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FISCAL IMPACT REPORT

SPONSOR Lujan DATE TYPED 3/10/05 HB HJM 49/aHENRC

SHORT TITLE San Juan-Chama Water Agreement Changes SB _____

ANALYST Aguilar

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	NFI				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Environment Department (NMED)

Office of the State Engineer (OSE)

SUMMARY

Synopsis of HENRC Amendment

The House Energy and Natural Resources Committee amendment to House Joint Memorial 49 makes technical corrections to language, identifies that 2,990 acre feet of San Juan-Chama water remain to be contracted for, adds support for entities that have water service agreements and can demonstrate a need within 40 years and adds support that the 2990 acre feet be protected from allocation for purposes that do not fulfill the purpose of the San Juan-Chama project.

Synopsis of Original Bill

House Joint Memorial 49 establishes the Legislature's support for having the U.S. Department of the Interior to convert the remaining San Juan-Chama Project term water service agreements between the Department of the Interior and various municipal and quasi-municipal entities to re-payment perpetual agreements.

Significant Issues

HJM 49 would provide consistency among all of the San Juan-Chama Project contractors, as some entities currently have term water service agreements while others have repayment perpetual agreements.

Water service agreements provide for water service to the contractor for a period limited to 40 years or less at rates sufficient to cover an appropriate share of the annual operations and maintenance costs of the project and some amount of the fixed costs of the project as determined by the Secretary of the Interior.

Repayment agreements are structured toward recovering over a period not to exceed 40 years the portion of the construction costs of the project allocated to the contractor's water supply. Repayment perpetual agreements would provide a higher level of stability than term water service agreements. The repayment contracts would be advantageous given proposed multi-municipal projects such as an Espanola-water filtration facility and the Buckman Surface Water Diversion project that rely on San Juan Chama Project Water continuing to be available .

PERFORMANCE IMPLICATIONS

New Mexico Interstate Stream Commission (ISC) staff has consulted with both the entities and the US Bureau of Reclamation on the possibility of converting the water service agreements to perpetual repayment contracts. ISC staff has been supportive of the conversion of the agreements from term water service contracts to perpetual repayment contracts provided each of the entities demonstrates a need for such guaranteed supplies. The City of Espanola and the City and County of Santa Fe have shown such a need for guaranteed supplies in the amounts of their current water service agreements due to water quality and water rights and supply issues.

PA/lg