



# Legislative Finance Committee Hearing – FY18 Budget Request

December 5, 2016



# FY18 Appropriation Request

- **Base Budget Request**

**5.5% reduction in General Fund**



# FY18 General Fund Reductions

Water Resource Allocation Program	-	\$200.0 GF
ISC Compliance Program	-	\$400.0 GF
Litigation and Adjudication Program	-	\$394.5 GF
Program Support	-	\$45.4 GF
<b>TOTAL</b>	<b>-</b>	<b>\$1,040 GF</b>

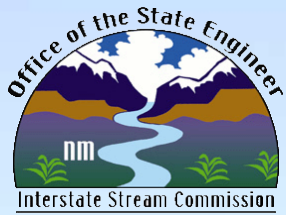




# Revenue Sources

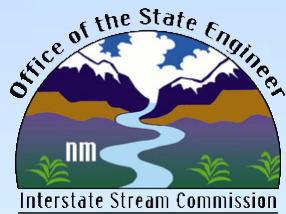
**TOTAL FY18 REQUEST: \$40,243.9**

- General Fund \$17,961.7
- Trust Fund Sources \$14,960.7
  - Irrigation Works Construction Fund
  - Improvement To The Rio Grande
- Other Sources \$ 3,975.4
  - Water Project Fund
  - Federal Funds
  - Dam Care takers



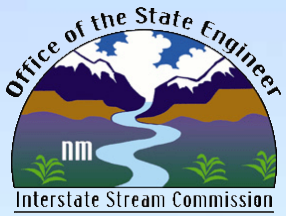
# Trust Fund Revenue Sources

IRRIGATION WORKS CONSTRUCTION FUND (326)				
	ACTUAL		LFC PROJECTED	
	FY16	FY17	FY18	FY19
<b>BEGINNING BALANCE</b>	<b>\$15,207,005</b>	<b>\$13,509,420</b>	<b>\$7,513,920</b>	<b>\$2,585,820</b>
<b>REVENUE</b>				
Permanent Fund	\$6,633,195	\$6,280,000	\$6,280,000	\$6,280,000
Interest/Loans	\$23,408	\$20,000	\$20,000	\$20,000
Lease Income	\$747,611	\$700,000	\$700,000	\$700,000
Investment Income (Loss)	\$342,433	\$500,000	\$500,000	\$500,000
Miscellaneous	\$35,800			
<b>TOTAL REVENUE</b>	<b>\$7,782,447</b>	<b>\$7,500,000</b>	<b>\$7,500,000</b>	<b>\$7,500,000</b>
<b>EXPENDITURES</b>				
Operating Budget	\$9,480,032	\$13,495,500	\$12,428,100	\$10,085,820
<b>TOTAL EXPENDITURES</b>	<b>\$9,480,032</b>	<b>\$13,495,500</b>	<b>\$12,428,100</b>	<b>\$10,085,820</b>
<b>ADJUSTED BALANCE</b>	<b>\$13,509,420</b>	<b>\$7,513,920</b>	<b>\$2,585,820</b>	<b>\$0</b>



