

LFC Requester:

Gaussoin

AGENCY BILL ANALYSIS
2024 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:

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{Analysis must be uploaded as a PDF}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:

Original [x] Amendment []
Correction [] Substitute []

Date 1/25/2024

Bill No: SB 197

Sponsor: Gonzales

Agency Name and Code: NMED-667

Person Writing: John Rhoderick,

Short Title: Taos County Water Projects

Email: John.rhoderick@env.nm.gov
Phone: 505-819-8284

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Table with 4 columns: Appropriation (FY24, FY25), Recurring or Nonrecurring, Fund Affected. Row 1: FY24, FY25, Nonrecurring, General fund.

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

Table with 7 columns: FY24, FY25, FY26, 3 Year Total Cost, Recurring or Nonrecurring, Fund Affected. Row 1: Total, >\$352.0, >\$352.0, >\$1,056.0, Recurring, GF.

(Parenthesis () Indicate Expenditure Decreases)

SECTION III: NARRATIVE

BILL SUMMARY

Senate Bill 197 (SB197) proposes an appropriation to the Department of Environment for expenditure in fiscal years 2025-2028 for a variety of projects in Taos County including \$1 million dollars to plan, design, improve and construct a wastewater treatment facility and water system for the Village of Questa, \$1 million dollars to plan, design, improve and construct a wastewater

treatment facility and water system, \$1.8 million dollars to plan, design and construct and equip a mitigation well for the acequia del Monte del Rio Chiquito, \$2.2 million dollars to plan, design and construct water system improvements for El Prado water and sanitation district, \$1.6 million dollars to plan, design, construct, purchase and install the Rio Grande del Rancho Mitigation well and associated equipment for the Llano Quemado mutual domestic water consumers association and \$300,000 to plan, design and construct water system improvements for the El Valle de los Ranchos water and sanitation district. In addition, the bill proposes multiple appropriations to the Interstate Stream Commission for a variety of ditch associations and acequias in Taos County.

FISCAL IMPLICATIONS

There is no appropriation to the NMED for staff to oversee this funding and no capacity either technically or administratively to take on this number of projects. NMED's Construction Programs Bureau Staff is overburdened with the current workload of administering capital projects, with each technical staff person handling 115 projects. At least three (3) additional FTE would be required with an approximate cost of \$352,000 to support this bill and other projects.

NMED will not be able to expend the funding as proposed without additional funding to administer the project. The General Services Department receives a 3% administrative fee on all capital project appropriations for GSD owned facilities (pursuant to 15-3B-10 NMSA 1978), and NMED would require that amount to administer the appropriations in SB197. A fee of 3% is similarly appropriate for capital projects funding administered by NMED and would be \$237,000.

Regardless of whether NMED supports the intent of proposed legislation, NMED does not support legislation placing additional duties on the agency and its employees unless the proposal is fully funded in the agency's base operating budget.

SIGNIFICANT ISSUES

NMED is responsible for the issuance of violations, fines, or penalties when regulated entities such as water utilities are in violation of state or federal regulations that are within NMED jurisdiction. Requiring NMED to plan, design, construct, replace and improve drinking water or wastewater infrastructure is a conflict of interest with NMED's regulatory role.

PERFORMANCE IMPLICATIONS

NMED regulates public drinking water and wastewater systems in New Mexico. SB197 provides funding to replace failing infrastructure at a variety of Taos County. Repair or replacement of failing infrastructure at public water and wastewater systems like those listed in SB197 may result in a positive impact on relevant NMED regulatory performance measures.

ADMINISTRATIVE IMPLICATIONS

NMED does not have the administrative or technical capacity to effectively manage the planning, design, construction, replacement, and improvement of drinking water or wastewater infrastructure for public water systems and is not structured to do so.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

NMED does not have staff whose function is to plan, design, construct, replace and improve drinking water or wastewater infrastructure.

OTHER SUBSTANTIVE ISSUES

If SB197 is enacted, NMED would be required to enter into multiple contracts with engineering firms, construction companies, and consulting firms to effectively implement the requirements in this bill. NMED would be required to act as the agent for the municipalities, county and water and wastewater systems listed in the bill, conflicting with the enforcement role of the Department.

ALTERNATIVES

The funding in SB197 should be awarded to the entities listed with funding included to cover the costs of oversight and management by NMED. An example is the grant to Eastern New Mexico water utility authority for the Eastern New Mexico rural water system, including funding to NMED for administrative costs to oversee the planning, design and construction.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If SB197 is not passed, the entities listed will not receive the state funding to improve their water and wastewater systems unless the funding is moved to the capital outlay bill.

AMENDMENTS