

April 2021 Quarterly Update

Quarterly Status of Outstanding Capital Funds

- As of April 2021, the total outstanding capital outlay funds total approximately \$1.8 billion, including capital authorized in previous years (\$1.2 billion), 2020 general obligation bonds (GOB) to be sold in May (\$198.5 million), and supplemental severance tax bonds (SSTB) for public school capital outlay (\$396.4 million). “Outstanding funds” include unspent but encumbered funds for capital projects in process.
- Of the \$1.2 billion, 2,586 projects remain outstanding from all funding sources, including \$111 million of earmarked funds for water (\$50.2 million), tribal (\$32.4 million), and colonias (\$28.3 million) infrastructure projects. (See Attachments B, C, and D for projects.)
- Unexpended fund sources include general fund (GF) 42 percent (\$506 million), severance tax bonds (STB) 40 percent (\$477 million), GOB 11 percent (\$121 million), and other state funds (OSF) 8 percent (\$88 million).

2016-2020 Capital Outlay All Fund Sources
(in millions)

Year	Number of Total Appropriations	Amount of Total Appropriations	Outstanding Projects				Percent of Total Expended
			Number of Projects	Amount Appropriated	Amount Expended	Amount Unexpended	
2016	963	\$472.5	59	\$77.4	\$62.9	\$14.4	97%
2017	155	\$38.5	3	\$1.0	\$3.3	\$7.7	98%
2018	1,016	\$420.3	340	\$268.8	\$111.7	\$157.1	63%
2019	1,758	\$1012.3	1,132	\$880.9	\$351.0	\$529.9	48%
2020	1,227	\$552.2	1,052	\$551.6	\$61.5	\$490.1	11%
Total	5,119	\$2,495.8	2,586	\$1,779.7	\$587.4	\$1,192.3	52%

Sources: Capital Projects Monitoring System, New Mexico Finance Authority, Indian Affairs Department

- As demonstrated in the table below, projects totaling 60 percent (\$654.6 million) of the unexpended balances have not started construction. Of the appropriations in the pre-planning stage, the Department of Finance and Administration (DFA) reports 180 grant agreements have been issued but not executed by local entities. An additional 123 grant agreements have not been issued.

2016-2020 Capital Outlay Funding
Outstanding Projects by Phase*
(in millions)

Phase	Number of Projects	Amount Appropriated	Amount Expended	Amount Unexpended	Percent Expended for Phase
Not Budgeted or No Executed Grant Agreement	319	\$162.9	\$5.3	\$157.6	3%
Plan & Design	1,052	\$625.6	\$128.7	\$497.0	21%
Construction or Purchase	1,068	\$855.6	\$428.9	\$426.7	50%
Total	2,439	\$1,644.2	\$562.9	\$1,081.3	34%

Source: Capital Projects Monitoring System
*Excludes Earmark Projects

- The following table shows the expenditure rate of capital projects by category and year. State agency and higher education appropriations between 2016 and 2020 have significantly higher expenditure rates than local and earmarked capital projects.

**2016-2020 Capital Outlay
Percent of Total Appropriations Expended by Category**

Year	Statewide	Local	HED	Earmarks
2016	92%	93%	97%	100%
2017	100%	100%	100%	93%
2018	76%	75%	36%	85%
2019	53%	42%	51%	47%
2020*	28%	12%	9%	2%
Total	56%	40%	58%	48%

*Does not include 2020 GOB.

Sources: Capital Projects Monitoring System, New Mexico Finance Authority, Indian Affairs Department

- Approximately \$339.5 million of the remaining balance appropriated from GF and STB is for state-owned projects, the majority authorized in 2019.

**2018-2020 Capital Outlay Funding
"State-Owned" GF and STB Outstanding Projects
(in millions)**

Year	Number of Projects	Amount Appropriated	Amount Expended	Amount Unexpended	Percent of Outstanding Expended
2018	32	\$39.9	\$33.7	\$6.2	84%
2019	176	\$371.1	\$165.2	\$205.9	45%
2020	174	\$144.1	\$16.8	\$127.3	12%
Total	382	\$555.1	\$215.6	\$339.5	39%

Source: Capital Projects Monitoring System

- DFA oversees the largest number of projects and dollar amounts because most are local projects. Higher education institution projects have significant outstanding balances due to the type of projects, major renovation and construction. The Environment Department projects require a considerable amount of engineering and technical expertise.

