

**Capital Outlay Subcommittee  
of the  
New Mexico Legislative Council  
and the  
Legislative Finance Committee**

**2008  
INTERIM REPORT**



**New Mexico State Legislature**  
Legislative Council Service  
411 State Capitol  
Santa Fe, New Mexico

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## **Summary of the Interim Work of the Capital Outlay Subcommittee**

The capital outlay subcommittee was created as a subcommittee of the legislative finance committee and the legislative council to continue its work for the third consecutive interim of reviewing the capital outlay process and making recommendations for improvements. The subcommittee met five times during the interim and built on improvements recommended in the 2006 and 2007 interims.

The capital outlay subcommittee discussed many possibilities for improvements to the capital outlay process. One of the main disconnects in the capital outlay process is between the planning processes that are currently in place and the funding process of the legislature. In an attempt to bring these two processes together, the subcommittee listened to testimony from councils of governments, from the department of finance and administration (DFA) on the infrastructure capital improvements plan (ICIP) process, from the department of environment on water and wastewater project funding and from the public school facilities authority on its funding process.

The possibility of remaking the capital outlay database to allow for collaboration among legislators to fund projects fully was another topic for consideration. As is, the process does not really allow for timely collaboration, and many changes would have to be made to be able to institute collaboration fully. The subcommittee decided to have the money amount represent the total cost needed for the project in the request phase of the capital outlay process rather than having legislators put differing amounts to a project in the request phase.

Requirements and restrictions for nonprofit entities to receive state funding were also presented to the subcommittee. The subcommittee also heard testimony on current issues related to the writing and administering of reauthorized projects. The auditing process for state agencies was presented, including discussion of deficiencies in oversight and management of projects by agencies.

The subcommittee also heard testimony on critical statewide needs, along with staff recommendations for funding based on the executive hearings and site visits. Strategic planning for state facilities was also discussed, including how the state could enhance its process by using a strategic approach for each of its facilities to determine the best option for each.

At its final meeting in December, the subcommittee adopted the following recommendations:

1. make further changes to the reauthorization process;
2. create a time line for the production of the capital outlay bill and reauthorization bills; and
3. develop a statewide list of projects for consideration by the full legislature.

**2008 APPROVED  
WORK PLAN AND MEETING SCHEDULE  
for the  
CAPITAL OUTLAY SUBCOMMITTEE  
of the  
NEW MEXICO LEGISLATIVE COUNCIL  
and the  
LEGISLATIVE FINANCE COMMITTEE**

**Members**

Rep. Ben Lujan, Co-Chair  
Sen. Timothy Z. Jennings, Co-Chair  
Sen. Carlos R. Cisneros  
Sen. Kent L. Cravens  
Sen. Dianna J. Duran  
Sen. Carroll H. Leavell  
Rep. W. Ken Martinez  
Rep. Brian K. Moore  
Sen. Leonard Lee Rawson  
Rep. Henry Kiki Saavedra  
Sen. Michael S. Sanchez  
Rep. Edward C. Sandoval  
Sen. John Arthur Smith  
Rep. Thomas C. Taylor  
Rep. Jeannette O. Wallace  
Rep. Teresa A. Zanetti

**Advisory Members**

Rep. Janice E. Arnold-Jones  
Sen. Stuart Ingle  
Rep. Rhonda S. King  
Sen. H. Diane Snyder

The legislative council continued the subcommittee of the council and the legislative finance committee (LFC) to improve the capital outlay process.

**Work Plan**

To carry out this charge, the subcommittee proposes to:

1. hear testimony on planning processes currently in place and how those processes could be linked with the legislative funding process to ensure that funded projects are well planned;
2. review the legislative funding process and make suggestions for change, including the review of the need for the formation of a legislative interim committee and any database or other changes needed to assist legislators in their efforts to fully fund projects;
3. review the status of auditing done by state agencies and hear testimony on the

- certification and reimbursement process for capital projects;
4. evaluate resources provided to agencies (e.g., the LFC, the legislative council service and the department of finance and administration), including the capital projects monitoring system's resources and IT systems, and make suggestions for improvements;
  5. review the relationship between the legislative funding process and the project implementation process to ensure that executive agencies are able to use information gathered during the legislative process to the fullest;
  6. hear testimony on critical statewide projects to assess statewide need, ensure projects are in compliance with the capitol buildings planning commission master plan, where appropriate, and coordinate recommendations for statewide funding with the executive in a timely manner;
  7. adopt criteria for statewide and local projects;
  8. clarify requirements regarding nonprofit entities that seek state funding for capital projects; and
  9. review restrictions on reauthorizations established during the last interim and consider additional restrictions.

## Meeting Schedule

<u>Date</u>	<u>Location</u>
June 17	Santa Fe
July 28	Santa Fe
September 2	Santa Fe
October 8	Santa Fe

**TENTATIVE AGENDA  
for the  
FIRST MEETING  
of the  
CAPITAL OUTLAY SUBCOMMITTEE  
of the  
NEW MEXICO LEGISLATIVE COUNCIL  
and the  
LEGISLATIVE FINANCE COMMITTEE**

**June 17, 2008  
Room 307  
State Capitol**

**Tuesday, June 17**

- 1:30 p.m.     **Call to Order**
- 1:35 p.m.     **Strategic Planning for State Facilities**  
—Tom Pollard, Legislative Council Service (LCS)
- 2:15 p.m.     **Capital Outlay Quarterly Update**  
—Linda Kehoe, Legislative Finance Committee
- 3:00 p.m.     **Work Plan, Schedule and Budget: Review and Discussion**  
—Paula Tackett, Director, LCS  
—Renée Gregorio, LCS
- 4:00 p.m.     **Adjourn**

**MINUTES  
of the  
FIRST MEETING  
of the  
CAPITAL OUTLAY SUBCOMMITTEE  
of the  
NEW MEXICO LEGISLATIVE COUNCIL  
and the  
LEGISLATIVE FINANCE COMMITTEE**

**June 17, 2008  
Room 307, State Capitol  
Santa Fe**

The first meeting of the Capital Outlay Subcommittee of the New Mexico Legislative Council and the Legislative Finance Committee for 2008 was called to order at 2:10 p.m. by Speaker of the House Ben Lujan in Room 307 of the State Capitol in Santa Fe.

**Present**

Rep. Ben Lujan, Co-Chair  
Sen. Carlos R. Cisneros  
Sen. Carroll H. Leavell  
Sen. Leonard Lee Rawson  
Rep. Henry Kiki Saavedra  
Sen. Michael S. Sanchez  
Rep. Edward C. Sandoval  
Rep. Thomas C. Taylor  
Rep. Jeannette O. Wallace  
Rep. Teresa A. Zanetti

**Absent**

Sen. Timothy Z. Jennings, Co-Chair  
Sen. Kent L. Cravens  
Sen. Dianna J. Duran  
Rep. W. Ken Martinez  
Rep. Brian K. Moore  
Sen. John Arthur Smith

**Advisory Members**

Rep. Janice E. Arnold-Jones  
Sen. Stuart Ingle

Sen. H. Diane Snyder

**Staff**

David Abbey, Director, Legislative Finance Committee (LFC)  
Ric Gaudet, Legislative Council Service (LCS)  
Renée Gregorio, Capital Outlay, LCS  
Jeannae Leger, LFC  
Sarah Lucero, LFC  
Tom Pollard, LCS  
Paula Tackett, Director, LCS

**Guests**

The guest list is in the meeting file.

**Handouts**

Copies of handouts given by meeting presenters are in the meeting file.

**Tuesday, June 17****Strategic Planning for State Facilities**

Mr. Pollard presented the subcommittee with an overview of the state's strategic facility planning process and potential enhancements to the process. The basic process consists of four steps: determining facility requirements for a state agency based on that agency's strategic plan for agency outcomes and operations; evaluating existing facilities for their current condition and ability to meet future facility needs; using lifecycle costing to choose new facility design, construction, acquisition and financing methods; and using the most cost-effective finance tools for required maintenance, renovation and new facility acquisition.

The first step of the process, which involves state agencies developing a three- to five-year infrastructure capital improvements plan (ICIP), has improved in the past few years. State agencies are now required to submit their ICIPs to the Property Control Division of the General Services Department for review and coordination with other agencies before funding is requested through the Department of Finance and Administration (DFA) and the legislature. One drawback in the process is that there is no standard method to prioritize projects across agencies, which can result in state agencies having to compete with each other for capital project funding, rather than funding being based on statewide priority. Mr. Pollard described how some states have a system in which agencies submit their facility plans to a board or agency that has the responsibility to rank the projects from the agencies based on a standard set of criteria and submit a state facility plan to the governor and legislature for consideration.

The second step of the facilities planning process includes taking an inventory of existing facilities of the agency and then developing a plan for maintaining, replacing and disposing of those facilities, based on the needs developed in the first step. The third step, lifecycle costing of a facility, involves an economic evaluation of facility acquisition alternatives that considers all relevant costs associated with each alternative and provides a comparison to determine the alternative with the lowest lifecycle cost. The final step, providing the most cost-effective financing tools, takes the results of the third step to calculate the best method of financing the facility, including lease, lease-purchase, revenue bonds, general obligation bonds, cash appropriations, etc.

Mr. Pollard also discussed deferred maintenance at state buildings and described how buildings in Santa Fe and Bernalillo counties generally have a lower need for repairs than the rest of the state, which has much larger deferred maintenance problems. He mentioned that state buildings in Santa Fe County have use of the Capitol Buildings Repair Fund, which is funded by distributions from state trust land income. The average facility condition index (FCI) of state

buildings in Santa Fe County is 13 percent, which means that the cost to repair those buildings is 13 percent of the buildings' total replacement values. Bernalillo County's FCI is 18 percent, which is still relatively low. The other 31 counties, however, have much higher FCI percentages.

Mr. Pollard led the subcommittee through the lifecycle costing process, using the Human Services Department (HSD) as an example. He compared the total lifecycle cost of housing the department in a new state-owned building versus the current practice of using private leased space. The HSD currently leases all of its 173,000 square feet of office space in Santa Fe at an annual cost of \$3.8 million. The current lease space could be consolidated into a single 160,000 square foot building, which would cost approximately \$40 million.

The building could be financed entirely by redirecting the current lease payments toward a lease-purchase agreement financed by the New Mexico Finance Authority. The state would also pay \$6.00 per square foot annually for maintenance and would spend another \$75.00 per square foot after 20 years for renovations in order to enable the building to last at least 40 years. The state would not have to make any new appropriations to finance the building, and it would save approximately \$47 million over 30 years in recurring revenue, in addition to the value of the property itself. In this example, the most economical choice for the state would be to own its building, rather than to lease.

Mr. Pollard advocated using such a strategic approach for all of the state's facilities to determine the best option for each facility. He said that, while short-term leasing may be the most flexible option, if an agency anticipates occupying the building for the long term, owning is usually the best financial option.

Representative Sandoval asked about the Bank of the West building in Albuquerque of which the state currently leases 80 percent. Ms. Tackett said that although the building could be purchased for \$33 million, it is quite old and will need significant renovation soon. In addition, parking for the building is problematic because there are several entities that own the building's current parking lot. She said the Capitol Buildings Planning Commission is developing a state facility master plan for Albuquerque and is looking closely at that building, as well as other sites, to house state agencies.

Representative Zanetti asked for information on how the FCI rating is compiled. Ms. Tackett explained that the FCI is a nationwide model that reflects the condition of a facility in several different categories, including life, health and safety standards, structural condition, HVAC infrastructure, plumbing, elevators, roofing, etc. It also includes Americans with Disabilities Act of 1990 requirements in one of the categories. Ms. Tackett said that the FCI gives an indication of whether a facility should be repaired or replaced.

Senator Rawson cautioned against using state agency-reported figures in comparing lease versus own analyses because they will often include janitorial services and utilities in a building's lease cost. This could inadvertently skew the results of a comparison unfairly against

leasing. He said that his preference in general is for the state to own its own buildings, but only if the state maintains the buildings.

Mr. Pollard agreed, saying that if the state cannot commit to maintaining a building, it is better off financially to lease. He also said that any economic analysis of a state facility needs to use comparable terms in order to make the study fair. Otherwise, the results will not have much meaning.

### **Capital Outlay Quarterly Update**

Ms. Leger and Mr. Abbey presented the status of capital projects having a value of greater than \$1 million to the subcommittee. She detailed some of the projects that are having trouble keeping on schedule, including:

- the Albuquerque senior citizen kitchen, which received a \$4 million appropriation, but now is estimated to cost \$16 million. In addition, that project was given a low rating by the planning service agency in 2008;
- the Department of Information Technology conversion to digital technology project, which has \$3.6 million unexpended;
- film initiatives, with \$11.7 million uncommitted, and no new activity reported since December 2007;
- equestrian and rodeo initiatives, with \$24 million unexpended;
- the Homeland Security and Emergency Management Department warehouse, with \$2.5 million unexpended;
- the Tesla project, with \$8 million unexpended. Apparently, the funds will not be expended until the company is assured a federal funding source;
- pre-kindergarten classrooms, with \$3 million unexpended. The Children, Youth and Families Department will become the recipient of the funding instead of the Public Education Department;
- the Cannon Air Force Base project, with \$5 million unexpended. Negotiations with the U.S. Air Force are still ongoing;
- the Sandoval County broadband project, with \$200,000 frozen until the State Auditor completes an audit of the project; and
- the Department of Public Safety (DPS) crime laboratory, with \$1 million rejected by the department because its location was required to be in Albuquerque, and \$1 million appropriated for a planning and feasibility study, without requiring a specific location.

Ms. Leger briefly described additional handouts that summarized all current capital outlay projects, organized by sponsor and by county. Mr. Abbey said that for this quarterly report, the LFC asked agencies to indicate upcoming benchmarks and time lines for each project. He said he hopes to get better compliance from state agencies in the next report.

Representative Saavedra asked how much money Albuquerque is contributing toward the senior kitchen. Ms. Leger said she will investigate that question. Representative Saavedra said that, originally, the project was intended to be in the south valley, but suddenly it was changed to be near Interstate 25, with a \$16 million price tag.

Representative Sandoval asked what is the purpose of the Homeland Security and Emergency Management Department warehouse. Ms. Leger said the department has not provided a progress report on that project since 2006.

