



CAPITAL OUTLAY BUREAU

ADMINISTRATION OF CAPITAL APPROPRIATIONS

GENERAL PRESENTATION

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Today's Topics

- Capital Outlay Bureau
 - ✓ What we do & What is capital outlay
- Administrative Tools
 - ✓ Tableau Dashboard & Capital Outlay Request Forms
- 2021 Legislative Session
 - ✓ 2021 Capital Appropriations, Reauthorizations & Other Signed Legislation
- Capital Outlay Implementation
 - ✓ Grant Agreement, EO 2013-006, Anti-Donation & Reporting
- Upcoming 2022 Legislative Session
 - ✓ Obstacles, Capital Outlay Timeline, Infrastructure Capital Improvement Plans
- Contact Information
 - ✓ State Agency Contacts and DFA Contacts

What we do?

The Capital Outlay Bureau (COB) is responsible for:

- Coordinate the funding and administration of capital projects.
- Work closely with executive agencies, the Governor's office (GOV), and the Legislative Finance Committee (LFC) to prepare the Executive Capital Budget.
- Oversee the capital budgeting process:
 - Assists with the questionnaire process; (SBOF)
 - Identifying local entities; (Executive Agencies)
 - EO Compliance; and (Executive Agencies including OSA)
 - Budgeting capital projects. (COB)
- Maintain the State Capital Project Monitoring System (CPMS).
- Utilize CPMS and SHARE accounting data to create reports on all capital appropriations. These reports are used to update dashboards and assist the LFC with their quarterly reports.
- Monitor the expiration dates of all capital appropriations to ensure timely reversions of expired appropriation balances.
- Provide training, assistance and oversight to state and local agencies on the planning, project management and administration of capital project appropriations, including the Infrastructure Capital Improvement Plan (ICIP) for State Agencies.

What is Capital Outlay?

Definitions

- Capital outlay includes but is not limited to:
 - Equipment that is properly chargeable to a capital account and has a useful life of ten years or more;
 - Major renovations or repairs;
 - Acquisitions of existing assets;
 - Plan and design;
 - New building construction;
 - Non-structural improvements to land (grading, leveling, drainage and landscaping)
 - Construction of roadways, fences, ditches, and sanitary sewers.

Administrative Tools

Tableau Dashboard

Online Capital Outlay Dashboard, primarily for local capital projects.

- Accessibility of data to easily obtain capital appropriations and balances by year, county, fiscal agent, and project type
- Accessibility of data to highlight spend down progress and potential issues
- Data visualization to drive action by oversight agencies, fiscal agents, and policymakers

<http://www.nmdfa.state.nm.us/dfa-dashboards>

Administrative Tools

Capital Outlay Request Form

- Online Capital Outlay Request Form – Department of Finance & Administration (DFA), the Governor's Office (GOV), Legislative Counsel Service (LCS) and Legislative Finance Committee (LFC) are continuing to work together to make the capital outlay request online.
- Goals / Benefits include:
 - More accessibility and ease of use
 - Data from ICIP can be pulled in, if governmental entity has submitted ICIP
 - Better data collected overall, as fields are required
 - Ability to cross compare and analyze requests for policy priorities, project readiness, legal issues
 - Forms and/or links are typically found on the LCS, GOV and DFA websites

Capital Outlay and 2021 Legislative Session

2021 Legislative Session – HB285

- New Mexico was appropriated about \$512 million for 1,198 state and local capital outlay projects. (HB285) (23 Vetoes and 7 Partial Vetoes)
- 1,028 projects totaling over \$285 million allocated for local capital outlay projects. (This includes all tribal and senior centers)
- General Fund (GF) appropriations will be budgeted through a CAPBUD submitted by the administering agency.
- Appropriations funded through Severance Tax Bonds (STB) will be budgeted through an automated upload by DFA once the bonds are sold.

* Over \$3 billion total capital outlay appropriated since 2016.

