

July 2021 Quarterly Update

Quarterly Status of Outstanding Capital Funds

- As of July 2021, the total outstanding capital outlay funds total approximately \$2.5 billion, including capital authorized in previous years (\$1.9 billion), and supplemental severance tax bonds (SSTB) for public school capital outlay (\$585 million). “Outstanding funds” include unspent but encumbered funds for capital projects in process.
- Of the \$1.9 billion, 3,766 projects remain outstanding from all funding sources, including \$203 million of earmarked funds for water (\$96.8 million), colonias (\$51.6 million), and tribal (\$54.6 million) infrastructure projects. (See Attachments B, C, and D for projects.)
- Unexpended fund sources include severance tax bonds (STB) 54 percent (\$1 billion), general fund (GF) 25 percent (\$463.7 million), GOB 16 percent (\$298.6 million), and other state funds (OSF) 6 percent (\$111.1 million).
- Proceeds from the 2020 general obligation bonds (\$198.5 million) and funds for the 2021 projects (\$555.4 million) became available in May and June 2021 respectively, so these funds have had minimal time to develop.
- The fiscal year 2022 February 2021 bonding capacity estimate 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.

2016-2021 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	34	\$58.6	\$49.3	\$9.3	98%
2017	155	\$38.5	2	\$.7	\$.1	\$.5	99%
2018	1016	\$420.3	298	\$260.5	\$124.2	\$136.3	68%
2019	1758	\$1012.3	960	\$810.4	\$369.3	\$441.0	56%
2020	1335	\$745.2	1102	\$690.1	\$50.1	\$639.9	14%
2021	1370	\$660.2	1370	\$660.2	\$3.5	\$656.8	1%
Total	6,597	\$3,349.1	3,766	\$2,480.5	\$596.5	\$1,883.9	44%

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

- In June, the Board of Finance did not issue bonds for 116 authorized projects (\$31.2 million) due to project readiness and audit compliance. The projects include 112 local projects (\$28.3 million) and four statewide projects (\$2.9 million). (See Attachment E for projects.)
- As demonstrated in the table below, projects totaling 78 percent (\$1.3 billion) of the unexpended balances have not started construction.

**2016-2021 Capital Outlay Funding
Outstanding Local Capital 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	1663	\$912.1	\$43.4	\$868.8	5%
Plan & Design	875	\$556.2	\$114.1	\$442.1	21%
Construction or Prurchase	1,032	\$785.0	\$415.0	\$370.1	53%
Total	3,570	\$2,253.4	\$572.4	\$1,681.0	25%

Source: Capital Projects Monitoring System
*Excludes Earmark Projects

- The following table shows the expenditure rate of capital projects by category and year. State agency appropriations between 2018 and 2021 have significantly higher expenditure rates than local, higher education, and earmarked capital projects.

**2018-2021 Capital Outlay
Percent of Total Appropriations Expended by Category**

Year	Statewide	Local	HED	Earmarks
2018	73%	64%	40%	87%
2019	64%	47%	59%	57%
2020	19%	18%	3%	10%
2021	1%	0%	0%	0%
Total	42%	27%	26%	25%

Sources: CPMS, NMFA, IAD

- Approximately \$370.9 million of the remaining balance appropriated from GF and STB is for state-owned projects, the majority authorized in 2019.

**2018-2021 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	25	\$39.4	\$35.8	\$3.5	91%
2019	82	\$245.5	\$138.3	\$107.3	56%
2020	80	\$99.6	\$12.7	\$87.0	13%
2021	133	\$175.2	\$2.1	\$173.2	1%
Total	187	\$559.8	\$188.9	\$370.9	34%

Source: Capital Projects Monitoring System
*Does not include HED projects

- DFA oversees the largest number of projects because most are local projects. Higher education institution projects have significant outstanding balances due to the type of projects, major renovation and construction. The General Services Department manages capital projects for state-owned space occupied by most state agencies.

