

**DEPARTMENT OF FINANCE & ADMINISTRATION
CAPITAL DEVELOPMENT PROGRAM FUND
GRANT MANAGEMENT GUIDELINES**

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Implementation Guidelines for Capital Development Program Fund Disbursements

Effective Date: September 29, 2025.

Authority: § 7-27-51, NMSA 1978.

I. PURPOSE

The Department of Finance and Administration, acting through its Infrastructure Planning and Development Division (“DFA”) to ensure equitable and transparent access to and implementation of the Capital Development Program Fund (“Fund”), as appropriated by the New Mexico Legislature, desires to establish guidelines, procedures, and protocols (“Guidelines”) for entities seeking access to the Fund. These Guidelines are designed to ensure compliance with legislative requirements and promote the efficient use of bond proceeds for infrastructure and community development projects.

II. ELIGIBILITY

Appropriations from the Fund are available for two types of projects:

- Project Completion – Subject to legislative appropriation, money in the Fund may be awarded to fully fund capital projects or useable phases of projects with a total cost of less than five million dollars (\$5,000,000);
 - An Eligible Entity must request the full amount of the funds required to complete the capital project.
 - Projects that are ineligible to receive funding from the Capital Development Program Fund include:
 - Demolition;
 - Vehicles including emergency vehicles, commercial motor vehicles, or other vehicles;
 - Equipment and furnishings such as electronics, furniture, fixtures, etc. unless part of a larger construction completion project request; and
 - An asset that will be maintained or operated by an entity that is not the one requesting the funding.
- Planning and Design – Subject to legislative appropriation, money in the Fund may be awarded for the planning and design of capital projects with an estimated total cost exceeding five million dollars (\$5,000,000);
 - An eligible entity must submit proof to DFA of a validated total project cost estimate greater than five million dollars (\$5,000,000).

III. APPLICATION AND CRITERIA

Eligible Entities must submit a funding request through the online application form available on the DFA website. Applications are due by September 15 of each year, unless otherwise specified. Applications

will be reviewed within 30 days after application close. DFA staff will assess whether the submitting entity qualifies as an Eligible Entity and if the proposed project meets one of the funding criteria outlined in § 7-27-51. Eligible Entities will be notified of a project eligibility determination within 45 days of application close.

DFA evaluates the following criteria when assessing submitted Fund applications:

- Eligible Entity – If the applicant is not an Eligible Entity, the application will be automatically disqualified from eligibility for funding through the Fund.
- Project Readiness – Applicants must submit documentation to evidence the following:
 - For Project Completion Requests: Documentation must demonstrate the Eligible Entity's ability to finish the project with the requested funding within two years of the award. The Eligible Entity must provide documentation confirming any secured funding for the project if the application states such funds exist.
 - For Planning and Design Requests: The document must demonstrate the Eligible Entity's ability to procure, plan, and design the construction or improvement of a capital asset within two years of award.
 - If the applicant has not secured the necessary funding to complete the project or the planning and design phase, the application will be automatically disqualified and will not be considered for funding.
 - Applicants may reapply when they meet the readiness requirement in this paragraph.
- Project Details – Applicants must submit the following:
 - A detailed project description, including a project timeline with milestones, procurement plan, and budget.
 - Applicants may be required to submit cost estimates dated within six months of application, certified by a licensed general contractor, engineer, architect, or designer of the project.
 - Applicants are required to have the project listed on their ICIP with current and accurate information.
 - Project funding requests cannot exceed the minimum amount needed to complete the project or the planning and design phase, as shown in the budget submitted by the applicant.
- Existing Project Funding – Applicants must submit the following:
 - For construction completion projects, detailed breakdown of existing funding for the project that shows a minimum twenty-five (25%) secured funding towards the project.
 - If the entity is not able to show that they have secured the necessary existing funding for the request, the project will be deemed ineligible.

- No secured funding is required for applications that are for the planning and design phase.
- Compliance Requirements – Applicants must meet the eligibility requirements set forth in § 6-3B-1 *et seq.*, NMSA 1978, and any corresponding implementation rule.
- Applicants must comply with these requirements on or before July 31st in the calendar year the application is received.

Review Cycle – If eligible funding requests exceed the available funds in the Fund, projects will be prioritized based on the final score from DFA's scoring rubric.

