

CAPITAL OUTLAY PROGRAM



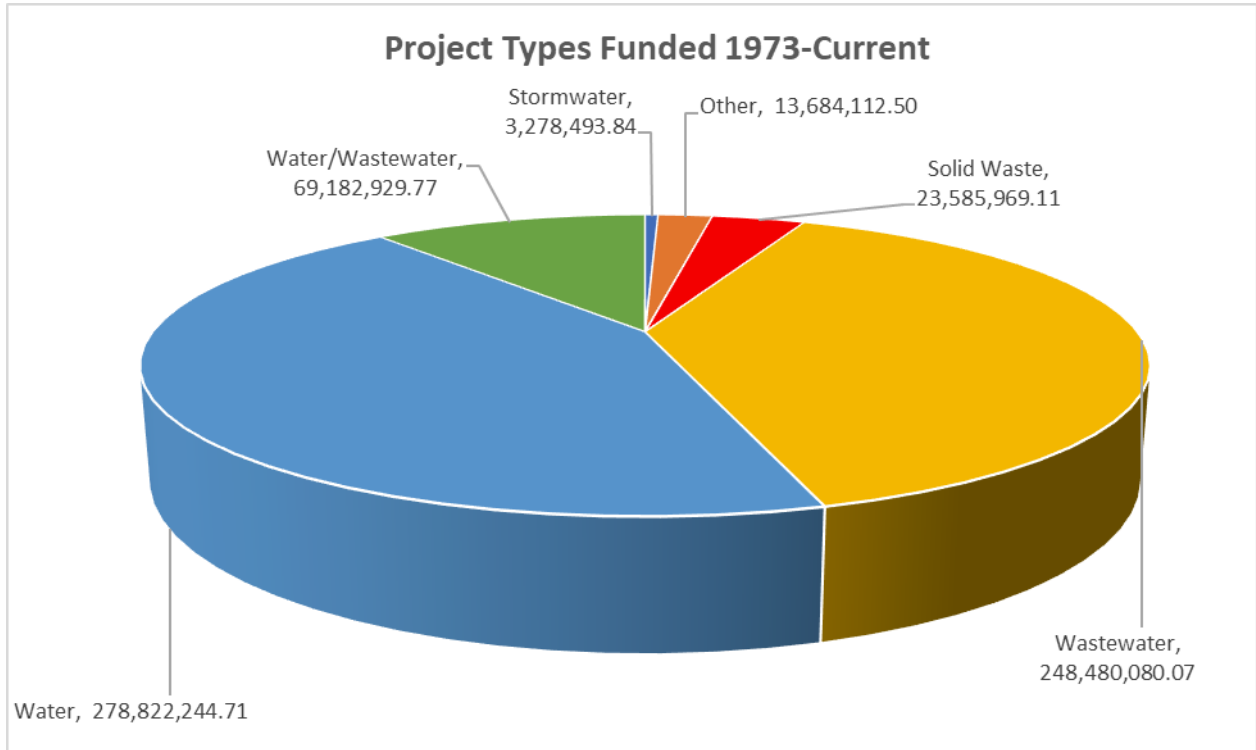
***2020 FISCAL YEAR
ANNUAL REPORT***

**New Mexico Environment Department
Construction Program Bureau**

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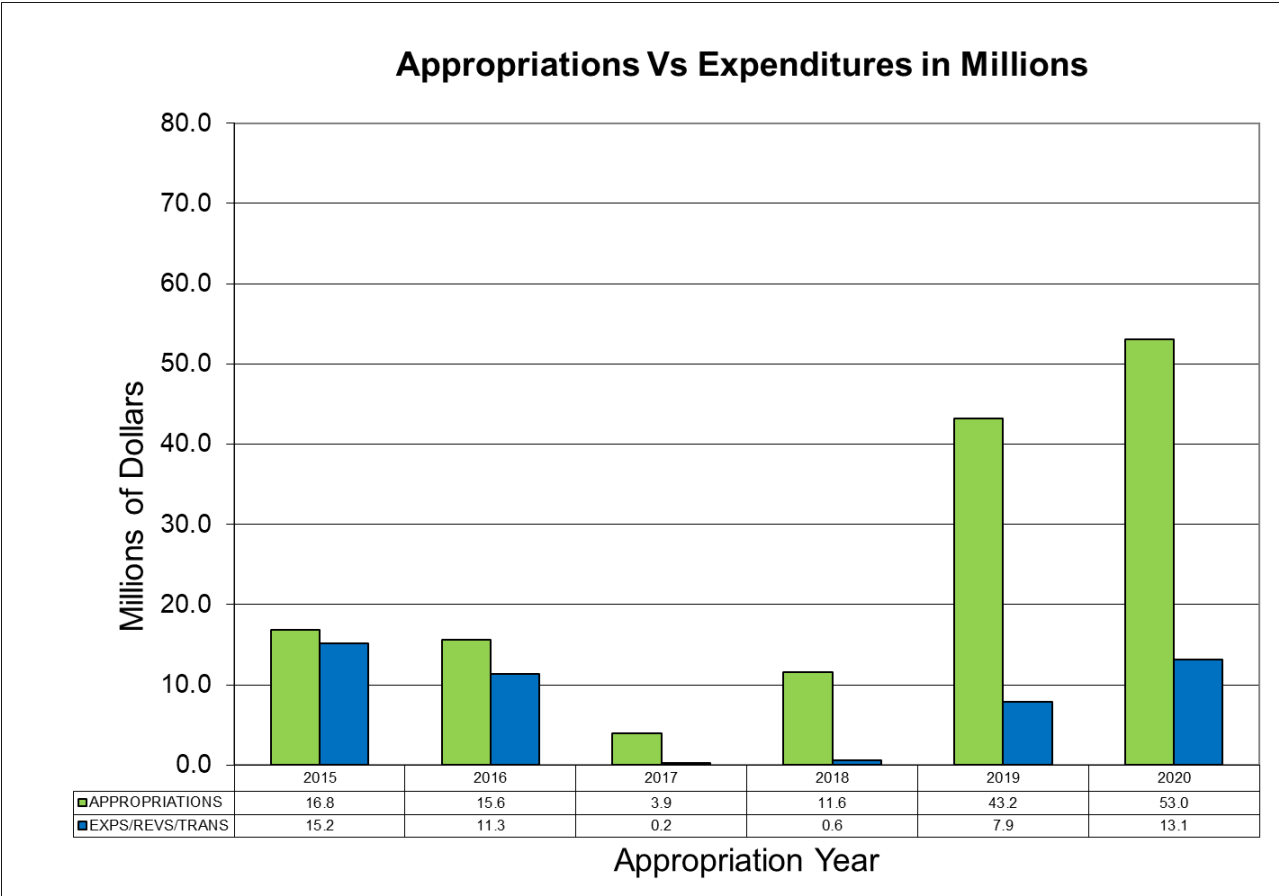
CAPITAL OUTLAY PROGRAM

Since 1973, the New Mexico Environment Department (NMED) Construction Programs Bureau (CPB) (or its predecessor) has administered approximately \$637 million in capital outlay appropriations from the State 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, 2020, the capital outlay program was managing 156 active appropriations with a combined fund balance totaling \$37,817,490. The program processed 340 reimbursement requests in FY20 totaling \$13,106,157.