**2016-2020 Capital Outlay Outstanding Projects* by Select Agencies
(in millions)**

Administering Agency	Number of Projects	Amount Appropriated	Amount Expended	Amount Unexpended	Percent of Total Expended
Department of Finance & Administration	820	\$337.9	\$72.9	\$265.1	22%
Higher Education Institutions	222	\$308.4	\$128.9	\$179.5	42%
General Services Department	61	\$216.3	\$97.5	\$118.8	45%
Department of Transportation	188	\$109.3	\$17.9	\$91.4	16%
Environment Department	274	\$92.7	\$14.	\$78.7	15%
Indian Affairs Department	197	\$88.1	\$20.2	\$67.9	23%
Department of Information Technology	13	\$61.8	\$23.5	\$38.4	38%
State Engineer	163	\$38.7	\$6.6	\$32.2	17%
Aging & Long-Term Services	166	\$29.0	\$11.6	\$17.3	40%
Other Agencies	335	\$361.9	\$169.9	\$192.0	47%
Total	2,439	\$1,644.2	\$562.9	\$1,081.3	34%

Sources: Capital Projects Monitoring System

*Excludes Earmark Projects

Capital Trends and Outlook

- The RSMeans City Cost Index from March 2021 indicates construction costs have increased two percent statewide since the beginning of the year. Significant price increases in materials include concrete, steel, wood, and electrical conduit.
- The State Board of Finance (BOF) authorized the sale of the 2020 general obligation bonds, which are scheduled for issuance May 12, 2021. The bond issuance will include senior citizen facilities (\$33 million), public libraries (\$9.5 million), and higher education institutions (\$156 million).
- The 2021 Legislature adopted and the governor signed House Bill 285 appropriating \$511.6 million for 1,198 projects, including \$471.4 million from STB, \$18.2 from GF, and \$22 million from OSF, for

capital projects. BOF will schedule the bond sale in summer 2021.

- The federal American Rescue Plan Act (ARPA) included a \$10 billion coronavirus capital projects fund with New Mexico projected to receive \$134 million. The U.S. Department of Treasury has not released official guidance on how states apply for the funds. However, language within the Act specifies the money is “to carry out critical capital projects directly enabling work, education, and health monitoring, including remote options, in response to the public health emergency.”
- ARPA’s coronavirus state and local fiscal recovery fund is projected to allocate additional money to the state (\$1.6 billion) and to local entities (\$702 million). The funds will likely be used for responding to public health emergencies, negative economic impacts, and public revenue losses. The Act allows for the funds to be used for investments in water, sewer, and broadband infrastructure.
- February 2021 bonding capacity estimate for fiscal year 2022 indicates approximately \$1 billion will be available for capital projects. The total includes STB (\$483 million), earmarked funds (\$106 million), SSTB for public schools (\$234.3 million), and GOB (\$218 million). A revised capacity estimate will be provided in August 2021.
- LFC staff will present on two capital outlay topic during the interim: an evaluation on water projects and a panel to discuss local capital outlay projects.

\$1 Million and Greater Report (Attachment A)

As of April 2021, LFC staff tracks all capital appropriations of \$1 million or greater for 387 projects totaling \$1.4 billion with unexpended balances of approximately \$841 million.

- Since November 2020, 27 appropriations totaling \$97.6 million were fully expended or reverted.

