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Quarterly Update as of March 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).
- Entities responsible for oversight of the project are required to update CPMS monthly; agencies are required to update quarterly.
- “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 support funding for state-owned facilities such as museums and universities.
- Since the December 2015 report, the number of entities and agencies providing updates has increased. However, there continues to be a number of discrepancies and contradictions between the entity and agency updates, i.e. see line 59 \$300,000 for improvements to Tortugas Road in Dona Ana County, line 148 \$450,000 to improve the water system in Moriarty; and line 153 \$425,000 to construct flood control infrastructure in Belen.

REPORTS

- **Attachment A** summarizes “by county” for “all” 1,616 outstanding local projects authorized between 2012 and 2015 totaling \$250 million; 610 local projects funded or reauthorized in 2016 totaling approximately \$80.7 million will be included in the September quarterly report.
- Projects with a “red” highlight have a high percentage of unspent funds; 36 percent of funds authorized in 2012 remain unexpended, 69 percent of funds authorized in 2013 remain unexpended, and 87 percent of funds authorized in 2014 remain unexpended.
- Funding authorized in 2012 for projects located within Chaves, Lea, Otero, Rio Arriba, and Taos Counties continue to have large unspent balances;
- Funding authorized in 2013 for projects located within Chaves, Cibola, Colfax, Guadalupe, Harding, Hidalgo, Lea, McKinley, Rio Arriba, and San Miguel Counties continue to have large unspent balances.
- Funding authorized in 2014 for projects located within Catron, Cibola, Colfax, Curry, Dona Ana, Guadalupe, Harding, Hidalgo, Lea, Los Alamos, Luna, Mora, Rio Arriba, San Juan, Sierra, Torrance, and Union Counties have large unspent balances.
- **Attachment B** is a detailed report of local projects ranging between \$300,000 to less than \$1 million listing 159 projects appropriated between 2012 and 2015 with \$59.5 million unexpended.
- Column E lists the state agency responsible for overseeing the project and approving expenditures.

- Column K identifies the status provided by the state agency; Column M identifies the status provided by the local entity.
- 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 159 projects reported, 29 are coded red (Column O) due to no or little activity and 49 projects are coded yellow because projects are behind schedule.
- Five projects totaling nearly \$2.6 million have anti-donation issues:
 - \$377,600 for an addition to the building and exhibits at the Explora Science Center in Albuquerque;
 - \$643,000 to equip medical and dental rooms and purchase IT equipment at the Las Cruces Central-Cervantes complex;
 - \$505,000 for improvements to a health facility at the Mesilla Valley Community of Hope Health Complex in Las Cruces;
 - \$555,000 for a facility and related infrastructure to be owned by the City of Las Cruces for film, digital media and entertainment arts production; and
 - \$500,000 for renovations to a child development center in Otero County.
- **Attachment C** lists 162 local projects totaling \$20.2 million authorized in 2012 and 2013 in the 3rd and 4th year since bonds were issued with no expenditures as of March 2016. Of the 162 projects, 23 projects totaling \$2.1 million are scheduled to revert on June 30, 2016.

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 #006 requiring updated audits.
- Grantees of the project have the sole responsibility for certifying readiness of projects and for meeting audit compliance.
- Recipients of severance tax bonds 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.

HIGHLIGHTS OF SELECT PROJECTS PROGRESSING OR CLOSED

- \$845,000 (STB) authorized in 2012 to construct the Mesilla Valley 911 Center; construction is complete and Dona Ana County will soon be submitting their final reimbursement request.
- \$824,450 (STB) authorized in 2014 to construct and equip the Tow Diehm Facility at UNM; the project is in the final closeout phase and will be complete by next quarter.
- \$536,300 (STB) authorized in 2012 to construct South Loop Road in Eddy County was completely expended.
- \$504,000 (STB) authorized in 2014 to construct the Porter Arroyo Retention Facility in Farmington was completed.
- \$500,000 (STB) authorized in 2014 for water and sewer improvements at Nambe Pueblo were completed.
- \$400,000 (STB) authorized in 2012 and \$390,000 (STB) authorized in 2013 to construct and improve the Tijeras water system; project is under construction and will be complete by next quarter.
- Eight projects totaling \$3.3 million closed since the last report.

HIGHLIGHTS OF SELECT PROJECTS DELAYED OR NO ACTIVITY

- \$570,000 (STB) was originally authorized in 2012 and reauthorized in 2014 for the Albuquerque S.E. Heights Library expansion. The grant agreement was executed in February 2015, but third party obligations have not been submitted to the Local Government Division (LGD) of DFA. This is the third consecutive quarter this project has had no progress.
- \$322,000 (STB) authorized in 2014 to renovate a transitional living and substance abuse recovery center in Bernalillo County is held up and cannot start construction until the BOF approves the existing lease agreement for appropriation 15-0729 (\$176,300) with the same purpose.
- \$365,000 (STB) authorized in 2014 to construct a multipurpose building in Rock Springs Chapter; there is an executed intergovernmental agreement in place and the project is being planned.
- 12 projects included in Attachment B were reauthorized during the 2016 legislative session:
 - Approximately \$2.4 million for five projects to extend the reversion date;
 - Approximately \$326 thousand for one project to change the purpose and extend the reversion date;
 - Approximately \$339 thousand for one project to change the purpose, agency, and extend the reversion date;
 - Approximately \$2.8 million for four projects to change or expand the purpose; and
 - Approximately \$375 thousand for one project to change the purpose and agency.