CAPITAL OUTLAY BUREAU & COMMUNITY DEVELOPMENT BUREAU

ADMINISTRATION OF CAPITAL APPROPRIATIONS
Today’s Topics

• Capital Outlay Bureau & Community Development Bureau
• Administrative Reforms
  ✓ EEO 2013-006, Anti-Donation and Requirements
• Capital Outlay and 2019 Legislative Session
  ✓ General Fund, Capital vs. Non-Capital, Severance Tax Bonds and Reauthorizations
• Capital Outlay Implementation
  ✓ Grant Agreement, Procurement, Encumbrance, Reporting and Payment Processes
• Upcoming 2020 Legislative Session
  ✓ Planning, processes and budgeting
What we do?

The Capital Outlay Bureau (COB) is responsible for:

• Coordinate the funding and administration of capital projects.
• Work closely with executive agencies and Governor to prepare the Executive Capital Budget.
• Oversee the capital budgeting process:
  • The questionnaire process;
  • Identifying local entities;
  • EO Compliance; and
  • Budgeting capital projects.
• Maintain the State Capital Project Monitoring System (CPMS).
• Monitor the expiration dates of all capital appropriations to ensure timely reversions of expired appropriation balances.
• Provide training, assistance and oversight to state and local agencies on the planning, project management and administration of capital project appropriations, including the Infrastructure Capital Improvement Plan (ICIP) for State Agencies.
What we do?

Community Development Bureau (CDB) is responsible for:

• Collecting project information before the Capital Outlay Bill is signed
• Identifying and resolving potential anti-donation issues
• Special conditions
• Issue, execute and administer Capital Outlay projects assigned to DFA
• Oversee the grant administration process:
  • Procurement
  • Encumbrance (Notice of Obligation)
  • CPMS reporting
  • Payment processing
What we do?

Community Development Bureau (CDB) Portfolio:

- Total Number of Appropriations: 805
- Total Appropriation: $231.32 million
What is Capital Outlay?

Definitions

• Capital outlay includes but is not limited to:
  • Equipment valued over $10,000 dollars and a useful life of ten years or more;
  • Major renovations or repairs;
  • Acquisitions of existing assets;
  • Plan and design;
  • New building construction;
  • Non-structural improvements to land (grading, leveling, drainage and landscaping)
  • Construction of roadways, fences, ditches, and sanitary sewers.
Administrative Reforms

Implemented

• Paperless questionnaire system to streamline local submission and prior to the Governor signing the capital bills.
• Executive Order 2013-006 (the funding will not be budgeted until the requirements are met and the entity is in compliance)
• Anti-donation
• Stream-lined the initial budget process so that new general fund capital appropriations will be budgeted and distributed to each agency through an automated upload (except for noncompliance with Executive Order 2013-006).
Administrative Reforms

EEO-2013-006

Established on May 2, 2013 to address the following:

• Lack of audits or findings raise concerns about a grantee’s ability to be a good steward of capital outlay funds thereby increasing the risk of fraud, waste and abuse.
  • Independent audits provide the best assessment of grantees’ accounting methods.
  • Oversight of grantees’ accounting methods is needed to safeguard appropriations and assets.

FIN 9.2 Grants Management—Funding Criteria and Oversight Requirements

Established by the Financial Control Division of the Department of Finance and Administration (revised September 30, 2013) to create a policy and criteria for implementation of Executive Order 2013-006
Administrative Reforms

EEO-2013-006

- Enacted to ensure that State Capital Outlay recipients are capable of receiving and administering appropriations granted by the NM Legislature & Governor.
- Requires that audits are conducted annually and completion of such is contingent upon receiving funding.
- Tiered requirement for smaller entities.
- Some of the intended consequences have been beneficial.
- Some of the unintended consequences have not been beneficial.
Administrative Reforms

