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FISCAL IMPACT REPORT

ORIGINAL DATE 02/20/13

SPONSOR Cotter LAST UPDATED _____ HB _____

SHORT TITLE Hatch Village Alternative Water Sources SB 536

ANALYST Boerner

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY13	FY14		
	\$350.0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Environment Department (NMED)

SUMMARY

Synopsis of Bill

This bill appropriates \$350 thousand from the general fund to the Local Government Division of the DFA to investigate alternative sources of water for the Village of Hatch, New Mexico.

FISCAL IMPLICATIONS

The appropriation of \$350 thousand contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2014 shall revert to the general fund.

The funding provided for in this bill would allow the Village of Hatch to follow leads on the existence an additional water source for the area. If the investigation proves successful and the Village of Hatch can drill a well and provide the agricultural community with an alternative water source to relieve pressures on current groundwater sources, then the fiscal impact could be significant. Increased crop acreage, new agriculture-related jobs and tax revenue could likely follow the infusion of a new water source.

SIGNIFICANT ISSUES

The appropriation of \$350 thousand is intended to be adequate for exploration, drilling and laying pipe to connect the water source with the farmers who need it.

The NMED points out that considerable technical information would need to be analyzed to investigate an alternative water source. At a minimum, this analysis should include such issues as water source reliability, location, quality and quantity. Other significant considerations that should be analyzed are means of water conveyance, power requirements, identification of needs and options to developing an alternate water source. Many engineering considerations must be examined prior to making the decision to search for an alternate water source that could be available to the Village of Hatch.

The NMED offers a word of caution that if the \$350 thousand provided for in this bill is inadequate to do the kind of study needed, but is spent on a lesser study that doesn't solve the problem, the public benefit of this money could be lost.

PERFORMANCE IMPLICATIONS

Typically, funding for these kinds of studies is administered through NMED's Construction Programs Bureau which is staffed by licensed professional engineers who can assist in developing a technical scope of services that will identify and address the needs of the community. The CPB's engineers are trained to assist the communities in procurement of professional engineering services and the oversight of the technical aspects of the work in cooperation with NMED's Drinking Water Bureau.

ALTERNATIVES

It might be preferable for the funding in this bill to be appropriated to the NMED Construction Programs Bureau, which has the necessary experience and technical expertise to help ensure the success of this project.

A near-term alternative could be a comprehensive plan or a preliminary engineering report that includes water for the federally funded Community Development Block Grant program administered by the Local Government Division. The cost is an estimated \$50 thousand.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The Village of Hatch agricultural community might continue to rely on declining ground water sources.

CEB/blm