Senator Sanchez asked when the Tesla project money is slated to revert. Mr. Abbey said that part of the money will revert at the end of fiscal year 2011 and the rest in fiscal year 2012. He said the Economic Development Department and the LFC are monitoring the project closely in case it turns out not to be viable. Speaker Lujan asked if the bonds for that project had been sold. Mr. Abbey said that, as of April, they had not been sold, but he is not sure if the bond sale being approved that day by the State Board of Finance includes the Tesla project.

Senator Rawson said he was surprised to discover that another \$1 million was appropriated for the DPS crime laboratory. Ms. Leger said that money is for a feasibility study and plan, but did not specify a location. Senator Leavell said that, regardless of its eventual location, the project needs to be a top priority.

Representative Zanetti asked if tribal infrastructure projects are moving forward. Mr. Abbey said that there is a better process now of moving projects forward, but much more work still needs to be done. Speaker Lujan said that the interim Indian Affairs Committee will examine that issue this summer.

Representative Arnold-Jones asked why New Mexico's SHARE accounting system is not being used online to track capital projects. Mr. Abbey said that the DFA received an appropriation of \$250,000 to implement that system. He expects a report on the status of that project soon. Mr. Abbey agreed that it is critical for the state to begin using SHARE for capital outlay monitoring.

Senator Sanchez asked if agencies need more staff to manage capital projects. Mr. Abbey said that the LFC received a staff increase for capital project monitoring this year, but other agencies do need more staff.

Senator Sanchez said that he is frustrated with contractors doing shoddy work on public projects and the state getting stuck with the bill to fix them. In addition, the same contractors

and engineers keep getting contracts with the state and local public bodies. He said that state agencies need to do a better job of monitoring projects. Mr. Abbey suggested the idea of not funding any more state agency projects until existing projects are finished or meet benchmarks.

Senator Ingle said that he does not believe that the DFA can be responsible to ensure that all the local projects under its purview are built well. The architects, engineers and builders need to be responsible. The counties and cities also need to monitor their projects closely.

Senator Leavell said that legislators often do not know the status of active projects in their districts. He suggested enlisting help from regional councils of government (COGs) to assist with project monitoring. The COGs could then report the status of projects to the legislature and the overseeing state agency.

### **Work Plan, Schedule and Budget: Review and Discussion**

Ms. Gregorio reviewed the proposed work plan, meeting schedule and budget for the subcommittee. Subcommittee members requested adding items, including:

- studying the idea of creating an interim capital outlay committee that prioritizes local and state projects;
- implementing a system for legislators to share funding information on projects in order to fully fund projects; and
- exploring the idea of systematic auditing of capital projects.

The work plan for the 2008 interim was adopted, including the new items for study.

There being no further business, the subcommittee adjourned at 4:33 p.m.

Revised: July 23, 2008

**TENTATIVE AGENDA  
for the  
SECOND MEETING  
of the  
CAPITAL OUTLAY SUBCOMMITTEE  
of the  
NEW MEXICO LEGISLATIVE COUNCIL and the  
LEGISLATIVE FINANCE COMMITTEE**

**July 28, 2008  
Room 307  
State Capitol**

**Monday, July 28**

- 1:30 p.m.     **Call to Order**
- 1:35 p.m.     **Water and Wastewater Projects: Partnering and Linking Planning and Funding**  
—Karen Gallegos, Division Director, Water and Wastewater Infrastructure  
Development Division, Department of Environment (DOE)  
—Richard Rose, Bureau Chief, Construction Programs Bureau, DOE
- 2:30 p.m.     **Coordinating the Local Infrastructure Capital Improvement Plan (ICIP) Process with the Legislative Funding Process**  
—Robert Apodaca, Director, Local Government Division (LGD), Department of Finance and Administration (DFA)  
—Renée Borrego, LGD, DFA  
—Linda Kehoe, Legislative Finance Committee
- 3:15 p.m.     **Public School Facilities Authority (PSFA) Funding Process**  
—Bob Gorrell, Director, PSFA  
—Tim Berry, Deputy Director, PSFA
- 4:15 p.m.     **How the Capital Database Can Help with Collaboration and Information-Sharing**  
—Ralph Vincent, Consultant, Legislative Council Service (LCS)  
—Renée Gregorio, LCS
- 4:45 p.m.     **Other Committee Business and Approval of Minutes**
- 5:00 p.m.     **Adjourn**

**MINUTES**  
**of the**  
**SECOND MEETING**  
**of the**  
**CAPITAL OUTLAY SUBCOMMITTEE**  
**of the**  
**NEW MEXICO LEGISLATIVE COUNCIL**  
**and the**  
**LEGISLATIVE FINANCE COMMITTEE**

**July 28, 2008**  
**Room 307, State Capitol**  
**Santa Fe**

The second meeting of the Capital Outlay Subcommittee of the New Mexico Legislative Council and the Legislative Finance Committee for 2008 was called to order at 1:45 p.m. on July 28, 2008 by Speaker of the House Ben Lujan in Room 307 of the State Capitol in Santa Fe.

**Present**

Rep. Ben Lujan, Co-Chair  
Sen. Timothy Z. Jennings, Co-Chair  
Sen. Carlos R. Cisneros  
Sen. Kent L. Cravens  
Sen. Carroll H. Leavell  
Rep. W. Ken Martinez  
Sen. Leonard Lee Rawson  
Rep. Henry Kiki Saavedra  
Sen. Michael S. Sanchez  
Rep. Edward C. Sandoval  
Rep. Thomas C. Taylor  
Rep. Jeannette O. Wallace  
Rep. Teresa A. Zanetti

**Absent**

Sen. Dianna J. Duran  
Rep. Brian K. Moore  
Sen. John Arthur Smith

**Advisory Members**

Rep. Janice E. Arnold-Jones  
Sen. Stuart Ingle  
Rep. Rhonda S. King  
Sen. H. Diane Snyder

**Staff**

David Abbey, Director, Legislative Finance Committee (LFC)  
Ric Gaudet, Legislative Council Service (LCS)  
Renée Gregorio, Capital Outlay, LCS  
Linda Kehoe, Capital Outlay Coordinator, LFC  
Jeannae Leger, LFC  
Tom Pollard, LCS

Paula Tackett, Director, LCS  
Ralph Vincent, Consultant, LCS

### **Guests**

The guest list is in the meeting file.

### **Handouts**

Copies of handouts given by meeting presenters are in the meeting file.

## **Monday, July 28**

### **Water and Wastewater Projects: Partnering and Linking Planning and Funding**

Deputy Secretary of Environment Jon Goldstein introduced Karen Gallegos, director of the new Water and Wastewater Infrastructure Development Division (WWIDD) of the Department of Environment (NMED). Ms. Gallegos then described to the subcommittee new developments in the uniform funding application (UFA) process the department uses to develop water and wastewater projects for communities. The UFA is now web-based, which will allow much easier access by applying communities, said Ms. Gallegos.

The process for funding water and wastewater projects is a comprehensive planning, engineering, regulatory and financing one. The first step in the process is for a community to submit a UFA, which initially only requires basic information from the community. Then the project goes through a prescreening process, which identifies the myriad requirements for the project before it can proceed. The division assists communities with the prescreening process, said Ms. Gallegos. Once a project has gone through the prescreening process, the project gets entered into the division's database, which allows it to proceed. The next steps involve developing an assistance schedule and five-year plan, preparing preliminary engineering reports and environmental information documents, if necessary, performing detailed technical review of the project and recommending project funding sources.

Representative Arnold-Jones asked who the contractor was for the development of the web-based UFA. Mr. Goldstein said that the entire project was done in-house, by department staff. He also clarified that the new system is running in test mode, but has not yet been released for public access.

Representative Wallace asked if water rights issues are addressed by the UFA. Ms. Gallegos said that they are part of the process, and the Office of the State Engineer is linked into the UFA.

Senator Snyder asked if the UFA was based on the work in previous years of the Interagency Task Force, which also developed a UFA. Richard Rose, chief of the Construction Programs Bureau of the WWIDD, said that the existing paper version of the UFA was the starting point for the new UFA. He said that entities can apply for a project without needing to

know all the technical details of the project initially. NMED staff will provide the entity with technical assistance for the entire process of developing a project. He said his bureau was allocated several new staff positions dedicated to managing projects. In addition, he said that entities are being encouraged to apply for funding for a specific planned project, rather than applying for general funding and then trying to figure out how to spend it.

Representative Wallace asked if entities still need to fill out a capital outlay request form from the legislature in order to receive funding. Mr. Goldstein said that as the UFA is currently designed, legislative funding of projects is still one of many funding sources and is not affected by the new system.

Senator Jennings asked if the NMED is enforcing stricter arsenic standards than in other states. Mr. Goldstein said that the department is forced to comply with federal Environmental Protection Agency regulations and has had no choice in implementing its own new strict regulations. He said that the NMED is currently working with the Village of Ruidoso to comply with the new standards. Robert Apodaca, director, Local Government Division (LGD) of the Department of Finance and Administration (DFA), said that his division will present ideas for funding that very expensive project to the legislature soon.

Senator Sanchez asked if other New Mexico municipalities are able to comply with the new arsenic standards. Mr. Goldstein said that the NMED has worked extensively with municipalities to meet standards and to apply for waivers. Senator Sanchez asked for a list of municipalities that currently are not in compliance.

Representative King asked if the WWIDD is coordinating with the Water Trust Board. Mr. Rose said that the board recently decided to use the new UFA for projects it is considering. Representative King then said that many small communities have difficulty meeting all the hurdles set up by the federal and state governments. She said that many communities feel that they are unable to raise their utility rates any higher in order to fund a water project and view the legislature as their only hope of funding projects.

### **Coordinating the Local Infrastructure Capital Improvement Plan Process with the Legislative Funding Process**

Mr. Apodaca and Linda Kehoe, Legislative Finance Committee (LFC), presented some ideas to the subcommittee about how the infrastructure capital improvement plan (ICIP) process could be better coordinated with the legislative funding process. Mr. Apodaca began by describing the state and local ICIP processes. Each state agency is required to submit a five-year plan each year describing its infrastructure needs based on its programmatic functions. Local governments follow the same process, but are not required to submit ICIPs. The ICIP process works to create a broad planning effort in conjunction with other state planning processes, including those of the Public School Facilities Authority (PSFA), Higher Education Department, Aging and Long-Term Services Department, Department of Transportation and General Services Department.

The ICIP process encourages governments to plan for future needs; allows coordination of funding of projects between local governments and state agencies; communicates information about capital infrastructure needs to the legislature and executive; and includes inventory, goals, time frames, costs, including operating expenses, justifications and implementation plans for projects. Any governmental entity that is a political subdivision of the state can use the ICIP process, which gets published each December for policymakers to use.

Mr. Apodaca suggested that the legislature should consider enacting a law that requires local governments to use the ICIP process, which could reduce the funding of unplanned projects. Mr. Apodaca said that requiring local governments to plan infrastructure projects could result in the state receiving an "AAA" rating from bonding agencies, which would reduce the cost of financing projects significantly.

Other improvements that the state should consider making, said Mr. Apodaca, include generating internal monitoring reports documenting progress on all of the state's capital projects; reducing the number of small capital appropriations, which tend only to partially fund projects; reducing the number of capital appropriations that are dedicated to private or nonprofit organizations; developing a statewide consolidated report on deferred maintenance problems; and further tightening restrictions on the reauthorization of capital appropriations.

Ms. Kehoe presented the subcommittee with a report of local capital outlay projects that are slated to revert soon. Many of the projects have little or no apparent activity, she said. She identified 640 projects that will revert at the end of fiscal year 2009 and that have not had any drawdown of funds yet. This can be partially attributed to the practice of appropriating money for projects that are not fully planned or that do not go through the ICIP process.

Other problems arise when an agency plans for the infrastructure cost of a facility, but not for the operations and maintenance costs. State agencies are required to submit operational budgets for infrastructure, but many do not. For example, the budget for the scientific laboratory being constructed in Albuquerque did not estimate operational costs. The Department of Health will surely request extra operational funding once the facility is open, she said.

Mr. Apodaca said that most state agencies treat the ICIP process seriously, but some do not. There also needs to be some sort of process, perhaps similar to the PSFA system, to prioritize state capital projects, he said.

Representative Martinez asked about the problem of governments encumbering appropriations as a method of keeping the money for years after the scheduled reversion date. Mr. Apodaca said that the 2008 capital appropriations bill has language that reverts all money 90 days after the reversion date, whether that money has been encumbered or not. Ms. Kehoe clarified that in order for money to be encumbered, there needs to be a valid third party binding obligation.

Representative Arnold-Jones asked about several Albuquerque Public Schools (APS)

projects for which she says APS submitted invoices but has not received reimbursement from the Public Education Department (PED). Antonio Ortiz of the PED said that he will look into that issue. He also said that many school districts delay submitting invoices for years. Mr. Apodaca said that he will work with PED staff to compile a list of projects that have expired.

Representative King asked whether current statutory language requires local governments to submit ICIPs. Ms. Kehoe said that she believes the language of Section 6-4-1 NMSA 1978 could be interpreted that way.

Senator Snyder requested that electronic versions of printed capital outlay reports be made available.

Senator Jennings said that in some communities, political concerns dictate which projects make it onto an ICIP. He also mentioned the problem of getting contractors to bid on projects that are located in remote areas of the state.

### **Public School Facilities Authority Funding Process**

In order to provide the subcommittee with a current example of an organized system of planning, financing, constructing and maintaining capital assets, Bob Gorrell and Tim Berry of the PSFA described how infrastructure for New Mexico public schools is managed. Although the PSFA system was originally developed in response to a lawsuit alleging regional funding disparities in school construction, it could be used as a model to meet the capital needs of other areas of state and local government. The system funds school construction based on need, which is determined using standardized criteria and through master planning of the school district. Funding for school construction comes from a dedicated portion of severance tax revenue and is disbursed according to the rigorous statutory procedures detailed in the Public School Capital Outlay Act. This contrasts with other capital outlay funding methods in New Mexico, some of which are haphazard and potentially wasteful.