Capital Outlay and 2021 Legislative Session

Bonds for Capital Outlay – HB285

State Board of Finance (SBOF) Questionnaire

- Statements made on Questionnaires are legal certifications and they must be true and complete.
- Failure to complete the project timely and as certified may result in the SBOF sweeping proceeds for projects that are ready to proceed or not funding future projects.
- The SBOF typically issues bonds about 2 times per year. If the project is not ready, return the questionnaire indicating no proceeds are requested at this time.
- The entity must notify the SBOF if the project changes or faces delays.

Bonds will not be issued for a project if:

- the project recipient does not return a questionnaire to the SBOF
- the project recipient cannot **encumber 5%** of the funds within 6 months of bond issuance or **expend 85%** of the funds within 3 years of bond issuance
- the **funding is not sufficient** to complete the project or a well-defined phase of the project
- the public body receiving the appropriation will not **own** the site or the asset to be funded
- the project recipient is not compliant with the State Audit Act and Executive Order 2013-006
- the project has unresolved **anti-donation issues** resulting from a private operator/manager/user not paying fair market value for the capital asset

Capital Outlay and 2021 Legislative Session

2021 Legislative Session – HB296

- The capital outlay reauthorization bill reauthorized 93 projects:
 - Time extension – Budgets are reduced and re-established immediately following the Governor signing the bill.
 - Change of Purpose and/or Agency – Budgets are reduced immediately following the Governor signing the bill.
 - For general fund projects – Budgets can be re-established at the same time they are reduced with a new class code and budref in SHARE, if allocated to the same agency. Otherwise, if there is a change in agency, operating transfers must take place prior to the new budgets being established.
 - For STB projects – Budgets cannot be re-established until the State Board of Finance has reviewed the new purpose during a future board meeting. Typically occurs prior to the new fiscal year.
- 4 reauthorizations were vetoed and 1 was partially vetoed.

Capital Outlay and 2021 Legislative Session

2021 Legislative Session – HB55

- The bill to allow for the publication of capital outlay allocations on the LCS website.
- Require LCS to publish a searchable list of capital projects that passed the Legislature (including those that are vetoed) and the name of each legislator and the Governor who allocated a portion of the capital outlay appropriation or bond authorization for each project, as well as the amounts of such allocations.
- LCS would publish this list 30 days after adjournment of each legislative session in which a capital projects list is approved by the Legislature.
- The bill would apply to the first session of the 55th Legislature (adjourned March 20, 2021) and subsequent Legislatures.
- The bill contains an emergency clause and would take effect immediately if signed by the Governor.

https://www.nmlegis.gov/Publications/Capital_Outlay/HB%20285%20Capital%20Projects%20Publicatio%20by%20County%20with%20Sponsor,%202021.pdf

* All recent capital outlay appropriations (2018 – 2021) are located on the Capital Outlay Bureau website at <https://www.nmdfa.state.nm.us/budget-division/capital-outlay-bureau/>

Capital Outlay and 2021 Legislative Session

2021 Legislative Session – SB377 (Junior Bill)

- Appropriations from the general fund for expenditure in fiscal years 2021 and 2022.
- Over 200 appropriations totaling about \$24 million.
- Administered and budgeted by DFA, State Budget Division.

Capital Outlay Implementation

Inter-governmental Grant Agreement (IGA)

- Before the agency issues a grant agreement, compliance with Executive Order 2013-006 is verified, Anti-Donation Issues are resolved, and the appropriation has been budgeted.
- Scope of Work - use appropriation law language as a guide when determining scope of work and ensure all appropriation activity is within the limits of authorizing language.
- Notice of Obligation (NOO) Exhibit 2 - agency reviews third party agreement and verifies it falls within authorizing language.
- Report Requirements – local entity updates CPMS by the 30th of every month.
- Request for Reimbursement (RFR) Exhibit 1 – submit for payment of expenditures.
- Special Conditions (Optional Attachment A) – may be required if the entity is not in compliant with EEO2013-006 or if the state agency is required to impose other special conditions.