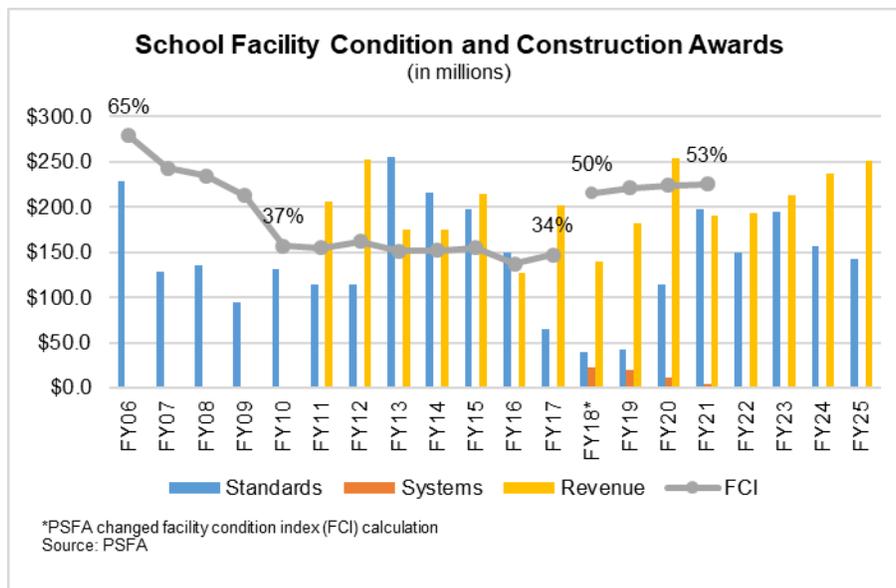
2016-2021 Capital Outlay Outstanding Projects by Select Agencies
(in millions)

Administering Agency	Number of Projects	Amount Appropriated	Amount Expended	Amount Unexpended	Percent of Total Expended
Higher Education Institutions	522	\$564.6	\$134.3	\$430.3	24%
Department of Finance & Administration	1136	\$447.0	\$73.3	\$373.7	16%
General Services Department	74	\$268.1	\$110.9	\$157.2	41%
Department of Transportation	287	\$153.8	\$16.4	\$137.4	11%
Indian Affairs Department	358	\$141.4	\$22.4	\$119.0	16%
Environment Department	347	\$116.8	\$13.4	\$103.4	11%
Department of Information Technology	15	\$77.9	\$21.6	\$56.3	28%
Aging and Long-Term Services	293	\$61.7	\$7.7	\$54.0	12%
State Engineer	187	\$58.8	\$7.2	\$51.6	12%
Other Agencies	1,368	\$1126.4	\$336.0	\$790.4	30%
Total	3,570	\$2,253.4	\$572.4	\$1,681.0	25%

Sources: Capital Projects Monitoring System
*Excludes Earmark Projects

Public School Capital Outlay

- Since 2010, \$1.6 billion has been award from the Public School Capital Outlay Fund (PSCOF) for standards and systems awards. The School Facility Condition Index remained relatively stable during this period.
- Beginning in FY17, PSCOF revenue consistently exceeded awards, and this trend is expected to continue.
- School facilities in some districts are almost completely new representing reduced demand for funding. A 2019 formula change will also reduce the state match for many districts.



Capital Trends

- The Associated General Contractors of America reported that materials and labor used in construction increased 26.3 percent year-over-year between June 2020 and June 2021. Increases in material prices include steel mill products (87.5 percent), copper and brass mill products (61.5 percent), aluminum mill products (33.2 percent), plastic construction products (21.8 percent), gypsum products (18 percent), prepared asphalt and tar roofing (12.1 percent), and insulation materials (10.1 percent).

- 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 (\$1.75 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.

\$1 Million and Greater Report (Attachment A)

As of July 2021, LFC staff tracks all capital appropriations of \$1 million or greater for 528 projects totaling \$2.0 billion with unexpended balances of approximately \$1.4 billion.

- Since March 2021, 30 appropriations totaling \$110.6 million were fully expended or reverted.