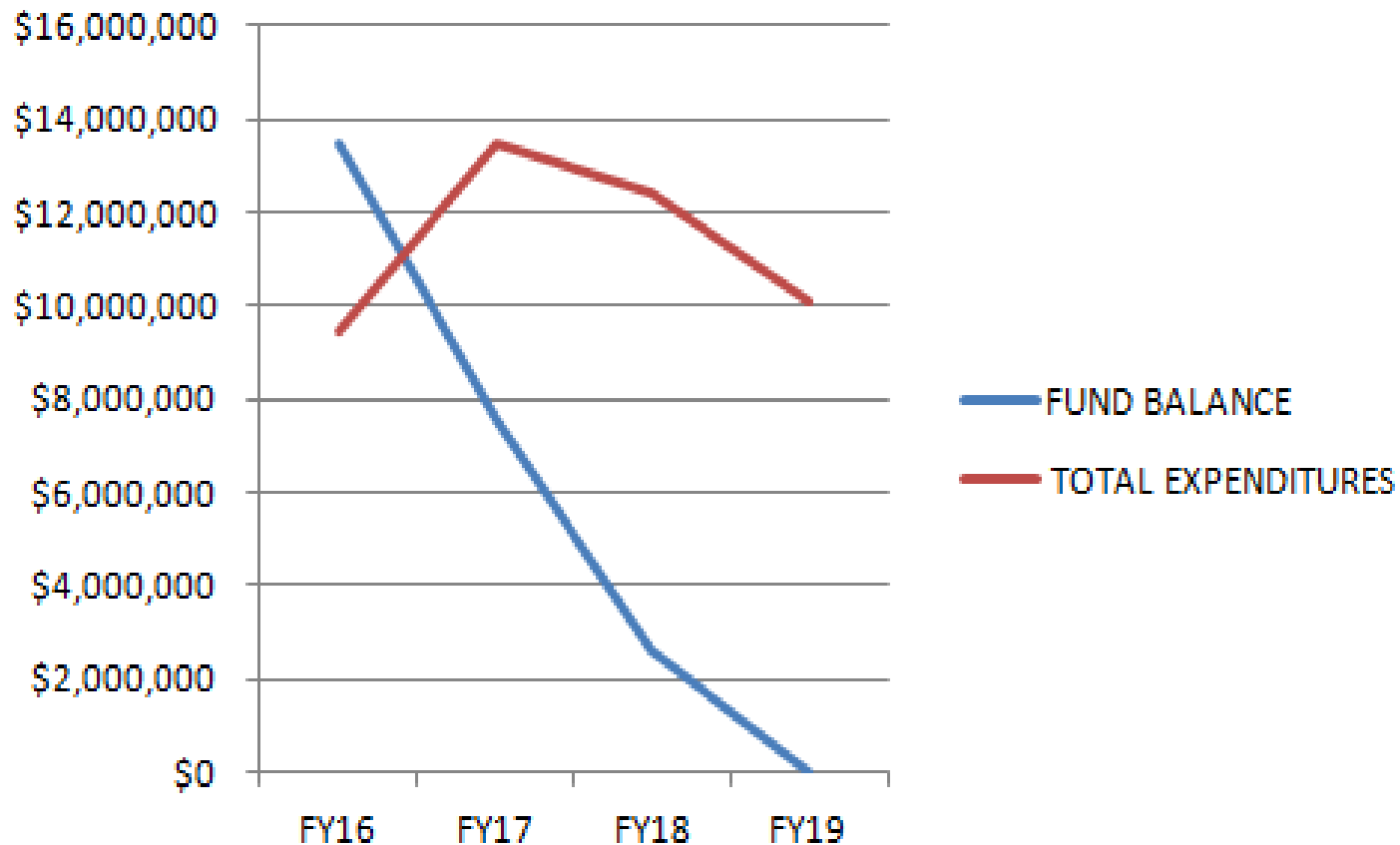
# Trust Fund Revenue Sources

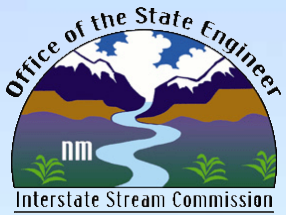
<b>IMPROVEMENT OF THE RIO GRANDE INCOME FUND (328)</b>				
	<b>ACTUAL</b>	<b>LFC PROJECTED</b>		
	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>
<b>BEGINNING BALANCE</b>	<b>\$6,502,230</b>	<b>\$6,552,529</b>	<b>\$6,217,677</b>	<b>\$5,306,825</b>
<b>REVENUE</b>				
<b>Permanent Fund</b>	<b>\$1,495,407</b>	<b>\$1,585,911</b>	<b>\$1,585,911</b>	<b>\$1,585,911</b>
<b>Lease Income</b>	<b>\$90,505</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Investment Income (Loss)</b>	<b>\$35,837</b>	<b>\$35,837</b>	<b>\$35,837</b>	<b>\$35,837</b>
<b>TOTAL REVENUE</b>	<b>\$1,621,749</b>	<b>\$1,621,748</b>	<b>\$1,621,748</b>	<b>\$1,621,748</b>
<b>EXPENDITURES</b>				
<b>Operating Budget</b>	<b>\$1,571,450</b>	<b>\$1,956,600</b>	<b>\$2,532,600</b>	<b>\$4,874,880</b>
<b>TOTAL EXPENDITURES</b>	<b>\$1,571,450</b>	<b>\$1,956,600</b>	<b>\$2,532,600</b>	<b>\$4,874,880</b>
<b>ADJUSTED BALANCE</b>	<b>\$6,552,529</b>	<b>\$6,217,677</b>	<b>\$5,306,825</b>	<b>\$2,053,693</b>



