

New Mexico Chapter of the American Planning Association

POLICY GUIDE ON INFRASTRUCTURE FINANCING

Adopted by the Membership on October 1, 1998

STATEMENT OF THE ISSUES

According to a 1997 study conducted by the Local Government Division of the New Mexico Department of Finance and Administration, this State has a \$14.6 billion dollar backlog of infrastructure needs. This infrastructure gap includes all the funding identified by State, local and tribal governments for transportation, water and sewer systems, education, solid waste facilities, jails, social service and public health facilities, and parks and recreation facilities that support our society and communities. Funding from federal and state sources will not come close to addressing these needs.

New Mexico is experiencing unprecedented population growth and a consequent expansion of development is putting pressure on cities large and small, and rural unincorporated areas in many counties. In fact, there will be 650,000 more people living in the Land of Enchantment in 2015, and the State is primed to be the fastest growing in the early 21st Century. New Mexico is not prepared to adequately fund the existing infrastructure needs of the current 1.6 million residents, or those expected to be living within the borders of the nation's fifth largest state in the near future.

Currently, the 1993 Development Fees Act provides for impact fees to be calculated and assessed upon new development. The intent of the Act is to strictly limit the expenditure of impact fees to infrastructure costs directly associated with serving new development. It requires preparing a Capital Improvements Plan in order to qualify for State funding sources such as the New Mexico Finance Authority. While the Development Fees Act narrowly addresses the need for new growth to pay its way, there is a need for other proactive State policies to address the equity and efficiency issues associated with all of the other unmet infrastructure needs. These policies should address how New Mexico will pay for the repair or maintenance of existing or new capital improvements or facility expansions that are not directly attributable to new growth, and how to fund stricter safety, efficiency, environmental or regulatory controls, or unfunded State and Federal mandates.

There are a number of policy initiatives that the New Mexico Chapter of the American Planning Association supports in order to rectify the State's infrastructure funding gap.

These include policies that could directly address the funding shortfalls, and those that attempt to correct some of the factors causing the inefficient and unfair spending of scarce infrastructure dollars. Since growth rates and impacts vary widely throughout the State, the NMAPA supports policies that will address the needs of those areas subject to expansion and increase as well as areas experiencing decline. There are plenty of infrastructure needs to be met and different strategies are needed.

GENERAL POLICY POSITION

The NM-APA will collaborate with other organizations to promote legislative changes that would implement the following policy initiatives:

1. The NM-APA supports broadening the scope of the Development Fees Act, making it easier to use and more adaptable to local requirements and enabling more local governments to use it.
2. The NM-APA supports amendments to the Development Fees Act to require that each Capital Improvements plan be consistent with and implement an adopted Master Plan. Accordingly, NM-APA also supports revising 3-19-9NMSA to require each municipality and county to adopt a Master Plan and assure that the CIP is consistent with the Master Plan. NM-APA also supports amending the Act to require the calculation of service units based upon marginal rather than average costs.
3. Communities should have the right to decide where growth will occur. The NM-APA supports continued efforts to require the establishment of urban service areas – so called public investment areas – in order to prioritize infrastructure investments, and to provide predictability in the development process. The intent is to focus on making more efficient use of lands that are already developed or in the logical path of development, and to encourage reinvestment in established neighborhoods and communities – to be determined by local governments.
4. The NM-APA supports the establishment of criteria to be applied by the New Mexico Finance Authority, the State Highway and Transportation Department, the Economic Development Department and other State and Federal agencies to give preference to funding projects that promote sound land use planning policies that are consistent with and implement adopted Master Plans.
5. The NM-APA supports the adoption of Statewide Planning Goals, including goals relating to efficient and equitable funding of public infrastructure, requirements that communities adopt levels of service standards, and that all new development shall contribute to the provision, maintenance and operation of adequate public facilities prior to construction. Toward this end, the State should provide assistance to local

governments in developing appropriate fiscal impact models that consider the long-term costs of development.