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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/18/09

SPONSOR Lopez LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Study Rio Grande Levees SM 18

ANALYST Hoffmann

### APPROPRIATION (dollars in thousands)

| Appropriation |      | Recurring<br>or Non-Rec | Fund<br>Affected |
|---------------|------|-------------------------|------------------|
| FY09          | FY10 |                         |                  |
|               | NFI  |                         |                  |

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

Responses Received From

Energy, Minerals, and Natural Resources Department (ENMRD)

### SUMMARY

Synopsis of Bill

Senate Memorial 18 requests that a task force be convened to study the issue of substandard levees in the middle Rio Grande valley in Valencia, Bernalillo and Sandoval counties. The memorial requests that the Middle Rio Grande Conservancy District (MRGCD), in cooperation with the Mid-Region Council of Governments, invite participants from municipalities, local bodies, special districts, state and federal agencies and tribal governments to convene a task force to study the problem of construction and maintenance of a new levee system meeting new, post-Katrina levee standards set by the U.S. Army Corps of Engineers (CORPS).

### FISCAL IMPLICATIONS

Senate Memorial 18 makes no appropriations. Please see "SIGNIFICANT ISSUES" for an estimate of the possible ultimate fiscal impact on the New Mexico governmental entities that would be involved in correcting the deficiencies in certain Rio Grande levees in Valencia, Bernalillo and Sandoval counties.

## **SIGNIFICANT ISSUES**

The ENMRD reports that due to the deficient nature of the existing levees, the Federal Emergency Management Agency (FEMA) has reissued flood insurance maps reclassifying parts of the Rio Grande valley into a higher risk category. This revised FEMA classification will lead to high risk management premiums for existing and newly constructed structures within the Rio Grande valley. Although the actual risk has not substantially increased (the levees were structurally deficient prior to the analysis by the CORPS), the risk of flooding to state-owned and private structures is better understood and believed to have a higher probability of occurring.

The estimated cost by the CORPS for reconstruction of the levee system in Sandoval, Bernalillo, and Valencia counties is significant (\$120M). The typical local sponsor match requirement for CORPS projects is 35 percent and in this case would be approximately \$42M based on the estimated \$120M total cost. There is some precedent for the federal government paying for 100 percent of some CORPS projects. Maintenance of CORPS projects is typically solely the responsibility of the local sponsor(s).

Almost the entire area within Bernalillo County between the major levees on the east and west sides of the river has been designated the Rio Grande Valley State Park. The Rio Grande Nature Center State Park (a smaller, discreet portion of the bosque) is also within this area. In addition the proposed route of the Rio Grande Trail (a multi-use trail that is planned to run along the river and river valley) anticipates using some portions of the levee system in Valencia and Socorro counties for trails.

CORPS standards now require that trees be cleared to a minimum of 15 feet from the toe of each side of the levee. This tree-clearing requirement would have increased impacts on the Rio Grande bosque ecosystem and on the aesthetics associated with the levees and their use by the public. The CORPS is considering convening a vegetation roundtable to discuss the precise impact that reconstruction of the levee system would have.

The State Parks Division (SPD) of the ENMRD reports that its structures will not need additional flood insurance. Most of the re-designated flood plain is in the South Valley and will not impact SPD. Future buildings at the Rio Grande Nature Center State Park may need to be constructed to avoid any flood plain insurance costs.

Any study of the levee situation, including its potential reconstruction and future uses, must consider and address bosque ecosystem and recreation issues.

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

No request will be made by the legislature to have state and local agencies attempt to study and coordinate their involvement in this large-scale capital project