Major Projects Completed This Quarter				
Agency	Project Description	Year	Fund	Appropriation Amount
NMCD	NMCD Offender Management Information System	2016	STB	\$2,400,000
DFA	Albuquerque Fire Rescue Protective Gear	2019	GF	\$1,500,000
DFA	Albuquerque Police Department Technology DNA Automation	2019	GF	\$1,032,000
DFA	Valencia Regional Emergency Communications Center Information Technology Upgrades	2019	GF	\$1,148,321
DOIT	DOIT Radio Communications Infrastructure Stabilization & Modernize Statewide	2016	GOB	\$5,000,000
DOIT	DOIT Library Broadband Infrastructure Fund	2019	GF	\$1,000,000
DMA	DMA Las Cruces Readiness Center	2016	GOB	\$4,000,000
DOT	State Road Fund Road Improvements	2016	STB	\$22,500,000
EMNRD	EMNRD Watershed Restoration & Wildfire Protection	2018	STB	\$1,000,000
EMNRD	Carlsbad Brine Well Remediation - E3224	2020	GF	\$1,000,000
EMNRD	Carlsbad Brine Well Remediation - E3529	2020	GF	\$1,000,000
NMED	River Stewardship Program Statewide	2016	WPF	\$1,500,000
GSD	DOH Vital Records & Statistics Facility	2018	STB	\$5,100,000
GSD	CYFD Juvenile Facilities Security/Infrastructure Improvements	2018	STB	\$1,000,000
GSD	FMD Facility & Infrastructure Emergencies Statewide	2016	STB	\$4,000,000
HED	MCC Site Paving & Signage Improvements	2016	GOB	\$2,000,000

Major Projects Completed This Quarter continued				
Agency	Project Description	Year	Fund	Appropriation Amount
HED	NMJC Mclean Hall Renovation & Infrastructure Improvements	2018	GOB	\$2,250,000
NMIMT	NM Tech Jones Hall Renovation	2016	GOB	\$5,500,000
NMSU	NMSU - Alamogordo Tays Center Roof & Campus Infrastructure	2018	GOB	\$1,400,000
NMSU	NMSU Selective Demolition	2019	GF	\$1,600,000
NMSU	NMSU-Dona Ana Workforce/East Infrastructure Construction	2019	GF	\$1,500,000
OSE	Indian Water Rights Settlement	2018	WPF	\$2,825,000
OSE	Indian Water Rights Settlement	2019	GF	\$12,000,000
OSE	Indian Water Rights Settlement	2019	GF	\$3,000,000
OSE	Indian Water Rights Settlement	2020	STB	\$9,000,000
NMBVI	NMBVI Quimby Gym/Natatorium/Infrastructure Improvements	2016	PSCOF	\$1,810,000

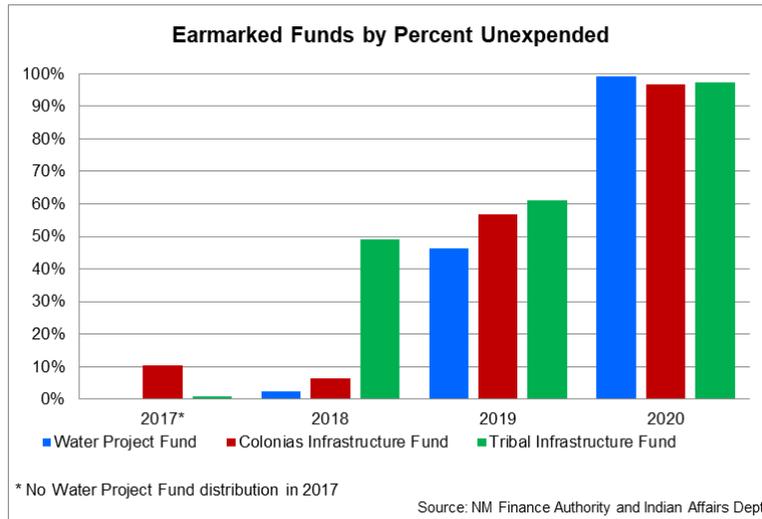
- Red-rated projects indicate no progress, bonds not issued due to non-readiness, or significant obstacles for completion. Challenges for red-rated projects may include lack of planning, inadequate funds to fulfill a functional phase, and limited resources at the local level. In addition, the pandemic presented challenges and delays for both grantees and contractors.