Reserved Funds for Rural, Frontier, and Tribal Community Applicants – In accordance with §§ 7-27-51 and 7-27-52 NMSA 1978, DFA will ensure that forty percent (40%) of available funds from the Fund are reserved for projects benefiting and/or located in underserved areas, as defined by the USDA's Economic Research Service Frontier and Remote (FAR) Area Codes.

IV. APPLICATION REVIEW

Submitted applications may be initially screened using artificial intelligence, at the discretion of the Department. Any personal identifying information will be removed or redacted from the applications prior to doing so. The artificial intelligence screening will be used to identify any responses that may make the application ineligible. A Department staff member will review any applications flagged by the screening and make the final determination on eligibility.

Eligible applications will be reviewed by a minimum of two reviewers, with the final score an average of the submitted scores. The Department shall create a review committee comprised of knowledgeable representatives from the New Mexico Department of Transportation, New Mexico Environment Department, and/or New Mexico Indian Affairs Department. The review committee will provide final recommendations to the Legislative Finance Committee on which projects to include in the capital bill.

V. IMPLEMENTATION

Grant Agreement Issuance - If a project is appropriated funds from the Fund, the agency to which the project funding is appropriated will send the Eligible Entity a Capital Outlay Grant Agreement.

- The Eligible Entity must execute the Capital Outlay Grant Agreement within fourteen (14) calendar days from receipt of the agreement, or the award will be rescinded and funds made available to another project.
- The Eligible Entity must report progress and expenditures on the project on a quarterly basis or as required by the Capital Outlay Grant Agreement.
- If the Eligible Entity decides not to accept the funding, the entity must notify DFA within five (5) business days of such decision.
- Notwithstanding legislative appropriation for the Fund, DFA reserves the right to restrict grant agreement awards to the amount submitted and certified by the Eligible Entity as required for completion of the project.

VI. DEFINITIONS

“Department” means the New Mexico Department of Finance and Administration.

“Eligible Entity” means a county; municipality; special district; public water cooperative; acequias and community ditch associations; public and charter schools; public post-secondary education institutions; state entities; federally recognized Indian nation, tribe or pueblo located partially in New Mexico; and any other political subdivision of the state.

“Frontier” means a geographic area that is relatively remote and sparsely settled territory (consistent with USDA Economic Research Service definition). To determine whether a CDPF applicant is “frontier,” DFA will use USDA mapped area codes for “frontier and remote” areas, available at <https://www.ers.usda.gov/data-products/frontier-and-remote-area-codes/>.

“Fund” means the Capital Development Program Fund.

“Rural” means open country and settlements with fewer than 2,000 housing units and 5,000 residents, based on the 2020 decennial census, and released in 2022 (consistent with U.S. Department of Agriculture (USDA) Rural Development definition).

“Tribal Community” means any legally recognized group of indigenous people recognized as having rights and obligations independent of the State of New Mexico.

“Useable Phase” means a distinct portion of a capital project that has been sufficiently completed and meets all applicable safety, operational, and regulatory requirements such that it can be safely and effectively occupied, operated, or used for its intended purpose, even if other phases of the overall project are still to be initiated or completed.

VII. DECLINED OR RESCINDED FUNDS

An Eligible Entity may decline or return an appropriation from the Fund. Declined or returned funds will be redeposited into the Fund and may be reappropriated by the legislature during a subsequent legislative session, provided all funds must be expended by June 30, 2029.

Prior to executing a Capital Outlay Grant agreement, DFA may rescind the award for any of the following reasons:

- Any change to the Eligible Entity’s proposed project that affects the project’s readiness to expend the funds within the applicable reversion date;
- change to the Eligible Entity’s compliance status under § 6-3B-1, *et seq.*, NMSA 1978; or
- As otherwise authorized by applicable law.

VIII. REVERSIONS

Any funds declined, rescinded, or reverted shall be reverted to the Severance Tax Permanent Fund by June 30, 2028.

IX. AMENDMENTS

The Department of Finance and Administration shall review these policies at least annually and may make any changes to these policies deemed necessary to better adhere to statutory requirements and legislative intent for administration of the Capital Development Program Fund.

Updated: July 24, 2026