



2023



SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY- UPPER BOSQUE DE BERNALILLO FLOOD MITIGATION PROJECT
CORONADO ARROYO IMPROVEMENTS D2531

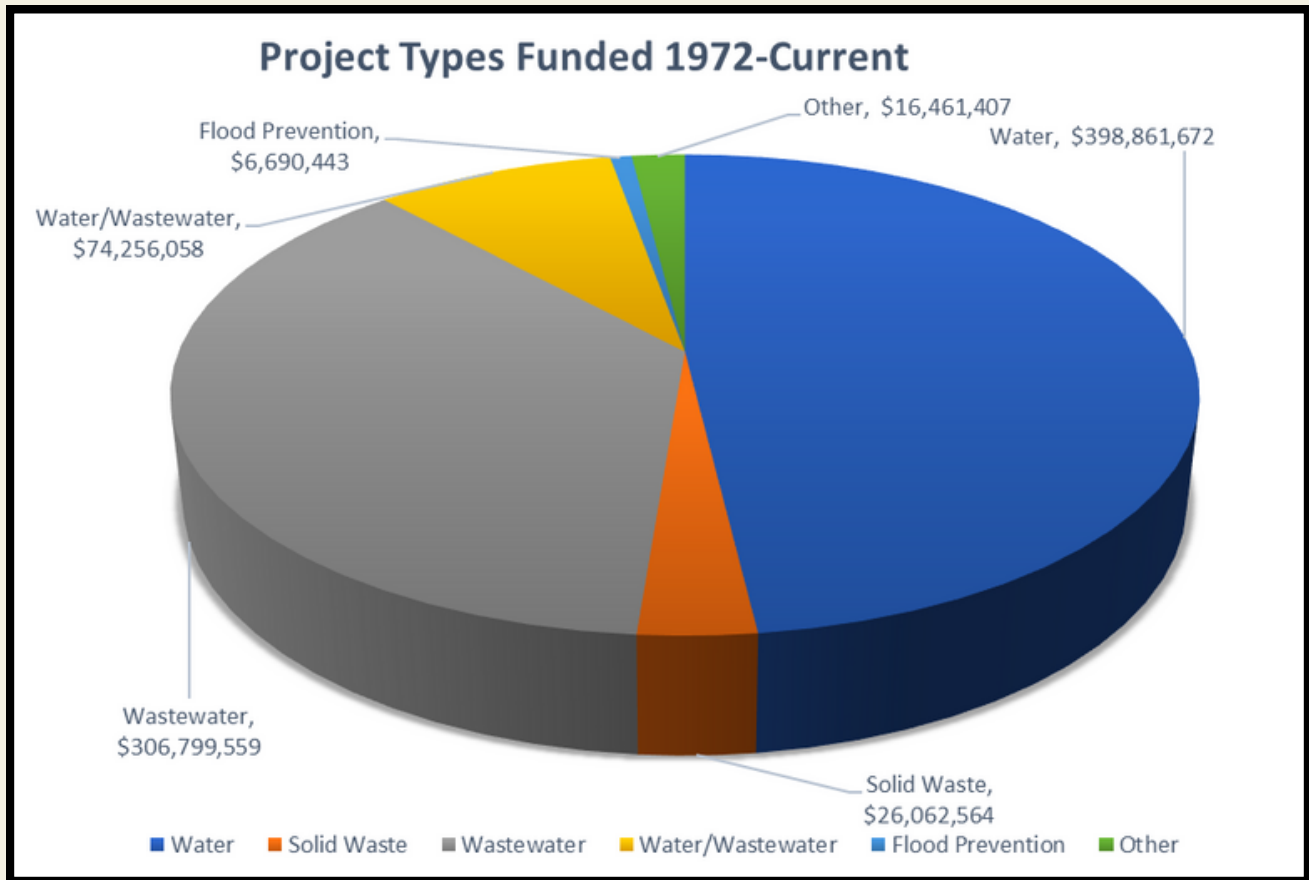
CAPITAL OUTLAY PROGRAM STATE FISCAL YEAR ANNUAL REPORT

July 1, 2022-June 30, 2023

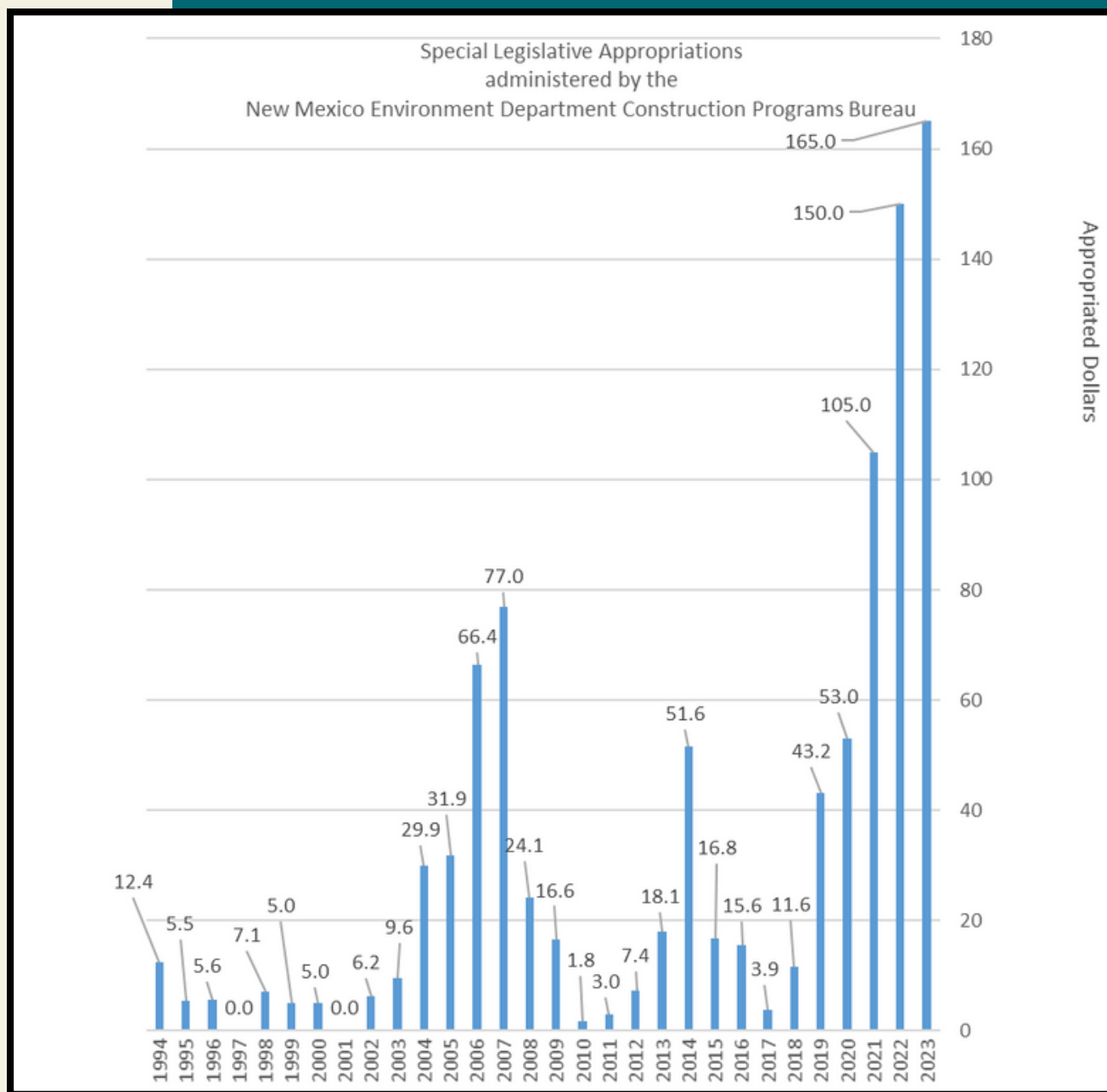
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CAPITAL OUTLAY PROGRAM

Since 1972, the New Mexico Environment Department (NMED) Construction Programs Bureau (CPB) (or its predecessor) has administered approximately \$829,131,708 dollars in capital outlay appropriations from the New Mexico legislature for drinking water, wastewater, solid waste, and other environmental projects. NMED CPB provides funding administration and technical oversight for projects ensuring projects are completed in a timely manner and are free from waste, fraud, and abuse.



As of June 30, 2023, the capital outlay program was managing 372 active appropriations with a combined fund balance totaling \$206,304,223. The program processed 485 reimbursement requests in FY23 totaling \$30,515,657.



In FY23, NMED CPB executed one hundred thirty-nine (139) intergovernmental grant agreements totaling \$64,997,097, reauthorized five (5) agreements for \$2,588,547 and closed out fifty-five (55) capital outlay projects totaling \$14,619,756.

Capital Outlay projects can be funded with general fund (GF) monies, capital projects fund (CP) monies, or by the proceeds generated by the sale of severance tax bonds (STB). In recent years, most projects administered by NMED CPB were from the sale of severance tax bonds, however 2019 projects were primarily funded with general fund, with 2020, 2021 and 2022 projects returning to STB's. In 2023, capital outlay projects were again funded with general fund. In 2023, in addition to regular capital outlay projects, CPB received two special appropriations, one from SB309 and one from HB505.

To receive appropriated funds, entities are required to be compliant with Executive Order 2013-006, meaning compliant with fiscal reporting requirements from the Office of State Auditor and the Department of Finance and Administration (DFA) Local Government Division (LGD). NMED CPB reviews compliance for special districts as well as any other entities assigned by the Capital Outlay Bureau (COB). Other