

Legislative Finance Committee

**Office of State Engineer/Interstate
Stream Commission
Agency Budget**

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Hannah Riseley-White, ISC Deputy Director
December 13, 2022**

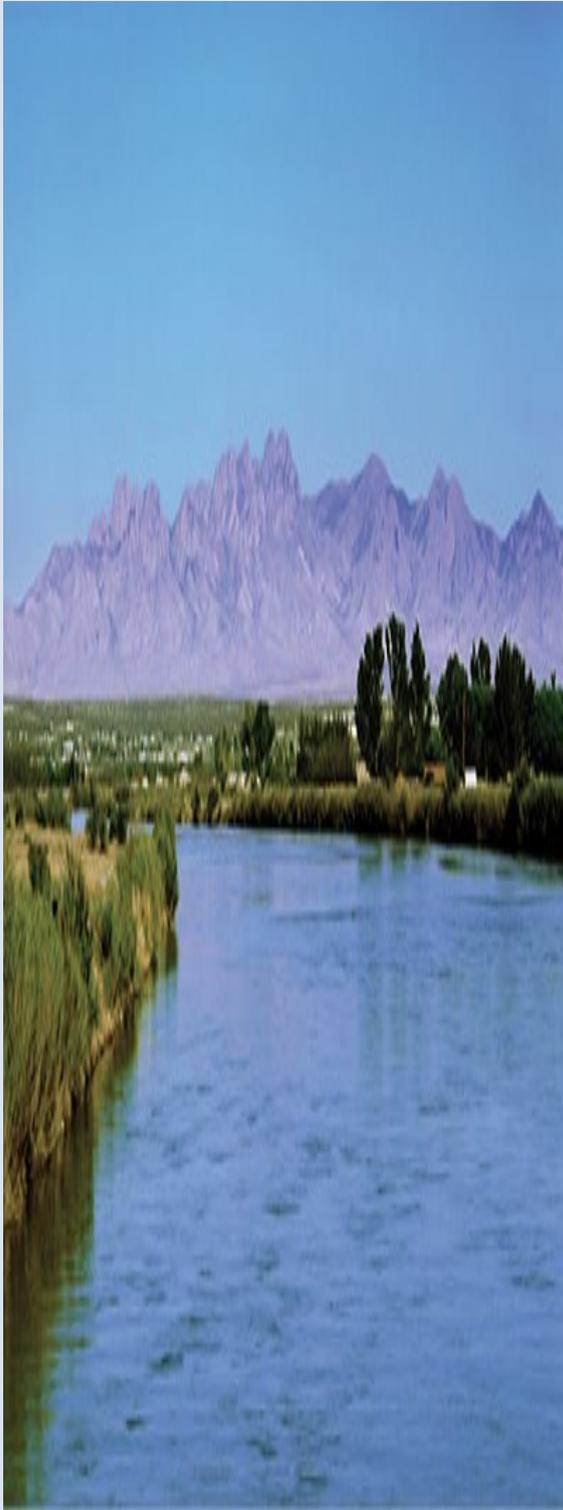


Major Agency Accomplishments and Challenges

- **Texas v NM SCOTUS Case** – State resources invested with AG and OSE paid major dividends in avoided damages claimed by Texas
- **Water Settlements and Implementation** – federal fund matches are complete and \$millions in federal construction is underway for three settlements – NGWSP, Pojoaque Valley Project, and Taos area
- **50 Year Water Plan** – draft being reviewed in the Office of the Governor
- **Water Policy and Infrastructure Task Force** – Recommendations and Report in final review
- **Staff Performed at a high level even with the pandemic** – All offices were opened for business, staff rotating between state and home offices. Remote work highly successful and critical for much of our work.

