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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/14/17

SPONSOR HAWC LAST UPDATED \_\_\_\_\_ HM 1/HAWCS

SHORT TITLE Regional Water Planning Process Improvements SB \_\_\_\_\_

ANALYST Armstrong

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		\$0 -\$120.0		\$0 -\$120.0	Nonrecurring	Office of the State Engineer operating budget

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Office of the State Engineer (OSE)  
 New Mexico Acequia Association (NMAA)  
 Indian Affairs Department (IAD)

### SUMMARY

#### Synopsis of HAWC Substitute

The House Agriculture and Water Committee substitute for House Memorial 1 reflects much of the substance of the introduced version but changes the resolutions or requests. The substitute adds representation from the NM Department of Agriculture and the Indian Affairs Department to the task force, requests that the task force consider the Legislature's encouragement of collaboration in water planning,

#### Synopsis of Memorial

House Memorial 1 (HM1) reaffirms the importance of water planning and implementation in accordance with the intent of the originating legislation from 1987, while noting a lack of adequate definition of regional organizations, boundaries, and scope of authority has hampered the ability of existing regional entities to meet their goals. The memorial requests the Interstate Stream Commission (ISC) convene a volunteer task force with at least three statewide working groups and directs the task force to address governance and institutional arrangements, strengthening planning linkages, public and participation, technical information, and water rights

adjudication. Additionally, HM1 charges the task force with developing a detailed plan or proposal for legislative or agency action and presenting it to the appropriate legislative interim committee by July 1, 2018.

### **FISCAL IMPLICATIONS**

HM1 does not fund the proposed task force. OSE analysis estimates the “unfunded cost” of convening the task force between \$80 thousand and \$120 thousand. However, the agency’s analysis does not justify this estimate or explain how the memorial adds costs to the agency’s operating budget. The agency’s FY18 operating budget adopted by the House Appropriations and Finance Committee includes \$350 thousand for contracts and nearly \$180 thousand for personnel costs related to water planning.

### **SIGNIFICANT ISSUES**

Currently, OSE is developing a water plan which will be made public in 2018. HM1 does not address any potential duplication of effort. OSE’s efforts include coordination with the Water Trust Board and ISC water planning regions, and tribal consultations. Proponents of the memorial note the task force will augment rather than duplicate ISC’s planning efforts because the agency will continue to work toward finalizing the 2018 water plan and the task force will address the planning process after the current round is complete.

OSE analysis states:

New Mexico’s first state water plan (SWP) was prepared in 2003. The 2013 SWP review recommended the SWP be updated by 2018. Recognizing the water planning program must continue to evolve, the ISC has proactively engaged in many of the activities the Memorial requests. A major endeavor was initiated less than two years ago to update plans for all 16 water planning regions simultaneously specifically to inform the SWP update. Over these past few years, over 100 meetings were facilitated by the state with steering committee representatives of each water planning region. ISC has already accepted 14 of the 16 plans presented by steering committee chairs and water planning region representatives over the past 6 months, and has consistently received positive feedback regarding the facilitation process and communications. ISC has also begun collaboration with the Utton Transboundary Resources Center of the University of New Mexico School of Law to research best practices for water planning in seven other western states to inform New Mexico in improving the effectiveness of water planning in our state.

ISC is developing a work plan (Charter) for the State Water Plan update. As part of the SWP update, the state is developing a strategic public involvement plan and has hired NM First to assist with this work. NM First has already scheduled upcoming meetings with participants of the regional plan steering committees to discuss “Lessons Learned” regarding ways to improve the process for future regional water planning that is intended to include feedback on the areas noted in the Memorial, including governance, planning linkages, public and tribal participation, technical information, and water rights adjudication. NM First will then help assimilate this input to define the best way to engage future public participation as well as interagency coordination. Tribal consultations will follow Section E Tribal Consultation Policy Statements identified in the 2003 State Water Plan, with tribal participation at their prerogative. It is now well

understood that the previous practice of suspending planning discussions and meetings within each region immediately upon completing a regional water plan is not an effective process for state water planning. The State will utilize stakeholder feedback to help define a sustainable, long-term planning process and structure that incorporates on-going regional and state-wide planning communications. Of particular note by regional and state water planners is the lack of a dedicated funding stream to support personnel and costs for planning as well as inadequate funding for implementation of recommended water programs and projects.

New Mexico Acequia Association analysis states:

[T]he memorial notes that concerns have been voiced about the “common technical platform” and “administrative water supply.” Members of the New Mexico Acequia Association who were active in their respective regional steering committees shared this concern. The “common technical platform” was a well-intentioned attempt by ISC to have a common framework for regional water planning with a common set of metrics and methodologies for compiling and tabulating data on water supply and demand in each respective region. With a consistent set of data, regional water plans could be compared side by side or be compiled into a statewide plan.

However, the agency’s platform was limited by the source of data which originated with the agency which did not incorporate other more advanced data sets or hydrological models. Furthermore, the “administrative water supply” was based on a report by the Office of the State Engineer that is an inventory of diversions of surface and groundwater. From an agricultural perspective, NMAA critiqued the use of “diversions” to quantify supply because it overestimates agricultural water use. A more reliable measure of agricultural use would be the consumptive use rather than diversion.

The memorial mentions in general the need to improve the water planning process and suggests that a stakeholder task force make recommendations for future water planning. It should be noted that part of the reason that the ISC utilized a common technical platform that was internal to the agency was a lack of resources to compile other types of data that could have enhanced the process. The memorial could be strengthened by adding that technical expertise from the state’s colleges and universities should be incorporated into the process.

JA/jle