Anti-Donation Clause

• Article IX, Section 14 of NM Constitution
• Public funding cannot disproportionately benefit any individual, entity or organization
• Started with the Raid Road companies
• It has evolved through case law
• Potential anti-donation is identified and cleared based on funding source
  • Bonds => State Board of Finance
  • General Fund => State Agency
• For general fund appropriations, contact State agency ASAP
Administrative Reforms

Anti-Donation Clause

- Adequate consideration of public benefit
- *Service in lieu of rent
  - Service provided is responsibility of grantee
  - Grantee is expected to provide this service
  - Service provided meets or exceeds fair market value
Administrative Reforms

General Requirements

• Spending Requirements:
  • Shall not be used to pay indirect project costs*.
  • “Unexpended balance" means the remainder of an appropriation after reserving for unpaid costs and expenses covered by binding written obligations to third parties.
  • The local entity or state agency shall:
    • Encumber 5% of the funds within 6 months of entering into the grant agreement and;
    • Expend 85% of the funds within 3 years of entering into the grant agreement.
  • Art in Public Places (AIPP).
  • Emergency clause.
Administrative Reforms

Arts in Public Places

- Signed into law by Governor in 1986
  - <$100,000 appropriations for buildings/public facilities
  - 1% or $200,000 (whichever is less) goes to AIPP for Dept. of Cultural Affairs
Administrative Reforms

Reversion Requirements

• Reversion Requirements:
  • To match federal grants, six months after completion of the project.
  • Non-construction projects revert after 2 years.
  • Construction or renovation projects revert after 4 years.
    • General fund appropriations will revert to the capital projects fund.
    • Appropriations made from other funding sources will revert to the originating fund.
    • Appropriations made from the general fund to IAD or ALTSD for a project located on tribal land will revert to the tribal infrastructure project fund.
2019 Legislative Session

• NM was appropriated almost $1 billion for state and local capital outlay projects.

• These funds are a good step toward meeting the critical infrastructure needs of the state.

• Opportunity: Address the longstanding weaknesses in our capital outlay processes to increase confidence in government and contribute to the future well-being of our citizens.
Capital Outlay and 2019 Legislative Session

Capital Bills During the Session

• General Appropriation Act, House Bill 2 (HB 2)
  • 16 appropriations identified as capital (Section 5)

• Capital Outlay Bill, Senate Bill 280 (SB 280)

• Senate Bill 536 (SB 536), Junior Bill from Senate
  • 23 appropriations identified as capital

• House Bill 548 (HB 548), Junior Bill from House
  • 19 appropriations identified as capital

• House Bill 568 (HB 568); the Reauthorization Bill

• All Capital appropriations will be tracked in CPMS
Capital Outlay and 2019 Legislative Session

Funding Types from the Session

• **General Fund**
  • House Bill 2 (HB 2)
  • Senate Bill 280 (SB 280)
  • Senate Bill 536 (SB 536), Junior Bill
  • House Bill 548 (HB 548), Junior Bill from House

• **Severance Tax Bonds**
  • House Bill 568 (HB 568); the Reauthorization Bill
Capital Outlay and 2019 Legislative Session

SB280

• Contained 1580 legislative appropriations totaling $933,026,215
  • 55 appropriations vetoed, 9 appropriations partial vetoed
  • $851,740,143 in GF appropriations
  • $73,406,715 in Other Funding Sources
  • 1433 are 2019 projects & 92 are 2020 projects
  • 333 projects are identified as 2 year appropriations and 1192 projects are identified as 4 year appropriations
  • 46 local entities (62 appropriations) were identified as Non-Compliant with EO 2013-006
2019 vs 2020 Appropriations:

The following amounts are appropriated from the general fund to the aging and long-term services department for expenditure in fiscal years 2019 through 2023, unless otherwise provided in Section 1 of this act, or in the items below, for the following purposes:

8. three hundred thirty-four thousand dollars ($334,000) for expenditure in fiscal years 2020 through 2023 to plan, design, construct, renovate, equip and furnish the Tijeras senior center in Tijeras in Bernalillo county;

Please note above that some appropriations are not authorized until fiscal year 2020. (July 1, 2019)
Capital Outlay Bills and the 2019 Legislative Session

SB 536 and HB 548

“Capital” vs. “Operational”

- Capital projects:
  - Require monthly reporting for Grantee (quarterly for State Agency)
  - Require encumbrance via Notice of Obligation
  - All will expire June 30, 2020

- Operational (non-Capital) projects:
  - Zero monthly reporting for Grantee (or State Agency); closeout report required
  - Encumbrance is automatic; reimbursement is not
  - All will expire June 30, 2020
Operational (Capital) Outlay?

