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FISCAL IMPACT REPORT

ORIGINAL DATE 2/10/07

SPONSOR Campos LAST UPDATED _____ HB _____

SHORT TITLE Feasibility Study of Water Delivery in Estancia Valley SB 878

ANALYST Propst

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	\$500.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
Office of the State Engineer (OSE)

SUMMARY

Synopsis of Bill

Senate Bill 878 would appropriate \$500.0 from the General Fund to conduct a feasibility study of having the municipally owned gas association deliver water in the Estancia Valley

FISCAL IMPLICATIONS

The appropriation of \$500.0 contained in this bill is a recurring expense to the General Fund. Any unexpended or unencumbered balance remaining at the end of FY08 shall revert to the General Fund.

SIGNIFICANT ISSUES

The State Engineer notes that the Estancia Valley is one area in which groundwater withdrawn from the local aquifer are managed under a Critical Management Area to protect existing water rights and extend the life of the aquifer.

The communities of Estancia, Moriarty and Willard jointly own a gas association. The Feasibility Study will evaluate the possibility of the gas association delivering water to the

Estancia Valley.

The bill does not specify how and to which parts of the Estancia Valley would be considered for delivery of water by the gas association. The purpose of preparing a feasibility study is to help answer such questions and to identify potential means and requirements for delivering water.

Regional water systems are typically more fiscally sound and preferred over the presence of several small mutual domestic water suppliers. A regional water system have greater support due to a larger client base that better enables them to be responsible for obtaining and maintaining adequate water rights, complying with the federal Clean Water Act, and maintaining system integrity through operation, maintenance, and replacement.

ADMINISTRATIVE IMPLICATIONS

The Office of the State Engineer would be required to respond to any questions or inquiries that will need to be addressed in the Feasibility Study regarding water rights, and water management requirements in the Estancia Basin. With a single fiscal year to complete the study, the demands on State Engineer staff will likely increase.

TECHNICAL ISSUES

Feasibility studies are very valuable resources for community development and the planned, future expenditure of capital funds.

In addition to water delivery, the feasibility study should consider the present wastewater collection and treatment facility services in the Estancia Valley, how water delivery may impact them, and if there also is a need for regional wastewater treatment.

The time needed to complete a feasibility study will be influenced on the level of public involvement and complexity. One full year to complete such a study seems possible.

The Department of Finance and Administration can assist the local government by establishing performance measures, which will help the local government in its management of this project.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Without adequate planning to address water resource needs in a region, stop-gap measures or multiple, small systems may be developed to fill local needs. Small systems are less able to adapt to change and meet the state and federal requirements for safe drinking water and legal use of water. This can lead to the development of several independent systems that will not be designed with the future needs of the community in mind, making the potential need to increase or adapt as the community changes much more difficult than if the regional system were planned as one from the beginning.

WEP/mt