

EVALUATION PROCESS AND APPLICATION FOR PROJECTS OR WATER UTILIZATION ALTERNATIVES PROPOSALS TO BE FUNDED UNDER THE ARIZONA WATER SETTLEMENTS ACT

SUMMARY OF PROCESS

Pursuant to the Arizona Water Settlements Act of 2004 (AWSA), P.L. 108-251, the New Mexico Interstate Stream Commission (ISC) will accept applications for the New Mexico Unit of the Central Arizona Project (NM Unit) or water utilization alternatives that meet water supply demands to be funded with funds available under the AWSA. Application submission and evaluation will be in a two-tiered format. Applications for proposals satisfying both tiers may be considered by the ISC for further review and possible funding as the State develops a plan for developing AWSA water and available funding.

Tier-1: Tier-1 applications must provide, as best and with as much detail as the applicant is able, the information required in Section 1. Applicants seeking an optional preliminary review of an application must submit the Tier-1 application by May 1, 2011. Final Tier-1 applications must be submitted no later than June 30, 2011. **Applications to develop AWSA water or funding will not be accepted after June 30, 2011.**

Tier-2: Only those applications that satisfy Tier-1 requirements will be eligible for Tier-2 consideration. Applicants seeking an optional preliminary review of a Tier 2 application must submit the by October 14, 2011. Final Tier 2 applications must be submitted by December 15, 2011. Only those applications that qualify for Tier-2 consideration will be eligible for selection by the ISC for initial funding and/or further study and assessment.

Individuals and entities eligible to submit applications include: (i) local governments or municipalities; (ii) soil and water conservation districts, irrigation districts or commissions, acequias, or other political subdivision of the State of New Mexico; (iii) institutions of higher education or a consortium of such institutions; (iv) non-profit organizations or associations; (v) private individual/s; (vi) corporations; and (vii) federal agencies.

Section 1. Tier-1 Applications

Tier-1 applicants must use the Tier-1 application form. The application and schedule is attached or is available on the ISC's website at http://www.ose.state.nm.us/isc_colorado_gila_sanfran_committee.html. The preferred method to submit Tier-1 applications is electronically via email to craig.roepke@state.nm.us. Alternatively, ten (10) hardcopies may be delivered via postal mail or courier service with a postmark or courier service's time and date stamp dated on or before 5:00 pm MST on June 30, 2011. Hardcopy applications may be requested from the New Mexico Interstate Stream Commission, Attn: Craig Roepke, P.O. Box 25102, Santa Fe, NM 87504-5102. Completed hardcopy applications should be sent to the New Mexico Interstate Stream Commission, Attn: Craig Roepke, P.O. Box 25102, Santa Fe, NM 87504-5102, or delivered to the ISC at 407 Galisteo Street, Bataan Memorial Bldg. in Santa Fe.

Comprehensive responses to each criteria listed should be supported by the best available science and scientific data, studies, models, and, where applicable, cite state, regional, or other water plans. Where such data and information is not available, applications should include best estimates and describe how such information would be obtained. Applications that do not include the requested information will not satisfy Tier-1 standards and, therefore, will not be eligible for Tier-2 consideration.

Tier-1 Evaluation Panel. The Tier-1 Evaluation Panel will consist of technical staff representing New Mexico Environment Department,; New Mexico Energy, Minerals and Natural Resources Department; New Mexico Department of Game and Fish; Office of State Engineer, and ISC. ISC shall also provide legal counsel. The Panel will evaluate each application according to the Tier-1 criteria below.

Tier-1 Evaluation Method. The Tier-1 Evaluation Panel will evaluate Tier-1 applications against the Tier-1 criteria and will score the application on a pass/fail basis. An application failing any of the criteria shall be judged to have failed the Tier-1 evaluation. The Panel will complete initial evaluations by July 31, 2011 and submit the Panel's final evaluations to the ISC by August 29, 2011.

Optional Preliminary Review. Applicants may request an optional preliminary review by submitting the application with a request for a preliminary review by May 1, 2011. The Tier-1 Evaluation Panel will conduct the preliminary review and responses will be mailed to applicants no later than June 1, 2011. The preliminary review will only examine the application for completeness; i.e., look for missing required responses or information. At the sole discretion of the Panel, the Panel may indicate where information or data should be clarified or strengthened. The Panel's response to a preliminary review does not guarantee or certify that an application is complete or that it satisfies Tier-1 criteria. Request for a preliminary review does not constitute application submission by the June 30, 2011 deadline; an applicant must submit a final Tier-1 application by the June 30, 2011 deadline for full consideration by the Tier-1 Evaluation Panel.

TIER-1 CRITERIA

1. State whether the proposal is for the "New Mexico Unit," a "water utilization alternative," or both. A "New Mexico Unit" is a project or activity that will develop additional water from the Gila basin above that allocated to New Mexico prior to the 2004 AWSA and require the Secretary of the Interior to exchange CAP water for any additional depletions in New Mexico. A "water utilization alternative" is a project or activity that does not develop additional water from the Gila basin above that allocated to New Mexico prior to the 2004 AWSA or does not require exchange of CAP water for additional depletions by New Mexico in the Gila basin. (see Exhibit A. **Interstate Stream Commission Gila Policy Statement, September 2004, and 2004 Arizona Water Settlements Act, Section 212 (i)**)
2. Describe how the proposal will meet a "water supply demand" in the Southwest New Mexico Water Planning Region, comprised of Catron, Grant, Hidalgo and Luna Counties. The 2004 AWSA requires a "New Mexico Unit," a "water utilization alternative," or both to meet a

water supply demand in the Southwest New Mexico Water Planning Region. The proposal must identify the demand that will be met and how the proposal will meet the demand identified. (see Exhibit A. **Interstate Stream Commission Gila Policy Statement, September 2004, and 2004 Arizona Water Settlements Act, Section 212 (i)**)