SB 536 and HB 548

• Non-Capital Junior Bill appropriations:
  ✓ Operational expenses
  ✓ Economic development
  ✓ Social programs (homeless, mentoring, veterans, community pantries, LEAD, etc.)
  ✓ Public safety equipment
  ✓ Animal shelters
  ✓ Housing programs
What is the Difference Between Capital and Non-Capital?

SB 536 and HB 548

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<tr>
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<th>Non-Capital</th>
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<tr>
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<td>Monthly CPMS updates</td>
<td>Final Paper Report</td>
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<td>Encumbrance</td>
<td>Notice of Obligation</td>
<td>Certification Execution</td>
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<td>Length of Contract</td>
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<td>1 page</td>
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Capital Outlay and 2019 Legislative Session

Funding Types from the Session

• **General Fund**
  • House Bill 2 (HB 2)
  • Senate Bill 280 (SB 280)
  • Senate Bill 536 (SB 536), Junior Bill
  • House Bill 548 (HB 548), Junior Bill

• **Severance Tax Bonds**
  • House Bill 568 (HB 568); the Reauthorization Bill
## Difference Between General Fund and Bonds

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Bonds (GOB, STB)</th>
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<tbody>
<tr>
<td>Identify anti-donation</td>
<td>State Agency</td>
<td>State Board of Finance</td>
</tr>
<tr>
<td>Resolve anti-donation</td>
<td>State Agency</td>
<td>State Board of Finance</td>
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<tr>
<td>Funding availability</td>
<td>After legislative session</td>
<td>Jun/Dec bond sales</td>
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<tr>
<td>Payments</td>
<td>FIFO</td>
<td>1&lt;sup&gt;st&lt;/sup&gt; and 15&lt;sup&gt;th&lt;/sup&gt; of month</td>
</tr>
</tbody>
</table>
Capital Outlay and 2019 Legislative Session

Bonds for Capital Outlay

State Board of Finance (SBOF) Certification

• Severance Tax Bonds
  • Funding is not available until the bonds are sold through the SBOF.
  • Typically there are two Severance Tax Bond sales per year, usually June and December.

• General Obligation Bonds (GOB)
  • Passed every other legislative session (in years ending with an even number), during the 30-day session.
  • Requires approval by registered voters of the state in the November general election.
  • Bond sale typically takes place in early spring following voter approval.
Capital Outlay and 2019 Legislative Session

HB 568 - Reauthorized Appropriations

- Projects that are reauthorized to completely expend the original authorized amount of the appropriation.
  - Reauthorization types
    - Extension of time
    - Change of purpose
    - Change agency
  - Combination of all three.

- In 2019, 114 reauthorized projects in HB568 with 1 being vetoed.
HB 568 - Reauthorized Appropriations

Severance Tax Bonds

1. Extension of time:

- Current project is closed then re-established with the new project ID and reauthorization amount.

- The Agency submits a CAPBUD to create new appropriation and establish the new budget.

