

# Department of Finance & Administration Capital Outlay Bureau

ADMINISTRATION OF CAPITAL APPROPRIATIONS

PRESENTATION TO NM COUNTIES

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Capital Outlay Bureau Chief

# Today's Topics

- Capital Outlay Bureau
  - ✓ What we do? & What is capital outlay?
- Administrative Tools
  - ✓ Tableau Dashboard & Capital Outlay Request Forms
- 2022 Legislative Session
  - ✓ 2022 Capital Appropriations & Reauthorizations
- Capital Outlay Implementation
  - ✓ Bond Sale, EO 2013-006, Anti-Donation, Grant Agreement & Reporting
- Upcoming 2022 Legislative Session
  - ✓ Obstacles, Capital Outlay Timeline, Infrastructure Capital Improvement Plans
- Contact Information
  - ✓ State Agency Contacts and DFA Contacts

# What we do?

## The Capital Outlay Bureau (COB) is responsible for:

- Coordinate the funding and administration of capital projects.
- Work closely with executive agencies, the Governor's office (GOV), and the Legislative Finance Committee (LFC) to prepare the Executive Capital Budget.
- Oversee the capital budgeting process:
  - Assists with the questionnaire process; (SBOF)
  - Identifying local entities; (Executive Agencies)
  - EO Compliance; and (Executive Agencies including OSA)
  - Budgeting capital projects. (COB)
- Maintain the State Capital Project Monitoring System (CPMS).
- Utilize CPMS and SHARE accounting data to create reports on all capital appropriations. These reports are used to update dashboards and assist the LFC with their quarterly reports.
- 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 is Capital Outlay?

## Definitions

- Capital outlay includes but is not limited to:
  - Equipment that is properly chargeable to a capital account and has 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 Tools

## Tableau Dashboard

Online Capital Outlay Dashboard, primarily for local capital projects.

- Accessibility of data to easily obtain capital appropriations and balances by year, county, fiscal agent, and project type
- Accessibility of data to highlight spend down progress and potential issues
- Data visualization to drive action by oversight agencies, fiscal agents, and policymakers
- Also used to show SB377 (Junior Bill) expenditures from SHARE.

<http://www.nmdfa.state.nm.us/dfa-dashboards>

# New Mexico Capital Outlay Dashboard

- Appropriations
- Project Activity
- Grant Agreements
- Capital Project Listing
- Del Sol

## Capital Appropriations

Reversion FY 2022 through FY 2025

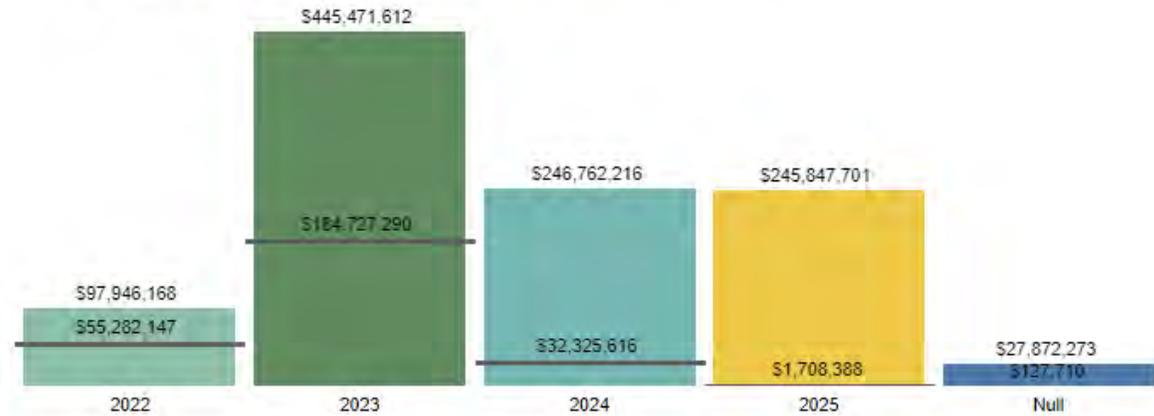
Select One Filter Option

Project County  
(All)

### Capital Appropriations...

- Null
- 2024
- 2022
- 2025
- 2023

by Reversion Year



# Administrative Tools

## Capital Outlay Request Form

- Online Capital Outlay Request Form – Department of Finance & Administration (DFA), the Governor’s Office (GOV), Legislative Counsel Service (LCS) and Legislative Finance Committee (LFC) are continuing to work together to make the capital outlay request online.
- Goals / Benefits include:
  - More accessibility and ease of use
  - Data from ICIP can be pulled in, if governmental entity has submitted ICIP
  - Better data collected overall, as some fields are required
  - Ability to cross compare and analyze requests for policy priorities, project readiness, legal issues
  - Forms and/or links are typically found on the LCS, GOV and DFA websites

