

## March 2014 Quarterly Update

### Quarterly Status of Outstanding Capital Funds

- As of March 2014, approximately \$527.8 million from all funding sources for 1,358 projects remains outstanding (excludes over \$630 million authorized in 2014: STB, GOB, OSF and earmarked funds).
- Since the December 2013 quarterly report, 65 projects closed and approximately \$45.8 million was expended or reverted.
- Currently, 124 projects totaling approximately \$32.1 million are scheduled to revert June 30, 2014. Projects identified to revert in 2014 do not include 65 projects totaling approximately \$6.2 million from the 2010 GOB which do not revert if funds are encumbered for a third party contract.
- Percentage of outstanding funding sources: general fund (GF) less than 1 percent, severance tax bonds (STB) 66 percent, general obligation bonds (GOB) 24 percent, and other state funds (OSF) 10 percent.

**2009-2013 Capital Outlay All Fund Sources  
"Outstanding" Projects Only**  
(in millions)

Year	Number of Projects	Amount Appropriated	Amount Expended	Amount Unexpended	Percent Expended for Year
2009	2	\$11.0	\$9.5	\$1.5	86%
2010	99	\$57.7	\$41.5	\$16.1	72%
2011	62	\$72.3	\$39.8	\$32.5	55%
2012	415	\$282.1	\$66.0	\$216.1	23%
2013	780	\$277.2	\$15.6	\$261.6	6%
<b>Total</b>	<b>1,358</b>	<b>\$700.3</b>	<b>\$172.4</b>	<b>\$527.8</b>	

Source: Capital Projects Monitoring System

- Of the \$527.8 million outstanding, \$342.8 million funded from severance tax bond capacity and the general fund for 1,100 projects authorized for state agencies and local entities remains outstanding. The following table demonstrates the percent expended by state and local entities by year.

**2009-2013 Capital Outlay Funding  
"Outstanding" STB and GF Projects Only**  
(in millions)

Year	STATE ALLOCATIONS					LOCAL ALLOCATIONS				
	Number of Projects	Amount Appropriated	Amount Expended	Amount Unexpended	Percent Expended for Year	Number of Projects	Amount Appropriated	Amount Expended	Amount Unexpended	Percent Expended for Year
2009	1	\$10.0	\$8.8	\$1.2	88.1%	0	\$0.0	\$0.0	\$0.0	*
2010	27	\$40.6	\$31.4	\$9.2	77.3%	8	\$2.8	\$1.6	\$1.3	55.5%**
2011	56	\$70.9	\$39.3	\$31.5	55.5%	0	\$0.0	\$0.0	\$0.0	*
2012	38	\$103.2	\$39.1	\$64.1	37.9%	208	\$34.5	\$10.8	\$23.7	31.4%
2013	121	\$132.3	\$8.7	\$123.6	6.6%	641	\$92.2	\$4.0	\$88.2	4.3%
<b>Total</b>	<b>243</b>	<b>\$357.0</b>	<b>\$127.3</b>	<b>\$229.6</b>		<b>857</b>	<b>\$129.5</b>	<b>\$16.4</b>	<b>\$113.2</b>	

\* No allocations made for local projects.

\*\* Funds reauthorized for solvency.

Source: Capital Projects Monitoring System

- LFC staff tracks \$1 million or greater projects totaling \$423.7 million for 200 projects (80 percent of all unexpended funds). Since the December 2013 report, 3 projects closed. **Attachment A** is a one-page "snapshot" of appropriations, balances, and progress rating for projects by agency.

## **Projects Demonstrating Little or No Progress**

### **New Mexico Veterans' Home**

- \$12.5 million of \$13.8 million (STB) authorized between 2007 and 2011 to plan, design, construct, and equip an Alzheimer's Skilled Nursing Unit at the Veterans' Home in T or C remains unexpended. The Department of Health applied to the federal Veterans' Administration (VA) for a 65 percent match for the project. Since the application, New Mexico's project was moved from the top 10 to the top 60 tier of priorities when the federal VA shifted their priority to renovate existing facilities rather than new construction. The Department of Health and the New Mexico Office of Veteran's Affairs have been working with the New Mexico congressional delegation to obtain confirmation of the status and intent of the federal Veteran's Administration to fund the project, but to date have not received a response from the federal VA. Discussions have been held to determine if the funds should be reauthorized to another purpose or if the DOH should request the full amount needed from the New Mexico Legislature.

