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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/19/07

SPONSOR Taylor LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE SOUTH VALLEY ECONOMIC DEVELOPMENT SB 1101

ANALYST Propst

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
\$10,000.0		Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Finance and Administration (DFA)

Economic Development Department (EDD)

### SUMMARY

#### Synopsis of Bill

Senate Bill 1101 appropriates \$10,000.0 from the General Fund to Local Government Division for expenditures in FY07 through 2012 for infrastructure, including water, sewer, and roads, in leading to commercial areas of the South Valley of Bernalillo County in the area that is bound on the East by I-25, on the North by Woodward Avenue, on the West by Second Street and the South by the Pueblo of Isleta.

### FISCAL IMPLICATIONS

The appropriation of \$10,000.0 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

DFA notes that SB 1101 is not related to the Valley Utilities Project (VUP). The VUP is for "Developed but unserved areas of the North and South Valley," therefore, new infrastructure for

new commercial development/economic development is not part of the VUP.

The purpose of VUP is to protect groundwater supplies in the Middle Rio Grande Valley of Bernalillo County and continue the effort initiated by the Albuquerque/Bernalillo County Groundwater Protection and Policy Plan adopted in 1994 by both Bernalillo County and the City of Albuquerque. The VUP was initiated in 1999 by a Memorandum of Understanding (MOU) between Bernalillo County, the City of Albuquerque, and the Village of Los Ranchos. The VUP consists of providing potable water and sanitary sewer service to the developed but un-served areas of the North and South Valley in an effort to protect the groundwater resource and provide safe drinking water to area residents. Upon completion the VUP-constructed infrastructure, the assets will be owned and operated by the Albuquerque Bernalillo County Water Utility Authority (Authority).

The project area generally has a semi-rural land use pattern with pockets of dense development, shallow groundwater, and predominantly on-site wells and wastewater disposal systems. This combination of physical setting and waste disposal practices poses a potential threat to groundwater quality. The infrastructure necessary to solve the poor water quality problem has not been constructed because of high cost, or because previous technology was not suitable for flat areas on the valley floor. In addition, the project area has been historically underserved with respect to providing long-term residents with basic infrastructure needs.

### **Sewer System Improvements**

The expansion of the sewer system will address groundwater contamination by allowing residences to connect to the sanitary sewer system and discontinue use of their septic system. By County Ordinance (Section 42-498), connection to the sanitary sewer is mandatory once the infrastructure is constructed and available to the residence. Several studies have documented that the septic systems within the project area are contributing to the poor water quality of the shallow groundwater, which is the major source for drinking water wells in the area. The studies also show effluent discharged into the ground has caused localized health hazards and widespread aesthetic problems to the taste and smell of drinking water in shallow domestic wells. The wastewater collected will be piped to the existing wastewater treatment facility. Construction of the sanitary sewer system will reduce the pollution load being discharged to the aquifer from private septic systems.

### **Water System Improvements**

The expansion of the water system will address water quality and fire protection issues by providing a reliable public water system to serve existing developed properties. The shallow aquifer in the project area has been used for drinking water for hundreds of years. However, agricultural irrigation practices and septic tank effluent discharged into the ground has caused localized health hazards and widespread aesthetic problems to the taste and smell of drinking water from shallow domestic wells.

The South Valley Drinking Water Project (SVDWP) will provide a reliable water supply that meets all State and Federal water quality standards to the developed but unserved areas of the South Valley. Many parts of the project area have poor drinking water quality because of the depth of the wells and the density of failing septic tanks, many build on small lots years ago. Additionally, in the South Valley Drinking Water Project Area there is no centralized fire flow water storage or fire hydrants in many parts of the project area. The Bernalillo County Fire Department responds to fires in the area with a tanker-shuttle operation with fire engines and tanker trucks that carry water. A water system in the area would reduce fire suppression time, improve safety, reduce property loss, and provide potential savings on insurance premiums.

### **Current Status**

The first half of the VUP concentrated on sewer line and facility construction because of the immediate need to improve groundwater quality, and stop further groundwater degradation. Now the VUP will focus on water system infrastructure construction, in particular the SVDWP. Since 1999 through November 2006, approximately 3419 service connections have been completed. Projects in the construction phase will provide 123 service connections. In addition, there are projects in the design phase that will provide 1748 service connections. In all, 5290 service connections have been completed or are in design or construction. Approximately 2600 additional service connections have been identified in other project areas.

When the VUP was originally developed in 1999, a total of \$111.8 million was needed to accomplish the water and wastewater improvements. The project cost is estimated to exceed \$120 million due to inflation. Estimated cost from Bernalillo County is \$140 million

### **PERFORMANCE IMPLICATIONS**

DFA provided the following:

Although SB 1101 is not associated with project 00-L-1295, the following information applies to the bill.

The South Valley's Pajarito Sanitary Sewer Projects were completed in 2003. This project provided sewer service to approximately 600 households. In 2006, the Area D and E projects were completed. They also provided sewer service to approximately 600 households.

Currently under Construction:

- Caballero Norte in the North Valley (Los Ranchos), 55 connections, cost is \$958,000 scheduled for completion in January
- South Valley Drinking Water Project Transmission Line – major water supply line for entire project, will also provide 66 residential connections, cost for design and construction is \$17 Million, with completion early fall 2007.

Currently in Design:

- SV Drinking Water Project Phase 2 Distribution – will provide 1250 water connections, estimated cost for design and construction is \$13 million. Project is in final design, and should be bid for construction in early 2007. Construction contract period will be 18 months.
- Area I and J – will provide 408 sewer service connections. Currently in final design and should be bid for construction in early 2007. Design and construction cost is estimated at \$6.6 Million. Construction should take one year from Notice to Proceed.

Del Rio/Rio Bravo Utility Infill will provide 140 service connections – both water and sewer. Currently in design, estimated construction start has not been established pending acquisition of easement and completion of design. Estimate cost is \$1.7 Million.

**TECHNICAL ISSUES**

SB 1101 calls for spending beginning in FY07. That would require an emergency clause that is not in the bill.

**WEP/sec**