The school construction process in New Mexico consists of five basic parts: planning, funding, project development, construction and occupancy. Each school district wishing to construct a new school or remodel an existing school must follow the procedures set up by the PSFA and the Public School Capital Outlay Council (PSCOC). The most important parts of the process, said Mr. Gorrell, are the master planning phase and planning for deferred maintenance. Otherwise, construction of new schools could be a waste of money and lead to even higher capital costs.

In 2007, the PSCOC funded, and the PSFA oversaw the development of, more than \$135 million in new standards-based projects; \$44 million to fund existing projects (based on the idea of funding only the amount necessary for each phase of the project); \$6.5 million in lease assistance; and \$3.7 million in energy efficiency, master planning and facility demolition projects.

Speaker Lujan asked about change orders, which tend to increase the cost of projects.

Mr. Gorrell said that with the close supervision of the PSFA for each project, it has reduced the ability of contractors to make multiple change orders. He said the PSCOC also funds projects in phases, which allows project costs to be more accurately planned. The PSFA has begun purchasing futures contracts on building materials, which further reduces costs.

Speaker Lujan asked about required bonding for contractors on public school projects. Mr. Gorrell said that architects need to carry a \$1 million bond, and construction managers carry five percent of a project's maximum allowable construction cost.

Representative Martinez said that the public school construction funding system has been a huge success, and he commended the PSFA and PSCOC for their work.

The minutes from the June 17, 2008 meeting of the subcommittee were approved without changes.

There being no further business, the subcommittee adjourned at 4:20 p.m.

Revised: August 26, 2008

**TENTATIVE AGENDA  
for the  
THIRD MEETING of the  
CAPITAL OUTLAY SUBCOMMITTEE  
of the  
NEW MEXICO LEGISLATIVE COUNCIL and the  
LEGISLATIVE FINANCE COMMITTEE**

**September 2, 2008  
Room 307  
State Capitol**

**Tuesday, September 2**

- 10:00 a.m.     **Call to Order and Approval of Minutes**
- 10:15 a.m.     **Collaboration, Information-Sharing, Resources and Issues Involving the  
Capital Database**  
—Ralph Vincent, Consultant, Legislative Council Service (LCS)
- 11:00 a.m.     **State Agency Auditing Process**  
—Hector Balderas, State Auditor  
—Manu Patel, Legislative Finance Committee
- 12:00 noon     **Lunch**
- 1:30 p.m.     **Certification and Reimbursement Process**  
—Robert Apodaca, Director, Local Government Division (LGD), Department of  
Finance and Administration (DFA)  
—Staff, DFA  
—Antonio Ortiz, Public Education Department
- 2:15 p.m.     **Requirements and Restrictions for Nonprofit Entities**  
—Judith Amer, General Counsel, DFA  
—Paula Tackett, Director, LCS
- 3:15 p.m.     **Reauthorization Restrictions and Current Issues**  
—Renée Gregorio, LCS  
—Robert Apodaca, Director, LGD, DFA
- 4:15 p.m.     **Criteria for Statewide and Local Capital Projects**  
—Ric Gaudet, LCS  
—Jeannae Leger, Legislative Finance Committee  
—Renée Borrego, LGD, DFA
- 5:00 p.m.     **Adjourn**

**MINUTES**  
**of the**  
**THIRD MEETING**  
**of the**  
**CAPITAL OUTLAY SUBCOMMITTEE**  
**of the**  
**NEW MEXICO LEGISLATIVE COUNCIL**  
**and the**  
**LEGISLATIVE FINANCE COMMITTEE**

**September 2, 2008**  
**Room 307, State Capitol**  
**Santa Fe**

The third meeting of the Capital Outlay Subcommittee of the New Mexico Legislative Council and the Legislative Finance Committee for 2008 was called to order at 10:50 a.m. by Speaker of the House Ben Lujan in Room 307 of the State Capitol in Santa Fe. Since there was not a quorum present for the meeting, the group met as a subcommittee.

**Present**

Rep. Ben Lujan, Co-Chair  
Sen. Carlos R. Cisneros  
Sen. Dianna J. Duran  
Rep. Henry Kiki Saavedra  
Rep. Edward C. Sandoval  
Rep. Jeannette O. Wallace  
Rep. Teresa A. Zanetti

**Absent**

Sen. Timothy Z. Jennings, Co-Chair  
Sen. Kent L. Cravens  
Sen. Carroll H. Leavell  
Rep. W. Ken Martinez  
Rep. Brian K. Moore  
Sen. Leonard Lee Rawson  
Sen. Michael S. Sanchez  
Sen. John Arthur Smith  
Rep. Thomas C. Taylor

**Advisory Members**

Rep. Janice E. Arnold-Jones  
Rep. Rhonda S. King  
Sen. H. Diane Snyder

Sen. Stuart Ingle

**Staff**

Ric Gaudet, Legislative Council Service (LCS)  
Renée Gregorio, Capital Outlay, LCS  
Jeannae Leger, Legislative Finance Committee (LFC)  
Sarah Lucero, LFC  
Tom Pollard, LCS  
Paula Tackett, Director, LCS  
Ralph Vincent, Consultant, LCS

**Guests**

The guest list is in the meeting file.

**Handouts**

Copies of handouts given by meeting presenters are in the meeting file.

## **Tuesday, September 2**

### **Collaboration, Information-Sharing, Resources and Issues Involving the Capital Database**

Mr. Vincent gave a presentation about the current information processes and databases the legislature and executive use to appropriate and monitor capital outlay projects. Mr. Vincent described a possible change to the appropriation process that would allow legislators to collaborate in funding projects. However, that would require some political changes to the process. Sometimes the legislature overfunds or underfunds projects because not enough information is readily available to legislators during the funding process. Allowing legislators to see how much money a particular project has received will allow them to make better decisions, he said.

Representative Arnold-Jones suggested that the capital database be changed so that multiple requests for the same project reflect the amount actually needed for the project, rather than the total amount requested from the various requests. Mr. Vincent said that change is already being implemented. She also said that legislators would have to grant permission for others to gain access to their confidential requests.

Senator Snyder said that she tries to communicate with the house members in her district about projects, but there is not always enough time. She asked whether the system could reflect real-time funding of projects. Mr. Vincent said that change is possible, but would require changes in the funding process. Senator Snyder recounted a project that needed \$180,000 but actually got funding of \$480,000 because the legislators who funded the project did not know that others were also funding the project.

Ms. Tackett said that if the subcommittee wants to proceed with the capital outlay collaboration idea, the LCS can return at a later meeting with a more detailed plan for the members' consideration. Ms. Gregorio said that if there were more time available during the funding process, collaboration could be easier.

### **State Agency Auditing Process**

#### **Local Government Audits**

State Auditor Hector Balderas and Manu Patel of the LFC gave a presentation to the subcommittee about the audit process for state and local governments. The Audit Act is the main statutory authority for the State Auditor's Office (SAO) to oversee the audits of all state agencies and political subdivisions of the state, including quasi-governmental entities created by the legislature. Each entity is required to perform a financial audit of its affairs every year, but the SAO does not have enough staff to ensure that the approximately 700 audits are done each year, nor does it have the statutory authority to enforce the audit requirement.

Many times, small governments get behind schedule with their audits and do not have the resources to pay for them, said State Auditor Balderas. The requirement for a full financial audit every year is difficult for many local governments, because the cost to hire a private auditor may be too large a portion of that government's annual budget. For example, some water systems

have an annual budget of \$80,000, and an audit for that water system usually costs at least \$10,000. In addition, since there are only 50 private firms that provide governmental auditing services, it can be impossible for a small rural government to get an auditor to perform auditing services. State Auditor Balderas said that the legislature will need to decide whether to increase the staff of the SAO to allow it to perform more audits for local governments, or whether to change the audit requirements for small entities. An acequia association should not be audited at the same level as the City of Albuquerque, he said.

State Auditor Balderas described the different types of audits performed by the SAO and the LFC. The first type is a financial audit, which is required to be performed each year by every governmental entity. A financial audit assesses the legality and propriety of an agency's expenditures, the adequacy of its accounting and internal control systems and the fairness of its financial statements. The SAO will ask the legislature for more flexibility to determine if some entities can have different audit requirements than a costly full financial audit each year. The SAO also has the ability to perform special and fraud audits at any time of the year. Any illegal activity that is detected gets reported to the proper law enforcement jurisdiction. The last type of audit, performance audits, are done by the LFC. The LFC conducts about 10 performance audits each year, which rate program effectiveness and make recommendations for improvement.

To address the problem that local governments are facing with audits, State Auditor Balderas established the State Auditor's Task Force on Rural Accountability in July 2008. The task force has met in Santa Fe, Las Cruces and Taos, and has heard testimony from many types of small local governmental entities, certified public accountants (CPAs) and the public. The task force will make recommendations to the state auditor in October. Any proposed changes in the law will be submitted to the legislature.

#### Capital Outlay

State Auditor Balderas said that the SAO does not provide general oversight of capital outlay projects unless there is fraud involved or if the project involves the general financial aspects of the agency. He said that the SAO is open to legislative direction to audit capital projects.

Mr. Patel said that the LFC in the past has identified deficiencies in oversight and management of capital projects by agencies. He also said that the Department of Finance and Administration (DFA) could improve its administration of the Capital Projects Unit. The process has become better in the past few years, but there is still a need for a consolidated master planning process and a better use of state resources. The current system of including capital projects in an agency's annual financial statement may not provide sufficient coverage of the projects. He suggested that the LFC and SAO jointly perform a few audits of large capital projects in order to develop a set of procedures for future capital audits.

#### Subcommittee Discussion

Representative Saavedra said that the legislature may need to provide funding to the SAO to perform audits for small governmental entities that cannot afford them. Speaker Lujan agreed and said that more assistance needs to be given to small cities and counties for auditing. Mr. Patel said that many states have separate divisions in the state auditor's offices dedicated to performing audits for local governments. That would require increased funding, he said.

Senator Cisneros asked if acequia associations are required to perform annual audits. Most acequia associations have very small budgets and certainly could not afford a \$10,000 audit. State Auditor Balderas said that many small entities are reluctant to spend capital outlay dollars, because once they do, they become subject to the Audit Act.

Representative Zanetti asked about the SAO's ability to enforce the Audit Act. State Auditor Balderas said the SAO has no enforcement or sanctioning power to ensure annual audits are completed. Representative Zanetti asked whether local governments can bundle several audits into one package to save money. State Auditor Balderas said that since each entity is required to audit its books, each auditor must report only on one entity at a time. He said the task force is considering recommending that the SAO be given the flexibility to determine what is an appropriate audit. Bundling of audits could then become possible.

Senator Snyder suggested that CPAs should be able to contract with many entities to do their audits at a level less than the full financial audit, but that a few of those entities still need to be fully audited. State Auditor Balderas said that the task force has actively sought input from CPAs to expand the pool of government auditors. Senator Snyder asked whether the reluctance of small governmental entities to do their audits is related to a lack of training. State Auditor Balderas said that many people think that audits only happen when something is wrong, when, in fact, local governments need to complete audits every year. He suggested that universities provide specific training geared toward financial managers of New Mexico local governments.

Senator Snyder said that she is wary of rewarding small governments that have not managed their financial affairs correctly by exempting them from the full audit requirement. State Auditor Balderas responded by saying that most other states exempt local governments from performing full financial audits, or they are audited by a state local government division. He said that he wants to focus resources toward areas where there is a material risk. He does not want to exempt small governments from auditing requirements, but he wants the flexibility to determine what type of audit a local government needs to perform.

Representative Saavedra suggested that auditors that currently work in state agencies should be transferred to the SAO, so that they can be independent of the agency they are supposed to be monitoring. He also asked what agency is responsible to audit the organization that operates the Low Income Home Energy Assistance Program. State Auditor Balderas said that the Human Services Department is responsible for that program. He said his staff will look into that program.

Representative Wallace said that many small communities have no gross receipts tax base and are unable to raise their user fees for water and sewer hookups because they are required to charge equitable fees to their users. She said that those small communities need assistance with their audits.

Senator Duran asked how many auditors are employed by state agencies. Mr. Patel said that the LFC will find out that answer and report back to her.

### **Certification and Reimbursement Process**

Robert Apodaca, director, Local Government Division (LGD), DFA, and Antonio Ortiz

of the Public Education Department (PED) described to the subcommittee their agencies' certification and reimbursement process for capital outlay projects. Mr. Apodaca began with the certification process, which ensures that a funded project is ready to begin and complies with all the statutory requirements for a project, including the ownership and operation of the project. He said that the LGD now submits general fund certification questionnaires to local governments at the same time severance tax bond (STB) certifications are sent out by the State Board of Finance (SBF). In the past, general fund projects have not always had the same up-front scrutiny as STB projects. Once a project is certified by the local entity or state agency, a grant agreement between the LGD and the entity is signed, and the appropriation is budgeted. The LGD reimburses entities within 15-20 days after receiving a request, making sure that the reimbursement request complies with the appropriation language. The SBF processes reimbursement requests twice per month and deposits reimbursements by wire transfer.

Mr. Apodaca said that LGD project managers are trying to meet with local government officials to identify those projects on their Infrastructure Capital Improvement Plans (ICIPs) that are actually ready to proceed.

Representative Sandoval said that new projects should only get planning and design money first and then construction money later.

Representative Saavedra suggested that the Bernalillo County legislative delegation meet with county and Albuquerque officials to discuss capital projects. He said the legislature should not fund projects that the governmental entity cannot operate.

Mr. Ortiz discussed the PED's reimbursement process for appropriations. He said that every year 20 percent of funded projects receive a site visit from PED staff to ensure compliance with legislative intent. Since 2004, PED staff have been able to reduce the backlog of outstanding projects from eight years outstanding to now only having current projects on the books.

Representative Arnold-Jones said that Albuquerque Public Schools (APS) has a disconnect between projects and the reimbursement process. Mr. Ortiz said that APS batches its reimbursement requests, which can lead to discrepancies between PED's reporting on projects and the actual status of those projects. This can lead to even more problems when a project that is completed but is reported as being stalled gets reauthorized by the legislature. Mr. Ortiz said that APS used to batch its reimbursement requests once per year, but is now doing quarterly batches. The PED is able to process reimbursements at any time and does not require school districts to batch.