Red-Rated Projects					
Agency	Project Description	Year	Fund	Appropriation Amount	Unspent Balance
AOC	AOC 2nd Judicial District Court - 3rd Floor Courtroom	2019	GF	\$1,799,830	\$1,691,432
ALTSD	2016 Senior Center Renovation - Code Compliance, Other Alterations, Equipment, Major Construction, & Vehicles (Multiple Projects)	2016	GOB	\$15,243,300	\$3,142,850
BA	Border Authority Columbus LPOE Flood Control	2019	GF	\$3,500,000	\$3,500,000
BA	Border Authority Columbus POE Infrastructure	2020	STB	\$1,500,000	\$1,500,000
DFA	Bern County West Central Fire Station Construction	2019	GF	\$1,185,000	\$1,040,553
DFA	Bernalillo County Westside Fire Station Construction	2020	STB	\$2,595,000	\$2,569,050
DFA	Lea County Courthouse Renovation	2019	GF	\$1,000,000	\$990,000
DFA	North Central RTD Maintenance Facility Construction	2019	GF	\$1,102,000	\$1,090,980
DFA	San Felipe Pueblo Community Center & Council Chambers	2019	GF	\$1,500,000	\$1,485,000
DMA	Santa Fe County Recovery Program Building & Improvements	2019	GF	\$1,500,000	\$1,485,000
DOT	Statewide Local Emergency Infrastructure Projects	2020	GF	\$4,000,000	\$4,000,000
DOT	Silver City Senior/Veteran/Youth Facility	2020	STB	\$4,000,000	\$3,960,000
DOT	DOIT Albuquerque Radio Communication Bureau Building Renovation	2020	STB	\$1,000,000	\$1,000,000
DOT	Paseo Del Volcan Construction Bernalillo and Sandoval Counties	2018	STB	\$1,869,500	\$1,869,500
DOT	Paseo Del Volcan Construction Bernalillo County & Sandoval County	2019	GF	\$3,911,500	\$3,911,500
DOT	Interstate 40 And Paseo Del Volcan Intersection	2019	STBR	\$1,467,600	\$1,467,600
DOT	1St Street Improvements Grants	2019	GF	\$1,600,000	\$1,600,000
DOT	Allison Rd Improvements McKinley County	2019	GF	\$1,500,000	\$1,500,000

Red-Rated Projects continued					
Agency	Project Description	Year	Fund	Appropriation Amount	Unspent Balance
DOT	Chama to Tierra Amarilla Gas Pipeline Construction	2019	GF	\$2,000,000	\$2,000,000
DOT	East Aztec Arterial Route Construction	2015	STBR	\$1,190,413	\$1,190,413
DOT	East Aztec Arterial Route Construction	2014	STBR	\$3,525,703	\$3,525,703
ENMU	ENMU-Roswell Automotive Welding Building Renovations	2018	GOB	\$3,000,000	\$2,970,000
ENMU	ENMU Roosevelt Science Hall Phase 1	2018	GOB	\$8,000,000	\$7,920,000
EDD	LEDA Projects Statewide (2016 SB 8 Solvency Swap from General Fund to STB)	2016	STB	\$21,550,000	\$2,315,474
ENMRD	Carlsbad Brine Well Remediation - SRF	2020	SRF	\$1,000,000	\$1,000,000
ENMRD	Carlsbad Brine Well Remediation - OGRF	2020	OGRF	\$2,000,000	\$2,000,000
NMED	Curry & Otero Counties Water System Decontamination	2020	STB	\$3,000,000	\$3,000,000
GSD	DOH Fort Bayard Water Infrastructure	2019	GF	\$4,500,000	\$3,831,619
GSD	Oil Conservation District Office - Artesia	2016	STB	\$1,000,000	\$857,986
HED	SIPI Library & Buildings Renovations	2016	GOB	\$2,000,000	\$1,980,000
HED	Navajo Tech Academic Building Improvements	2018	GOB	\$3,700,000	\$3,700,000
HED	Dine College Math Science Building Ph 1	2018	GOB	\$5,000,000	\$5,000,000
IAD	Acoma Pueblo Natural Gas Distribution System	2019	GF	\$3,342,795	\$3,335,475
IAD	Navajo Code Talkers Museum & Veterans Center	2019	GF	\$1,054,473	\$957,058
IAD	Cochiti Pueblo Multi-Use Facility	2019	GF	\$1,061,550	\$980,431
IAD	Jemez Pueblo Head Start Center Construction	2019	GF	\$2,080,000	\$1,870,607
IAD	San Felipe Pueblo Water Lines Replacement	2019	GF	\$1,231,200	\$1,231,200
NMIMT	NM Tech Brown Hall Renovations / Parking & Safety Lights	2018	GOB	\$7,100,000	\$6,458,330
EXPO	EXPO NM African American Performing Arts Center Kitchen Addition	2019	GF	\$1,700,000	\$1,700,000
OSE	San Acacia Reach Levee	2016	WPF	\$2,000,000	\$1,400,000
PED	Las Vegas City PSD Youth Center	2020	STB	\$1,400,000	\$1,386,000
NMBVI	NMBVI Garrett Dorm & Playground Equipment	2016	GOB	\$1,200,000	\$937,260
NMBVI	NMBVI Residential Cottages & Infrastructure	2016	PSCOF	\$2,294,411	\$2,182,627