Major Projects Completed This Quarter				
Agency	Project Description	Year	Fund	Appropriation Amount
ALTS	Espanola Nursing Home Facility	2019	GF	\$1,000,000
DCA	DCA Public Library Resource Acquisitions	2016	GOB	\$3,000,000
DCA	Tribal Libraries Acquisitions	2016	GOB	\$750,000
DFA	Albuquerque Fire Rescue Aerial Platform Apparatus	2019	GF	\$1,400,000
DFA	Albuquerque Police Department Technology Gunshot Detection	2019	GF	\$1,520,000
DFA	SCCCSHD Health Care & Ambulance Clinic	2019	GF	\$2,050,000
DFA	Eunice Public Safety & Judicial Complex Construct	2019	GF	\$1,600,000
DFA	Albuquerque Poole Property Open Space Purchase	2020	STB	\$4,560,000
DFA	Artesia Ladder Truck Purchase	2020	STB	\$1,150,000
DMA	DMA Las Cruces Readiness Center	2016	GOB	\$4,000,000
DOT	Curry County Roads Improvements	2019	GF	\$1,050,000
DOT	7th Street Improvements Phase 3 Clovis	2019	GF	\$1,000,000
EDD	LEDA Projects Statewide (2016 HB 219)	2016	STBR	\$6,000,000
GSD	DPS Fleet Warehouse Improvements	2019	GF	\$2,000,000
GSD	Reauth - DOH Facilities and Patient Health	2019	CPFR	\$1,470,441
GSD	Reauth - DOH Facilities and Infrastructure	2020	GFR	\$6,000,000
GSD	GSD Electric Vehicles Purchasing	2019	GF	\$1,000,000

Major Projects Completed This Quarter					
HED	Academic Library Resource Acquisitions	2016	GOB	\$3,250,000	
HED	SFCC Infrastructure Improvements	2018	GOB	\$2,000,000	
EDD	SJC Infrastructure Improvements	2016	GOB	\$2,000,000	
IAD	2017 Tribal Infrastructure Fund	2017	STB	\$5,415,503	
NMMI	NMMI Cahoon Hall Athletic Facility Renovations	2016	GOB	\$4,856,200	
NMSD	NMSD Lars M. Larson RAC Center Renovations Phase 1	2018	GOB	\$1,800,000	
PED	PED School Bus Replacements	2019	PSCOF	\$32,895,000	
PRC	Firefighter Training Burn Building - Socorro	2018	FPF	\$2,500,000	
NMSBVI	NMBVI Quimby Gym/Natorium/Infrastructure Improvements	2016	PSCOF	\$1,810,000	
UNM	UNM Health Sciences Center Scanner	2019	GF	\$1,400,000	
UNM	UNM Library Shelving Purchase	2019	GF	\$1,140,000	
DWS	DWS Administrative Building Remodel	2019	GF	\$9,000,000	
DWS	DWS Administrative Building Remodel	2019	GF	\$3,000,000	

- 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.