Water Resource Allocation Program (WRAP)

Accomplishments and Challenges



- **Backlog of Water Rights** - Backlog of Water Rights Applications at 500 or below during 2022.
- **Water Rights Transactions**- 99,944 processed in FY 2022.
- **Cannabis Act Permitting** - 295 cannabis applications with 50% approval rate on these reviews.
- **Rulemaking** - "NM Produced Water Consortium" looking to develop rules for reuse options.
- **Completion of the Taos area (Northern Rio Grande) Water Right file abstract** into the WATERS Database for the Abeyta Indian Water Rights Settlement implementation.
- **Improvement to the Safety of the Dams Statewide** - Dam Safety Bureau identified \$100M + in public dam rehab need and is updating its safety design criteria and guidelines.
- **Water Conservation Program** - Expanded outreach to municipal, rural water, and agriculture to improve efficiencies and reuse opportunities. Leverage federal programs.

Water Resource Allocation Program (WRAP)

Accomplishments and Challenges



Catastrophic Fires and Burn Scar Flooding Response

- Performed burn area assessments to determine degree of damage in the three major fire areas.
- Took proactive steps to mobilize federal and state resources as part of the multi-agency response for post-fire recovery.
- The Gallinas River is the main source of drinking water for the City of Las Vegas and area irrigators and diversion headings were under threat of severe damage. Over 70 acequias have been identified as under severe threat to washout and sedimentation.
- The agency utilized \$250k its statewide water measurement funding to preserve water storage and quality for City use through the installation of automated gates on the Storrie Canal heading.
- Additional investments will be critical for watershed recovery, acequia support, and replacement of measurement structures.

Litigation Adjudication Program

Accomplishments and Challenges



- **Created dedicated Tribes Pueblos Nations Bureau for Indian Water Rights Settlements**
- **Completed settlement agreements with Tribes, Pueblos, and Nations:**
 - Jemez and Zia Pueblos on the Jemez River
 - Acoma and Laguna Pueblos on the Rio San Jose
 - Other Indian Water Right Negotiations
- **Commencing offer phase of relation back claims in Roswell Artesian Basin and in Cow Creek**
- **Updated list of administrable water rights in the Roswell Artesian Basin**

Staffing Accomplishments and Challenges



Accomplishments:

- **Our team accomplished a record number of recruitments and retention actions that have lowered our vacancy rate from 21% to 17% !**
- **Our team completed recruitments for 114 of our 319 positions over the past 14 months = 35.7% of our current workforce!** (53 External hires, 61 Internal hires/advancements.)
- **21 Recruitments currently in Process**
- **111 in pay band increases and 25 reclassifications were also completed**
- **Worked with SPO to change the minimum qualifications of positions**

Challenges:

- **221 of our 319 positions require 4+ year college degrees, licensure and specialization: (Attorney positions = 32; Engineers/Water Resources positions = 189)**
- **Most of our 98 remaining positions are in the specialized fields of Science, IT, HR and Finance**
- **We compete against oil & gas industry, engineering firms, laboratories and other governmental entities for our specialized positions**

For historic perspective, OSE/ISC currently has only 264 filled FTE vs. 312 in January 2008

Vacancy Summary by Program

OSE Organization Listing - December 2022

PCode	Program Name	Authorized	Vacant Authorized	Percent Vacant
P551	Water Resource Allocation Program	172	24	13.95%
P552	Interstate Stream Commission	46	5	10.86%
P553	Litigation & Adjudication Program	59	16	27.11%
P554	Program Support	42	9	19.04%
Agency Total		319	55	17.24%

Interstate Stream Commission (ISC)

Accomplishments and Challenges



Accomplishments

- **Rio Grande Basin** - Well positioned in the Lower Rio Grande TX v NM litigation. On track to meet compact delivery requirements for this year.
- **Colorado River Basin** - Worked with the US, 7 Basin States, and Tribes to keep Lake Powell generating hydropower in 2022. Negotiated a 10-year lease with the Jicarilla Apache Nation to provide up to 20,000 acre-feet per year for species and compact compliance purposes.
- **Pecos River Basin** - Avoided a priority call and helped maintain river flows for species. New Mexico continues to have a significant compact credit thanks to the 2003 Pecos Settlement Agreement.