# Trust Fund Revenue Sources

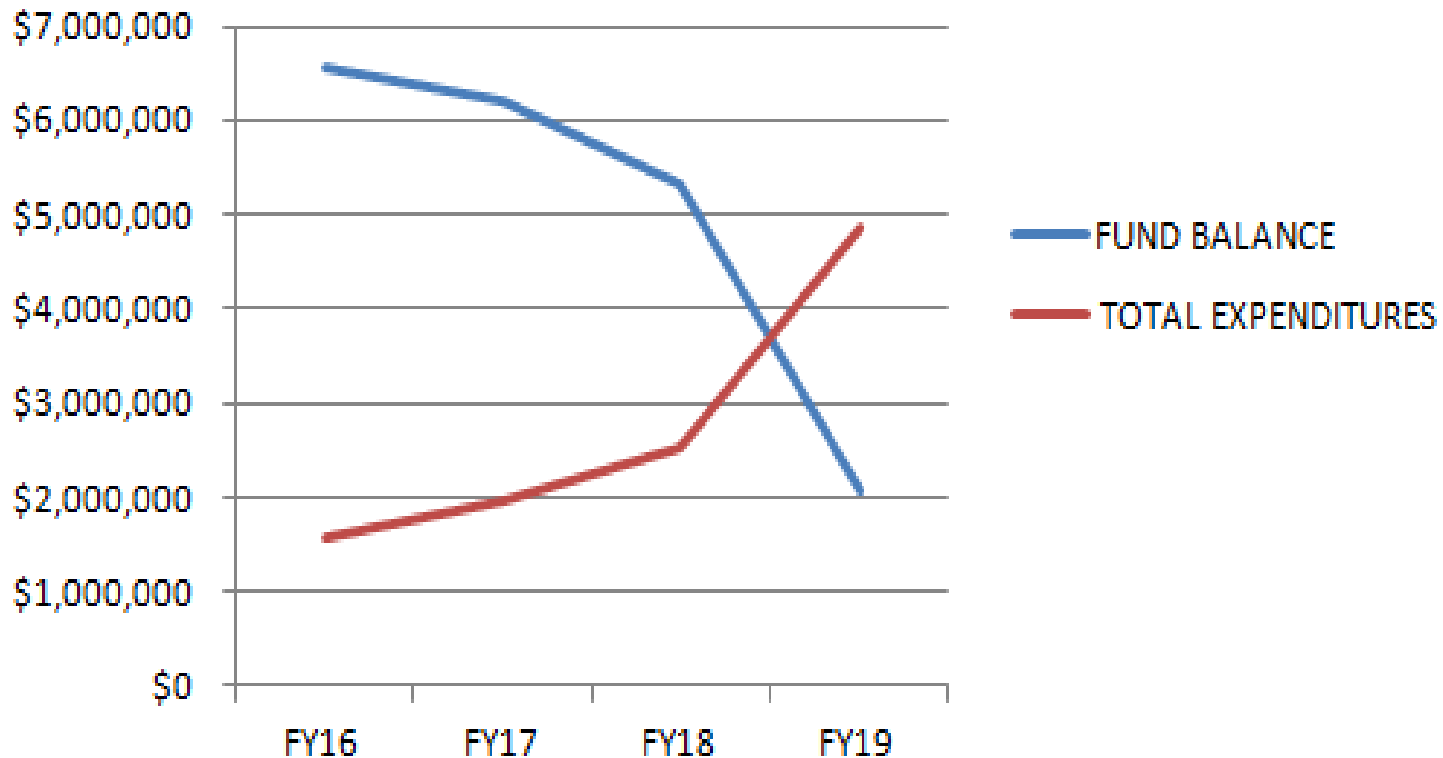
## Irrigation Works Construction Fund





# Trust Fund Revenue Sources

## Improvement to the Rio Grande Income Fund







# Vacancy Summary

## Vacancy Summary by Program

OSE Organization Listing - November, 2016

PCode	Program Name	Authorized	Vacant Authorize	Percent Vacant
P551	Water Resource Allocation Program	185	31	16.76%
P552	Interstate Stream Commission	49	11	22.45%
P553	Litigation & Adjudication Program	71	22	30.99%
P554	Program Support	47	11	23.40%
<b>Agency Total</b>		<b>352</b>	<b>75</b>	<b>21.31%</b>



# Office of the State Engineer

- Interstate Stream Commission
- Water Rights Division
- Technical Division
- Litigation and Adjudication Program
- Program Support



# Interstate Stream Commission Accomplishments Highlights

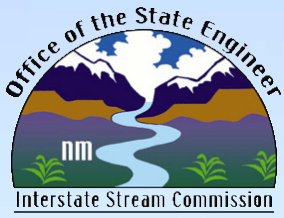
Update of all 16 NM Regional Water Plans with ISC acceptance by Spring 2017

