

SIGNIFICANT ISSUES

According to DFA analysis, there are 347 active water and wastewater projects appropriated from 2012 to 2015 and totalling approximately \$97 million. Approximately \$25 million has been expended, leaving a balance of \$71.2 million. Considering which year the funds were appropriated, 78 percent of 2012 appropriations have been expended; 48 percent of 2013 appropriations; 14 percent of 2014 appropriations; and 10 percent of 2015 appropriations. These types of projects are authorized for four years, and the 2012 appropriations will expire at the end of FY16 unless they are reauthorized.

In addition to direct capital outlay appropriations, projects funded by the Water Trust Board with earmarked severance tax bond revenues had a balance of \$79.5 million as of December 2015. Combined with the outstanding capital outlay appropriations, there is \$207.3 million in appropriated but unspent funding for water projects.

Much of the information needed to address the purpose of the appropriation in this bill is available. For example, LFC staff uses data from DFA's Capital Projects Monitoring System to provide quarterly updates on the progress of capital outlay projects, including a summary of the 2014 water initiative.

ADMINISTRATIVE IMPLICATIONS

According to NMED, HB 141 would require additional staff time to investigate and produce the final study, whether completed entirely with in house staff or contracted to an outside consultant. NMED also noted this diversion of staff time could negatively impact agency performance.

TECHNICAL ISSUES

HB 141 states the study may be contracted out, but does not specifically allow the appropriated funds to be used to fund current NMED staff positions to complete the work. HB 141 also does not clearly state if the study would only pertain to water and wastewater projects administered out of NMED or would include those projects that are funded wholly or in part through capital outlay administered through other agencies as well. Additionally, HB 141 does not specify a time frame or deadlines for completion and reporting of the proposed study.

JA/jo/jle/al