



LFC Newsletter

A publication of the

Legislative Finance Committee

Senator John Arthur Smith, Chairman

Representative Patricia Lundstrom, Vice Chairwoman

David Abbey, Director

Volume 20 Issue 04

October 2019

From the Chairman Frontier

Antelope Wells is about as far away from Santa Fe as you can get and still be in New Mexico.

For a while last winter, the little-used border crossing gained some national attention for the large groups of migrants who chose the remote location to cross into the United States.

But, with few residents and a couple of dozen vehicles crossing on a typical day, it's mostly forgotten.

And that's why it's important the committee included Antelope Wells in its tour of the border earlier this month. For those who live in isolated communities along the border, Santa Fe can seem out of touch with the realities of living far from law enforcement and easy telecommunications. For those who live in any of the many rural communities of our state, Santa Fe can seem remote and oblivious to their needs.

The committee toured New Mexico Tech's Playas training center, visited Puerto Palomas, Mexico, discussed the impact and needs of migrants and those who take care of them in Deming, and learned about border security in Columbus and on the bus between Playas and Antelope Wells. Our half day in Santa Teresa focused on border economic development and the perspectives of our neighbors in Texas and Mexico.

We heard about the difficulty of moving cattle over the border, the struggle of bad roads and no Internet, the benefit of job growth on both sides of the border, and a variety of issues, some unique to the region and some common to every New Mexico community.

New Mexico is a bit different from the rest of the country and its southern border is a little different from the rest of the state. I have lived all my life near the border and have represented the Senate district with the longest Mexican border for 30 years. It's changed a lot in those years; communities once only marginally divided by an invisible line now are split by massive walls. But the people of Columbus still have more in common with their neighbors in Palomas than their countrymen in Toledo.

That is perhaps the most important lesson we learned at the border. The region needs our attention. We must find a way to be both compassionate to those in need and mindful of safety and economic growth. But solutions can't trickle down from Santa Fe. We must collaborate with the border communities and their neighbors. And, most of all, we must listen, especially when those talking are 400 miles away.

Senator John Arthur Smith
Chairman

State Purchasing Practices Discourage Smart Spending

The State Purchasing Division likely fails to get the best value for the \$1.8 billion in spending it influences because it lacks adequate personnel and data systems, an LFC review concludes.

The program evaluation *Maximizing Value in State Procurement* finds the division does not have the tools to properly track or analyze agency use of contract labor or purchases under price agreements, allowing agencies to unnecessarily buy high-end equipment and overuse professional services.

The committee is scheduled to hear a report on the evaluation at 8 a.m., October 31.

In the report, staff reports that negotiated price agreements with vendors, which should save the state money, allow agencies to skip cost-saving practices like buying in bulk or taking advantage of other discounts and allow agencies to buy millions of dollars of goods with little oversight, opening the

door to some agencies unnecessarily buying high-end options.

State agencies also take advantage of loose rules on the use of contract staff, the report says, with some agencies contracting with former employees and paying them considerably more money to serve a similar role, using temporary employment services to overcome staffing shortages, hiring high-priced consultants under price agreements without seeking other options, and paying contractors more than chief agency administrators.

Even though state law requires the division to prepare "statistical data concerning the acquisition and usage of all services, construction, and items of tangible personal property by state agencies," the division does not have the capacity or technology to easily collect and analyze spending and vendor performance data and use that information to ensure the state does not waste money.

Stymied RETA Seeks Funds for FY21

Several years of vetoed funding stymied some efforts of the state agency working on transmission lines for alternative energy, but two major projects have progressed, although slowly, LFC staff reports.

Managers of the Renewable Energy Transmission Authority are scheduled to present their FY21 budget request to the committee at 4 p.m. on October 29.

RETA – created in 2007 to facilitate the development of the transmission lines considered critical to the development of widespread use of wind, solar, and other renewable energy – is supposed to support itself with fees collected from project partners but has received state appropriations most years.

The agency has generated \$1 million in private funding since FY10 and received \$675 thousand from the general fund for this budget year, but the governor vetoed all state support from FY16 to FY19.