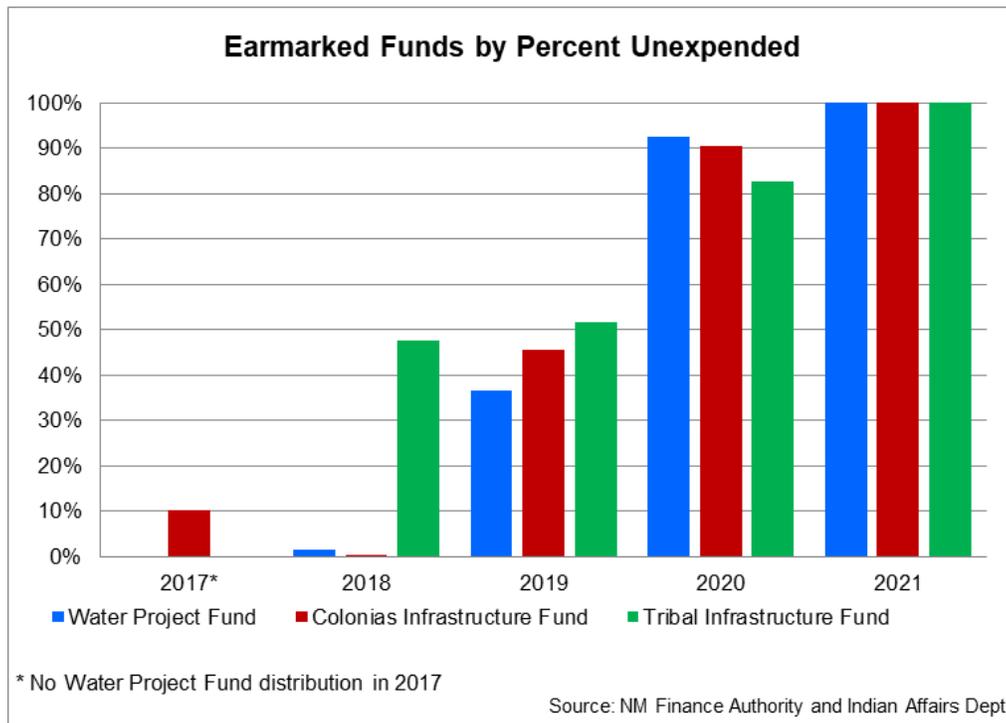
Red-Rated Projects					
Agency	Project Description	Year	Fund	Appropriation Amount	Unspent Balance
BA	Border Authority Columbus LPOE Flood Control	2019	GF	\$3,500,000	\$3,500,000
BA	Border Authority Columbus POE Infrastructure	2020	STB	\$1,500,000	\$1,500,000
DFA	Bernalillo County West Central Fire Station 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	San Felipe Pueblo Community Center & Council Chambers	2019	GF	\$1,500,000	\$1,485,000
DFA	Statewide Local Emergency Infrastructure Projects	2020	GF	\$4,000,000	\$4,000,000

Red-Rated Projects					
DFA	Albuquerque Housing Authority Public Housing Renovation	2020	STB	\$1,500,000	\$1,485,000
DFA	Albuquerque Westside Sports Complex Construction	2020	STB	\$1,072,000	\$1,061,280
DFA	Albuquerque Dispatch and Record Management System	2020	STB	\$6,000,000	\$6,000,000
DFA	Raton Ladder Truck Equip	2021	STB	\$1,100,000	\$1,100,000
DFA	Santa Fe County Recovery Center Facility Expansion	2021	STB	\$1,305,000	\$1,305,000
DFA	Santa Fe Parks Upgrades	2021	STB	\$1,000,000	\$1,000,000
DFA	Santa Fe Southside Teen Center Construction	2021	STB	\$1,805,000	\$1,805,000
DFA	Santa Fe Midtown Infrastructure Construction	2021	STB	\$1,000,000	\$1,000,000
DOIT	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	Reauth - 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	\$1,479,221
DOT	Chama to Tierra Amarilla Gas Pipeline Construction	2019	GF	\$2,000,000	\$2,000,000
DOT	East Aztec Arterial Route Construct San Juan County	2019	GF	\$3,158,000	\$3,158,000
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
DOT	Isleta Boulevard Improve	2020	STB	\$1,050,000	\$1,050,000
DOT	Mountain Valley Rd Improve Bern Co	2021	STB	\$1,000,000	\$1,000,000
NMED	Curry & Otero Counties Water System Decontamination -STB	2020	STB	\$3,000,000	\$3,000,000