✓ Documents needed for Reauthorization for extension of time:

  - CAPBUD form; copy of the law language; printouts showing the current budget being reduced; CPMS printouts showing the closing of the original appropriation and opening the new appropriation with the correct balance.
2. Change of purpose (same agency):

- Grantee completes bond questionnaire and submits to State Board of Finance (STB only).
- Current project is closed then re-established with the new project ID and reauthorization amount.
  - Documents needed for State Agencies to enter the Budget Journals in SHARE:
    - CAPBUD form; copy of the law language; printouts showing the current budget being reduced; CPMS printouts showing the closing of the original appropriation and opening the new appropriation with the correct balance.
HB 568 Reauthorized Appropriations (continued)

3. Change in State Agency:

- Grantee completes bond questionnaire and submits to State Board of Finance (STB only).
- Current project is closed then re-established with the new project ID and reauthorization amount.
- TWO CAPBUDs (1 for “Losing” Agency; 1 for the “Gaining” Agency)
  - Each Agency enters Budget Journals in SHARE and attaches the following:
    - **Both** Agencies submit respective CAPBUD forms and copy of the law language.
    - “Losing” Agency submits printouts showing the current budget being reduced and CPMS printouts closing original appropriation.
    - “Gaining” Agency submits CPMS printouts opening the new appropriation with the correct balance.
General Fund Reauthorization Process

Legislative Session

Complete/submit reauthorization request form (LCS)

Reauthorization bill signed!!!

Time Extension

Wait for reauth. approval

Wait for agency budget approval

Receive Grant Agreement

Change in Scope

Wait for reauth. approval

Wait for agency budget approval

Receive Grant Agreement

Change in Agency

Wait for “losing” agency budget approval

Wait for “gaining” agency budget approval

Receive Grant Agreement
**Bond Reauthorization Process**

**Legislative Session**
- Complete/submit reauthorization request form (LCS)
- Reauthorization bill signed!!!

**Time Extension**
- Wait for SBOF approval
- Wait for agency budget approval
- Receive Grant Agreement

**Change in Scope**
- Complete/submit bond questionnaire (SBOF) if applicable
- Wait for SBOF approval
- Wait for agency budget approval
- Receive Grant Agreement

**Change in Agency**
- Wait for SBOF approval
- Wait for “losing” agency budget approval
- Wait for “gaining” agency budget approval
- Receive Grant Agreement
Capital Outlay Implementation

Inter-governmental Grant Agreement (IGA)

- The agency issues a grant agreement, compliance with Executive Order 2013-006 is verified, and the appropriation has been budgeted.

- Scope of Work - use appropriation law language as a guide when determining scope of work, and ensure all appropriation activity is within the limits of authorizing language.

- Notice of Obligation (NOO) Exhibit 2 - agency reviews third party agreement and verifies it falls within authorizing language.
  - Local entity provides third party agreement between contractor and local entity (before full execution) to the agency.
  - Agency issues NOO for the amount of the third-party agreement or for the full amount of the appropriation (whichever is less).
  - Once the approved NOO is received, Grantee can execute the third-party agreement.
  - Agency issues a purchase order for the amount listed on the NOO.
IGA (continued)

The new modified IGA is now available for local entity appropriations.

- Important updates with the modified IGA:
  - Includes official representative, fiscal agent, and contact person.
  - Remove the "Paper Final Report".
  - Add language regarding a timeframe for disposition of STB projects.
  - Removed Exhibit 1 - "Final Report".
  - Updated Exhibit 2 (now Exhibit 1) - "Request for Payment Form"
    - Removed notary.
    - Added reporting requirements.
  - Updated "NOO Form" (Exhibit 2)- more user friendly.

http://nmdfa.state.nm.us/Capital_Outlay_Bureau.aspx
Grant Agreement: Article 1, para. 1 of GA

19-D1902 $100,000.00 Appropriation Reversion Date: 30-JUN-23
Laws of 2019, Chapter 3, Section 28, Paragraph 53, One Hundred Thousand Dollars ($100,000.00) to plan, design, improve, equip and furnish a multipurpose government complex in Dorris county

Important information from Article 1, para. 1
- Appropriation number: “19-1902”
- Amount: “$100,000.00”
- Expiration Date: “June 30, 2023”
- Authorized Language: “to plan, design, improve, equip and furnish a multipurpose government complex in Dorris county”
Before issuing a purchase order (PO) or entering into a contract with a 3rd party vendor:
- Read the terms of the authorized language (Article 1, para. 1 of GA)
- Compare it with the NMAC 2.61.6.8

This will help verify which activities:
- Will be reimbursed
- Will not be reimbursed by the grant

Authorized Language (Article 1, para. 1 of GA)

Authorized Language...?
- Difference between “plan” and “design”?
- Can “equip” and “furnish” be used interchangeably?
- Definition of “improve”?
- What does all of this “authorizing language” mean?