Representative Sandoval said that APS representatives should come to the next subcommittee meeting to discuss its capital outlay reimbursement process.

Speaker Lujan asked about offsets from direct legislative appropriations to school construction awards made by the Public School Capital Outlay Council (PSCOC). Mr. Ortiz said that certain amounts appropriated by the legislature for a school district will be reduced in future awards granted by the PSCOC. That provision of law is intended to ensure equitable

funding for school construction projects.

Representative Sandoval said that sometimes school districts will reject legislative appropriations in order to avoid the offsets. That appropriated money then goes into limbo and will need to be reauthorized, he said.

Speaker Lujan asked whether appropriations for books and computers are factored into the offset. Ms. Tackett said that they are. The PSCOC needs to take into account all direct appropriations. However, the offset amount is 50 percent of the appropriation amount, she said.

### **Requirements and Restrictions for Nonprofit Entities**

Judith Amer, general counsel for the DFA, and Ms. Tackett gave a presentation to the subcommittee about capital outlay expenditures for nonprofit entities. Ms. Amer began by reviewing New Mexico's constitutional provisions that generally prohibit donations to individuals or entities not under the control of the state. The key issue arises in considering what a donation is. If the state is receiving something in return for its appropriation, that is not a donation, said Ms. Amer. However, the value returned to the state needs to be equal to the value given to the private entity. Each instance of appropriation for the benefit of a private entity is different, and DFA staff need to determine whether the state will be getting equal value in return for its appropriation.

As an example, the legislature could appropriate money for a homeless shelter run by a nonprofit entity in Bernalillo County. The county needs to own the building, and the nonprofit entity can lease the building from the county at fair market value. The lease can be paid off by the nonprofit in several ways, including providing insurance, security, maintenance or cash for the lease. It can also provide services that the county contracts for, like providing a homeless shelter for individuals. The DFA requires a fair market value lease for every project intended to benefit a nonprofit entity that demonstrates adequacy of consideration.

Representative Arnold-Jones asked whether these restrictions apply to boys' and girls' clubs, which are tax-exempt organizations that provide much-needed services to cities and counties. Ms. Amer said that it does not matter if the entity is for-profit or nonprofit; what matters is that the state receives sufficient consideration for the amount of the appropriation.

Speaker Lujan asked how the DFA oversees agreements between nonprofit entities and local governments. Ms. Amer said that the LGD enters into a grant agreement with a local government, contingent on the government having a lease agreement with the nonprofit. The DFA counsel reviews the agreement, which needs to provide an itemized list of monthly expenses and considerations. The LGD, however, does not audit whether the services to be provided by the nonprofit actually are performed. That responsibility lies with the local government and the contracting nonprofit.

Representative Sandoval expressed concern that a nonprofit entity that contracts to provide services for a local government will end up with not enough money to pay its staff, if that entity is required to offset its revenue from the government with lease payments.

Mr. Apodaca said that currently there are 400-500 LGD projects that are facing anti-

donation issues. Each project takes many hours of staff time to resolve.

### **Reauthorization Restrictions and Current Issues**

Mr. Apodaca and Ms. Gregorio discussed with the subcommittee the continuing problems associated with reauthorizations of capital projects. Some of the concerns include:

- a huge increase in the number of reauthorizations, from 44 in 1998 to 444 in 2008;
- the practice of taking one appropriation and reauthorizing it into several separate projects;
- reauthorizations for projects that have minimal funds remaining;
- reauthorizations of projects that have valid, binding contracts in place, leaving projects only partially completed;
- there is no ability for LGD or LCS staff to readily access the current balances of projects, since all appropriations are paid on a reimbursement basis, and most departments only report quarterly;
- the extensive amount of staff time required to research each reauthorization, which leads to overextended staff and errors in researching projects; and
- the haphazard capital outlay process, including reauthorizations, having a negative impact on the state's bond rating.

Senator Duran asked how it is possible that nobody knows how much money is available for a project at any given time. Mr. Apodaca said that local governments do not always submit invoices in a timely manner. In addition, even though an invoice may not have been submitted or the money spent, a local government may have already contracted for that money to be spent. Problems occur when the Capital Projects Monitoring System (CPMS) reports that money remains unspent on a project, even though it has been committed, and the legislature reauthorizes that money to another project.

Representative Saavedra agreed and said that many times the quarterly capital report shows large sums unspent on a project when in fact the project is already complete. Ms. Gregorio said that the CPMS can never be a real-time system, because it only reports the reimbursements that the DFA distributes and not the money being spent by the local government.

Ms. Gregorio presented a list of proposed reauthorization reforms to the subcommittee, which included some reforms that were adopted in 2007. The proposed changes include:

- No reauthorizations will be written for projects with balances under \$20,000, or for projects that already have valid contracts in place. (Adopted in 2007, with a minor language change proposed in 2008.)
- Reauthorizations can only be made once, except to fix errors. (Adopted in 2007.)

- Change the reauthorization deadline to December 15.
- Money cannot be split into several projects once it has been authorized for a project.

Members of the subcommittee expressed concern about implementing all of the proposed reform changes. Staff was directed to revisit the issue for the subcommittee's consideration at the October meeting.

### **Criteria for Statewide and Local Capital Projects**

Mr. Gaudet, Ms. Leger and Renee Borrego of the LGD reviewed for the subcommittee the state and local criteria that has been used in the past two years as a guide in choosing capital outlay projects. Mr. Gaudet presented the local criteria and Ms. Leger presented the state criteria, with suggestions for a few minor language changes.

Representative Arnold-Jones asked how the Uniform Funding Application (UFA) for water projects could be integrated into the capital outlay request process. Mr. Apodaca said that his division is looking into that issue. Representative Arnold-Jones also suggested that DFA staff should work with newly elected legislators to meet with their local government officials to learn about needed capital outlay projects.

Senator Snyder suggested that LCS staff revise the language in the local criteria list to clarify that new projects should consider asking for planning and design money first and then construction money later.

The subcommittee agreed to change its October meeting date from October 8 to October 20.

There being no further business, the subcommittee adjourned at 4:30 p.m.

**TENTATIVE AGENDA**  
**for the**  
**FOURTH MEETING of the**  
**CAPITAL OUTLAY SUBCOMMITTEE**  
**of the**  
**NEW MEXICO LEGISLATIVE COUNCIL and the**  
**LEGISLATIVE FINANCE COMMITTEE**

**October 20, 2008**  
**Room 321**  
**State Capitol**

**Monday, October 20**

- 10:00 a.m.     **Call to Order**
- 10:15 a.m.     **Collaboration on Capital Outlay Requests — Issues**  
                  —Paula Tackett, Director, Legislative Council Service (LCS)
- 11:00 a.m.     **Approval of Minutes and Other Subcommittee Business**
- 11:15 a.m.     **Statewide Project Recommendations**  
                  —Paula Tackett, Director, LCS  
                  —David Abbey, Director, Legislative Finance Committee (LFC)
- 12:00 noon     **Lunch**
- 1:00 p.m.      **Statewide Project Recommendations, Continued**  
                  —Paula Tackett, Director, LCS  
                  —David Abbey, Director, LFC
- 3:00 p.m.      **Criteria-Based State Agency Project Evaluation**  
                  —Tom Pollard, Legislative Fiscal Analyst, LCS
- 3:30 p.m.      **Adjourn**

**MINUTES**  
**of the**  
**FOURTH MEETING**  
**of the**  
**CAPITAL OUTLAY SUBCOMMITTEE**  
**of the**  
**NEW MEXICO LEGISLATIVE COUNCIL**  
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**October 20, 2008**  
**Room 321, State Capitol**  
**Santa Fe**

The fourth meeting of the Capital Outlay Subcommittee of the New Mexico Legislative Council and the Legislative Finance Committee for 2008 was called to order at 10:20 a.m. by Senator Michael S. Sanchez in Room 321 of the State Capitol in Santa Fe.

**Present**

Sen. Carlos R. Cisneros  
Sen. Carroll H. Leavell  
Rep. Henry Kiki Saavedra  
Sen. Michael S. Sanchez  
Sen. John Arthur Smith  
Rep. Jeannette O. Wallace  
Rep. Teresa A. Zanetti

**Absent**

Rep. Ben Lujan, Co-Chair  
Sen. Timothy Z. Jennings, Co-Chair  
Sen. Kent L. Cravens  
Sen. Dianna J. Duran  
Rep. W. Ken Martinez  
Rep. Brian K. Moore  
Sen. Leonard Lee Rawson  
Rep. Edward C. Sandoval  
Rep. Thomas C. Taylor

**Advisory Members**

Rep. Janice E. Arnold-Jones  
Rep. Rhonda S. King

Sen. Stuart Ingle  
Sen. H. Diane Snyder

**Guest Legislator**

Representative Mary Helen Garcia attended the meeting as a guest of the subcommittee.

**Staff**

David Abbey, Director, Legislative Finance Committee (LFC)  
Kyle Burns, Capital Outlay, LFC  
Ric Gaudet, Legislative Council Service (LCS)  
Renée Gregorio, Capital Outlay, LCS  
Linda Kehoe, Capital Outlay, LFC  
Jeannae Leger, LFC  
Tom Pollard, LCS  
Paula Tackett, Director, LCS

**Guests**

The guest list is in the meeting file.

## **Handouts**

Copies of handouts given by meeting presenters are in the meeting file.

## **Collaboration on Capital Outlay Requests—Issues**

Ms. Tackett and Ralph Vincent, IT consultant, LCS, gave an update to the subcommittee on the possible project to allow legislators to collaborate on funding projects. Current practice makes it difficult for collaboration because each legislator chooses which project to fund and how much to give to it without necessarily knowing if other legislators are also funding that project. Allowing legislators database access would enable them to fund projects fully and would open communication lines during the frantic funding process at the end of the legislative session. With the new system, legislators could view previous funding amounts for a project and add their funding amount to the project to complete the funding request.

In order for the system to work, however, legislators would have to waive the confidentiality of their funding decisions. The LCS is forbidden by law from disclosing a funding decision made by a legislator. Capital outlay requests are public record; which projects get funded by a legislator, however, are not. Second, the entire capital outlay funding process needs more time to make the collaboration process possible. Allowing at least a few days for members to make those decisions would go a long way toward making better funding decisions. Finally, there would need to be some staff and legislative training in order to make the process smooth.

Senator Smith said that he has recently changed his mind about the confidentiality of funding decisions on capital projects; he now believes that names of legislators should be attached to all funded projects. He said he wants full disclosure of capital projects, including from the executive. He said that the recent metropolitan courthouse scandal involving former Senator Manny Aragon still resonates and other legislators may have been involved. He said that capital outlay money needs to be better monitored.

Representative Saavedra said that he carried the bill that allowed for the financing of the metropolitan courthouse. He asked what the legislature might do to ensure that money appropriated is spent according to the law. Currently, there is no way to track or audit capital outlay projects. Ms. Tackett said that there is a good reason why the Constitution of New Mexico has a prohibition against giving state money to entities not under the complete control of the state. She said that the legislature only started funding local projects in the 1980s.

Representative Saavedra said that the legislature should not fund projects that the local government does not want or cannot operate. Ms. Tackett said that the LCS could decline to draft a capital outlay request unless the associated local government agrees to operate and maintain the asset.

Ms. Kehoe said that State Auditor Hector Balderas had recently made a recommendation for revising the method in which certain entities are audited, including proposals for the auditing of capital projects.

Senator Sanchez asked what type of paperwork trail the Department of Finance and Administration (DFA) requires before releasing funds to local entities. Mr. Abbey said that the

DFA does enter into grant agreements and requires certification from entities that the money for a project has been spent, but that is not the same as an audit, which could ensure that the money was spent properly. Ms. Kehoe said that Albuquerque has been allowed to do its own certification of projects and universities do so as well.

Representative Wallace said that legislators need better tools to enable collaboration on funding projects and that the process needs to be transparent. However, she said that the governor's projects also need transparency.

Senator Sanchez asked if the governor can be required to disclose where money for his projects is slated to be directed. Ms. Tackett said that the only real power the legislature has over the governor is to decline to appropriate money to unclear projects.

Senator Sanchez discussed problems with a recently built multipurpose center in Belen, which is already starting to fall apart. He said that there needs to be an auditing system to ensure sound construction occurs on public projects and that the DFA should be monitoring projects more closely. He also said that local governments tend to ask for politically beneficial projects rather than projects the communities actually need.

Representative King asked that the state auditor be invited to discuss with the subcommittee his recent auditing proposals. She also expressed concern that the DFA allows self-certification of capital projects by some local governments. Until a systematic process for auditing capital projects is in place, the state needs to conduct at least some random audits of those projects. Senator Smith agreed but said that additional state resources would need to be funded to ensure that capital projects are audited.

### **Keshet Dance Company**

Shira Greenberg, founder and artistic director of Keshet Dance Company, and Hillary Noskin, lobbyist for the company, presented the subcommittee with a request for funding for renovations and expansion of the Kimo Theater in Albuquerque. Ms. Greenberg said that the company provides statewide services to youth and adults with physical disabilities and incarcerated, homeless, low-income and at-risk youth. The City of Albuquerque owns the building and has committed \$4 million to the project. The company is asking for \$5 million from the legislature, which will enable the city to complete the project. The money would go to the Cultural Affairs Department (CAD) and then Albuquerque for the construction, and Keshet would operate and lease the building from the city. Ms. Greenberg said that the legislature has already appropriated \$376,000 for the project.

Senator Smith asked why the CAD is the fiscal agent for the project and not the City of Albuquerque. Ms. Noskin said that after discussing the project with Speaker Lujan, it was decided that the project is of statewide significance, so the money should be directed to the department. Senator Smith then asked if this project is on the City of Albuquerque's top five projects listed on its Infrastructure Capital Improvements Plan (ICIP). Ms. Greenberg said that she cannot speak for the city but that the project probably is on the ICIP.

The minutes from the July 28 and September 2 meetings of the subcommittee were adopted.