<https://www.nmlegis.gov/CapitalOutlayWeb/Default>



## Capital Outlay Web Request

**1. Infrastructure Capital Improvement Plan (ICIP) five digit project ID #** *(If you do not have a project #, begin your request with Item #2. See instructions.)*

[Import ICIP Data](#)

**2. Contact Name\***

**3. Contact Title\***

**4. Contact Phone\***

**5. Contact Email\***

**6. Fiscal Agent\*** *(Entity to receive funding. See instructions.) Only the state or political subdivisions of the state are eligible to receive funding.*

Select a fiscal agent

**7. Entity requesting funding\*** *(If different from fiscal agent, type in the requesting entity name. See instructions.)*

# Capital Outlay and 2022 Legislative Session

## 2022 Legislative Session – SB212 (STB)

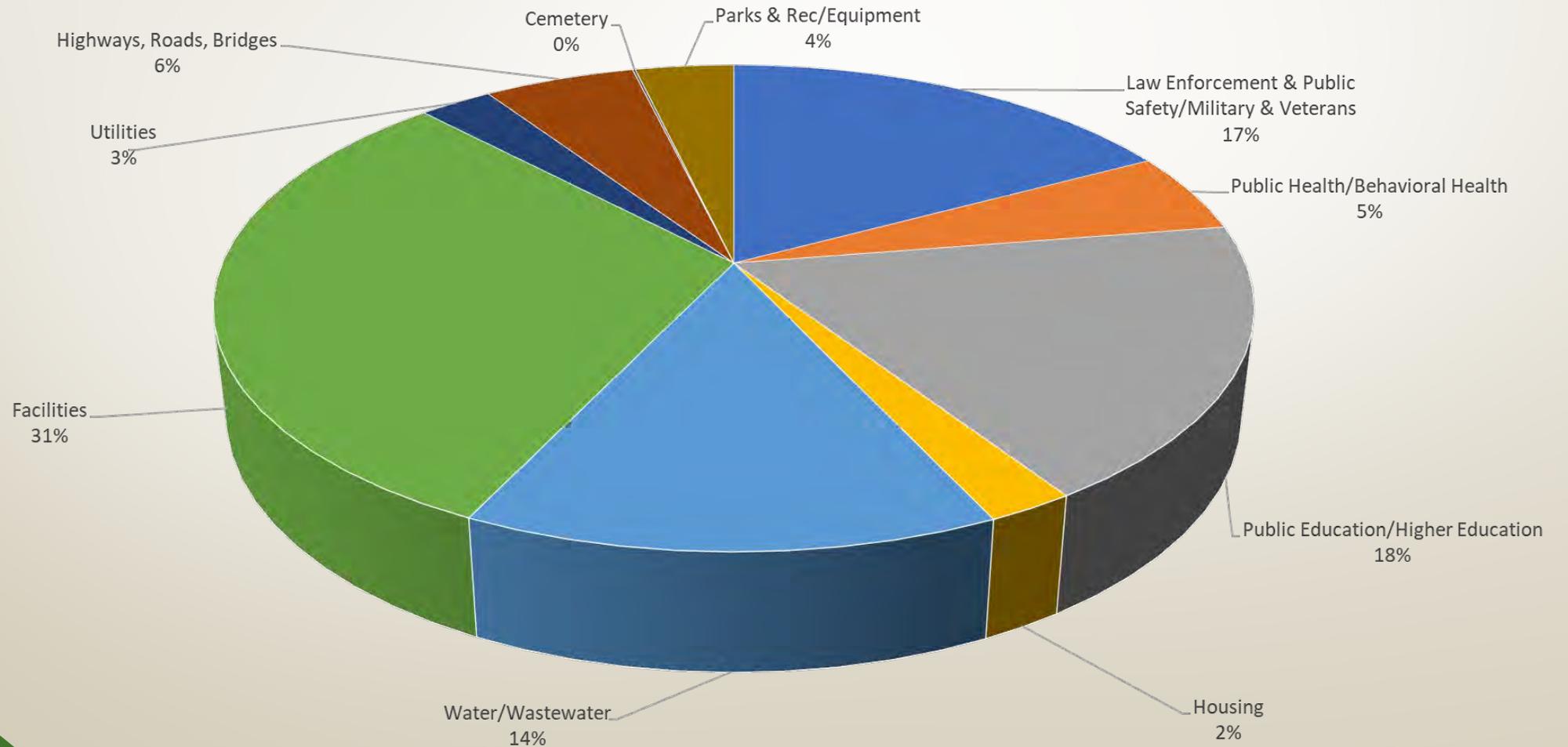
- New Mexico was appropriated about \$823 million for 1,303 state and local capital outlay projects. (SB212) (24 Vetoes and 30 Partial Vetoes)
- 1,147 projects totaling over \$394 million allocated for local capital outlay projects. (This includes all tribal and senior centers)
- 78 projects totaling over \$393 million allocated for statewide capital outlay projects.
- 78 projects totaling about \$36 million allocated for higher education capital outlay projects.
- General Fund (GF) appropriations will be budgeted through a CAPBUD submitted by the administering agency in FY23.
- Appropriations funded through Severance Tax Bonds (STB) will be budgeted through an automated upload by DFA in July once the bonds are sold.