\$1.4M construction, to date, of acequia projects statewide (funded through \$2M capital outlay)

December 02, 2016 release by US Fish and Wildlife Service of Upper and Middle Rio Grande 2016 Biological Opinion

2016 Compact Compliance in Pecos and Rio Grande Basins

Drought contingency plan and treaty negotiations in Colorado Basin



# Water Rights

## Accomplishments Highlights

The Water Rights Division will serve over 12,000 walk-in customers this calendar year

Continue to work on water right applications to keep backlog below the legislative performance measure (Current Backlog approx. 400 permits)

Revised Rules and Regulations regarding Well Driller licensing, well construction, repair and plugging, including holding a public hearing September 20, 2016

Statewide staff created video training to provide well drillers with free options for obtaining the mandatory 2 hours of CEU credits needed every two years

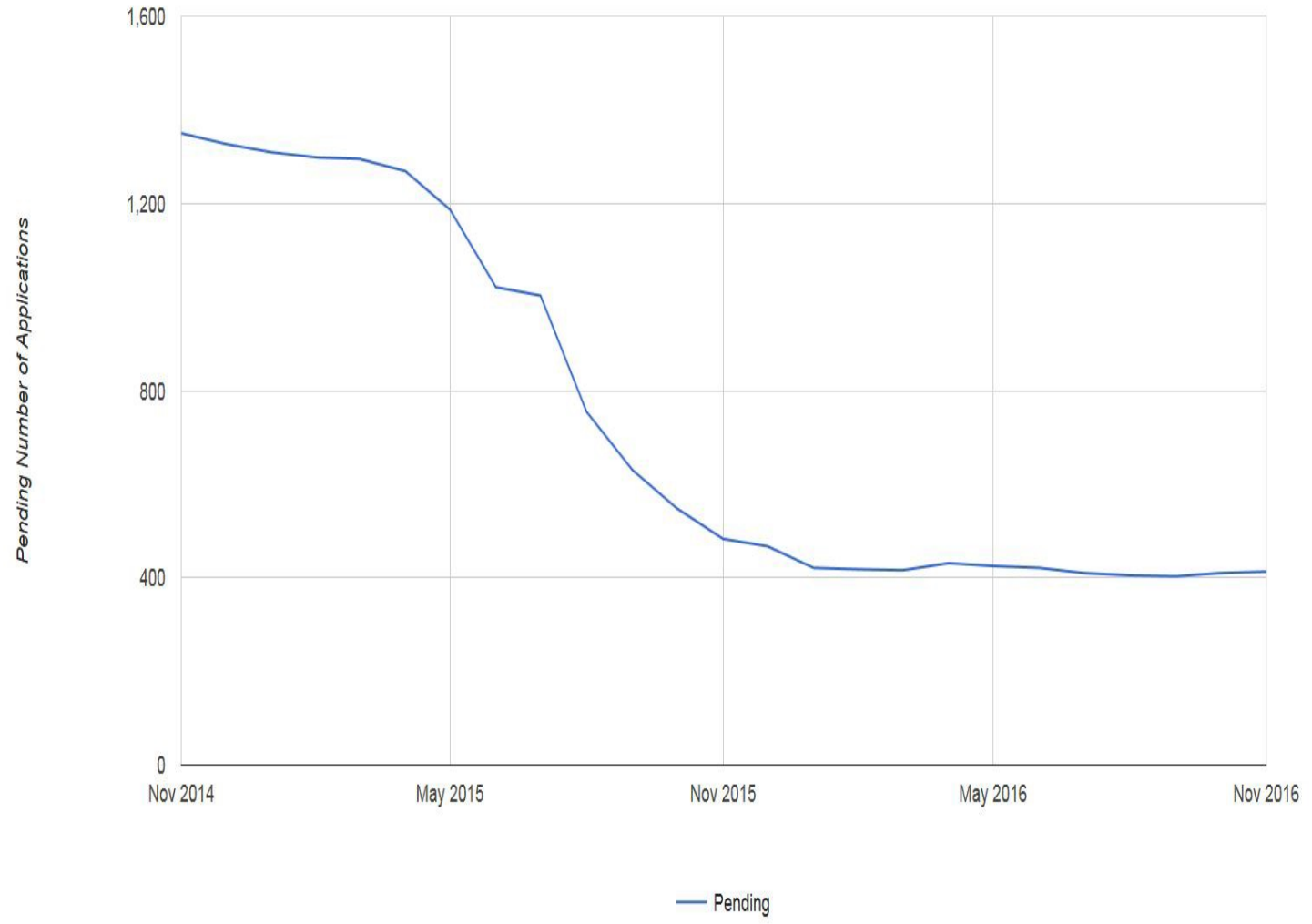
WRAB/WATERS staff training for abstracting files into the WATERS database and to use GIS to capture spatial data





