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FISCAL IMPACT REPORT

ORIGINAL DATE 02/04/11

SPONSOR Ingle LAST UPDATED _____ HB _____

SHORT TITLE State Agency 5-year Facility Master Plans SB 193

ANALYST Archuleta

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY11	FY12	FY13	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total	See Fiscal Impact	See Fiscal Impact	See Fiscal Impact			

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

General Services Department (GSD)
 Department of Cultural Affairs (DCA)
 Human Services Department (HSD)
 Children, Youth and Families Department (CYFD)
 New Mexico Corrections Department (NMCD)
 Higher Education Department (HED)

SUMMARY

Synopsis of Bill

Senate Bill 193 amends Section 6-4-1 NMSA 1978, to require the Property Control Division (PCD) along with the Department of Finance and Administration to jointly prepare a five-year program of all state capital improvement projects, and to submit the program to the governor and legislature by November 1st of each year. In addition a prioritization of projects, as well as identifying projects that are fully designed and ready for construction funding, and those that require planning and design funding in order to determine construction costs.

Additionally, the bill adds the requirement for state agencies to prepare or update a 5-year master plan by July 1 of each year in a form and content prescribed by PCD, with PCD providing technical assistance and guidelines for agency master plans. The bill also exempts a number of agencies from its provisions, including local governments; institutions of higher education; the Department of Transportation; authorities specifically exempted from laws governing state agencies; and the public schools. Lastly, the bill amends the division duties in the PCD enabling legislation to include regulation of lease-purchase by state executive agencies.

FISCAL IMPLICATIONS

GSD indicates the implementation of a two-step process to fund capital projects (plan and design funds first, then construction funds after a hard cost estimate) could significantly reduce the amount of capital appropriations that are authorized, but not expended by ensuring proper planning and cost estimates are completed before requesting construction funds. Construction funds would be directed toward projects that are ready to move to procurement phase quickly. However, appropriations for master planning would be required, as this cannot be performed credibly by agency staff.

HSD also notes the bill would have minimal fiscal impact. HSD is currently preparing Capitol Improvement Project request and while this bill may expand that requirement for the purposes of complying with this bill, HSD is currently addressing long term planning for construction to and maintenance of buildings we occupy. This bill may help the State better address the needs of State property.

SIGNIFICANT ISSUES

According to GSD, legitimate agency master plans that consider agency programs and changes, growth or decline in staff or clients, regulatory requirements, age and condition of current facilities, and a plan to address deferred and preventive maintenance, etc., would help the executive and the Legislature make rational decisions on how to allocate limited capital outlay dollars.

According to DCA, the bill appears to put into law a practice that is already underway, the major change being that DFA and GSD would have to develop a statewide overall plan by November 1 of each year. The change would probably help everyone in their planning to have executive and legislative priorities developed before the session starts, with the idea being that capital outlay funding would be based more on need rather than politics. The executive could retain the option to make changes at the beginning of the session to update its November recommendations, since priorities do shift as circumstances change.

The bill will require extensive administrative preparation and work by NMCD, especially since NMCD has so many older facilities that need substantial amounts of maintenance. NMCD can probably absorb this administrative burden without hiring new employees.

ADMINISTRATIVE IMPLICATIONS

Establishing guidelines for agency 5-year plans will require significant staff time initially. In order to implement master planning, appropriations for that purpose will be required in order to contract with qualified planning firms to produce high-quality, long-range plans.

OTHER SUBSTANTIVE ISSUES

PCD regulation of the lease-purchase process is essential in statute to assure there is adequate oversight of this real property acquisition method.

CYFD is concerned that perhaps it does not have sufficient in-house expertise to develop its own plan, or what level of support GSD will be able to offer state agencies in developing the required five-year plans and their supporting master plans.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

There will still be no requirement for state agencies to perform credible master planning in statute. The executive and the Legislature will continue to react to changes as they are exposed, rather than plan for and anticipate them.

DA/mew