\* Over \$3 billion total capital outlay appropriated since 2016.

# Capital Outlay and 2022 Legislative Session

## 2022 Legislative Session – SB212 (STB)

### By Category



# Capital Outlay and 2022 Legislative Session

## 2022 Legislative Session – SB213

- The capital outlay reauthorization bill reauthorized 136 projects:
  - Time extension – Budgets are reduced and re-established immediately following the Governor signing the bill.
  - Change of Purpose and/or Agency – Budgets are reduced immediately following the Governor signing the bill.
    - For general fund projects – Budgets can be re-established at the same time they are reduced with a new class code and budref in SHARE, if allocated to the same agency. Otherwise, if there is a change in agency, operating transfers must take place prior to the new budgets being established.
    - For STB projects – Budgets cannot be re-established until the State Board of Finance has reviewed the new purpose during a future board meeting. Typically occurs prior to the new fiscal year.
- 11 reauthorizations were vetoed and 3 were partially vetoed.

# Capital Outlay and 2022 Legislative Session

## 2022 Legislative Session – HB153 (GOB)

- New Mexico was appropriated about \$259 million for 107 state and local capital outlay projects. (HB153) (1 Partial Veto)
- 72 projects totaling over \$24 million allocated for senior center capital outlay projects.
- 31 projects totaling about \$216 million allocated for higher education capital outlay projects.
- 4 projects totaling about \$19 million allocated for library resource capital outlay projects.
- Appropriations funded through General Obligation Bonds (GOB) will be budgeted through an automated upload by DFA once the bonds are sold in Spring 2023.

# Capital Outlay Implementation

## Bond Sale Dates (June and September 2022)

### State Board of Finance (SBOF) Questionnaire

- Statements made on Questionnaires are legal certifications and they must be true and complete.
- Failure to complete the project timely and as certified may result in the SBOF sweeping proceeds for projects that are ready to proceed or not funding future projects.
- The SBOF typically issues bonds 2 times per year. If the project is not ready, return the questionnaire indicating no proceeds are requested at this time.
- The entity must notify the SBOF if the project changes or faces delays.

### Bonds will not be issued for a project if:

- the project recipient does not return a questionnaire to the SBOF
- the project recipient cannot **encumber 5%** of the funds within 6 months of bond issuance or **expend 85%** of the funds within 3 years of bond issuance
- the **funding is not sufficient** to complete the project or a well-defined phase of the project
- the public body receiving the appropriation will not **own** the site or the asset to be funded
- the project recipient is not compliant with the State Audit Act and Executive Order 2013-006
- the project has unresolved **anti-donation issues** resulting from a private operator/manager/user not paying fair market value for the capital asset

# Capital Outlay Implementation

## EO-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.

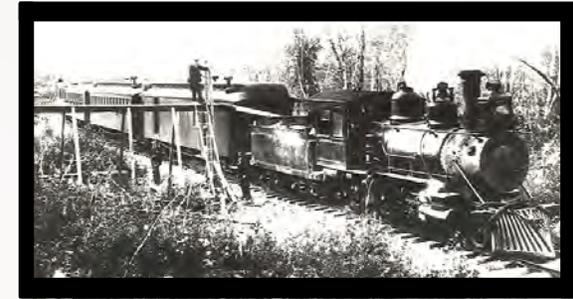
### FIN 9.2 Grants Management—Funding Criteria and Oversight Requirements