For clarification, refer to NMAC 2.61.6.8 (Interpretation of Authorizing Language)
Capital Outlay Implementation

Procurement

New Mexico Procurement Code NMAC 1.4.1

https://www.generalservices.state.nm.us/uploads/files/SPD/Presentations/1%20NMAC.pdf

- Certified Procurement Officer
- Home rule procurement
- Procurement definitions
- **Small purchases**
  - $20K or less (best obtainable price)
  - $20K-$60K (3 written quotes)
Capital Outlay Implementation

Procurement

Public notification (minimum 10 days)

Invitation for Bid (IFB) / Invitation to Bid (ITB)
- Priced-based
- Pre-Bid conference
- Publicly opened (1 or more witnesses)
- Bid award

Request for Proposals (RFP)
- 30 days recommended between issuance and collection
- Pre-Proposal conferences
- Evaluation committee (responsive, potentially responsive, non-responsive)

Discussions and negotiations
Best and final offer
Technical irregularities
Important information from Article 2
- “Grantee shall only be reimbursed monies for which the Department has issued and the Grantee has received a Notice of Department’s Obligation to Reimburse Grantee”

Important information about NOO
- NOO is used to establish an encumbrance
- Once the NOO is signed, the Agency is authorized to encumber the NOO amount in SHARE
- The Agency will return the approved NOO after it has been encumbered in SHARE

Q: What does encumbered mean?
A: It means funds are allocated and available for reimbursement in a specific amount for a specific project

Q: What is SHARE?
A: Statewide Human Resources Accounting Reporting (SHARE)

http://nmdfa.state.nm.us/SHARE_1.aspx
Changes to Notice of Obligation

- Exhibit #2
- NOOs are numbered
- Grant Termination Date
- Grant Amount (minus AIPP)
- Some fields will auto-populate:
  - Grant # & Grant Agreement #
  - Dept. Rep. & Dept. Approver
  - Total NOO to Date
Procurement for establishing encumbrance in SHARE
Step 1: Grantee ensures that work performed is reimbursable under the terms of the grant

Step 2: Grantee procures 3rd party vendor using State or local procurement code

Step 3: Grantee completes and submits:
   a. proof of procurement (quotes, copy of bids, RPF, etc.)
   b. completed NOO

Step 4: Agency will verify:
   a. proposed purchase is consistent with authorized language of grant
   b. scope of work is reimbursable under NMAC 2.61.6.8
   c. budget
   d. 3rd party was procured properly
Capital Outlay Implementation

Steps of Notice of Obligation Process

**Step 5:** Once Agency determines 3rd party agreement and NOO meet criteria, Agency signs NOO and processes the paperwork for encumbrance in SHARE.

**Step 6:** Agency issues a PO in SHARE to encumber funds for the amount indicated by NOO.

**Step 7:** Once the funds are encumbered, Agency will return a copy of the approved NOO to Grantee.

**Step 8:** Grantee can receive invoice and make payment(s).

Q: Can a Grantee make payments before receiving an approved NOO?
A: Yes, but doing so is proceeding at the risk of *not* being reimbursed.

