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FISCAL IMPACT REPORT

ORIGINAL DATE
LAST UPDATED 08/16/08 **HB** _____

SPONSOR Jennings _____

SHORT TITLE Lincoln and Otero County Flood Damage Repair **SB** 2 _____

ANALYST Weber _____

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
\$5,000.0		Non-Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

Senate Bill 2 appropriates \$ 5 million from the General Fund to the Department of Transportation to plan, design and construct improvements to roads and bridges damaged by severe flooding in Lincoln and Otero Counties.

FISCAL IMPLICATIONS

The appropriation of \$5 million contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY2013 shall revert to the general fund.

SIGNIFICANT ISSUES

Severe rains July 26 and 27 spawned by the remnants of Hurricane Dolly led to damaging and dangerous flooding in Lincoln and Otero Counties. On July 28 Governor Richardson issued Executive Order 2008-042 declaring a disaster in Lincoln County thereby releasing \$750 thousand to the Department of Homeland Security and Emergency Management (DHLSEM) to help defray local costs associated with the disaster.

After the initial emergency and rescue operations by DHLSEM and the National Guard, assessment teams from both the state and the Federal Emergency Management Agency (FEMA)

began estimating infrastructure damage and costs to rehabilitate the area. Information gathered by the teams pointed to damage being extensive enough to meet federal thresholds to qualify for FEMA funding. Presently DHLSEM information estimates final approval of the federal aid in the immediate future. Federal aid allows for a state-federal matching arrangement of 25 percent state to 75 percent federal. The state funds can be a combination of state and local monies.

Worksheets provided by DHLSEM estimate the total required expenditures at approximately \$5.1 million. This total includes include \$2.9 million for Lincoln County and \$47 thousand for Otero County for roads and bridges. DHLSEM cautions however that this should NOT be construed as the final total costs but is rather a rough projection to determine if federal thresholds for FEMA aid were met. Until requests for proposals are issued and bids received the actual costs are somewhat uncertain and difficult to estimate.

Once all the funding is in place the federal funds are handled on a reimbursement basis with generally local authorities taking the lead for plan design and construction management. For this reason it may be advisable to direct the appropriation to Local Government Division of the Department of Finance and Administration. This division has direct contact and arrangements on how to coordinate local community capital projects which this type of infrastructure repair appears to be.

TECHNICAL ISSUES

The bill contains the following: This amount is in addition to, and is not intended to supplant, any federal emergency management assistance funds provided by the federal government”. This language is not exactly clear whether the appropriation is intended to be over and above any state matching fund requirement for federal aid or if it is intended to be the state match.

In addition, it may be advisable to include language to allow budget increases at DHLSEM to insure the matching arrangements are handled in the proper manner.

Possible Language

The department of homeland security and emergency management may request budget increases up to five million dollars (\$5,000,000) from internal service funds/interagency transfers and other state funds from the department of transportation for road repairs in Lincoln and Otero Counties.

MW/mt