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

# Capital Outlay Implementation

## Anti-Donation Clause

- Article IX, Section 14 of NM Constitution
- Started with the Rail Road companies
- The NM Constitution prohibits public entities from donating to private entities
- Private entity can't **own** a publicly-financed capital asset, but they can **operate** them if certain conditions are met
- When there is a private operator, the market rental value of the public asset must be **appraised** to determine the fair market value of the asset
- Private operators can pay fair market rent in cash or in services
- If payment is made in services, the tenant has to be selected in compliance with the **Procurement Code** and the lease term has to be limited to the Procurement Code contract term limit
- The lease/operating agreement must have a "menu" of services to be provided and the value that each service will count towards rent. The value of each service must be demonstrated to be at fair market value
- 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



# Capital Outlay Implementation

## Inter-governmental Grant Agreement (IGA)

- Before the agency issues a grant agreement, compliance with Executive Order 2013-006 is verified, Anti-Donation Issues are resolved, 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.
- Request for Reimbursement (RFR) Exhibit 1 – submit for payment of expenditures.
- Special Conditions (Optional Attachment A) – may be required if the entity is not in compliant with EEO2013-006 or if the state agency is required to impose other special conditions.

[http://nmdfa.state.nm.us/Capital\\_Outlay\\_Bureau.aspx](http://nmdfa.state.nm.us/Capital_Outlay_Bureau.aspx)

# Capital Outlay Implementation

## Capital Projects Monitoring System (CPMS)

- CPMS is a web-based system used for reporting and monitoring of capital outlay appropriations
- Used by:
  - Department of Finance and Administration (DFA).
  - 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)

CPMS instructions can be found on our website at

<https://www.nmdfa.state.nm.us/budget-division/capital-outlay-bureau/>.

# Capital Outlay Implementation

## Local Government Division Information

- <https://www.nmdfa.state.nm.us/local-government/community-development-bureau/legislative-information/>

\* All state agencies may have minor differences in their internal process, but most should require a grant agreement, notice of obligations, pay requests for reimbursement and reporting requirements.

Legislative Information

Home > Local Government > Community Development Bureau > Legislative Information

Legislative Capital Grants Projects

Capital Outlay Guidance

[Capital Outlay Guidance, Pay Requests – Presentation](#)

[Capital Outlay Guidance, NOOs – Presentation](#)

Search files:

Document	Open File
Capital Project Guidance	<a href="#">Open File</a>
W-9 Form	<a href="#">Open File</a>

Legislative Exhibits

Search files:

Document	Open File
Exhibit 1 - Capital Grant Request For Payment Form (fillable)	<a href="#">Open File</a>
Exhibit 1 - Request for Payment Form Instructions to complete and submit	<a href="#">Open File</a>
Exhibit 2 - Notice of Obligation	<a href="#">Open File</a>
Exhibit 2 - Notice of Obligation for Multiple Vendors	<a href="#">Open File</a>

# Upcoming Legislative Session

## Obstacles facing Local Governments & State Agencies

- **Piecemealed funding;**
- **Procurement processes;**
- **Contractor availability;**
- **Rising material/contractor costs;**
- **Supply chain causing delays;**
- **Turnover at the state and local levels;**
- **DFA administrative process.**

# Upcoming Legislative Session

## Capital Outlay Administrative Process and Timeline

Complete process for capital appropriations (FY 2023 – 4 Year appropriations):

- Planning process to identify projects that are ready; (Yearly)
- Enter planned projects into ICIP; (May 2022 through November 2022)
- Start preparing for annual audit to ensure EO compliance; (July 2022 through May 2023)
- Projects funded through capital bill; (December 2022 through February 2023)
- Capital bill drafted and signed into law; (February 2023 through April 2023)
- Projects budgeted at DFA; (April 2023 through July 2023)
- Grant Agreements issued and executed; (July 2023 through December 2023)
- Procurement Process; (January 2024 through March 2024)
- Construction; (March 2024 through March 2026)(Depends on project size and scope)
- Reimbursement Process; (March 2024 through June 2026)
- Project Closeout; (March 2026 through January 2027)(11-month warranty period)
- Project Closed. (January 2027 through June 2027)(Remaining balance reverted)

# Upcoming Legislative Session

## Suggested Administrative Reforms and Collaboration

- State Agencies standardize forms and databases to share information. (Grant Agreements & Audit Compliance – UFC forms)
- DFA is continuing to work with the Legislative Council Service on the paperless capital project request system to reduce redundancy. (Hope to refine process little by little each year)
- Set a minimum project size (exception for critical health and safety needs) to streamline administration, oversight, and return on taxpayer investment. (Fully Functional Phase)
- Legislators continue to collaborate to fund larger, regional projects.
- Require local project matching funds (with exceptions for very small entities and critical health and safety projects). Leverage multiple funding sources, such as local bonds and federal funds.

