

Report: ‘Fragmented’ system leaves majority of cash unspent

By Rebecca Moss

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The New Mexico Legislative Finance Committee says nearly 80 percent of the state’s budget for water projects from 2014 remains unspent, triggering another call for reform in handling capital construction initiatives.

In a report released last week, the committee staff said this is the highest percentage of idle money of its kind in the nation. Meanwhile, the state needs more than \$3 billion to finance drinking water improvements, sewage treatment and other projects statewide, the committee said.

Investments in water projects could add tens of thousands of jobs annually over the next 20 years, but funding is in decline, the report states. Stalled projects are “missed opportunities to bring water and wastewater systems online to serve citizens,” it states.

State Sen. Joseph Cervantes, D-Las Cruces, a member of the Senate Conservation Committee, said the “system needs a great deal of work and reform.”

“But in the end, it’s difficult to get beyond the politics,” Cervantes said.

He said efforts to vet water projects that could feasibly get off the ground failed to make headway in the last legislative session, as more money for water projects was shifted to balance the general budget.

As a result, he said, “projects stay on the drawing boards. Those are projects that should be helping people, projects that should be putting people to work, and projects that should be meeting some critical needs in the state.”

In 2014, more than 652 water projects totaling \$700 million were proposed, but the information was ultimately not conveyed to New Mexico legislators “to help guide dollars toward progressing or competing projects,” the report states. It goes on to say that progress reports were not released by the New Mexico Environment Department prior to the legislative session, making it difficult to “inform policy direction.”

But of the more than \$83.4 million appropriated in capital construction funding in 2014, 79 percent had not been spent as of April of this year. At least \$1 billion has been allocated to water projects since 2002.

“No single entity has oversight of water projects,” the report adds, which leaves “data scattered through the fragmented system.”

The legislative report says seven of the capital outlay projects did not move forward because they could not be certified for readiness, including the Acequia del Rancho project in Santa Fe County at a cost of \$34,000. Five of the largest budget projects, totaling \$24.5 million, are also stalled, the report found.

The report attributes some of this to mismanagement and a lack of coordination between six state agencies and federal agencies in handling water projects.

Allison Scott Majure, a spokeswoman for the state Environment Department, countered that survey results were received by the Legislative Finance Committee staff. She pointed to a July 2016 report on infrastructure development for the Construction Programs Bureau, which distributed more than \$35 million in loans and grants for water development in the state in fiscal year 2016.

“Even the best-planned projects are developed and built in phases, where expenditures will occur over a period of years as the project approaches completion,” she said. “Repairing, improving and upgrading water infrastructure in communities large and small throughout the state is one of our top priorities.”

Fred Nathan, executive director of Think New Mexico, a public policy organization, said the legislative report demonstrates that public funds are being mismanaged.

“The LFC report illustrates that when you spend public dollars for water infrastructure projects in a hyper-political way without a merit-based plan or priorities, you are likely to end up with much of the money sitting idle on the sidelines,” he said. “This is especially tragic when you consider that this money could create lots of private-sector jobs in a state that desperately needs more jobs.”

The legislative committee recommends the state develop a long-term master plan for how to manage capital construction money, and that it simplify the application process for smaller communities.

Paula Garcia, executive director of the New Mexico Acequia Association, said such reform would be welcome.

“Water infrastructure is readily needed,” she said. “We need a good system to prioritize infrastructure improvements throughout the state.”



Jake Roybal, mayordomo of the acequia in El Rancho, Saturday opens a gate at the irrigation ditch. Despite millions of dollars appropriated for water projects across New Mexico in 2014, a legislative committee’s report says, much of the funding remains unspent and needs have only grown.

Luis Sánchez Saturno/The New Mexican