

## LFC HEARING BRIEF

**AGENCY:** LFC Staff

**DATE:** July 10, 2009

**PURPOSE OF HEARING:**  
Capital Outlay Quarterly Report

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**EXPECTED OUTCOME:**  
Informational

### BACKGROUND INFORMATION

The June 2009 Capital Outlay Quarterly Report provides the Legislative Finance Committee (LFC) and members of the Legislature with the current fiscal accountability for outstanding capital funding appropriated between 2003 and 2008. The report demonstrates appropriations, expenditures, and balances for all active capital projects. The data, updated as of June 15, 2009 is derived from the Capital Projects Monitoring System (CPMS) operated and maintained by the Department of Finance and Administration.

Data within the report does not include \$139.9 million for 73 projects authorized in the 2009 Legislative Session (Chapter 125, House Bill 154). The bill passed without the emergency clause; therefore, the effective date of the funding was June 19, 2009. The status of the 2009 allocations will be captured in the next quarterly report.

**Quarterly Report Results.** Analysis of data from the CPMS for outstanding capital funding authorized between 2003 and 2008 demonstrates the following:

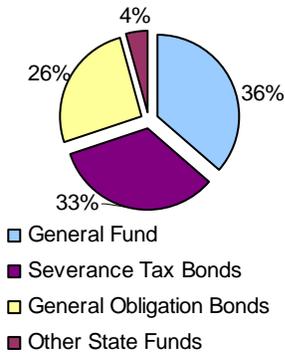
- Of \$3.7 billion appropriated during the reporting period, \$1.3 billion for 5,825 projects remains unexpended.
- Since March 2009 report, \$145 million was expended for 622 projects.
- Unexpended balances by fund: general fund (\$439 million), severance tax bonds (\$401.9 million), general obligation bonds (\$314.6 million), other state funds (\$49.6 million), and reauthorized projects (\$91.3 million, funding source unknown).
- Five projects totaling \$205,000 remain active in CPMS for years 2002 & 2003. Two Navajo Nation projects received changes of purpose and time extensions to 2010. The remaining three projects account for \$105,000 for renovations of the Sandia high school lecture hall in the Albuquerque public school district (APS). The Public Education Department (PED) reports the project is complete, however, APS has not submitted the necessary paperwork to PED for reimbursement. PED has contacted APS and indicates the project will be closed out next quarter.
- Of the 3,706 “inactive” projects, 2,942 projects totaling \$156 million represent appropriations of \$150,000 or less.

**Capital Appropriations with No Activity**  
(in millions of dollars)

Year	# of projects	Dollar amount
2008	1,724	404.5
2007	1,150	213.9
2006	488	104.1
2005	260	27.0
2004	83	5.1
2003	1	0.02
<b>Total</b>	<b>3,706</b>	<b>\$ 754.6</b>

Source: LFC Files

**Percent of Unexpended Capital Balances by Fund 2003-2008**



Source: LFC

**2003-2008 Capital Outlay Funding "Outstanding" Projects Only**  
(in millions)

Year	Number of Projects	Amount Appropriated	Amount Expended	Amount Unexpended	Percent Expended by Year
2003	4	\$ 0.1	\$ -	\$ 0.1	0%
2004	302	\$ 106.9	\$ 80.9	\$ 26.0	76%
2005	603	\$ 194.3	\$ 119.6	\$ 74.7	62%
2006	970	\$ 433.5	\$ 154.8	\$ 278.7	36%
2007	1,953	\$ 575.1	\$ 176.2	\$ 398.9	31%
2008	1,993	\$ 572.8	\$ 43.4	\$ 529.4	8%
<b>Total</b>	<b>5,825</b>	<b>\$ 1,882.7</b>	<b>\$ 574.9</b>	<b>\$ 1,307.8</b>	

Source: LFC

**STATUS OF \$1 MILLION OR GREATER AND HIGHLIGHTS OF SELECT PROJECTS**

- Of \$1.3 billion outstanding, LFC staff currently tracks \$753 million for 328 projects funded for \$1 million or greater which accounts for approximately 57 percent of all unexpended funds.
- \$130.2 million was expended and 29 projects closed since the March 2009 Quarterly Report.
- As of this date, it is unknown how many projects will require additional funds for completion; staff will work with entities during the interim to determine additional funding needs.

**Completed projects or Significant Activity Since Last Quarter.**

**Deming Landfill Construction**

- \$1.1 million in STB appropriated in 2007; New Mexico Environment Department completed work on landfill liner; appropriation is fully expended; city will complete soil cover on liner to complete the project.

**McKinley County Dialysis Center**

- \$1.6 million general fund and STB appropriated in 2007; previous issue regarding the lease agreement was resolved and groundbreaking occurred; construction begun in April.

**LEGEND**

Project on schedule	181
Behind schedule or little activity	111
No activity or bonds not sold	35
<b>Total Active Projects ? \$1 million</b>	<b>327</b>
<b>Other report information:</b>	
Appropriation expended or project complete	29
X Additional funds needed	5

**Projects Experiencing Delays or Requiring Additional Funds.**

**Eunice Wastewater Treatment Plant**

- \$1 million in STB appropriated in 2005; engineering agreement is in place and preliminary design has begun for the wastewater facility; an additional \$7.6 million (\$7 US Army Core of Engineers and \$600 thousand 2008 state appropriation) has been secured for construction of the facility; project requires approximately \$900 thousand to complete construction.

**Grant County Health Facility**

- \$1 million in general fund appropriated in 2007; the town has received a \$3.5 million NMFA loan and \$750 thousand federal match for the project; project is still under design, but will require additional funding to complete construction.

**Sierra County Hospital**

- \$3.1 in general fund and STB appropriated since 2007; land acquisition was completed; a financial advisor was hired to assist the hospital in securing an additional \$17 million in state, federal and private funding for construction.

**Red Flag Projects “No Activity” Since Last Quarter.**

**Albuquerque Business Incubator (WESST Corp)**

- \$1.2 million general fund and STB appropriated in 2007; project construction was completed in September 2008; State Board of Finance conditions must be met prior to reimbursement for construction; the City of Albuquerque is working with their attorney to meet the conditions.

**Pojoaque Valley Water and Wastewater System**

- \$1 million general fund appropriated in 2005; grant agreement was signed in July 2008 with no new milestones reached since; NM Environment Department reports that Santa Fe County has not defined a plan for the funding.

LMK:JL:KB/svb