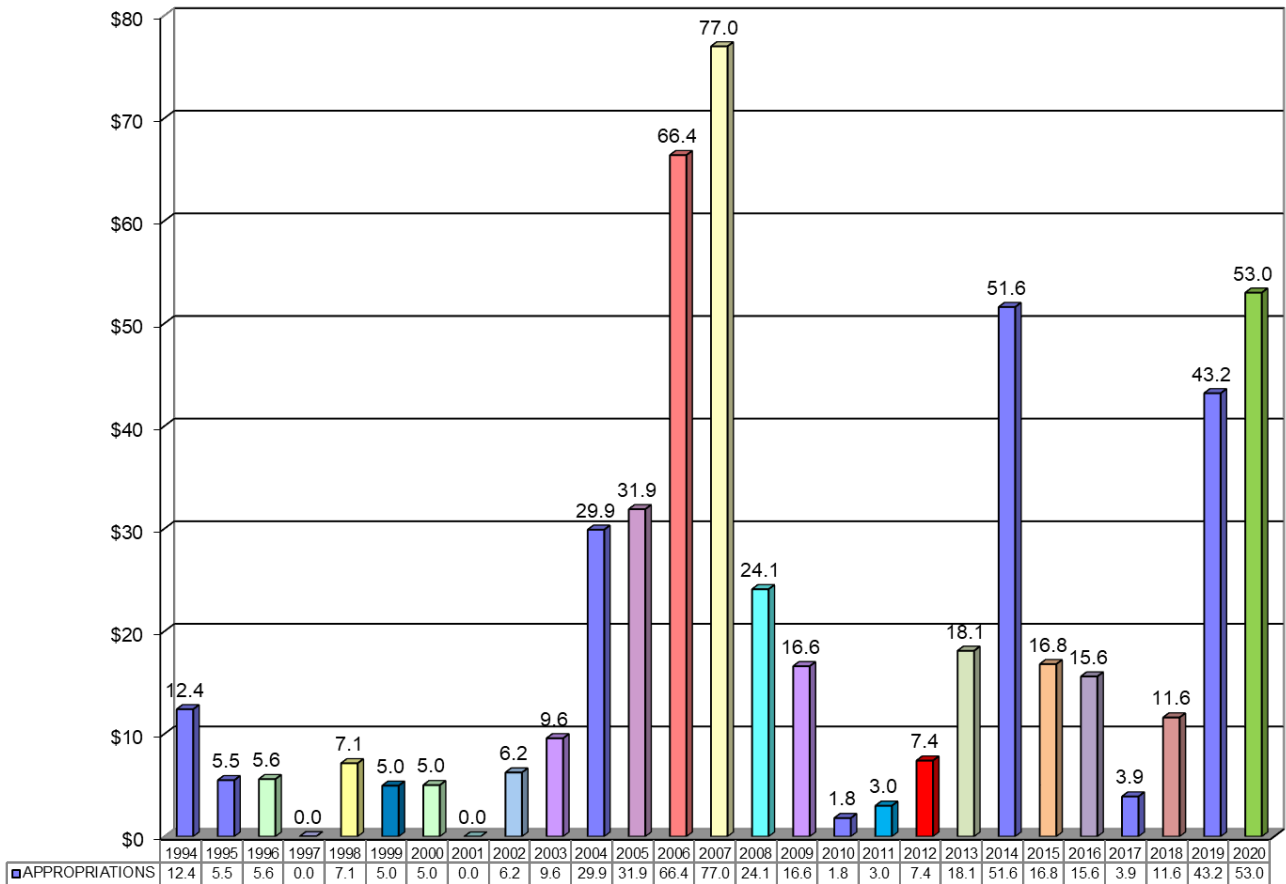
In FY20, NMED CPB executed 120 intergovernmental grant agreements totaling \$37,683,633, reauthorized seventeen agreements for \$3,115,184, and closed 69 agreements for \$8,929,831.



Capital Outlay projects can be funded by 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 projects returning to STB's.

NMED CPB ensures grantees are current with audits/agreed upon procedures/tiered reporting and that local government division budgets and quarterly reports have been submitted to the Department of Finance and Administration (DFA). When necessary, NMED CPB requires special conditions or alternative fiscal agents as stipulated in Executive Order 2013-006. This information is provided to the DFA Capital Outlay Bureau on a Uniform Funding Criteria form (UFC) and provides the basis for NMED CPB's severance tax bond certification, if required, and the subsequent execution of the grant agreement. Additionally, CPB reviews each appropriation for readiness to proceed; if the project is not ready to proceed, NMED will not certify the appropriation for the bond sale or on the appropriation questionnaire.

Special Legislative Appropriations
administered by the
New Mexico Environment Department Construction Programs Bureau



Capital equipment purchases (i.e. vehicles or heavy equipment) are typically scheduled for two years, all other appropriations are schedule for four 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 carefully 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, and eight project engineers who apply approximately half of their time to the program. The Bureau Chief also allocates about one quarter of their 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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