# Water Rights Accomplishments Highlights

NMOSE Backlog **Water Rights Applications Summary, Monthly Totals [Nov 2014 - Nov 2016]**







# Technical Division Accomplishment Highlights

Completed 107 Dam Safety Inspections - This is an owner responsibility that is provided as a service by OSE to ensure public safety

Over 50 detailed technical compliance document reviews:

- Emergency Action Plans (EAP)
- Permitting for:
  - structural modifications
  - design documents such and hydrology or geotechnical analysis

Provide hydrological evaluations for water right applications

Provide expert analysis and support for protested water right application

Reviewed over 40 subdivisions within 30 days as required by statutes

Conservation Education Published **Pecos and the Missing Pond**

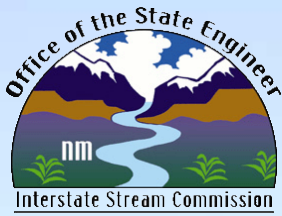


# Litigation Adjudication Program Accomplishments Highlights

Water Rights adjudications in 2016, the State obtained Court approval of two Partial Final Judgments and Decrees that finally adjudicated the water rights of 5 Pueblos in the *Aamodt* and Taos adjudications.

**In Aamodt**, the Court in March entered a Partial Final Judgment and Decree adjudicating the water rights of four Pueblos (Nambe, Pojoaque, Tesuque, and San Ildefonso). In September some non-Indian water right owners filed a notice of appeal to the Tenth Circuit challenging this judgment and decree. The Tenth Circuit has ordered briefing on whether it has jurisdiction to hear this appeal.

**In Taos**, the Court in February entered a Partial Final Judgment and Decree adjudicating the water rights of Taos Pueblo. No appeals were filed, and on October 7, 2016 the Secretary of the Interior published notice in the Federal Register that all the conditions of the Settlement had been met and that the Settlement Agreement was effective as of that date.



# Program Support Accomplishment Highlights

**Videoconferencing:** procured components to replace failing system; configuration and testing now underway; will enable videoconferencing among agency staff and external users via Skype

**Smart phones:** initiated project to enable field data collection with smart devices (iPhone, iPad, Android) by LAP's hydrographic survey team

**RTMS upgrade:** initiated project to create interactive, map-based interface

**Acequia mapping:** now finalizing contract for award of FEMA grant funds to update and expand acequia-related GIS data as part of state-wide hazard mitigation planning





# FY17-FY18 Special Litigation Appropriations

Two Special Appropriation Requests have been submitted:

- *\$2.05 Million for FY18 – Texas v. New Mexico*
- *\$2 Million reauthorization of 2015-2016 special*



# FY17-FY18 Special Litigation Appropriation

## *Texas v. New Mexico and Colorado, No. 141 Original*

- Fourth year of interstate litigation before the United States Supreme Court (USSC)
- Special Master heard oral argument in August 2015
- Special Master released Draft First Report, June 2016
- Parties and Movants submitted briefs on “technical” issues in SM Draft Report, August 2016
- Awaiting SM to finalize First Report for USSC
- Discussions on potential settlement, including use of Active Water Resource Management (AWRM)





# FY17-FY18 Special Litigation Appropriation

*Texas v. New Mexico and Colorado, No. 141 Original cont.*

- Technical & legal expertise required
- Specific areas of expert contract support include:
  - Hydrology (ground and surface water modeling)
  - Crop evapotranspiration
  - Satellite imagery
  - Agriculture economics
  - Land use
  - Legal expertise in Reclamation
  - State and Federal water law, and interstate compact litigation



# FY17-FY18 Special Litigation Appropriation

## Pecos River Litigation

- Special Funding Needs - Pecos River Litigation
- Ongoing administrative litigation before State Engineer
- Litigation requires retention of multiple technical experts and outside counsel
- ISC's Pecos Settlement water rights transfers challenged
- Outcome may impact Pecos Settlement and Pecos River Compact compliance



# FY17-FY18 Special Litigation Appropriation

## Threatened Litigation on Middle Rio Grande

- Release of 2016 Upper and Middle Biological Opinion December 2, 2016
- Specific Funding Needs – Threatened Litigation on Middle Rio Grande re: 2016 Biological Opinion
- Endangered Species Act lawsuit against USBOR and US Army Corps of Engineers





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