

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current and previously issued FIRs are available on the NM Legislative Website (www.nmlegis.gov) and may also be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

ORIGINAL DATE 02/12/19

SPONSOR Griggs LAST UPDATED _____ HB _____

SHORT TITLE Replace Timberon Water Distribution Lines SB 465

ANALYST Hanika-Ortiz

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY19	FY20		
	\$500.0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Environment Department (NMED)

SUMMARY

Synopsis of Bill

Senate Bill 465 appropriates \$500 thousand from the general fund to the New Mexico Environment Department (NMED) to plan, design, and construct approximately 21,000 feet of water distribution lines in the village of Timberon in Otero County.

FISCAL IMPLICATIONS

The appropriation of \$500 thousand is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY20 reverts to the general fund.

SIGNIFICANT ISSUES

SB 465 refers to the Village of Timberon, but the existing legal entity is the Timberon Water and Sanitation District (Timberon). Timberon is currently working on a preliminary engineering report that will outline the needs of the water distribution lines. That preliminary engineering report is funded by 2015 capital outlay and should be complete by June 30, 2019. In NMED's experience, Timberon usually does not expend their capital outlay rapidly and one year to plan, design and construct 21,000 feet of water distribution lines may be challenging. Thus, NMED recommends allowing at least four years for the project to be completed. Additionally, the

funding provided in this legislation may be insufficient to complete the project as described based on NMED's experience. Timberon's conformance with the Uniform Funding Criteria is unclear because its 2018 audit is not a public record. However, NMED notes that this issue may be resolved by the time funds are allocated.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

The proposed project in SB 465 should wait to be defined by the Preliminary Engineering Report currently being completed under Capital Outlay project 15-0525.

TECHNICAL ISSUES

NMED reported the bill should be amended to read Timberon Water and Sanitation District as opposed to the Village of Timberon.

Furthermore, NMED noted, the funding requested in SB 465 may not be adequate to build the length of water distribution lines described in the bill. SB 465 is unnecessarily specific as to the length of water system distribution lines to be constructed. The preliminary engineering report that is currently being completed by Bohannon Huston Engineers, under contract with Timberon and funded by capital outlay project 15-0525, will be completed by June 30, 2019. This report will define the needed work on the Timberon water system distribution lines.

ALTERNATIVES

Timberon may not be able to fund upgrades to their system but could apply for loans or other funding through the Drinking State Revolving Loan Fund, the Rural Infrastructure Program, the Water Trust Board, and the Colonias Program.

AMENDMENTS

NMED suggested the following amendment:

Section 1. "APPROPRIATION. - - Five hundred thousand dollars (\$500,000) is appropriated from the general fund to the department of environment for expenditure in fiscal year 2020 to plan, design and construct [approximately twenty-one thousand feet of water distribution lines, including valves, gauges, fittings and piping,] water system improvements in [the village of Timberon] the areas serviced by the Timberon water and sanitation district in Otero county. Any unexpended or unencumbered balance remaining at the end of fiscal year [2020] 2023 shall revert to the general fund."

AHO/gb