### **Los Lunas Substance Abuse Center**

- \$6 million authorized in 2012 and 2013 to construct phase II for a residential treatment center was reauthorized in 2014 to extend the reversion until 2018. According to the Facilities Management Division of the General Services Department, a certification of readiness for issuance of the bonds will not be submitted to the Board of Finance for the June 2014 bond sale.

### **Mora County Complex**

- \$1.8 million (STB) was authorized in 2013 and an additional \$245,000 (STB) was authorized in 2014 to continue construction of phase II of the complex. Mora County paid for a forensic engineering assessment report to confirm the work and amount of \$4 million needed for the project. The county and its financial advisor is currently in discussion with the New Mexico Finance Authority (NMFA) to secure two separate loans, one GRT loan for \$245,000 and one Administrative Office of the Court lease revenue loan for approximately \$1.5 million. The county anticipates certifying readiness for issuance of the STB funds by June 2014; however, the loan request for the project is not on the NMFA Board's May agenda.

### **Senior Citizen Centers Statewide**

- Of 31 grant agreements issued from 2010 (GOB) for various senior projects statewide, the Aging and Long Term Services Department reports "no progress" for funding allocated for 3 projects including Rio Arriba and Lincoln Counties and the Jicarilla Apache Tribe. The Cities of Rio Rancho and Albuquerque anticipate construction to commence in April. Including a reversion date in GOB bills could encourage entities to expedite projects.

### **South Valley Multipurpose Health Center**

- \$2.5 million (general fund and STB) appropriated in 2006 and extended through 2014 to expand a multipurpose center to include a respite center was not approved by the Bernalillo County Commission. The counties expansion for other than a respite center resulted in a court dispute and settlement. Bernalillo will complete the project with their own funds and voided the agreement between the county and the state. The balance of \$1 million was reauthorized in 2014 for the Atrisco Community Adult Day Care and Respite Center facility.

## **NEXT STEPS TO ACHIEVE EFFICIENCY WITH STATE'S LIMITED FUNDS**

- For new construction or major renovation, require agencies to complete programming, plan and design prior to requesting construction funding. Encourage general fund dollars for plan and design or use of existing agency funds end of year non-recurring funds for plan and design of projects.

- A plan and design phase would provide a more accurate timeline and cost of projects and phasing of the project if applicable. While LFC staff has advocated for prioritized agency requests, it is evident by the graphs demonstrated in **Attachment B** that pre-planning of projects will reduce the amount of funds sitting idle.
- Allocate adequate funding levels to complete a full phase of a project and enforce statutory language requiring projects to commence within six months of bond issuance.
- Ensure timely submission of the capital outlay budget by the executive branch that includes priorities and recommended funding sources.
- Establish a method for clear communication between the House, Senate, executive and legislative staff during the session.
- Develop legislative timelines and procedures for legislative consideration of the executive capital requests.
- Establish timelines for enacting capital outlay bill, including executive requests and changes; consider amendment to Joint Rule 9-1 or new rule requiring compliance with a schedule for enactment of a capital outlay bill similar to rule for General Appropriation Act.
- Consider an interim committee to include DFA, LFC, LCS, and PSFA staff participation to address additional improvements to the capital outlay process and prioritization of projects and funding.

**OTHER:**

- LFC agency analysts will be required to review current and new capital projects to consider operational and maintenance costs related to the projects; analysts will provide updates at agency hearings.
- LFC and DFA staff will collaborate in developing a new format for reporting on the status of projects funded for \$1 million or greater; use of data from the Capital Project Monitoring System will eliminate a duplication of effort for agencies providing updates.