## **National Dance Institute**

Kelley Barnes of the National Dance Institute of New Mexico (NDI) described to the subcommittee the programs the NDI provides to New Mexico, and she described previous funding the NDI has received from the legislature for capital projects. The City of Santa Fe received \$750,000 in capital outlay funding in the past three years from the legislature to construct the NDI dance barns located on Santa Fe Public Schools property. The city also contributed \$600,000 toward the project. The NDI receives approximately \$535,000 each year in operating revenues from the state to perform statewide services for the Department of Health (DOH) and the Children, Youth and Families Department (CYFD). The institute has a yearly budget of \$3.7 million, most of which is raised through private fundraising efforts.

Subcommittee members expressed concern that the NDI is not performing services in more rural parts of the state. Ms. Barnes said that the NDI is currently trying to expand its service area to the southern and eastern portions of New Mexico.

Senator Smith said that the money being allocated toward the CYFD and the DOH should be included as part of the overall state budget for education. He said that many programs that are funded through state agencies other than the main education departments do not get counted toward the amount the state spends on education.

## **Statewide Project Recommendations**

Ms. Tackett and Mr. Abbey discussed with the subcommittee potential statewide capital projects for the upcoming legislature. Ms. Tackett noted that there is projected to be \$159 million available in total severance tax bond capacity and no general fund dollars are expected to be available for capital outlay.

After discussing many potential projects to fund, staff was directed to present to the subcommittee at the next meeting a map of current and potential new state office buildings in Santa Fe, as well as the total value of all unexpended projects to date.

## **Criteria-Based State Agency Project Evaluation**

Mr. Pollard gave a brief presentation to the subcommittee about potential benefits to a system that would rank state agency projects across agencies according to a defined set of criteria and analyses. Expanding on the current ICIP system that agencies use to rank their own projects, Mr. Pollard described how those projects could be ranked against each other by an evaluation committee, using a weighted criteria system. Additional analysis would be performed on larger projects, including an operational impact report and an economic and revenue impact report. Those analyses would determine the overall impact of the project on the operational budget of the agency and would estimate any net gain or loss to the economy, including employment, economic activity and tax revenue that the project may affect. Finally, most projects would undergo a life-cycle costing analysis, which typically includes a study of the initial cost of the

building and components and their salvage value at the end of the life-cycle period; the project's energy use, maintenance, staffing, transportation, warehousing and other operating costs; the life span of the project based upon the agency's program life or the useful life of the building; and the costs of appropriating money for, leasing or financing the purchase of the facility.

Senator Leavell asked how long typical state agency leases of private buildings run. Mr. Pollard said that many agency leases used to run just seven years, which meant that the developer would amortize the entire cost of the building over that lease period, leading to high yearly lease rates. Furthermore, many state agencies tend to stay in their leased buildings many years longer than the initial term, which means that the agencies will pay for the use of the buildings many times more than their original cost.

There being no further business, the subcommittee adjourned at 1:25 p.m.

Revised: December 1, 2008

**TENTATIVE AGENDA  
for the  
FIFTH MEETING  
of the  
CAPITAL OUTLAY SUBCOMMITTEE  
of the  
NEW MEXICO LEGISLATIVE COUNCIL  
and the  
LEGISLATIVE FINANCE COMMITTEE**

**December 2, 2008  
Room 317, State Capitol  
Santa Fe**

**Tuesday, December 2**

- 1:30 p.m.     **Call to Order**
- 1:35 p.m.     **Reauthorizations: Recommendations for Further Restrictions**  
—Paula Tackett, Director, Legislative Council Service (LCS)
- 2:15 p.m.     **Reauthorizations for General Fund Solvency**  
—David Abbey, Director, Legislative Finance Committee (LFC)
- 3:00 p.m.     **Statewide Project Recommendations**  
—Paula Tackett, Director, LCS  
—David Abbey, Director, LFC
- 4:00 p.m.     **Approval of Minutes and Other Subcommittee Business**
- 4:30 p.m.     **Adjourn**

**MINUTES**  
**of the**  
**FIFTH MEETING**  
**of the**  
**CAPITAL OUTLAY SUBCOMMITTEE**  
**of the**  
**NEW MEXICO LEGISLATIVE COUNCIL**  
**and the**  
**LEGISLATIVE FINANCE COMMITTEE**

**December 2, 2008**  
**Room 317, State Capitol**  
**Santa Fe**

The fifth meeting of the Capital Outlay Subcommittee of the New Mexico Legislative Council and the Legislative Finance Committee for 2008 was called to order at 1:45 p.m. by Speaker of the House Ben Lujan in Room 317 of the State Capitol in Santa Fe.

**Present**

Rep. Ben Lujan, Co-Chair  
Sen. Carlos R. Cisneros  
Sen. Dianna J. Duran  
Sen. Carroll H. Leavell  
Rep. Brian K. Moore  
Rep. Henry Kiki Saavedra  
Rep. Edward C. Sandoval  
Rep. Jeannette O. Wallace  
Rep. Teresa A. Zanetti

**Absent**

Sen. Timothy Z. Jennings, Co-Chair  
Sen. Kent L. Cravens  
Rep. W. Ken Martinez  
Sen. Leonard Lee Rawson  
Sen. Michael S. Sanchez  
Sen. John Arthur Smith  
Rep. Thomas C. Taylor

**Advisory Members**

Rep. Rhonda S. King  
Sen. H. Diane Snyder

Rep. Janice E. Arnold-Jones  
Sen. Stuart Ingle

**Guest Legislator**

Representative Jose A. Campos attended the meeting as a guest of the subcommittee.

**Staff**

David Abbey, Director, Legislative Finance Committee (LFC)  
Kyle Burns, Capital Outlay, LFC  
Ric Gaudet, Legislative Council Service (LCS)  
Renée Gregorio, Capital Outlay, LCS  
Linda Kehoe, Capital Outlay, LFC  
Jeannae Leger, Capital Outlay, LFC  
Paula Tackett, Director, LCS

**Guests**

The guest list is in the meeting file.

**Handouts**

Copies of handouts given by meeting presenters are in the meeting file.

### **Reauthorizations: Recommendations for Further Restrictions**

Ms. Tackett discussed reauthorization reforms adopted by the subcommittee in 2007 and presented a list of proposed new changes to the reauthorization process. After subcommittee discussion, the list of recommendations was amended and adopted. The list of reauthorization changes includes the following:

1. Projects that already have contracts in place or balances under \$50,000 cannot be reauthorized.
2. A project can be reauthorized only once, except to fix an error.
3. The time of expenditure on an appropriation can be extended for only two years.
4. If a project received funding from only one legislator, that legislator may reauthorize the balance in its entirety to a new project or reauthorize the balance to multiple projects in increments of no less than \$100,000 each.
5. For projects sponsored jointly, all sponsoring legislators must agree in order for the full amount to be reauthorized to another project. All sponsoring legislators must also agree for any portion to be reauthorized.

### **Reauthorizations for General Fund Solvency**

Mr. Abbey gave an overview of the process the LFC is using to propose reauthorizing or reverting capital outlay projects in order to address the fiscal year 2009 budget shortfall. He said that the general fund shortfall may be as much as \$500 million. The LFC staff has identified approximately 130 projects totaling \$173 million of general fund for appropriations for potential reversion, and an additional \$21 million of general fund projects that could be exchanged with defunct severance tax bond projects. Staff will continue to investigate projects throughout December and will present a list to the LFC in January. The LFC developed a list of criteria to choose projects suitable for reauthorization, including:

- inadequate planning or funding to move the project forward;
- funds sitting idle for more than two to three years;
- lack of funding at the local level to support the operational and maintenance costs;
- federal funding needed for the project did not transpire;
- no third-party agreements in place; and
- contingencies could not be met.

Deputy Secretary of Finance and Administration Rick Martinez said that the Department of Finance and Administration (DFA) is still working on its reauthorization plan. He said the DFA will work with the LFC to develop a plan.

Robert Apodaca, director of the Local Government Division (LGD) of the DFA, said that the recent letter from the governor directing state agencies to identify stalled capital outlay projects motivated local governments to submit invoices for their projects. The LGD received

more than 600 invoices in November, which is a significant increase in submissions.

Representative Wallace asked why the Water Innovation Fund was listed as a potential source for reauthorization. Mr. Abbey said that fund does not have statutory authority and does not have very much accountability.

Senator Duran asked if the LFC is working with legislators while developing the potential reauthorization list. Mr. Abbey said that LFC staff has been working closely with state agencies and local governments to identify projects. Ms. Kehoe said that staff has been very careful to not just rely on state agency information, since agencies do not always have current information on projects.

### **Statewide Project Recommendations**

Ms. Tackett and Mr. Abbey discussed the list of potential statewide capital outlay projects for legislative consideration. Mr. Abbey said that the severance tax bonding capacity is expected to be \$115 million and that no general fund capacity is expected. Ms. Tackett reviewed the criteria used in preparing the proposed list and said that the selected projects seemed to be the most critical state agency projects. Given the serious budget shortfall, the state should consider funding those projects first, she said.

Santa Fe Mayor David Coss asked the subcommittee to include funding for the Rio Grande water diversion project in the statewide project list. He said that this project, which is already being built, will solve most of Santa Fe county's water issues.

The subcommittee recommended that the statewide capital outlay list be moved forward for consideration of the legislature.

### **Approval of Minutes and other Subcommittee Business**

#### Minutes

The minutes of the October 20, 2008 meeting were adopted.

#### DFA Comments

Deputy Secretary Martinez said that the DFA has been working closely with the LCS and LFC in developing reauthorization reform proposals. He said that the DFA will work with the legislature to develop a statewide capital outlay plan.

Speaker Lujan asked about a reimbursement that is being delayed by the DFA for the city of Santa Fe. Deputy Secretary Martinez said that some language in grant agreements between the DFA and the city has held up reimbursement of projects. He said those issues will be resolved soon.

Representative Sandoval said that the city of Albuquerque has reimbursement delay problems similar to those experienced by Santa Fe.

#### Time Line

Ms. Tackett presented a proposed time line for passage of capital outlay bills. She

explained that a "solvency bill" will need to be passed early in the session in order for the budget and capital outlay bills to move forward. Otherwise, the time line is similar to the schedule adopted in 2006 by the subcommittee.

The subcommittee adopted the capital outlay bill time line.

There being no further business, the subcommittee adjourned at 4:20 p.m.

**LEGISLATIVE COUNCIL SERVICE  
49TH LEGISLATURE-FIRST SESSION—2009  
CAPITAL OUTLAY REQUEST FORM  
Revised 12/11/08**

This is the printed version of the legislative council service's capital outlay request form. You may also access and download this form online by going to the legislature's web site ([www.nmlegis.gov](http://www.nmlegis.gov)). The form is available in PDF format or as an editable MS-Word document.

This capital outlay request form is designed to assist you in describing the project for which you are seeking funding. Completing this form is necessary to provide accurate information to the legislative council service for drafting purposes and for legislators to make informed decisions about funding projects. Submit this form to the legislative council service capital outlay office **by 5 p.m. on February 16. ALL CAPITAL OUTLAY REQUESTS MUST BE SIGNED BY THE SPONSORING LEGISLATOR.** If you intend to seek the support of more than one legislator in the funding of a project, a separate, signed form is required for each legislator sponsoring the project. If funding is requested from multiple legislators for the same project, please provide an identical project description for each legislator to sign. The sponsoring legislator must be provided with a copy of this completed form and supporting documentation, so **be sure to keep a copy** for this purpose. Also, be prepared to provide a copy of this form to other legislators and committees.

The legislature intends to fund projects that are well planned and budgeted and that have been deemed important to communities. Additionally, the legislature is trying to fund projects in phases. The legislature has developed a list of criteria for funding needed projects. The criteria list is available at the legislature's web site ([www.nmlegis.gov](http://www.nmlegis.gov)).

Additional Requirements for Nonprofit Entity, Economic Development and Non-ICIP Projects

1. If the capital asset is to be used by a **nonprofit entity**, the requester needs to submit with this form a written commitment from the state or a political subdivision of the state that the state or the political subdivision:
  - A. is or will be the owner of the asset and the fiscal agent for the nonprofit entity;
  - B. will lease the asset to the nonprofit entity at fair market value; and
  - C. will ensure the nonprofit entity maintains the asset.
2. If the project is an **economic development project** that represents a public-private partnership under the Local Economic Development Act, the requester needs to submit with this form the local government's approval of the project, in accordance with its ordinance adopted pursuant to that act, that validates the local government's receipt of state funding for the project.
3. If the project is intended to be for a state agency or a political subdivision of the state, but is **not part of that agency's or subdivision's ICIP**, the state agency or political subdivision must agree, prior to funding, to own, operate and maintain the asset.

**PLEASE REMOVE THIS TOP PAGE BEFORE SUBMITTING THE FOLLOWING  
COMPLETED AND SIGNED FORM TO THE CAPITAL OUTLAY OFFICE. BE SURE TO GIVE A COPY  
OF THE SIGNED AND COMPLETED FORM TO THE REQUESTING LEGISLATOR.**

**LEGISLATIVE COUNCIL SERVICE**  
**49TH LEGISLATURE-FIRST SESSION-2009**  
**CAPITAL OUTLAY REQUEST FORM**

Legislative Sponsor: \_\_\_\_\_

Sponsor's Signature: \_\_\_\_\_

Project Contact Name: \_\_\_\_\_ Phone Number: \_\_\_\_\_

Contact Email: \_\_\_\_\_

If brought in by legislative staff, please provide:

Secretary's Name: \_\_\_\_\_ Office Phone Number: \_\_\_\_\_

**PROJECT SPECIFICS NEEDED FOR DRAFTING**

1. What is the **project cost** for this project or for **this phase** of the project? \_\_\_\_\_

*(The funded amount will be added to the database during the bill production phase. Please answer further cost questions on the next page of this form as well.)*

2. Brief **project description** (please include action words, such as "to plan and design" or "to design and construct" as well as what the project is, such as "a multipurpose center". Do not include justification for the project, only specifics on what is requested for the project):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3. Enter the **city, town, village, school district, chapter or pueblo** in which this project will be located. (If the project is not located in one of these, please leave blank.)

\_\_\_\_\_

4. Enter the **county** in which the project will be located: \_\_\_\_\_

5. **What entity is requesting funding** for this project?