Q: Will this NOO process be consistent throughout all State Agencies?
A: Yes, all State Agencies will follow this Notice of Obligation process.
Capital Outlay Implementation

Notice of Obligation Summary

- Understand the terms and conditions of Grant Agreement
- Use NMAC 2.61.6.8 to ensure that a future purchase will be reimbursed
- Use information from Grant Agreement to complete NOO
- NOO can have multiple vendors
- “Third Party Obligation Amount” can exceed grant agreement amount
- “Amount of this Notice of Obligation amount cannot exceed grant agreement amount”
- Expenditures will not be reimbursed until the NOO has been encumbered
- Communicate with Agency staff if you have any questions or concerns
Capital Projects Monitoring System (CPMS)

• CPMS is a web-based system used for reporting and monitoring of capital outlay appropriations

• Used by:
  - Legislative Finance Committee (LFC).
  - Press and general public.

• Local entities begin reporting once a grant agreement has been executed.
  - Local entity is required to update appropriation information on monthly basis by the 30th of each month (IGA)
Capital Outlay Implementation

Required Periodic Reports

- Paperless reports in Capital Projects Management System (CPMS)
  - Start reporting once appropriation is made
  - Due 30th of each month from execution until project is complete: [http://cpms.dfa.state.nm.us](http://cpms.dfa.state.nm.us)
  - CPMS instructions:

- Importance of Quality Reporting at the local level
  - Payment processing requirement
  - Local info is always the most accurate
    - Project activities
    - Expenses
Capital Outlay Implementation

CPMS Reporting

http://cpms.dfa.state.nm.us/

### Capital Appropriations Search

Welcome to the Capital Appropriations Search page. Here you can search for and filter current and past capital appropriations. Simply choose your selection criteria from the selection boxes below and click the submit button. You will be presented with a list of appropriations matching your selection criteria. From there, you can click on an appropriation identifier to see the appropriation information.

Agencies wishing to update appropriation status and other information should click [here](http://cpms.dfa.state.nm.us/) to login, or use the Login link at the lower right of the above title bar.

Click [here](http://cpms.dfa.state.nm.us/) to see a list of the fiscal agent codes.

<table>
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<tr>
<th>Year</th>
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<th>City</th>
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<th>Appropriation Title</th>
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</tbody>
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![Login page](http://cpms.dfa.state.nm.us/)

### Login to update capital monitoring data for active projects (i.e., quarterly updates, status, expended amounts, etc.): (DO NOT use this login to update the questionnaire for a bond sale.)

![Login page](http://cpms.dfa.state.nm.us/)

<table>
<thead>
<tr>
<th>Admin Agency</th>
<th>Fiscal Agent</th>
<th>Appropriation ID</th>
<th>Appropriation Title</th>
<th>Fund Code</th>
<th>State Amount</th>
<th>Balance (SHARE)</th>
<th>Balance (BOP)</th>
<th>Reversion Date</th>
<th>Printable Format</th>
</tr>
</thead>
</table>
Capital Outlay Implementation

CPMS Reporting

- SHARE/BOF
- State Agency Data
- Local Data
Changes to Pay Request

• Section II
  • Pay Request No. is at top
  • Added Reversion Amount (final)
  • Replaced Final Report!!!

• Section III
  • No more Fiscal Period Ending
    ✓ Jan-Jun, Jul-Dec
  • Only Fiscal Year Drop Down
    ✓ July 1 thru June 30
    ✓ FY20 started...?
    ✓ FY20 ends...?

• Section IV
  • CPMS reporting Certification

• Section V
  • No more Notaries!!!
Capital Outlay Implementation

Grant Agreement Process (continued)

1. NOO is approved and returned
2. Exchange $ for goods/services
3. Email draft of request for reimbursement to LGD
4. Once reviewed/approved, sign and mail
5. Submit pay request with supporting documents (invoice, pay app, proof of payment, etc.)

