

LFC Requester: _____

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov

(Analysis must be uploaded as a PDF)

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: _____ *Check all that apply:*
Bill Number: H482-341 Original Correction
 Amendment Substitute

Sponsor: _____
 Rep. Herrera
 Rep. Cates
 Rep. Gonzales
 Rep. Abeyta
 Rep. Lara
Short Title: COMMUNITY WATER SYSTEM ASSISTANCE

Agency Name and Code DFA-341
Number: _____
Person Writing Cecilia Mavrommatis
Phone: 505-690-5470 **Email** Cecilia.Mavrommatis@dfa.nm.gov

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
	(\$900.0)	Nonrecurring	General Fund

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		(\$258.5)	(\$255.7)	(\$514.2)	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

House Bill 482 (HB 482) creates a three-year pilot project known as the Community Water and Wastewater System Assistance Pilot Project. The purpose is to provide support to public community water and wastewater systems throughout New Mexico by offering technical, financial, and managerial assistance. The pilot program will be administered by the Local Government Division (LGD) of the Department of Finance and Administration.

This bill is effective July 1, 2025.

FISCAL IMPLICATIONS

- **Appropriation:** \$900,000 is appropriated to LGD from the general fund to support the pilot project, for expenditures over three fiscal years (FY 2026-2028).
- **Fund Usage:** The funds will cover the operational costs associated with providing technical, financial, and managerial assistance to participating community water and wastewater systems.

SIGNIFICANT ISSUES

- **Financial Sustainability:** The pilot project is limited to a three-year timeframe. If it proves successful, ongoing funding may be required to extend the program, potentially leading to future fiscal challenges.
- **Impact on Smaller or Rural Communities:** It's important to evaluate how the funding and assistance can best address the needs of smaller, rural, and underserved communities. These areas may have more pressing challenges in terms of water and wastewater management.
- **Administrative Capacity:** The Local Government Division will need sufficient resources and expertise to administer the program effectively. If not managed well, there could be inefficiencies or delays in delivering assistance.
- **Streamlining:** While the Local Government Division of the Department of Finance and Administration (DFA) is designated to administer this pilot project under HB 482, an alternative agency with expertise to administer this type of project might be more appropriate for the administration of the appropriation, depending on the nature and scope of the project.
 - For example, the New Mexico Environment Department (NMED), specifically the Drinking Water Bureau or the Wastewater Bureau, could be better positioned to oversee the technical aspects of water and wastewater system operations. NMED already has the expertise in water quality, infrastructure, and regulatory compliance, which aligns closely with the goals of the pilot project. Additionally, NMED has experience administering federal and state grants related to water system improvements and may already be working directly with many of the systems intended to benefit from this project.
 - Transferring administration to NMED could streamline the program's ability to

provide specialized technical assistance and provide more effective collaboration with water system operators, ensuring that the assistance is tailored to the specific needs of each community.

PERFORMANCE IMPLICATIONS

- The effectiveness of the program will need to be measured in terms of improved water and wastewater system operations, particularly for communities facing significant infrastructure challenges.
- Data Collection and Reporting: Successful implementation will require effective tracking, reporting, and analysis of performance metrics, such as the number of systems assisted, types of improvements made, and the financial and managerial outcomes for the communities.

ADMINISTRATIVE IMPLICATIONS

The Local Government Division of the Department of Finance and Administration will need to allocate sufficient staff to oversee the pilot project. This will require new hires and training as the LGD team are not the experts in this type of project. As these positions may require specific experience and education, it is recommended that LGD would need a minimum of two additional staff at Pay Band 75.

FTE Cost Detail for Pay Band 75 (X 2)	
Salary	92,560
Benefits	32,084
ISD Rate	864
HCM Assessment Fee	350
Telecom rate	616
On-Boarding Equipment*	2,800
Total Cost per FTE	129,274
FTE's needed	2
Total FTE Cost	258,548

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

Technical issues could include possible overlap with existing state or federal programs that support water and wastewater systems. As well as determining specific technical, financial, and managerial assistance that may be required of assessments of existing infrastructure and operational capacity.

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

- **Worsening Water and Wastewater Management:** Without this pilot project, many public water and wastewater systems, particularly in rural or economically disadvantaged communities, may continue to struggle with outdated or insufficient infrastructure, leading to service disruptions or safety concerns.
- **Increased Long-Term Costs:** The lack of proactive technical, financial, and managerial assistance could result in higher long-term costs for communities as they face more costly emergency repairs and inefficiencies in water and wastewater services.
- **Missed Opportunity for Innovation:** The pilot project presents an opportunity to test and refine strategies for supporting public water and wastewater systems. Without it, New Mexico may miss valuable insights into how to address system challenges in the future.

Information provided by Ramón M. Lucero, RCAC| Community & Environmental Services, Regional Field Manager, (505) 819-7342 (Mobile):

Representative Herrera's vision for HB 482 is to provide up to \$100,000 a year to each of the following entities: RCAC, the New Mexico Rural Water Association and the Southwest Environmental Finance Center. With the funding they could each potentially hire a new FTE to provide technical assistance to community water systems across the states. If the bill passes, it will essentially provide additional capacity for each of the technical assistance providers to serve more communities.

AMENDMENTS