Municipality: \_\_\_\_\_

County: \_\_\_\_\_

School District: \_\_\_\_\_

Indian Government: \_\_\_\_\_

Higher Ed. Institution: \_\_\_\_\_

Land Grant: \_\_\_\_\_

Water Association or District: \_\_\_\_\_

Acequia: \_\_\_\_\_

Other: \_\_\_\_\_

(only political subdivisions of the state are eligible for funding)

6. **What entity will own the project** upon completion?

\_\_\_\_\_

**PROJECT DETAILS TO AID LEGISLATORS IN PRIORITIZING PROJECTS FOR FUNDING**

**Please answer the following questions related to project cost:**

- A. What is the amount needed to complete the project? \_\_\_\_\_
- B. What is the total estimated cost of the project? \_\_\_\_\_
- C. To your knowledge, will there be more than one legislative sponsor  
 on this project? Yes  No
- If so, who are the project's sponsors? \_\_\_\_\_
- 

Please provide a breakdown of the total estimated cost of the project, using the most accurate estimate to date, and indicate if that portion of the project has been completed:

	Completed	Not Completed
Planning: _____	<input type="checkbox"/>	<input type="checkbox"/>
Design: _____	<input type="checkbox"/>	<input type="checkbox"/>
Construction: _____	<input type="checkbox"/>	<input type="checkbox"/>
Zoning Approval: _____	<input type="checkbox"/>	<input type="checkbox"/>
Land Purchase: _____	<input type="checkbox"/>	<input type="checkbox"/>
ROW, Easements, Arch. Clearances _____	<input type="checkbox"/>	<input type="checkbox"/>
Environmental Impact Statement _____	<input type="checkbox"/>	<input type="checkbox"/>
Other (please specify): _____	<input type="checkbox"/>	<input type="checkbox"/>
Total: _____	<input type="checkbox"/>	<input type="checkbox"/>

**Criteria Questionnaire**

Need-Based Criteria

- Is project on governmental entity's ICIP? Yes  No
- Is project necessary to eliminate potential or actual health or safety hazards or other liability issues? Yes  No
- Is project required by federal, state or judicial mandate? Yes  No
- Will project prevent deterioration of asset or correct infrastructure problems of asset? Yes  No
- Is project necessary to address population or client growth, and if so, will it provide direct services to that population or clientele? Yes  No

Planning Criteria

- Has project been thoroughly planned? Yes  No
  - Is project ready to begin? Yes  No   
 If not, when can it begin? \_\_\_\_\_
  - Has project received prior funding? Yes  No   
 List prior funding sources, dates and amounts: \_\_\_\_\_
-

4. Can project be completed with this legislative appropriation? Yes  No

5. Have matching funds or a local share been secured for the project? Yes  No

List other funding sources and amounts: \_\_\_\_\_

6. Have operational costs for completed project been identified and planned for? Yes  No

7. Has the project had public input and buy-in? Yes  No

8. Has the project been designed to be energy efficient in its operation? Yes  No

9. Can construction of the project be successfully phased, so that each phase will be operational? Yes  No

10. Has the **land** for the project been acquired? Yes  No   
What entity will be or is the owner of the land? \_\_\_\_\_

11. Is the project for a state government agency or state building? Yes  No

- A. If yes, is it in one of the following metropolitan areas?  Santa Fe  
 Albuquerque, including Los Lunas  
 Las Cruces

B. If the project is in one of those metropolitan areas, is it in compliance with the state master plan for those areas? Yes  No

12. Is the project to be constructed on state-owned property, including property having a long-term lease from the state? Yes  No

13. If this project benefits a **nonprofit entity**, please check each question below and attach a written commitment from the state or a political subdivision of the state that the state or political subdivision:

A. is or will be the owner of the asset and the fiscal agent for the nonprofit entity; Yes  No

B. will lease the asset to the nonprofit entity at fair market value; Yes  No

C. will ensure the nonprofit entity maintains the asset. Yes  No

14. If this project is an **economic development project**, have you submitted the local government's approval of the project, in accordance with its ordinance adopted pursuant to the Local Economic Development Act? If you answer "Yes", please attach supporting documentation in the form of a copy of the local government ordinance that approves the project. Yes  No

## REAUTHORIZATION PROCESS CHANGES

1. Projects that already have contracts in place or remaining balances under \$50,000 cannot be reauthorized.
2. A project can be reauthorized once, except to fix an error.
3. The time of expenditure on an appropriation can be extended for only two years.
4. If a project received funding from only one legislator, that legislator may reauthorize the balance in its entirety to a new project or reauthorize the balance to multiple projects in increments of no less than \$100,000 each.
5. For projects sponsored jointly, all sponsoring legislators must agree in order for the full amount to be reauthorized to another project. For any portion to be reauthorized, all sponsoring legislators must also agree.

### NOTE:

*Exceptions to the first two policies can be made only if the receiving state agency certifies to the Legislative Council Service that the project needs to be reauthorized due to tribal government delays.*

**LEGISLATIVE COUNCIL SERVICE**  
**49TH LEGISLATURE-FIRST SESSION-2009**  
**CAPITAL OUTLAY REAUTHORIZATION REQUEST FORM**

Revised 12/2/08

**Legislative Sponsor:** \_\_\_\_\_

**Sponsor's Signature:** \_\_\_\_\_

Project Contact Name: \_\_\_\_\_ Phone Number: \_\_\_\_\_

Contact Email: \_\_\_\_\_

*If brought in by legislative staff, please provide:*

Secretary's Name: \_\_\_\_\_ Office Phone Number: \_\_\_\_\_

**Please answer the following questions about the project being reauthorized. (If you need assistance, please refer to the department of finance and administration (DFA) local government division capital outlay unit's website: <http://www.state.nm.us/capitalprojects>. Scroll down to "Reports" and find your project by the appropriation year.)**

1. What is the DFA project identification number? \_\_\_\_\_

2. What is the current balance on this project? \_\_\_\_\_

3. Are there any binding contracts in place for this project? \_\_\_\_\_

4. How many times has this project been reauthorized? \_\_\_\_\_

5. What was the original purpose of this appropriation? \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

6. What is the language change you are requesting? \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

7. Does the expenditure period need to be extended? Yes " No "

8. Does the agency receiving the appropriation need to be changed? Yes " No "

If yes, what is the new receiving agency? \_\_\_\_\_

9. Indicate original citation of project:

Laws (year) \_\_\_\_\_, Chapter \_\_\_\_\_, Section \_\_\_\_\_, Subsection \_\_\_\_\_

*If previously reauthorized, indicate that citation; (please note, however, that projects can only be reauthorized once, except to fix an error):*

Laws (year) \_\_\_\_\_, Chapter \_\_\_\_\_, Section \_\_\_\_\_, Subsection \_\_\_\_\_

**TIME LINE FOR CAPITAL OUTLAY BILL PRODUCTION,  
INTRODUCTION AND PASSAGE — 2009**

This time line is based on the following assumptions:

- the house, senate and executive projects are contained in a single bill that originates in one chamber and is not amended in the second;
- the reauthorizations are contained in a separate bill and include house, senate and executive reauthorizations; and
- the legislature desires to send the main capital outlay bill to the governor so that the governor must act upon it while the legislature is still in session.

**Session Begins:**

**January 20**

Reauthorization of capital projects for solvency

LFC hearings

January 14-16

DFA & LFC work to develop consensus solvency  
plan to present to legislature

January 16

Introduction of solvency bill

January 20

HAFC/SFC joint hearings on solvency measures

January 21-22

Passage of solvency measures

January 23

E&E of measures

January 24

Bill to governor

January 26

Reauthorization submission deadline (for indiv members)

February 9 (5 p.m.)

Capital request/bill request submission deadline

February 16 (5 p.m.)

Capital request/bill introduction deadline

February 19

GF surplus & stb capacity determined & agreed upon

February 22

All decisions on mutually funded statewide projects made

February 22

All data entry and proofreading of statewide projects done

February 24

HB 2 to house floor

February 24

Funding decisions by individual member for capital outlay

March 2

Capital bill ready

March 10

Capital bill HTRC & HAFC hearing

March 10

Senate acts on HB 2

March 11

Capital bill to house floor

March 11

Capital bill SFC hearing

March 12

Reauth bill drafted & proofed

March 13-15

Capital bill to senate floor

March 13

Capital bill to E&E

March 14-15

HB 2 to governor

March 15

Capital bill sent to governor

March 16

Reauthorization bill sent to governor

March 18 (before noon)

Governor must act on HB 2

March 18 (midnight)

Governor must act on capital bill by

March 19

*Session Ends*

*March 21 (Saturday)*

NON-RECURRING "POTENTIAL USES"

SOURCES		LFC													
Total General Fund Capacity		\$ -													
Total Severance Tax Bond Capacity		\$ 115,000,000.0													
<b>TOTAL CAPITAL AVAILABLE</b>		<b>\$ 115,000,000.0</b>													
USES		Agency Request	Legislative Staff Scenario	Potential Special in House Bill 2	Other State Funds	Current Unexpended Balances	Health, Safety, Liability	Completes Project	Match Funds Available	Operational Savings	Critical Service to Public	Client/Program Growth	Readiness to Proceed	Number of Criteria Met	
			STB	GF											
<b>1 Administrative Office of the Courts - unified rec.</b>															
2	AOC, magistrate and district courts statewide	\$ 9,290,100.0	\$ 900,000.0				X			X		X		3	To cover assistive listening devices for AOC; replacement of computer room flooring and air conditioning units for the Second Judicial District; security system improvements for the Fourth Judicial District; furniture and equipment for renovated judicial complex in Grant county; security enhancements for Curry county courthouse; and security enhancements for Roosevelt county courthouse.
<b>4 Aging &amp; Long-Term Services Department</b>															
5	Code compliance and other renovations	\$ 3,669,540.0	\$ 2,700,000.0				X			X		X		3	See attached detailed list of recommendations for code compliance.
7	Meals Equipment & Other Equipment	\$ 786,907.0												-	Equipment is not recommended unless general fund funds become available.
6	Vehicles	\$ 4,416,621.0												-	Vehicles are not recommended unless general fund funds become available.
8	Alteration renovation - other projects	\$ 6,595,613.0												-	Code compliance request more critical than renovation.
9	Other equipment	\$ 481,081.0												-	Equipment is not recommended unless general fund funds become available.
<b>11 Bernalillo County Metropolitan Court</b>															
12	Fourth floor build-out for additional judges	\$ 4,355,455.0	\$ 1,400,000.0							X	X	X		3	Recommend funding for completion of one courtroom to be available by FY11.
13	DWI school relocation to Metro Shops	\$ 162,000.0	\$ 162,000.0						X	X		X		3	Request would save \$75,000 annually for leased spaced starting in FY2010.
<b>15 Border Authority</b>															
16	Relocate rail crossing at Santa Teresa - Presidential permit	\$ 1,000,000.0				\$ 250,000.0								-	Consider reauthorizing unexpended funds for inactive projects; funds for necessary studies to obtain presidential permit needed to relocate rail crossing from El Paso/Juarez to New Mexico side to eliminate hazardous conditions; \$250,000 allocated from EDD funds available; other funds may be available if property resides in a Tax Increment Development District.
17	Strategic plan for the border	\$ 300,000.0												-	
18	Construct street and drainage in Columbus	\$ 700,000.0												-	Recommend applying for Colonias funds administered by DFA.
19	Construct fire station/emergency facility in Santa Teresa	\$ 2,200,000.0				\$ 375,000.0								-	\$375,000 authorized for this project in 2008.
20	Border Authority office facility - phase 2	\$ 550,000.0												-	Project would construct an addition to existing building, which would house the Office of Mexican Affairs.
<b>22 Children, Youth and Families Department</b>															
23	Juvenile facilities master plan for implementation of Missouri model implementation	\$ 2,000,000.0	\$ 400,000.0				X				X			2	Funds will address the Missouri model implementation for juvenile facilities.
24	Missouri model implementation	\$ 500,000.0	\$ 300,000.0					X				X		2	Funds would complete implementation at John Paul Taylor Center; expenditures for other facilities should await outcome of master plan.
25	Automated security systems - all juvenile facilities	\$ 1,000,000.0	\$ 500,000.0				X					X		2	Funds will address severe security deficiencies and eliminate risk to clients and staff.
26	Camp Sierra Blanca - life safety code deficiencies	\$ 1,000,000.0												-	Facility currently houses 8 clients; funds to address fire detection, egress, and handicap provisions; merits consideration if future client growth occurs.

