The following limitations for funding apply to awards made from the fund.

- A. Maximum awards for utilities based planning documents will be determined by the number of connections served by the planning grant qualified entity:
  - 1. Fewer than 250 connections may receive a maximum of \$60,000 per award;
  - 2. 250 to 3,000 connections may receive a maximum of \$75,000 per award;
  - 3. Over 3,000 connections may receive a maximum of \$100,000 per award.
  
- B. Maximum awards for non-utilities based planning documents will be determined by the population served by the planning grant qualified entity:
  - 1. Population fewer than 1,000 may receive a maximum of \$60,000 per award;
  - 2. Population between 1,000 and 25,000 may receive a maximum of \$75,000 per award;
  - 3. Population of over 25,000 may receive a maximum of \$100,000 per award.

## **SECTION 3. PROCEDURES FOR FUNDING**

### **A. Binding Commitments**

NMFA shall issue a 12-month binding commitment from date of grant approval to the submission of a Planning Document for approval and shall require the Applicant to meet certain thresholds within 5 months, including:

- 1. Selection of consultant;
- 2. Submittal of executed contract and scope of plan; and

3. Evidence of Local Match.

B. Reimbursement of Project Expenditures

Funding shall be provided after the planning document is completed and accepted by the reviewing agency designated by the NMFA, which will not occur later than 18 months after Board approval, unless explicitly provided otherwise by the NMFA.