Quarterly Update as of September 2016
Local Outstanding Capital Outlay Appropriations
$300,000 to $999,999

BACKGROUND

- The LFC tracks state funds appropriated between $300,000 and less than $1 million for local capital projects with data derived from the Capital Project Monitoring System (CPMS) operated and maintained by the Department of Finance and Administration (DFA).

- "Local" capital projects are sponsored by individual legislators or the governor and funded with allocations set aside for these types of projects. In some years, individual legislators may also support funding for state-owned facilities such as museums and universities.

- Grantees responsible for oversight of the project are required to update CPMS monthly; agencies are required to update quarterly.

- There continues to be a number of local entities that are not updating CPMS including: the City of Albuquerque, Los Alamos Public Schools, Village of Hatch, and Rio Rancho public schools.

REPORTS

- **Attachment A** summarizes "by county" for "all" 1,727 outstanding local projects authorized between 2013 and 2016 totaling $227 million.

- Projects with a "red" highlight have a high percentage of unspent funds; 56.4 percent of funds authorized in 2013 remain unexpended, 77.3 percent of funds authorized in 2014 remain unexpended, and 87.9 percent of funds authorized in 2015 remain unexpended.

- **Attachment B** is a detailed report of 192 local projects funded between $300,000 to less than $1 million with $63.4 million unexpended.

- The red circle identifies state and local entities that are not updating CPMS as required by the grant agreement between the state and the local governmental entity.

- Of the 192 projects reported, 35 are coded red due to no activity or the bonds have not sold and 33 projects are coded yellow indicating the projects are behind schedule or have little activity.

- Since the June 2016 quarterly report, 29 projects closed with nearly $13.3 million expended or reverted.

MAJOR PROJECTS COMPLETED FOR THE QUARTER

- ➢ Santa Fe – Airport Building Expansion (2014 STB) — $890,000
- ➢ UNM – Farris Engineering Center Design (2013 STB) — $801,500
- ➢ Albuquerque - East Side Fire Department Engine Purchase (2013 STB) — $688,334
- ➢ Clovis – Wastewater Treatment System (2014 & 2015 STB) — $675,000
- ➢ Otero County – Tularosa Basin History Museum (2013 STB) — $525,000
- ➢ DCA – Space Museum Theater Renovation (2013 STB) — $500,000
- ➢ Mesilla – Public Safety Building (2014 STB) — $445,000
- ➢ Anthony – Multipurpose Municipal Building (2014 STB) — $420,750
- ➢ Alamogordo – Water Reuse System (2012 STB) — $400,750

HIGHLIGHTS OF SELECT PROJECTS - NO ACTIVITY

- $570,000 (STB) originally authorized in 2012 and reauthorized in 2014 for the Albuquerque S.E. Heights Library expansion; no expenditures to date; fifth consecutive quarter with no progress and no update to CPMS by the local entity.

- $400,000 (STB) appropriated in 2015 to plan, design and construct a flood control structure in the east mesa area of Dona Ana County; a grant agreement has not been executed for this project.

- $300,000 (STB) appropriated in 2015 to plan, design, construct, purchase and install pipeline and related equipment for a storm water discharge for the Elephant Butte Irrigation District in Dona Ana County; a grant agreement has not been executed for this project.

- $375,000 appropriated in 2015 for the Dog Canyon flood control structure; fifth consecutive quarter with no progress and no update to CPMS by the local entity.

HIGHLIGHTS OF SELECT PROJECTS – SLOW OR LITTLE PROGRESS

- A meeting was organized by the Naabik'iyati' State Task Force Subcommittee of the Navajo Nation Council, and Representative Clahchischilliage to review Navajo Nation capital outlay projects with little or no activity. Representatives from the Aging and Long Term Services Department, Indian Affairs Department, N.M. Environment Department, and N.M. Department of Transportation shared lists of projects with little or no activity with Navajo Nation officials and chapter members in efforts to discuss ways to help projects move forward. It is anticipated meetings will continue to resolve the issues.

- $375,000 (STB) appropriated in 2014 for phase 2 of the fire suppression water system for the Jemez Mountains regional fire protection project in Los Alamos County; the project is delayed while the County waits for United States Forest Service permits.

- $750,000 (STB) appropriated in 2014 for a well and water system improvements at Gabaldon MDWCA; the exploratory well drilled was unsuccessful, an alternate site has been identified, and the project is pending easements and a permit from the Office of the State Engineer to drill the second exploratory well.

OTHER ISSUES

- The report demonstrates local entities are certifying to the Board of Finance (BOF) readiness to proceed with a project triggering bond issuance; however, two years later the project status indicates the project is still in the planning phase.

- The BOF certification form has been modified over the years to minimize the issuance of bonds when projects aren't ready or when entities do not meet compliance with Executive Order 2013-006 requiring updated audits.

- Grantees of the project have the sole responsibility for certifying readiness of projects and for meeting audit compliance and have two years to certify readiness before the authorized funding is voided.

- Anti-donation issues arise after capital legislation is passed causing delays to start the project; anti-donation issues could be resolved and cleared with the DFA and BOF prior to funding a capital project; perhaps modifying the Capital Outlay Request form completed by the requestor and signed by sponsors could improve the timelines.

- Projects with anti-donation issues are at times delayed awaiting review and the setting of contingency requirements by the Office of Attorney General or due to failure to meet audit compliance requirements.

- If CPMS were to provide detail as to what was stalling or delaying projects, LFC staff could provide technical assistance and help agencies and local entities move their projects forward.