Interstate Stream Commission (ISC)

Accomplishments and Challenges

- **Acequias Program** - Supporting hundreds of acequias and community ditch projects across New Mexico, including response to fires and flooding.
- **Planning Program** - Carried out a successful 50-Year Planning process and poised to release the plan for public review. Preparing to update the State Water Plan in 2023.

Challenges

- Building agency staff, providing support to communities across New Mexico confronting and preparing for the affects of climate change.



Budget Planning Considerations

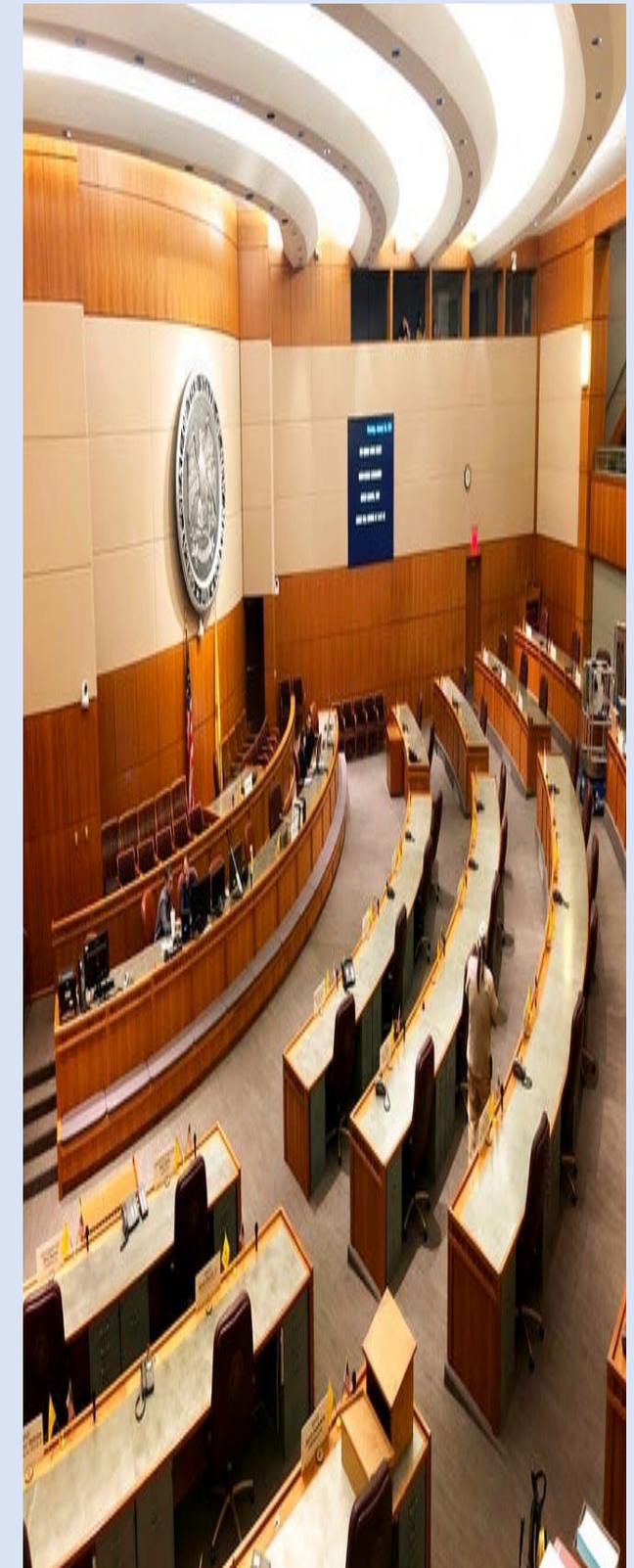
- The proposed budget of the OSE/ISC is scaled over a five-year horizon to address needs resulting from persistent drought and anticipated climate change impacts.
- Foreseeable efforts to prepare New Mexicans for a challenging water future will require investments in human capacity, science and planning, protecting watersheds and aquifers as well as infrastructure to assure resilient water supplies for all communities across the state.
- Tribal Water Rights and Interstate Litigation settlements
- Leveraging the historic federal investments planned for New Mexico is critical to accomplishing these goals.
- Transition agency operational reliance on Trust Funds to sustainable levels over next few years