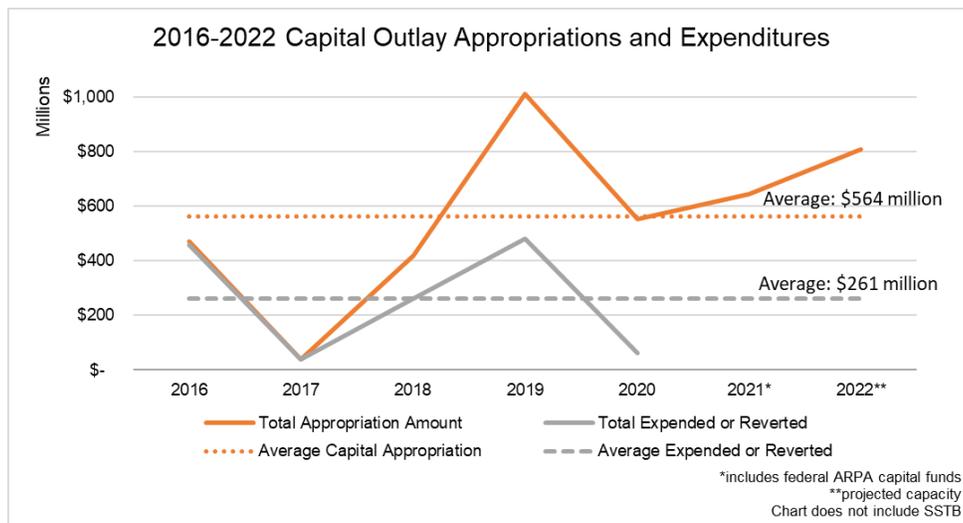
Status of Earmarked Funds (Attachments B, C, and D)

The graph below summarizes, by year, the percent of all unexpended awards from earmarked funds (water, colonias, and tribal funds). The water project fund STB distribution was suspended as part of solvency efforts during the 2017 Special Session.



Key Takeaways

- Major capital investments for consecutive years have contributed to large outstanding project balances. With the forecast of strong capital revenues and incoming federal funds, the state will likely experience a growing bottleneck of inefficiencies while allocating more funds to public infrastructure. Both timely expenditures and achieving functional results will be paramount to successful capital investments.



Note: Data for quarterly and \$1 million or greater reports is derived from DFA, state agencies and the Capital Project Monitoring System, which is operated and maintained by DFA. Data is updated quarterly by state agencies and monthly by local entities responsible for oversight of the projects and includes expenditures, project status, milestones achieved last quarter, and projected milestones. The \$1 million or greater and quarterly reports are posted on the LFC website under “Publications and Reports” at <http://www.nmlegis.gov/lcs/lfc/lfccapital.aspx>.