Communicate w/ Agency throughout the process
Capital Outlay Implementation

Reimbursement Process

1. LGD Encumber NOO
2. Grantee Pays Vendor
3. Grantee Submits Pay Request
4. LGD Process Pay Request
5. ASD Process Pay Request
6. Payment Notification LGD
7. Payment Notification ASD
8. Receives Reimbursement Grantee
9. Makes Payment FCD
Optional Attachment A

Special Conditions

- Optional Attachment A

  - This form may be required pursuant to Executive Order 2013-006

Capital Outlay Implementation

Common Questions

- **We had a great audit this year, do I still require special conditions?**
  - Appropriations evaluated based on previous years audit
  - Determined independently by each State Agency

- **What do I need to remember about fiscal year end deadlines?**
  - Determined independently by each State Agency
  - Deadline to encumber (NOO) is typically mid June
  - Deadline to request reimbursement is typically mid July
  - Deadline to put pay requests on accounts payable is typically mid July
  - Ask vendor to invoice through June 30th
Capital Outlay Implementation

Common Questions

- How can I clear anti-donation for my project?
  - Own/operate equipment or property
  - Exemptions (sick/indigent, economic development, etc.)
  - 3rd party performs service the Grantee is responsible for
  - Contracts that establish adequate consideration for public benefit

- When can I expect to be reimbursed?
  - Depends...
    - Purchase already encumbered?
    - Pay request correct?
    - Internal performance measures
    - 10-15 days @ soonest (GF), 45 days at the latest (STB)
Capital Outlay Implementation

Tips for success

✓ Communicate early and often
✓ Planning and preparation pay dividends
✓ Establish good relationships w/ contractors
✓ Keep up with reporting requirements
✓ Accurate paperwork and logically organized
2020 Legislative Session

- Anticipate a lot of Capital Outlay (again).
- Work with Legislators to ensure needs are met.
- Clarify needs vs. wants.
- Ensure your sponsors get you what you want.
- Asset inventory of both resources and personnel.
Suggested Administrative Reforms

• State Agencies standardize forms and databases to share information. DFA will encourage the Legislative Council Service to adopt a paperless capital project request system to reduce redundancy.

• Set a minimum project size (exception for critical health and safety needs) to streamline administration, oversight, and return on taxpayer investment.

• Legislators collaborate to fund large, regional projects.

• Require local project matching funds (with exceptions for very small entities and critical health and safety projects).
Upcoming Legislative Session

Infrastructure Capital Improvement Plan (ICIP)

- Local infrastructure capital improvement plan (ICIP) establishes planning priorities for anticipated capital projects.
- ICIP helps to plan for future capital improvements.
- ICIPs must be submitted annually by the deadlines set forth by LGD.
  - Covers 5 year period and is developed each year (2021-2025);
  - Policy direction, project timelines, estimated costs, justifications, and the details projects proposed, by year, over the five-year period.
    - May include:
      - Repair/replacement of existing infrastructure
      - Development of new infrastructure
- Implementation plan and an estimate of operating/maintenance expenses to ensure long-term viability each planned project’s viability and sustainability; and
- Entities should update their ICIP based on what was previously funded and programmatic changes that impact their capital needs.
2020 Legislative Session

• The legislators, local entities, and general public begin submitting projects to the Legislative Council Services (LCS) by the due date determined by LCS.
  • Work together with legislators to clarify local needs
  • Meet with peers within the region

• Local entities and the general public are encouraged to make sure the ICIP request number is inserted on the LCS Capital Request form.

• The list of statewide projects will be inserted into the capital bill along with the list of local projects determined by the legislators.
Capital Outlay Bill Review

• Once the Capital Bill is dropped and assigned to a committee, the COB begins the review process:

  • Enter the legislators names into a master spreadsheet showing which projects are listed under their name on the LCS website.
  • Reviews the language in the bill to match the master spreadsheet and recommend any changes to LCS.
  • Begin the page and line process which entails entering each page and line number of the bill into the master spreadsheet.
  • Begin reading the bill to ensure that all page, line, sections, paragraph, and descriptions match the master spreadsheet.
Capital Outlay Bill Review (continued)