Following the vetoes, staff says, some investors were reluctant to continue working with the agency, ending RETA efforts to develop the Lucky Corridor line from Taos east to Gladstone and the 900 mile Centennial West project from

northeastern New Mexico to California.

The agency is expected to ask for state funding for FY21 for operational expenses and staff travel.

RETA continues to work on the SunZia line, two bi-directional, extra-high voltage electric transmission lines and substations that will transport energy from Arizona and New Mexico to markets across the Southwest.

The project has been approved by Arizona authorities and New Mexico Public Regulation Commission but is still under review, with decisions from the State Land Office, Middle Rio Grande Conservancy District, U.S. Army Corps of Engineers, and U.S. Bureau of Land Management all pending.

RETA will be the owner of the Western Spirit Transmission Line, a high-voltage, 140-mile project intended to carry power from east-central New Mexico to a Public Service Company of New Mexico substation near Albuquerque to link with the existing power and deliver power to western states.

The development of renewable energy is a cornerstone of the Energy Transition Act, enacted this year, although the act does little on transmission.

Committee's Mexico Trip Covers Border Issues

The committee traveled to the border at the end of September to learn more about the issues in the region.



Clockwise from top left: LFC Director David Abbey discusses drone use with Luca Ispirescu of Silent Falcon. Shelves of clothes await migrant families at the Deming shelter. Members pose with a border patrol officer at the Antelope Wells crossing. Deming City Manager and Migrant Shelter Co-Director Aaron Sera, Deming Migrant Shelter Co-Director Ray Trejo, Luna County Manager David McSherry, and Colores United Co-Founder Ariana Saludaes discuss operations at the migrant shelter. LFC Chair Senator John Arthur Smith listens to Russell and Theresa Johnson, border ranchers.



LFC Newsletter

Fiscal Year 2019-2020 Month 04

Published monthly in the interim by the Legislative Finance Committee.
Staff Editor - Alison Nichols Writer, Editor - Helen Gaussoin

Questions, comments: 505-986-4550
www.nmlegis.gov/Entity/LFC/Default

Please contact Adreena Lujan at adreena.lujan@nmlegis.gov if you would prefer to receive this newsletter electronically.

On the Table

Violent Crime Up

Violent crime rates in New Mexico increased 10 percent between 2017 and 2018, to 856.6 per 100 thousand residents, FBI figures show. Property crime rates dropped 12.6 percent, to about 3,420 per 100 thousand people. The rise in violent crime was driven by increased rates of homicide, rape, and aggravated assault, which rose between 8.7 percent and 21.5 percent, while robbery rates dropped 24.2 percent.

NM Rig Count Hits Record High

The number of oil drilling rigs in New Mexico hit a record high during the last week of September, even as counts dropped in Texas and nationally. New Mexico had 113 active rigs at the end of last month. The number of rigs in Texas and the national total has dropped steadily since January.

Six Companies get \$600,000

The Job Training Incentive Program board recently awarded almost \$600 thousand to a total of six companies to train 69 regular employees and one intern in Albuquerque, Carlsbad, Taos, Los Alamos, and Santa Fe. The average wage is \$27.26 per hour.

Natural Gas Prices Continue Slide

New Mexico natural gas prices have been hit hard by what the *Wall Street Journal* has determined is the longest losing streak since 1990. State tax data shows the statewide average net natural gas price – which deducts transportation and processing costs – was 95 cents per thousand cubic feet in July.

Legislative Oversight Tools Limited

New Mexico ranks 29th among the states for the tools it has to oversee state activities in a Wayne State University review, but 19th for the effective use of those tools. The report identified LFC as an important agent of oversight and called the LFC Program Evaluation Unit “highly effective.” However, the New Mexico Legislature fails to pay enough attention to state contracts and administrative rule-making, according to the report.

Transitions

Jonas Armstrong, LFC’s senior analyst for capital outlay, has accepted the position of general counsel for the police in the Albuquerque Legal Department.

Former N.M. Supreme Court Justice Richard Bosson and former Senate Majority Leader Michael Sanchez have been appointed to the Public Defender Commission.

Legislative Finance Committee
325 Don Gaspar Street Ste101
Santa Fe NM 87501