http://nmdfa.state.nm.us/Capital_Outlay_Bureau.aspx

Upcoming Legislative Session

Obstacles facing Local Governments

- **Piecemealed funding;**
- **Procurement processes;**
- **Contractor availability;**
- **Rising material/contractor costs;**
- **Turnover at the state and local levels;**
- **DFA administrative process.**

Upcoming Legislative Session

Capital Outlay Administrative Process and Timeline

Complete process for capital appropriations (FY 2022 – 4 Year appropriations):

- Local planning process to identify projects that are ready; (Yearly)
- Enter planned projects into ICIP; (May 2021 through November 2021)
- Start preparing for annual audit to ensure EO compliance; (July 2021 through May 2022)
- Projects funded through capital bill; (December 2021 through February 2022)
- Capital bill drafted and signed into law; (February 2022 through April 2022)
- Projects budgeted at DFA; (April 2022 through July 2022)
- Grant Agreements issued and executed; (July 2022 through December 2022)
- Procurement Process; (January 2023 through March 2023)
- Construction; (March 2023 through March 2025)(Depends on project size and scope)
- Reimbursement Process; (March 2023 through June 2025)
- Project Closeout; (March 2025 through January 2026)(11-month warranty period)
- Project Closed. (January 2026 through June 2026)(Remaining balance reverted)

Upcoming Legislative Session

Suggested Administrative Reforms and Collaboration

- State Agencies standardize forms and databases to share information. (Grant Agreements & Audit Compliance – UFC forms)
- DFA is continuing to work with the Legislative Council Service to adopt a paperless capital project request system to reduce redundancy. (Hope to refine process little by little each year)
- Set a minimum project size (exception for critical health and safety needs) to streamline administration, oversight, and return on taxpayer investment. (Fully Functional Phase)
- Legislators continue to collaborate to fund larger, regional projects.
- Require local project matching funds (with exceptions for very small entities and critical health and safety projects). Leverage multiple funding sources, such as local bonds and federal funds.

Upcoming Legislative Session

Infrastructure Capital Improvement Plan (ICIP)

- Infrastructure capital improvement plan (ICIP) establishes planning priorities for anticipated capital projects.
- ICIP helps to plan for future capital improvements.
- ICIPs must be submitted annually by the deadlines set forth by statute or LGD.
 - Covers 5 year period and is developed each year (2023-2027);
 - Policy direction, project timelines, estimated costs, justifications, and the details projects proposed, by year, over the five-year period.
 - May include:
 - Repair/replacement of existing infrastructure
 - Development of new infrastructure
- Implementation plan and includes an estimate of operating/maintenance expenses to ensure long-term viability each planned project's viability and sustainability; and
- Entities should update their ICIP based on what was previously funded and programmatic changes that impact their capital needs.



Capital Outlay Bureau

State Agency Contacts

State Agency Contacts	Agency	Title	Phone	Email
Carmen Morin	DFA, Local Government Division (LGD)	Community Development Bureau Chief	505-240-2504	carmenb.morin@state.nm.us
Barbara Romero	Aging & Long-Term Services Dept. (ALTSD)	Capital Projects Bureau Chief	505-476-4704	barbara.romero@state.nm.us
Clarissa Martinez	Department of Transportation (DOT)	Management Analyst	505-699-9946	clarissa.martinez@state.nm.us
Rhonda Holderman	Environment Department (DOE)	Financial Manager, Loans and Grants	505-363-9396	rhonda.holderman@state.nm.us
Gerald Hoehne	Higher Education Department (HED)	Capital Projects Coordinator	505-476-8434	gerald.hoehne@state.nm.us
Chandler Kahawai	Indian Affairs Department (IAD)	CPO/Capital Outlay Coordinator	505-476-1610	chandler.kahawai@state.nm.us
Amanda Lupardus	Public Education Department (PED)	Financial Coordinator	505-827-6613	amanda.lupardus@state.nm.us
Marcos Mendiola	Office of the State Engineer (OSE)	Program Manager	505-476-0261	marcos.mendiola@state.nm.us

Capital Outlay Bureau

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Questions...?