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FISCAL IMPACT REPORT

SPONSOR Rodriguez ORIGINAL DATE 02/02/14
 LAST UPDATED _____ HB _____

SHORT TITLE Water Resources Allocation Program SB 177

ANALYST McCoy

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY14	FY15		
	\$650.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Office of the State Engineer (OSE)

SUMMARY

Synopsis of Bill

Senate Bill 177 appropriates \$650 thousand from the general fund to the Office of the State Engineer (OSE) to fully fund six full-time-equivalent positions in the water resources allocation program (WRAP).

FISCAL IMPLICATIONS

The appropriation of \$650 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2015 shall revert to the general fund. The proposed appropriation would expand the WRAP budget to fund six additional positions. In House Bill 2 the WRAP is authorized for 177 full-time equivalent positions, with a total operating budget of \$ 12.3 million in the personal services and employee benefits category. This constitutes an increase of 10 full-time equivalent positions and \$1.1 million, or 10 percent, from the FY14 operating budget of \$11.2 million. The WRAP currently has a 12.6 percent vacancy rate (21 vacant positions.)

SIGNIFICANT ISSUES

The OSE notes the following:

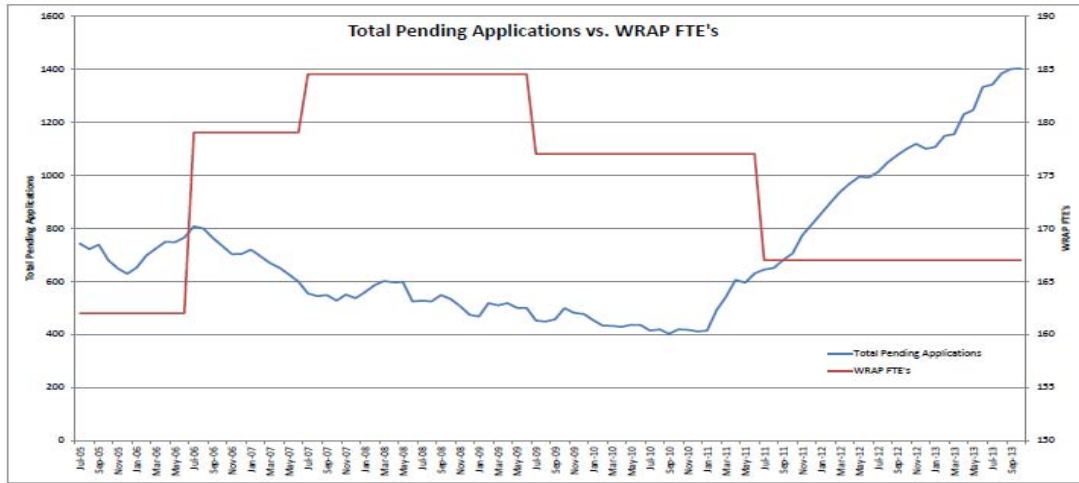
New Mexico is experiencing an exceptional drought and the forecast for 2014 does not predict significant improvement. The drought has created increased demand for permits to replace wells that are drying up with the resultant increase in workload for WRAP staff. In addition to falling behind with the current work, 2013 saw a number of decisions that will further increase the workload on WRAP staff. Examples are listed below:

- New Mexico Supreme Court Tri-State decision affirming the State Engineer’s ability to implement Active Water Resource Management (AWRM), requiring OSE District Offices to promulgate regulations for each critical basin.
- The Animas-La Plata project went online, requiring New Mexico water masters to administer the distribution of water from Colorado.
- The Bureau of Reclamation is developing a “top water bank” in the Navajo Reservoir with participation from OSE/ISC.
- Carlsbad Irrigation District made a call on the Pecos River, requiring OSE/ISC to develop a list of water right holders and their seniority to administer the priority call.
- Metering orders were issued for the Pecos Valley and Mimbres River, requiring WRAP water masters to supervise the installation of metering devices and collect data in both areas.
- The Aamodt settlement agreement requires a WRAP water master to administer the distribution of water in the Nambe Pojoaque-Tesuque stream system.
- In November 2013 the Eleventh Judicial District Court issued two decrees regarding the Navajo settlement requiring OSE/ISC to monitor the diversion of water.
- In July 2013 the Supreme Court rendered its decision in the Bounds v New Mexico case, affirming the legality of the domestic well permit program, the largest of the permit programs.
- These items alone will significantly increase the demand for services from WRAP.

PERFORMANCE IMPLICATIONS

The OSE notes, the WRAP has experienced a significant increase in work with the continuing exceptional drought and recent decisions that will increase the WRAP workload as described above. One of the performance measures for WRAP is the application backlog, with a target of 650. Currently that backlog is close to 1,400. The chart below illustrates the relationships between WRAP staffing levels and application processing backlog.

OFFICE OF THE STATE ENGINEER
 WRAP BACKLOG VERSUS FTEs
 With Position Cuts in FY'10



RELATIONSHIP

SB 177 relates to the General Appropriations Act, House Bill 2.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The OSE notes, if SB 177 is not passed, WRAP staff level will depend on the final adopted budget for OSE. OSE supports the Executive budget recommendation at the higher amount.

POSSIBLE QUESTIONS

How many vacant positions does the program currently have? What is the program’s current vacancy rate?

What challenges does the agency have with recruitment and retention?

Will the program be able to fill all 21 vacant positions and all 10 new positions currently in HB 2?

MTM/ds:jl