# Upcoming Legislative Session

## Infrastructure Capital Improvement Plan (ICIP)

- 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 statute or LGD.
  - Covers 5-year period and is developed each year (2024-2028);
  - 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 includes 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.



# Upcoming Legislative Session

## Infrastructure Capital Improvement Plan (ICIP)

- ICIP instructions for local entities can be found on the LGD website at <https://www.nmdfa.state.nm.us/local-government/icip/>.

### ICIP – YOUR PROJECT PLANNING TOOL

The local government infrastructure capital improvement plan (ICIP) is a **PLANNING TOOL**, which establishes priorities for anticipated infrastructure projects for counties, municipalities, tribal governments, special districts, and senior citizen facilities. The local government ICIP is administered through the Department of Finance and Administration, Local Government Division. The ICIP planning tool encourages entities to develop and update their five-year plan annually which is submitted to the State. It provides an opportunity for communities to assist and assess any critical needs. Although the ICIP is not a funding source, it does include information in each project for state and federal funding opportunities.

### FY2024-2028 ICIP Submission Deadlines

- Special Districts – Friday, July 15, 2022
- Tribal Governments – Friday, August 19, 2022
- Counties and Municipalities – August 19, 2022
- Senior Citizen Facilities – Friday, September 9, 2022

FY2024-2028 ICIP	File Type
FY2024-2028 ICIP Guidelines (rev. 5.5.2022)	<a href="#">PDF</a>
FY2024-2028 Data Entry Instructions	<a href="#">PDF</a>
FY2024-2028 ICIP Worksheets	<a href="#">DOCX</a>
Appendix I – Completion Certification Form	<a href="#">PDF</a>
Appendix II – Resolution Template	<a href="#">PDF</a>
Appendix III – Permission for Access	<a href="#">PDF</a>
2022 ICIP Virtual Training May Series 1	<a href="#">PDF</a>
2022 ICIP Virtual Training June Series 2	<a href="#">PDF</a>
2022 Infrastructure Capital Improvement Plan (ICIP) Submission Form	<a href="#">Online Form</a>

# Capital Outlay Bureau

## State Agency Contacts

State Agency Contacts	Agency	Title	Phone	Email
Carmen Morin	DFA, Local Government Division (LGD)	Community Development Bureau Chief	505-470-8979	<a href="mailto:carmenb.morin@state.nm.us">carmenb.morin@state.nm.us</a>
Barbara Romero	Aging & Long-Term Services Dept. (ALTSD)	Capital Projects Bureau Chief	505-476-4704	<a href="mailto:barbara.romero@state.nm.us">barbara.romero@state.nm.us</a>
Clarissa Martinez	Department of Transportation (DOT)	Project Oversight State Grants Manager	505-699-9946	<a href="mailto:clarissa.martinez@state.nm.us">clarissa.martinez@state.nm.us</a>
Rhonda Holderman	Environment Department (DOE)	Financial Manager, Loans and Grants	505-363-9396	<a href="mailto:rhonda.holderman@state.nm.us">rhonda.holderman@state.nm.us</a>
Gerald Hoehne	Higher Education Department (HED)	Capital Projects Coordinator	505-476-8434	<a href="mailto:gerald.hoehne@state.nm.us">gerald.hoehne@state.nm.us</a>
Lawrence John	Indian Affairs Department (IAD)	Capital Outlay & Tribal Infrastructure Fund (TIF) Administrator	505-690-2997	<a href="mailto:lawrence.john@state.nm.us">lawrence.john@state.nm.us</a>
Amanda Lupardus	Public Education Department (PED)	Financial Coordinator	505-827-6613	<a href="mailto:amanda.lupardus@state.nm.us">amanda.lupardus@state.nm.us</a>
Marcos Mendiola	Office of the State Engineer (OSE)	Program Manager	505-476-0261	<a href="mailto:marcos.mendiola@state.nm.us">marcos.mendiola@state.nm.us</a>

# Capital Outlay Bureau

## Contacts

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[http://nmdfa.state.nm.us/Capital\\_Outlay\\_Bureau.aspx](http://nmdfa.state.nm.us/Capital_Outlay_Bureau.aspx)

# Community Development Bureau

## Contacts

Donnie Quintana (LGD Director) – 505-490-5788

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**Questions...?**