OSE/ISC FY24 Operating Budget Requests by Program

OSE/ISC FY24 Operating Budget Requests by Program

	Funding	FTE
WRAP		
Base Increase for Salaries Included:	122.7	-
Maintenance of service level inflationary increase	170.0	-
Lower Rio Grande depletion program (3 FTE)	450.0	3.00
Cannabis permit staffing (2 FTE)	300.0	2.00
Program Expansions:	\$ 1,042.7	5.0
ISC		
Base Increase for Salaries Included:	-	-
Maintenance of service level inflationary increase	580.0	-
Lower Rio Grande depletion program (2 FTE)	300.0	2.00
Implement 50-Year Water Plan and complete 2023 State Water Plan	750.0	-
Program Expansions:	\$ 1,630.0	2.00
LAP		
Base Increase for Salaries Included:	200.0	-
Maintenance of service level inflationary increase	165.0	-
Program Expansions:	\$ 365.0	-
PS		
Base Increase for Salaries Included:	-	-
Maintenance of service level inflationary increase	85.0	-
Dedicated Capital Project Management Unit (3 FTE)	300.0	3.00
Exempt COS/Deputy Secretary Equivalent (1 FTE)	150.0	1.00
Program Expansions:	\$ 535.0	4.0
Total Expansions:	\$ 3,572.7	11.0
Percentage increase relative to \$43.1M total FY23 OPBUD:	8.3%	3.4%



Special Appropriation and ICIP Requests



Sec. 5 and 7 Special Appropriations:

Augmenting the water supply on the lower Rio Grande	75,000.0
Rio Grande river channel maintenance, habitat restoration, low flow conveyance	30,000.0
Colorado River litigation, litigation avoidance and compliance activities	4,000.0
Pecos settlement and drought relief activities	2,000.0
Building rental and relocation expenses for Concha Ortiz y Pino building	900.0
Statewide strategic water reserve implementation and Jicarilla Apache Nation water lease for San Juan River	10,000.0
Extension of the LRGPP appropriation	language only
Water Rights Adjudication Tracking System (WRATS) modernization C2	1,695.2
50-year water plan implementation and develop next state water plan update	6,000.0
Improvements at Ute reservoir and needed repairs to Ute dam	1,000.0

Total Section 5 and 7 Special Appropriations: \$130,595.2

ICIP Capital:

Surface Water and Ground Water Measurement Statewide	2,100.0
Maintain Rivers, Restore Habitat and Flood Control	10,000.0
Elephant Butte Delta Channel Improvements	1,000.0
Lower Rio Grande Aquifer Sustainability (~\$50M in 1st 5yrs for \$80M federal)	10,000.0
Ute Reservoir Improvements	500.0
Strategic Water Reserve Acquisitions	1,000.0

Total Capital Appropriations: \$ 24,600.0

OSE/ISC Budget & Staffing Alignment with Governor's Climate Change & Water Management Priorities

