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### FISCAL IMPACT REPORT

SPONSOR:	Varela	DATE TYPED:	02/14/00	HB	HJR 10/aHJC
SHORT TITLE:	Long-Term Lease of Penitentiary Water System			SB	
				ANALYST:	Pickering

#### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY00	FY01	FY00	FY01		
NFI	NFI	See Narrative		Recurring	GF

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to

#### SOURCES OF INFORMATION

Corrections Department (CD)

General Services Department (GSD)

Office of the State Engineer / Interstate Stream Commission (OSE/ISC)

## **SUMMARY**

### Synopsis of HJC Amendment

The House Judiciary Committee amended the bill by inserting language providing for a mutually agreed-upon amount of free water services to all state buildings serviced by the existing water system.

### Synopsis of Bill

HJR10 authorizes the Property Control Division of GSD to lease for up to 99 years to Santa Fe County the water system and approximately 387 acre feet of water rights at the Penitentiary of New Mexico. The lease would be contingent on Santa Fe County providing free water for existing state facilities and a water use plan for review by Property Control Division, the Capitol Buildings Commission and the Legislative Finance Committee.

### Significant Issues

PCD states that Santa Fe County approached the state with the proposal to lease the water system and water rights as part of the county's efforts to improve its infrastructure near south Highway 14. In this rapidly growing area, the availability of water would enhance the county's ability to implement a regional water plan.

The state has leased the wastewater treatment plant at the Penitentiary of New Mexico to Santa Fe County pursuant to Laws 1998, HJR8, in support of the county's efforts to provide utility services in that area.

According to OSE, the operation of a water system requires proper management, maintenance and

certification for distribution of water which Santa Fe county will provide. The excess water rights and water not needed for state buildings can be transferred to other locations upon approval of the water use plan and with appropriate permits from the state engineer. If HJR10 is not adopted, GSD will continue to manage the system.

## **FISCAL IMPLICATIONS**

PCD reports that there would be a minimal cost reduction to CD to maintain and operate the water system. The county would avoid capital costs to establish a water system to the extent the water system at the penitentiary augments the county's infrastructure plans. The county would realize an unknown amount of revenue from utility fees for providing water and may be eligible for matching federal funds to expand the water system.

## **OTHER SUBSTANTIVE ISSUES**

According to PCD, the bill's requirement to provide free water to existing state facilities would not extend to any new state facilities. Any new state facilities constructed after the lease begins would be paying water service customers.

Additionally, the agency noted the water system at the penitentiary has more capacity than is needed for the state facilities it serves. Excess capacity would be used for development of the area, including property held in trust for the penitentiary by the State Commissioner of Public Lands. Growth in that area may increase the value of and revenue from trust lands that helps support the CD's programs.

RP/sb:pr:gm