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FISCAL IMPACT REPORT

ORIGINAL DATE 02/05/13

SPONSOR Egolf LAST UPDATED _____ HB 134

SHORT TITLE Santa Fe Corrections Department Water Purchase SB _____

ANALYST Chenier

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY13	FY14		
	\$193.4	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$18.2	\$18.2	\$36.4	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Corrections Department (NMCD)

General Services Department (GSD)

SUMMARY

Synopsis of Bill

House Bill 134 appropriates \$193.4 thousand from the general fund to the NMCD for the purchase of water from Santa Fe County for use by the state penitentiary with any unexpended balances at the end of FY14 reverting to the general fund.

FISCAL IMPLICATIONS

NMCD typically only purchases water from Santa Fe County on an emergency basis such as wells being shut down due to failure or other matters affecting pumping water from wells on site to service the penitentiary. The NMCD can absorb \$18.2 thousand for FY14 for water purchases from Santa Fe County should the NMCD become a Santa Fe County water customer. The

\$193.4 thousand would be substantially more than needed. Also the NMCD uses over 5,000,000 gallons of water per month to operate the penitentiary and related facilities on site. Paying for water from Santa Fe County would be more expensive than using the current system which draws water from a well.

SIGNIFICANT ISSUES

The NMCD provided the following analysis regarding significant issues:

The NMCD currently uses its own well water to meet the water needs of the PNM complex that it takes from the aquifer. The NMCD estimates that its wells use an average of 171,703 gallons of water from the aquifer per day. The NMCD is already connected to the Santa Fe County water system as a secondary water source to ensure water is available should there be any mechanical issues with the well pumps, and already has made arrangements to pay the county for its actual use of the water.

The GSD provided the following analysis:

Property Control Division (PCD) of the General Services Department is the owner of the facility, land and well. The NMCD is the Lead Agency under a Space Assignment Understanding Agreement (SAU) with PCD. PCD and NMCD have a long term lease agreement with Santa Fe County under which the county uses and maintains the penitentiary's wastewater treatment plant. In addition to being responsible for all of the maintenance, repairs and operating expenses of the wastewater treatment plant the county has reduced the rate charged to NMCD for wastewater put into the system from the penitentiary. With the high use of water by inmates in the penitentiary the cost to NMCD to be on Santa Fe County water would be excessive. The county also benefits by serving commercial and residential customers in the area with wastewater treatment. The county does not have a wastewater treatment facility and benefits by using the leased facility from NMCD.

ADMINISTRATIVE IMPLICATIONS

If this bill passed, NMCD staff would have to tightly coordinate the cutover of water services with the County to ensure no disruption in services. Additionally, NMCD would have to continue to maintain its well as a secondary water source.

TECHNICAL ISSUES

On line 19 remove "encumbered".

OTHER SUBSTANTIVE ISSUES

The NMCD provided the following analysis:

The General Services Department, as the legal owner of the property, will have to determine if any of the current water laws will impact the enactment of the bill. Additionally, the GSD will have to determine how County water conservation measures will affect the NMCD facility, and whether Texas' position as a priority user will impact the PNM Complex's use of its well water or Santa Fe County water.

ALTERNATIVES

For NMCD to become a Santa Fe County water customer and then absorb the minimal annual cost in the current budget, and to keep its wells as its secondary water source.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The NMCD will continue to use its well water, and will have to continue using and paying for Santa Fe County water if its wells do not work properly.

ANA/bm