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FISCAL IMPACT REPORT

SPONSOR: Cisneros DATE TYPED: 5/23/02 HB _____
 SHORT TITLE: Acquisition of Eagle Nest Lake and Environs SB 2
 ANALYST: Valenzuela

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY02	FY03	FY02	FY03		
	\$6,000.0			Non-Recurring	Capital Projects Fund
	\$3,600.0			Non-Recurring	General Fund
	\$3,500.0			Non-Recurring	Game Protection Fund
	\$500.0			Non-Recurring	Game and Fish Bond Interest Fund
	\$1,400.0			Non-Recurring	Severance Tax Bonds
			\$682.1	Recurring	General Fund
			\$2,200.0	Recurring	Capital Improvement Funds

(Parenthesis () Indicate Expenditure Decreases)

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY02	FY03			
	\$100.0	\$100.0	Recurring	Park Fees

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

- *Report of the Legislative Finance Committee to the Forty-fifth Legislature, Second Session, January 2002 for Fiscal Year 2002-2003.*
- Department of Game and Fish

SUMMARY

Synopsis of Bill

Senate Bill XXX appropriates \$15 million from numerous revenue sources to the Department of Game and Fish for the purpose of acquiring Eagle Nest Lake and its environs on behalf of the State of New Mexico. The revenues generate from the following sources: (1) \$6.0 million in the Capital Projects Fund, which was originally appropriated for the rehabilitation of the Eagle Nest Lake Dam; (2) \$3.6 million from the general fund, provided that an 8 percent reserve level has been attained for FY03; (3) \$3.5 million from the Game Protection Fund, which is in addition to the \$5.0 million already appropriated from this fund; (4) \$500.0 from the game and fish bond retirement fund; and (5) \$1.4 million from severance tax bonds.

Brief History of Eagle Nest Lake Acquisition. During the 2000 legislative session, \$4 million was appropriated from the game protection fund for the lease (\$1.0 million) and down-payment for the purchase (\$3.0 million) of Eagle Nest Lake. The legislation also authorized the department to pursue acquisition on behalf of the state. The following year, the Legislature appropriated \$17 million to complete the purchase; however, the governor vetoed the entire capital appropriations bill, which included the funding for Eagle Nest Lake.

In the original purchase agreement, the state had an eight-year option to purchase the lake, whereby the CS Cattle Company would lease the lake to the state during that period of time. However, a revised purchase agreement was signed on July 10th, 2001, by the State Game Commission, which deleted the eight-year lease/purchase option and restricted the lease to March 31, 2002. At this point, the CS Cattle Company closed the lake to public access and began plans to open the facility as a for-profit business. The lake is expected to open for Memorial Day of this year.

The current purchase agreement is based on \$20.0 million purchase price.

Cash Balances of Game Protection Fund. SB XXX increases the total from the Game Protection Fund by an additional \$3.5 million to \$8.5 million. DGF argues this additional amount will force it to seek a fee increase in the 2004 legislative session and warns that some of its existing capital projects, such as the warm water fishery in Santa Rosa, could be extended over a longer period of implementation.

\$6 Million Dam Rehabilitation. The Office of the State Engineer has estimated it requires \$6.0 million of improvements. The CS Cattle Company contracted with an engineering company to develop an estimated cost of dam repairs, reporting an amount of \$400.0. Pursuant to the purchase agreement, the state would shoulder the entire cost of dam rehabilitation. The Legislature approved the \$6.0 million from the general fund for this purpose, however, this bill would repeal that appropriation and reauthorize the funding for the purchase.

Eagle Nest Lake State Park. Also in the executive budget, the Governor recommended \$639.8 from the general fund for the State Parks Division (SPD) to support 7.00 FTE to operate a new state park at Eagle Nest Lake. Additionally, SPD estimates that it will need \$2.2 million for capital improvements to develop the location into a state park. SPD may have up to \$1.5 million available to it from the Land and Water Conservation Fund (federal funds) to use for capital improvements.

Based on visitation data from the Department of Game and Fish, the SPD estimates earned revenue of \$19.8. However, SPD has based these revenue estimates on an average revenue per visitor at \$0.79. The average revenue per visitor is conservative, and a more likely revenue target is \$100.0 in earned revenues.

FISCAL IMPLICATIONS

The bill appropriates \$15 million to purchase Eagle Nest Lake fund, however provides no appropriation for operation of the facility. As discussed above, the operation budget for the new state park is estimated at \$639.8, annually. In addition, the State Engineer would require a level of operating funds to maintain and operate the dam and has estimated 0.5 FTE additional staff. The cost for this staff person approximates to \$32.3 in salaries and benefits, \$10.0 for miscellaneous costs. Total operating costs are therefore \$682.1. Finally, an estimated \$2.2 million is needed to develop the location.

The department of game and fish has had ongoing operations at the lake. Consequently, it does not estimate additional funding requirements.

ADMINISTRATIVE IMPLICATIONS

Enactment of SB XXX would have an administrative impact commensurate with that described in the Fiscal Implications section.

MFV/njw