NON-RECURRING "POTENTIAL USES"

Item #	USES	Agency Request	Legislative Staff Scenario STB	Potential Special in House Bill 2 GF	Other State Funds	Current Unexpended Balances	Criteria										Number of Criteria Met	
							Health, Safety, Liability	Completes Project	Match Funds Available	Operational Savings	Critical Service to Public	Client/Program Growth	Readiness to Proceed	Number of Criteria Met				
27	Area #1 storage warehouse & kitchen	\$ 600,000.0															-	
28	Maloof building repairs	\$ 1,000,000.0															-	Roof repair, ceilings, floors, corridors, HVAC and communications.
29	J. Paul Taylor storage building	\$ 400,000.0															-	50x100 building to serve as storage building, commercial grade laundry and visitor center.
30	YDDC - Master Plan	\$ 6,000,000.0	\$ 1,000,000.0				X						X				2	To support Capitol Buildings Planning Commission recommendation for relocation of YDDC campus to Los Lunas. (Awaiting final CBPC recommendation)
31																		
32	<b>Commission for the Blind</b>																	
33	Senior blind skills training center	\$ 735,500.0															-	Project merits consideration in the future, but given limited funding, new projects are not recommended. Consider temporary shared space with newly constructed early childhood center for the visually impaired.
34																		
35	<b>Commission of Public Records</b>																	
36	Feasibility study	\$ 60,000.0					X	x		x							3	Recommend funding from current capital building repair fund balances administered by Property Control Division.
37	Classroom remodel	\$ 43,000.0					x										1	Recommend funding from current capital building repair fund balances administered by Property Control Division.
38																		
39	<b>Corrections Department</b>																	
						\$ 7,500,000.0												
40	Statewide facility repairs/equipment	\$ 28,500,000.0	\$ 8,000,000.0				X	X		X							3	Funds would replace HVAC systems & pipe chase renovations for 2 housing units each at Southern & Central Facilities. Balances for Corrections Department ongoing projects total \$7.5 million.
41	WNMCF/CNM security upgrades	\$ 3,600,000.0	\$ 3,600,000.0				X										1	Funds will address facility upgrades at Western and Central facilities.
42	Statewide security upgrades	\$ 11,000,000.0															-	
43	PNM/Roswell waste water treatment project	\$ 6,000,000.0															-	
44																		
45	<b>Court of Appeals</b>																	
46	Pamela B. Minzner Court of Appeals Law Center	\$ 400,000.0	\$ 400,000.0						X						X		2	Funds for furniture, fixtures, and equipment; completion of court expected September 2009; consider in specials if general fund capacity becomes available.
47																		
48	<b>Cumbres &amp; Toltec Scenic Railroad Commission</b>																	
49	Track rehabilitation	\$ 1,546,000.0	\$ 500,000.0				X		X	X			X				4	Funds will continue track upgrades and rehabilitation.
50	Railroad visitor center	\$ 100,000.0	\$ 100,000.0						X	X							2	Funds will provide planning and archaeological survey for the projects; \$5 million for construction to be raised from private and other sources.
51																		
52	<b>Cultural Affairs Department</b>																	
53	CAD statewide repairs/ADA/upgrades/equipment	\$ 8,426,000.0	\$ 3,000,000.0				X			X	X			X			4	Funds will address facility renovations and repairs at facilities statewide. Balances for CAD ongoing projects total \$38 million, including \$15.8 million authorized in 2008.
54	Cultural facilities requiring completion	\$ 8,340,000.0	\$ 4,000,000.0					X		X	X			X			4	Funds will complete construction of ongoing projects for Bosque Redondo State Monument, Farm & Ranch Heritage Museum, Archaeology Center, History Museum, and National Hispanic Cultural Center; should not include furniture, equipment and landscaping.
55	Cultural facilities expansion	\$ 3,450,000.0															-	
56	Cultural facilities upgrades	\$ 2,221,000.0															-	
57																		

NON-RECURRING "POTENTIAL USES"

USES	Agency Request	Legislative Staff Scenario STB	Potential Special in House Bill 2 GF	Other State Funds	Current Unexpended Balances	Health, Safety, Liability	Completes Project	Match Funds Available	Operational Savings	Critical Service to Public	Client/Program Growth	Readiness to Proceed	Number of Criteria Met	
<b>58 Department of Environment</b>														
59	Clean water state revolving fund	\$ 1,500,000.0	\$ 1,500,000.0			X		X		X			3	Funds will match federal money and generate \$7.5 million to provide low-interest loans for critical wastewater needs.
60	Rural infrastructure revolving loan program	\$ 6,000,000.0											-	Merits consideration when greater capital capacity is available or consider reauthorizing local projects to this project.
61	River Ecosystem Restoration Initiative	\$ 5,000,000.0											-	Funding not recommended for programs not statutorily established; program lacks measurable results.
62														
<b>63 Department of Finance &amp; Administration</b>														
64	Film and media initiative	\$ 5,000,000.0			\$ 16,300,000.0								-	Program initiated without enabling legislation requiring accountability. As of 9/15/08, funds authorized in 2004, 2006, 2007, & 2008 totaling over \$16.3 million remain unexpended. Given limited funding, recommend expenditure of unused funds.
65	Colonias infrastructure improvements	\$ 5,000,000.0			\$ 10,000,000.0								-	Program initiated without enabling legislation requiring accountability. To date, these program funds have been effectively matched and managed, but outcomes are unknown; \$10 million allocated but unexpended.
66	Water Innovation Fund	\$ 5,000,000.0			\$ 9,800,000.0								-	Program initiated without enabling legislation requiring accountability. As of 9/15/08, funds authorized between 2005 and 2008 totaling \$9.8 million remain unexpended.
67	Rodeo Initiatives	\$ 5,000,000.0			\$ 3,500,000.0								-	Program initiated without enabling legislation requiring accountability. As of 9/15/08, funds authorized between 2006 & 2008 totaling \$3.5 million remain unexpended.
68	Housing Trust Fund	\$ 10,000,000.0	\$ 1,000,000.0		\$ 2,000,000.0	X				X			2	Program administered by New Mexico Mortgage Finance Authority; \$2 million authorized in 2008 allocated, but unexpended awaiting legal review by DFA.
69	Home Equity with Required Occupation	\$ 2,000,000.0											-	Requested funds are for a loan program not eligible for capital funding.
70	Santa Fe City/County Direct Diversion	\$ 12,000,000.0	\$ 12,000,000.0			X				X			2	At the request of the Capital Outlay Subcommittee, this project was added onto the list of potential uses to be considered by the full Legislature for funding.
71														
<b>72 Department of Game &amp; Fish</b>														
73	Aircraft replacement	\$ 1,000,000.0			\$ 700,000.0	X						X	3	Recommend authorization of \$500,000 from bond interest & retirement fund and \$200,000 from game protection fund; new parts for 1995 aircraft are obsolete requiring agency to rely on used parts for missions critical to the agency operations.
74	Rock Lake warm watery hatchery - phase 6	\$ 3,500,000.0											-	Requested phase is for rearing ponds in a hatchery building; request not as critical as completion of Lake Roberts Dam and other high hazard dam needs.
75	Lake Roberts dam & spillway renovation - phase 3	\$ 3,500,000.0	\$ 1,000,000.0		\$ 2,542,211.0	X	X			X		X	4	<b>To complete project started in 2005; reauthorize \$1 million authorized in 2006 for Clayton Lake dam analysis (G&amp;FD reports no activity) and \$1 million authorized in 2006 for Bear Canyon dam spillway improvements (project cannot start until Lake Roberts dam is completed).</b>
76	Bear Canyon dam spillway expansion - phase 2	\$ 3,725,000.0			\$ 1,275,000.0								-	Agency indicates the project cannot commence until Lake Roberts dam project is completed. Both dams cannot be drained at the same time.
77	San Juan river habitat improvement & aquatic education	\$ 250,000.0											-	
78	Gaining Access into Nature (GAIN) - phase 3	\$ 100,000.0											-	
79														
<b>80 Department of Health (DOH)</b>														
					\$ 26,300,000.0									

NON-RECURRING "POTENTIAL USES"

ID	USES	Agency Request	Legislative Staff Scenario STB	Potential Special in House Bill 2 GF	Other State Funds	Current Unexpended Balances	Criteria										Number of Criteria Met	Notes
							Health, Safety, Liability	Completes Project	Match Funds Available	Operational Savings	Critical Service to Public	Client/Program Growth	Readiness to Proceed					
81	Facility patient health & safety	\$ 8,046,000.0	\$ 5,000,000.0				X			X	X	X	X	5	Funds will replace boilers and chillers at Veterans' Home, upgrade therapeutic pool at Los Lunas, for asbestos abatement and forensic security at NMBHI, and fire suppression system at Sequoyah. Balance for DOH ongoing projects total \$26.3 million.			
82	Facility renovation & construction	\$ 28,949,000.0	\$ 6,000,000.0				X				X	X	X	4	Funds would complete Alzheimer/Skilled nursing unit at Veterans' Home and provide ongoing funding for Meadows Home in Las Vegas.			
83	Scientific laboratory division	\$ 7,220,000.0				\$ 4,000,000.0		X			X		X	3	<b>Agency indicates installation of furniture and equipment must be done simultaneously with construction. There may be contingency funds available to finish project. Completion scheduled for Spring 2010.</b>			
84	Public Health Offices	\$ 7,767,500.0													-	Public health offices are a county responsibility by statute. Consider reauthorizing non-active local capital balances for these purposes.		
85	Facilities upgrades statewide	\$ 7,553,100.0													-	NMBHI - \$6.4 million. Veterans' hospital \$529 thousand. Sequoyah - \$567 thousand.		
86	Facility renovation & construction	\$ 52,526,900.0													-	NMBHI - \$42.5 million. Veterans' hospital - \$10 million.		
87	Facility patient health & safety	\$ 561,600.0													-	Fort Bayard medical center		
88																		
89	<b>Department of Information Technology</b>																	
90	Enterprise e-mail services replacement/upgrade	\$ 3,400,000.0	\$ 3,000,000.0								X	X		X	3	Costs for e-mail upgrade could be recovered through rates charged to state agencies.		
91	Wire New Mexico DMW conversion	\$ 2,874,000.0	\$ 1,000,000.0				X				X	X		3	Continue digital microwave conversion project. Project is 70 percent complete.			
92	State voice services - telephone PBX	\$ 900,000.0	\$ 900,000.0					X				X		2	Funds will replace 45 Fujitsu telephone switches statewide, Fujitsu is no longer in operation and not providing service for its equipment.			
93	State network services- core network equipment replacement	\$ 800,000.0	\$ 800,000.0								X	X		X	3	Funds will upgrade, stabilize, and provide more capacity to core network.		
94	State Data Center operations	\$ 1,942,000.0	\$ 1,900,000.0				X	X			X	X		X	5	Cost of the data center operations could be recovered via the rates charged to agencies. Project impacts agency operations and the ability to recover data due to computer failure.		
95	Two-way radio narrow banding	\$ 800,000.0													-	Purchase 50 fixed two-way radios and antenna systems required to support radio communications with agencies such as Public Safety, Game & Fish, Probation & Parole, Emergency Medical Services, Dept of Transportation, et al.		
96	NM Computing Applications center	\$ 2,600,000.0				\$ 4,800,000.0									-	Continue the roll out to public colleges and universities, expanding the collaboration and computer education network to these locations.		
97																		
98	<b>Department of Military Affairs</b>																	
99	Santa Fe training site land acquisition	\$ 2,800,000.0													-	Given limited funding, recommend completing projects authorized in 2007 and 2008 totaling \$6.1 million prior to commencing new project.		
100	Statewide armory energy projects	\$ 850,000.0													-	Recommend expending funds authorized in 2007 & 2008.		
101	Statewide armory maintenance/modernization	\$ 500,000.0	\$ 500,000.0				X				X			2	<b>Funds will address ongoing deficiencies and maintenance needs for armories statewide. May include attachment for recommendations.</b>			
102																		
103	<b>Department of Public Safety</b>					\$ 21,200,000.0												
104	Fleet replacements	\$ 5,928,000.0		\$ 3,000,000.0			X					X		2	Recommend funding from general fund for vehicles if funds become available. Balances for DPS ongoing projects total \$21.2 million.			

NON-RECURRING "POTENTIAL USES"

ID	USES	Agency Request	Legislative Staff Scenario STB	Potential Special in House Bill 2 GF	Other State Funds	Current Unexpended Balances	Evaluation Criteria										Notes	
							Health, Safety, Liability	Completes Project	Match Funds Available	Operational Savings	Critical Service to Public	Client/Program Growth	Readiness to Proceed	Number of Criteria Met				
105	Forensic lab - Northern NM	\$ 33,000,000.0															-	Plan, design, programming, and site analysis incomplete. According to GSD results will be known in March 2009.
106	Santa Teresa port of entry	\$ 4,500,000.0				\$ 9,200,000.0	X					X					2	Consider reauthorizing inactive project funds to complete project; \$9.2 million in federal and state funds currently available for project. Other funds may potentially be available if project is within a Tax Increment Development District.
107	Statewide renovations	\$ 3,000,000.0	\$ 500,000.0				X					X					2	Funds will address deficiency upgrades needed for "substation" facilities statewide.
108	Albuquerque district 5 renovation	\$ 850,000.0															-	Due to limited funding do not recommend plan and design of new phase.
109	Espanola district office	\$ 6,500,000.0															-	Due to limited funding do not recommend funding new projects.
110	New Oro Grande port of entry	\$ 4,400,000.0															-	Due to limited funding do not recommend new projects.
111	HVAC replacement of old law enforcement academy	\$ 600,000.0															-	
112	Dorm & kitchen renovation of old law academy	\$ 5,400,000.0															-	
113	Shooting range upgrade	\$ 4,400,000.0															-	Purchase land.
114	San Jon port of entry replacement	\$ 10,300,000.0															-	
115	Vehicle messaging systems	\$ 2,500,000.0															-	Replace and install new vehicle messaging systems for ports of entry located in Gallup, San Jon, Raton, Lordsburg and Anthony.
116	Auto repair facility	\$ 3,600,000.0															-	
117	Headquarters complex security upgrade	\$ 400,000.0															-	
118																		
119	<b>Economic Development Department</b>					\$10,169,000*												*Balance of over \$10 million remains for other projects at Economic Development.
120	Economic Development Department Capital Fund	\$ 15,000,000.0				\$ 7,300,000.0				X							1	<b>Consider funding if fund is statutorily created requiring accountability.</b>
121	Rio Rancho project metal	\$ 3,000,000.0															-	Due to limited funding do not recommend funding new projects.
122	Las Cruces rocket racing project	\$ 3,000,000.0															-	Due to limited funding do not recommend funding new projects.
123	Mainstreet capital outlay fund	\$ 2,000,000.0	\$ 1,000,000.0			\$ 1,310,000.0						X					1	Recommend funds for the mainstreet capital outlay grant fund, but require status of funds and outcomes of previous year's funding.
124	Catron county project timber process infrastructure	\$ 1,000,000.0															-	
125	Rio Rancho technical support center project - Hewlett Packard	\$ 8,000,000.0															-	Potentially hire 1,000 jobs.
126	Fidelity	\$ 6,000,000.0				\$ 7,500,000.0											-	Can expand to 700 jobs from 350.
127	Schott Solar	\$ 4,000,000.0				\$ 7,500,000.0											-	Potentially employ 1,500.
128	Sandoval county film studio	\$ 2,000,000.0															-	
129	Statewide technology fund	\$ 12,000,000.0															-	Governor initiative.
130																		
131	<b>Eleventh Judicial District Court</b>																	
132	Security, furniture, and equipment	\$ 836,000.0	\$ 300,000.0				X	X				X					3	State funds would provide security and camera systems, fire suppression and other infrastructure. County is funding construction of courthouse in Aztec.
133																		
134	<b>Energy, Minerals &amp; Natural Resources Department</b>																	
135	Drought mitigation & fire protection	\$ 4,000,000.0				\$ 1,443,968.0											-	Funding is requested to purchase or replace fire engines for local government fire departments. Given limited funding state funds should be used to support state forestry fire needs.
136	Replace fire trucks & crew carries - final phase	\$ 500,000.0		\$ 500,000.0			X					X					2	<b>Consider funding in HB 2 if general fund capacity becomes available. Also consider possible statute change to make projects eligible for Fire Protection Fund.</b>
137	Design-build to LEED standards - Albuquerque & Capitan	\$ 300,000.0															-	Given limited funding no recommendations will be made for new projects.