- The questionnaire process begins with DFA or SBOF sending out a list of questions to each agency to gather information about each project;
  - Is the project listed on the entities’ ICIP;
  - Is the amount in the bill enough to complete the project or a usable phase;
  - Who will own the capital asset;
  - If it’s to a non-profit, is there a service agreement in place;
  - Are there matching funds available;
  - When will the project begin;
  - Will the entity be able to encumber/spend the funds in the appropriate time frame; and
  - Does the agency recommend veto & why?
Governor Signing Period

- The signing period is 20 days after the end of the Legislative Session.
- COB ensures that all questionnaires are received and information is gathered to assist the Governor in making any veto or partial veto recommendations.
- What does the Governor look for when vetoing a project?
- Once the Governor and DFA have selected the projects for veto, DFA staff will begin the process of “mocking up” the bill.
- The “mock up” will provide a template for which projects will be vetoed or partial vetoed in the actual bill the Governor signs into Law.
Upcoming Legislative Session

Budgeting for Capital Outlay

- Capital budgets for state agencies are established through an automatic upload in SHARE.
  - State Agencies are sent a spreadsheet to enter in category information, AIPP amounts and review the remaining fields for accuracy.
  - State Agencies then submit an allotment request for all appropriations ready to be budgeted (signed by the Agency CFO).
  - COB will consolidate the spreadsheet for a budget upload and forward the allotment request forms to DFA, Financial Control Division (FCD) so the funds are transferred to the State Agency.
Appropriations NOT compliant with EO 2013-006

- Submit audit to OSA and/or locate an alternate fiscal agent.
- Once the local entity is compliant, the budget can be established by the state agency:
  - Submit a CAPBUD to the DFA, COB through a SHARE Budget Journal
  - Submit all backup documentation in SHARE (attached to the SHARE Budget Journal)
  - CAPBUD form; copy of the law language; allotment request form with CFO signature; copy of any agreements (if applicable)
Summary

• Capital Outlay Bureau & Community Development Bureau
• Administrative Reforms
  ✓ EEO 2013-006, Anti-Donation and Requirements
• Capital Outlay and 2019 Legislative Session
  ✓ General Fund, Capital vs. Non-Capital, Severance Tax Bonds and Reauthorizations
• Capital Outlay Implementation
  ✓ Grant Agreement, Procurement, Encumbrance, Reporting and Payment Processes
• Upcoming 2020 Legislative Session
  ✓ Planning, processes and budgeting
Capital Outlay Bureau

Contacts

Debbie Romero (Deputy Secretary) - 827-3651
Debbie.Romero@state.nm.us

Wesley Billingsley (Capital Outlay Bureau Chief) - 827-3884
Wesley.Billingsley@state.nm.us

Tonantzin Roybal (Executive Capital Analyst) - 827-4209
Tonantzin.Roybal@state.nm.us

Ryan Serrano (Executive Capital Analyst) - 827-4125
RyanS.Serrano@state.nm.us

Sarah de la Rosa (Administrative Assistant) - 827-3696
Sarah.Delarosa@state.nm.us

http://nmdfa.state.nm.us/Capital_Outlay_Bureau.aspx
Local Government Division

Contacts

Donnie Quintana (LGD Director) - 827-8053
Donnie.Quintana@state.nm.us

Scott Wright (Community Development Bureau Chief) - 827-4974
ScottH.Wright@state.nm.us

Ariana Vigil (Project Manager) - 827-8074
ArianaM.Vigil@state.nm.us

David Buchen (Project Manager) - 827-4957
David.Buchen@state.nm.us

Donna Stewart (Project Manager) - 827-4972
DonnaJ.Stewart@state.nm.us

Maria Urban (Project Manager) - 827-8061
Maria.Urban@state.nm.us

Maxx Hendren (Project Manager) - 827-4747
MaxxP.Hendren@state.nm.us

Sonja Unrau (Project Manager) - 827-4370
Sonja.Unrau@state.nm.us

Steven Lacy (Project Manager) - 827-4939
Steven.Lacy@state.nm.us

http://www.nmdfa.state.nm.us/Community_Development_Bureau_1.aspx
Questions...?