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## FISCAL IMPACT REPORT

<b>SPONSOR</b> <u>Sen. Griggs/Rep. Vincent</u>	<b>LAST UPDATED</b> _____
	<b>ORIGINAL DATE</b> <u>1/29/24</u>
<b>SHORT TITLE</b> <u>Timberon Water System Improvements</u>	<b>BILL NUMBER</b> <u>Senate Bill 200</u>
	<b>ANALYST</b> <u>Wan Smith</u>

### APPROPRIATION\* (dollars in thousands)

FY24	FY25	Recurring or Nonrecurring	Fund Affected
	\$2,500.0	Nonrecurring	General Fund

Parentheses ( ) indicate expenditure decreases.  
 \*Amounts reflect most recent analysis of this legislation.

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT\* (dollars in thousands)

Agency/Program	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
NMED		At least \$352.0	At least \$352.0	At least \$704.0	Recurring	General Fund
Total		At least \$352.0	At least \$352.0	At least \$704.0	Recurring	General Fund

Parentheses ( ) indicate expenditure decreases.  
 \*Amounts reflect most recent analysis of this legislation.

### Sources of Information

LFC Files

Agency Analysis Received From  
 Environment Department (NMED)

## SUMMARY

### Synopsis of Senate Bill 200

Senate Bill 200 appropriates \$2.5 million from the general fund to the Environment Department (NMED) for the purpose of planning, designing, and constructing water system improvements for the Timberon water and sanitation district in Otero County.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, or May 15, 2024, if enacted.

## **FISCAL IMPLICATIONS**

The appropriation of \$2.5 million contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY28 shall revert to the general fund. Although this bill does not specify future appropriations, multiyear appropriations, particularly if used to fund services and those services perform well, create an expectation the program will continue in future fiscal years; therefore, this cost could become recurring after the funding period.

NMED states the agency would need at least 3 new FTE in the Construction Programs Bureau to administer this funding, which would be an additional recurring expense of at least \$352 thousand.

## **SIGNIFICANT ISSUES**

NMED states that as the regulator of public drinking water systems in New Mexico, the agency perceives a conflict in managing and entering into contracts for planning, design, and construction on behalf of the Timberon water and sanitation district.

## **PERFORMANCE IMPLICATIONS**

Access to healthy drinking water is a metric of NMED's performance. Repairing or replacing failing infrastructure within the Timberon water and sanitation district or any public water system may result in a positive change to that performance metric.

## **ADMINISTRATIVE IMPLICATIONS**

NMED reports that the Construction Programs Bureau, which works with communities on administration and oversight of this type of water infrastructure project, has neither the technical nor administrative capacity to manage a project of this size. According to the agency, each employee with a technical role in that bureau is currently responsible for 115 projects.

CWS/al/ne