NON-RECURRING "POTENTIAL USES"

	USES	Agency Request	Legislative Staff Scenario STB	Potential Special in House Bill 2 GF	Other State Funds	Current Unexpended Balances											Number of Criteria Met
							Health, Safety, Liability	Completes Project	Match Funds Available	Operational Savings	Critical Service to Public	Client/Program Growth	Readiness to Proceed				
138	Statewide park restoration	\$ 2,000,000.0	\$ 2,000,000.0			\$ 4,200,000.0	X			X	X					3	Governmental gross receipt tax for parks committed through 2012. Youth corps program has \$900,000 surplus; consider redistribution for park maintenance especially if state undertakes new parks. Balances for ongoing park projects total \$4.2 million.
139	Energy innovation/clean energy	\$ 15,000,000.0				\$ 7,224,302.0										-	Program initiated without enabling legislation: park renovations and upgrades at state parks should be given priority given limited funding.
140	Rio Grande Nature Center education facility	\$ 2,000,000.0														-	
141	Energy efficiency retrofit of parks - phase 2 of 4	\$ 759,000.0				\$ 500,000.0										-	
142	Elephant Butte state park renovation - phase 2	\$ 6,275,000.0				\$ 1,894,041.0										-	Project in design.
143	Sugarite visitor center	\$ 1,525,000.0				\$ 7,500.0										-	
144	Concessionaire/revenue enhancements 1 - Central	\$ 300,000.0														-	
145	Living desert NE point renovation - phase 2	\$ 2,900,000.0														-	
146	Land & wildlife projects	\$ 10,000,000.0				\$ 1,500,000.0										-	Awards have been made, 5 contracts executed.
147	Rio Grande trail - phase 2	\$ 15,000,000.0				\$ 1,269,914.0										-	In process of purchasing rights of way and developing trails. Funding is from 2007 reauthorization of \$946 thousand (for trails statewide) and \$325 thousand in direct allocations.
148	Albuquerque forest & watershed health office	\$ 3,500,000.0														-	Cost estimates will be revised based on the outcome of the plan and design of the project.
149																	
150	<b>General Services Department (GSD)</b>																
151	Property Control Division (PCD) - Statewide facility repairs	\$ 10,000,000.0	\$ 5,000,000.0			\$ 5,408,799.0	X			X	X					3	To preserve and restore state facilities under PCD jurisdiction; cost over-runs from previous year's funding not sufficient for repairs at buildings averaging 45 years old. Additional funding alternative needed. Balances for PCD ongoing projects total \$5.4 million.
152	Statewide demolition/decommissioning	\$ 2,100,000.0	\$ 2,100,000.0				X	X		X	X			X		5	Demolition and asbestos abatement of Campbell, Woolston, Mecham, and Old Huning buildings on Los Lunas campus and the old dormitory at the NM Rehabilitation Center in Roswell. Facilities have become a liability to the state.
153	Health and Human Services complex land purchase	\$ 9,000,000.0	\$ 4,000,000.0							X	X		X			3	Site options include: Las Soleras, Penitentiary of New Mexico and South Capitol Campus. Options for phasing project should be considered. Consideration of train station at Las Soleras could carry a large price tag (unknown who would cover cost) and could slow travel times. Funding would support Capitol Buildings Planning Commission recommendation. (Awaiting final CBPC recommendation).
154	State building energy efficiency	\$ 6,000,000.0														-	
155	South complex infill - phase 1	\$ 3,000,000.0	\$ 3,000,000.0							x	X		X			3	Funding would support Capitol Buildings Planning Commission recommendation. (Awaiting final CBPC recommendation).
156	Las Cruces state office building land acquisition & design	\$ 9,000,000.0				\$ 4,870.0										-	\$200,000 appropriated in 2004 has a remaining balance of \$4,870. According to PCD funding is being utilized for programming, site analysis, etc.
157	Central campus master plan & expansion	\$ 1,500,000.0									X		X			2	Consider funding from Legislative Council Service and Capitol Buildings Repair Fund balances. Funding would support Capitol Buildings Planning Commission recommendation. (Awaiting final CBPC recommendation).
158	Statewide planning & design	\$ 1,000,000.0														-	
159																	
160	<b>Higher Education Department (HED)</b>																

NON-RECURRING "POTENTIAL USES"

	USES	Agency Request	Legislative Staff Scenario STB	Potential Special in House Bill 2 GF	Other State Funds	Current Unexpended Balances	Criteria										Number of Criteria Met		
							Health, Safety, Liability	Completes Project	Match Funds Available	Operational Savings	Critical Service to Public	Client/Program Growth	Readiness to Proceed	Number of Criteria Met					
161	Higher Education and Special School Requests	\$ 35,000,000.0																-	In non-GOB year and limited capital funds in 2009, recommend funding to complete projects (UNM Film & Digital Center, NMSU Arts Complex and UNM Engineering Nano-Bio Technology Build-Out). Consider reauthorization of inactive projects for funding. (See Higher Education Department recommendations attached).
162																			
163	<b>Homeland Security &amp; Emergency Management Dept.</b>																		
164	North office addition	\$ 1,482,712.0	\$ 1,000,000.0				X	X	X					X				4	Expansion merits consideration due to safety issues; current space designed for 31 FTEs, but 71 FTEs are currently housed at center. Funds contingent on \$1 million federal grant.
165	Mobilization center upgrades	\$ 690,000.0																-	With limited funding #1 priority considered most critical.
166																			

NON-RECURRING "POTENTIAL USES"

	USES	Agency Request	Legislative Staff Scenario STB	Potential Special in House Bill 2 GF	Other State Funds	Current Unexpended Balances	Criteria										
							Health, Safety, Liability	Completes Project	Match Funds Available	Operational Savings	Critical Service to Public	Client/Program Growth	Readiness to Proceed	Number of Criteria Met			
167	<b>Human Services Department (HSD)</b>																
168	Fred Luna Bldg	\$ 386,663.0	\$ 300,000.0				X	X			X		X	4		Funds will provide lighting and paving of city-owned lot to provide parking for 25 FTEs and 250 clients daily.	
169	Harriet Sammons Bldg - Farmington	\$ 234,805.0	\$ 200,000.0				X	X			X		X	4		Funds would provide renovations to separate toilet facilities currently being shared by staff and clients, and parolees utilizing restrooms for urine samples.	
170	Louise Brown - Bernalillo	\$ 191,712.0	\$ 175,000.0				X	X			X		X	4		Funds will repair significant damage to walls, drainage lines, and restrooms caused by roots of tree located near building.	
171	James Murray - Hobbs	\$ 444,999.0	\$ 400,000.0				X	X			X		X	4		Funds would provide renovations to separate toilet facilities currently being shared by staff and clients and parolees utilizing restrooms for urine samples.	
172	Albert Aragon Bldg - Espanola	\$ 276,984.0												-			
173	FANS Albuquerque warehouse	\$ 140,838.0												-		Renovations and upgrades.	
174	1401 William St.	\$ 263,902.0												-		Roof replacement.	
175	Albuquerque warehouse brick annex	\$ 210,004.0												-		Code compliance.	
176																	
177	<b>Indian Affairs Department</b>																
178	Tribal Infrastructure Project Fund (TIPF)	\$ 5,000,000.0	\$ 2,500,000.0			\$ 11,600,000.0				X		X		2		Statutorily created in 2005, TIPF provides grants for tribal infrastructure statewide.	
179																	
180	<b>New Mexico State Fair</b>																
181	Cultural/entertainment/equestrian facility upgrades	\$ 11,000,000.0	\$ 5,000,000.0				X			X	X			3		Funds will address most critical needed upgrades to restrooms, roofs, water lines, and lighting.	
182																	
183	<b>Public Education Department (PED)</b>																
184	Pre-kindergarten classrooms	\$ 5,000,000.0	\$ 2,000,000.0								X	X		2		Recommend additional funding be requested from PSCOC and consider reauthorizing aged and unused local funds for school projects.	
185	Laptop initiative for 7th graders	\$ 15,000,000.0												-		As per LFC audit, outcomes & benefits not known.	
186	School bus replacements	\$ 5,152,000.0	\$ 2,000,000.0				X			X	X		X	4		Funds would support replacement of aged buses with high mileage. Innovative and would boost productivity, but system licensing should be requested from operational funds rather than capital.	
187	NM public access library (NM-PAL)	\$ 2,500,000.0												-			
188																	
189	<b>Public Regulation Commission</b>																
190	State Fire Marshal evidence storage	\$ 135,000.0	\$ 135,000.0			\$ 200,000.0		X					X	2		Funds will complete project.	
191	Educational facility with classrooms and offices	\$ 300,000.0												-			
192	Photovoltaic system at Fire Fighters Training Academy	\$ 840,000.0												-			
193																	
194	<b>State Engineer's Office</b>																
195	Surface water & ground water measurement - Statewide	\$ 1,000,000.0	\$ 500,000.0			\$ 1,798,749.0	X				X			2		Need additional information from OSE. Work in progress on the Mimbres Project.	
196	Dam emergency repair - Statewide	\$ 5,000,000.0	\$ 2,000,000.0			\$ 8,809,099.0	X	X			X		X	4		To complete Ponderosa dam.	
197	Strategic water reserve	\$ 5,000,000.0				\$ 1,448,088.0								-		Project in progress, purchase of water rights are time consuming.	
198	Middle Rio Grande project floodway projects	\$ 2,000,000.0												-			
199	Indian water rights settlement	\$ 15,200,000.0				\$ 10,000,000.0								-			
200	Middle Rio Grande endangered species act collaborative program	\$ 2,250,000.0												-		\$3.7 million for Los Lunas Refugium, project complete.	
201	Monitoring well - Statewide	\$ 250,000.0												-			

NON-RECURRING "POTENTIAL USES"

202	USE	Agency Request	Legislative Staff Scenario STB	Potential Special in House Bill 2 GF	Other State Funds	Current Unexpended Balances	Criteria										Notes	
							Health, Safety, Liability	Completes Project	Match Funds Available	Operational Savings	Critical Service to Public	Client/Program Growth	Readiness to Proceed	Number of Criteria Met				
202	Bear Canyon dam remediation	\$ 3,725,000.0				\$ 1,275,000.0											-	Funding appropriated to Dept. of Game and Fish (DGF) for spillway improvements. DGF indicates the project cannot commence until Lake Roberts dam project is completed, as both dams cannot be drained at the same time. DGF is also requesting \$3.7 million for the project. Dam is classified as high hazard.
203	Lake Roberts dam remediation	\$ 700,000.0				\$ 2,542,211.0											-	Funding appropriated to Dept. of Game and Fish (DGF) for spillway improvements, design is nearly 50% complete DGF indicates project must be in compliance by 12/31/2010. DGF requesting \$3.5 million.
204	Pecos settlement	\$ 6,700,000.0				\$ 3,407,434.0											-	Nearly \$21 million expended.
205	Ute dam renovation	\$ 569,000.0															-	
206	Salt basin water resource assessment	\$ 900,000.0															-	
207																		
208	<b>Supreme Court Building Commission</b>																	
209	Fire suppression	\$ 670,698.0				\$ 555,000.0	X	X		X	X				X	5	<b>Design development plans complete; current available funding appropriated in 2008 insufficient to complete project. Consider funding in HB 2 if general fund capacity is available or from Capitol Buildings Repair Fund.</b>	
210	Renovations and repairs to Supreme Court bldg.	\$ 2,489,686.0														-	Due to limited funding priority #1 should be considered.	
211																		
212	<b>Taxation &amp; Revenue Department</b>																	
213	Construction of new Santa Fe MVD field office	\$ 2,250,000.0				\$ 3,475,413.0										-	Due to limited funds, expansion not recommended at this time. Expansion should be contingent on Capitol Buildings Planning Commission master plan and approval.	
214	New Taxation & Revenue department building	\$ 1,125,000.0														-	Request is for leasing and should be requested from general fund operating funds rather than capital. Any new building or expansion should be based on Capitol Buildings Planning Commission master plan.	
215	Replacement of remittance transports	\$ 200,000.0		\$ 200,000.0							X					1	Recommend funding in HB 2 if general fund capacity becomes available.	
216																		
217	<b>Workforce Solutions Department (WSD)</b>																	
218	Administration building life safety projects	\$ 2,366,110.0	\$ 500,000.0				X			X	X					3	Funds will address repairs for deficiencies creating health safety issues.	
219	Statewide offices - roofs/HVAC/deferred maintenance	\$ 1,316,000.0	\$ 500,000.0				X			X	X					3	Funds will address roof and HVAC deficiencies.	
220	Las Vegas workforce development center addition	\$ 400,000.0														-		
221	Statewide offices - parking lot repairs/repaving	\$ 345,000.0														-		
222	Deming workforce development center addition	\$ 455,000.0														-		
223																		
224	<b>Other State Fund Requests</b>																	
225	Miners' Colfax Medical Center - Pyxis	\$ 1,000,000.0			\$ 1,000,000.0		X			X			X			3	Recommend authorization to purchase an automated pharmaceutical dispensing system.	
226																		
227	Department of Transportation	\$ 1,450,000.0			\$ 1,450,000.0		X				X					2	Recommend authorization for \$950 thousand to construct a District 5 Tierra Amarilla facility, \$350 thousand to purchase salt domes, \$100 thousand for District 2 mechanical system upgrade, and \$50 thousand for District 3 Hilltop Building roof repair.	
228																		
229	Educational Retirement Board - Headquarters	\$ 2,500,000.0			\$ 2,500,000.0								X			1		
230	<b>Base Recommendation</b>	<b>\$ 712,078,030.0</b>	<b>\$ 96,672,000.0</b>	<b>\$ 3,700,000.0</b>	<b>\$ 5,650,000.0</b>	<b>\$ 258,216,599.0</b>												