

LFC Requester:	Gaussoin
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**AGENCY BILL ANALYSIS
2024 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:

Analysis.nmlegis.gov

{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 **Amendment**
Correction **Substitute**

Date 01/25/2024

Bill No: SB200

Sponsor: Griggs and Vincent

Agency Name and Code NMED-667
Number: _____
Person Writing John Rhoderick

Short Title: Timberon Water System Improvements

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505-819-8284 : _____

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
	\$2,500	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		>\$352.0	>\$352.0	>\$1,056.0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SECTION III: NARRATIVE

BILL SUMMARY

Senate Bill 200 (SB200) proposes to make an appropriation in fiscal years 2025-2028 to the Department of Environment to plan, design and construct water system improvements for the Timberon water and sanitation district in Timberon in Otero 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 a project of this size. 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 appropriation in SB200. A fee of 3% is similarly appropriate for capital projects funding administered by NMED and would be \$75,000 for this project.

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 infrastructure is a conflict of interest with NMED's regulatory role.

PERFORMANCE IMPLICATIONS

NMED regulates public drinking water systems in New Mexico. SB200 provides funding to replace failing infrastructure at the Timberon Water and Sanitation District. Repair or replacement of failing infrastructure at public water systems like Timberon Water and Sanitation District 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 infrastructure for public water systems and is not structured to do so. Because NMED is the regulatory agency over water and wastewater operations, a conflict may result if NMED is involved in design and construction of these types of projects.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

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

OTHER SUBSTANTIVE ISSUES

If SB200 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 Timberon Water and Sanitation District, conflicting with our enforcement role.

ALTERNATIVES

The funding in SB200 should be awarded to the community 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 construction.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If SB200 is not passed, the Timberon Water and Sanitation District will not receive \$2.5 million in state funding to improve their water system unless the funding is moved to the capital outlay bill.

AMENDMENTS