state agencies are assigned entities to review as well so all agencies share in the review process. All compliance documents are then provided to the Capital Outlay Bureau on a Uniform Funding Criteria (UFC) form. DFA COB provides access to all completed UFC forms so all agencies can proceed with the capital outlay process. NMED CPB ensures grantees have been vetted and are approved to receive funds. Special conditions or alternative fiscal agents may be required as stipulated in Executive Order 2013-006.

Appropriations are typically valid for four years unless they are for capital equipment purchases (i.e., vehicles or heavy equipment) which are valid for two years. Severance tax bond appropriations are normally budgeted in the fiscal year the State Board of Finance sells the bonds; general fund appropriations are normally budgeted the year the legislation is signed into law. Most projects are set up as multi-year budgets. Appropriating legislation defines expiration dates for all projects; when the expiration date is reached, unexpended funds revert. Grantees may request legislative reauthorization for expiring projects; any reauthorization requests not legislatively approved cause expiring funds to be reverted. The Legislature can also deauthorize existing legislation and has done so in the past during economic downturns.

Project completion time varies depending on the readiness of the recipient to proceed and the size and complexity of the project. The implementation of a construction project involves multiple phases that require the technical expertise of project managers. CPB monitors each phase to ensure compliance with the terms of the grant and applicable laws and regulations.

When fully staffed, the CPB capital outlay program consists of two full-time financial administrators, a grant manager, a financial manager and five project engineers who apply approximately half of their time to the program. The Bureau Chief also allocates about one quarter of work hours to the program.

The success of the capital outlay program can be attributed to the dedication, involvement, and initiative of the CPB team assigned to the program.

Questions regarding this report should be addressed to:

**New Mexico Environment Department
Construction Programs Bureau**

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