Initiatives by Topic:		Recurring Expansions:					Staff:	NR Funding:	
		WRAP	ISC	LAP	PS	Total		NR Special	NR Capital
Extreme Drought and Climate Change Water Administration Initiatives									
Staff/Funding	Purpose								
3 FTE (WRAP) \$450,000	Lower Rio Grande depletion program staff	\$ 450.0					3		
2 FTE (ISC) \$300,000	Lower Rio Grande depletion program staff		\$ 300.0				2		
2 FTE (WRAP) \$300,000	Cannabis production water rights application processing	\$ 300.0					2		
\$1M (ICIP)	Strategic Water Reserve Acquisitions								\$ 1,000.0
\$2M (NR)	Pecos settlement and drought relief activities (multi-year special)							\$ 2,000.0	
\$2.1M (ICIP)	Expand surface water and ground water measurement statewide								\$ 2,100.0
\$1M (ICIP)	Elephant Butte delta channel Improvements								\$ 1,000.0
\$10M (ICIP)	Maintain rivers, restore habitat and flood control								\$ 10,000.0
		\$ 750.0	\$ 300.0	\$ -	\$ -	\$ 1,050.0	7	\$ 2,000.0	\$ 14,100.0
Indian Water Rights Settlement Implementation and Negotiation Initiatives									
Staff/Funding	Purpose								
TBD	State cost share for new settlements pending congressional approval								
		\$ -	\$ -	\$ -	\$ -	\$ -	0	\$ -	\$ -
Interstate Litigation and Settlement Negotiations (Litigation Avoidance) Initiatives									
Staff/Funding	Purpose								
\$75M (NR)	Approx. \$5M ongoing technical & legal support for LRG litigation Approx. \$70M for LRG settlement implementation activities (multi-year special)							\$ 75,000.0	
\$4M (NR)	Colorado River litigation, litigation avoidance and compliance activities (multi-year special)							\$ 4,000.0	
\$10M (NR)	Jicarilla Apache Nation water lease for San Juan River Strategic Water Reserve compact compliance and ESA issues (multi-year special)							\$ 10,000.0	
\$30M (NR)	Rio Grande river channel maintenance, habitat restoration, low flow conveyance (multi-year special)							\$ 30,000.0	
\$10M (ICIP)	Lower Rio Grande Aquifer Sustainability (initial year of 5 that will leverage \$80M federal)								\$ 10,000.0
		\$ -	\$ -	\$ -	\$ -	\$ -	0	\$ 119,000.0	\$ 10,000.0
Implementation of 50-Year Water Plan and Water Task Force Recommendations									
Staff/Funding	Purpose								
\$750k/yr.	Implementation of 50-yr Water Plan and updating of State Water Plan		\$ 750.0						
\$6,000 (NR) (language only)	50-year water plan implementation and develop next state water plan update (multi-year special) Extension of the Lower Rio Grande pilot program extension of time							\$ 6,000.0	
		\$ -	\$ 750.0	\$ -	\$ -	\$ 750.0	0	\$ 6,000.0	\$ -
Infrastructure Innovation and Dam Safety Initiatives									
Staff/Funding	Purpose								
3 FTE (PS) \$100,000	Financial and administrative support for agency infrastructure initiatives and growth in capital project processing and reporting					\$ 300.0	3		
\$500K (ICIP)	Ute Reservoir improvements including Eastern NM Pipeline prep								\$ 500.0
\$1M (NR)	Shoreline and dam improvements at Ute Reservoir and needed repairs to Ute Dam (multi-year special)							\$ 1,000.0	
		\$ -	\$ -	\$ -	\$ 300.0	\$ 300.0	3	\$ 1,000.0	\$ 500.0
Agency Modernization to Meet Current Challenges									
Staff/Funding	Purpose								
1 FTE (PS) \$150,000	Exempt Deputy State Engineer position					\$ 150.0	1		
\$323K	Base salary increases for WRAP Water Master budgets and to fund LAP salary study retention increases	\$ 122.7		\$ 200.0					
\$1M	Maintenance of service level inflationary increase	\$ 170.0	\$ 580.0	\$ 165.0	\$ 85.0				
\$900K	Initial year of building rental and relocation expenses for Concha Ortiz y Pino Building demolition							\$ 900.0	
\$1.7M (NR)	Water Rights Adjudication Tracking System (WRATS) computer application modernization phase II (IT C2)							\$ 1,695.2	
		\$ 292.7	\$ 580.0	\$ 365.0	\$ 235.0	\$ 1,472.7	1	\$ 2,595.2	\$ -
		\$ 1,042.7	\$ 1,630.0	\$ 365.0	\$ 535.0	\$ 3,572.7	11	\$ 130,595.2	\$ 24,600.0

- NR - Non-Recurring
- ICIP - Infrastructure Capital Improvement Plan
- WRAP - Water Resource Allocation Program
- ISC - Interstate Stream Commission
- LAP - Litigation and Adjudication Program
- PS - Program Support Program

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