Red-Rated Projects					
DGF	Wildlife & Riparian Habitat Restoration & Improvements	2021	HMF	\$1,000,000	\$1,000,000
DGF	Fish Habitat Restoration - Sikes Account GPF	2021	GPF	\$2,500,000	\$2,500,000
DGF	Fisheries Wildlife & Riparian Habitat Restoration & Improvements	2021	BEGPF	\$1,500,000	\$1,500,000
GSD	DOH Fort Bayard Water Infrastructure	2019	GF	\$4,500,000	\$3,831,619
GSD	Oil Conservation District Office - Artesia	2016	STBR	\$1,000,000	\$857,987
HED	Dine College Shiprock Agriculture Multipurpose Center	2021	STB	\$1,100,000	\$1,100,000
HED	SIPI Library & Buildings Renovations	2016	GOB	\$2,000,000	\$1,863,162
IAD	Acoma Pueblo Natural Gas Distribution System	2019	GF	\$3,342,795	\$3,335,475
IAD	Cochiti Pueblo Multi-Use Facility	2019	GF	\$1,061,550	\$980,431
IAD	San Felipe Pueblo Water Lines Replacement	2019	GF	\$1,231,200	\$1,231,200
IAD	Shiprock Chapter Emergency Response Command Center	2020	GF	\$3,000,000	\$2,970,000
IAD	SFIS WAN Construct	2021	GF	\$5,000,000	\$5,000,000
NMIMT	NM Tech Brown Hall Renovations / Parking & Safety Lights	2018	GOB	\$7,100,000	\$6,314,797
EXPO	EXPO NM African American Performing Arts Center Kitchen Addition	2019	GF	\$1,700,000	\$1,700,000
OSE	San Acacia Reach Levee	2016	WPFR	\$2,000,000	\$1,400,000
PED	Las Vegas City PSD Youth Center	2020	STB	\$1,400,000	\$1,386,000

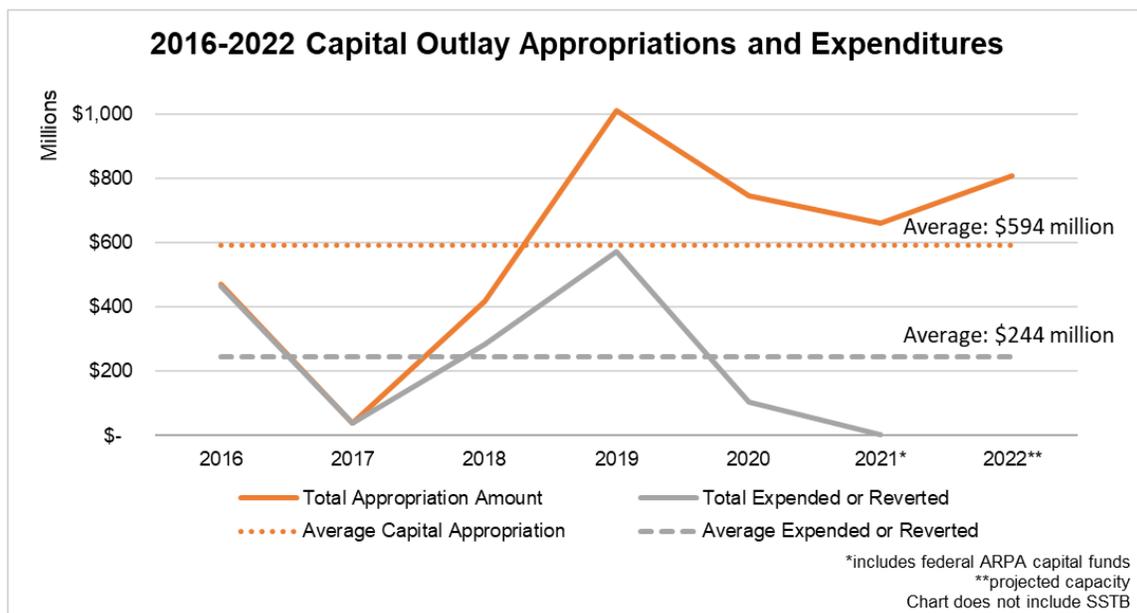
Status of Earmarked Funds (Attachments B, C, and D)

The graph below summarizes, by year, the percent of all unexpended awards from earmarked funds (water, colonias, and tribal funds).



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 growing bottlenecks 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>.