3. Describe how the proposal considers the Gila environment and describe how any negative impacts might be mitigated. The ISC Gila Policy requires full consideration of the Gila environment. If the proposal impacts the Gila environment, the proposal must describe the impact, whether negative or positive, or both. The proposal must indicate how negative impacts are to be mitigated. (see Exhibit A. **Interstate Stream Commission Gila Policy Statement, September 2004, and 2004 Arizona Water Settlements Act, Section 212 (i)**)
4. Describe how the proposal considers the historic uses of and future demands for water in the Southwest New Mexico Water Planning Region and the traditions, cultures and customs affecting those uses. The proposal must demonstrate how it conforms to the ISC Gila Policy to fully consider historic uses of and future demands for water in the Basin and the traditions, cultures and customs affecting those uses. Describe any impacts on historic uses of and future demands for water in the Basin and the traditions, cultures and customs affecting those uses, whether negative or positive, or both. The proposal must indicate how the negative impacts are to be mitigated. (see Exhibit A. **Interstate Stream Commission Gila Policy Statement, September 2004, and 2004 Arizona Water Settlements Act, Section 212 (i)**)

TIER-1 SCHEDULE (New July 14, 2011 deadline):

<u>Date</u>	<u>Action</u>
March 23, 2011	: Commission Approval of process and criteria
May 1, 2011	: Submission of preliminary Tier-1 proposals for review
June 1, 2011	: Review and return of preliminary Tier-1 proposals
July 14, 2011	: Final Tier-1 submission deadline
August 16, 2011	: Evaluation panel review and ranking of Tier-1 proposals complete
August 23, 2011	: Deadline for request for reconsideration of evaluation panel rankings
August 30, 2011	: Response to request for reconsideration
September 1, 2011	: Evaluation panel submission to Commission of ranking of Tier-1 proposals
September 28, 2011	: Commission action on Tier-1 proposals

(TIER-2 TIER-2 PROCESS, CRITERIA, APPLICATION, AND SCHEDULE ARE TO BE FINALIZED AND NOT CURRENTLY AVAILABLE.)

**TIER-1 APPLICATION TO THE NEW MEXICO INTERSTATE STREAM COMMISSION
FOR NEW MEXICO UNIT OR WATER UTILIZATION ALTERNATIVE
UNDER THE ARIZONA WATER SETTLEMENTS ACT**

APPLICANT INFORMATION (PRINT OR

DATE:

<p>1. Legal Name: County of Catron, New Mexico; San Francisco SWCD: <u>Catron County Acequias Commission</u></p>	<p>2. Organization: County of Catron, New Mexico</p>										
<p>3. Address (street, city, county, state, and zip code): PO Box 507 Reserve NM 87829</p>	<p>4. Name, email, and phone number of contract person: Hugh B. McKeen Catron County Commission mmckeen@gilanet.com (575) 533-6423</p>										
<p>5. TYPE OF APPLICATION (check one): <input checked="" type="checkbox"/> Final <input type="checkbox"/> Preliminary for review <input type="checkbox"/> Revised</p>	<p>6. TYPE OF APPLICANT (CHECK BOX): <input checked="" type="checkbox"/> local governments or municipalities <input type="checkbox"/> soil and water conservation districts, irrigation districts or commissions, acequias, or other political subdivision of the State of New Mexico <input type="checkbox"/> institutions of higher education or a consortium of such institutions <input type="checkbox"/> non-profit organizations or associations <input type="checkbox"/> private individual/s <input type="checkbox"/> federal agency (ies) <input type="checkbox"/> Other (specify)</p>										
<p>7. BRIEF PROJECT DESCRIPTION: San Francisco River Main Stream Dam Construction: Floodwater control, storage, diversion and distribution for current and future water demand needs in the Gila/San Francisco River Basin.</p>											
<p>8. AREAS AFFECTED (describe by county, municipality, township, etc. as applicable): Catron County, New Mexico; San Francisco Water Basin; main stream of the San Francisco River</p>											
<p>9. TOTAL FUNDING REQUESTED (in \$1,000): see 14A</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;">2012:</td> <td style="width: 20%;">2013:</td> <td style="width: 20%;">2014:</td> <td style="width: 20%;">2015:</td> <td style="width: 20%;">2016:</td> </tr> <tr> <td>2017:</td> <td>2018:</td> <td>2019:</td> <td>2020:</td> <td>2021:</td> </tr> </table>		2012:	2013:	2014:	2015:	2016:	2017:	2018:	2019:	2020:	2021:
2012:	2013:	2014:	2015:	2016:							
2017:	2018:	2019:	2020:	2021:							
<p>10a. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION ARE TRUE AND CORRECT, THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED REQUIREMENTS AND ASSURANCES IF THE PROPOSAL IS ACCEPTED.</p>											
<p>10b. TYPED OR PRINTED NAME OF AUTHORIZED REPRESENTATIVE: Hugh B McKeen</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">11. TITLE: Chairman, Catron County Commission</td> <td style="width: 50%;">12. PHONE NUMBER: (575) 533-6423</td> </tr> </table>	11. TITLE: Chairman, Catron County Commission	12. PHONE NUMBER: (575) 533-6423								
11. TITLE: Chairman, Catron County Commission	12. PHONE NUMBER: (575) 533-6423										
<p>13. SIGNATURE: <i>/s/ Hugh B. McKeen</i></p>	<p>DATE: 07/13/11</p>										

14. Evaluation criteria. Comprehensive responses to criteria A through D should be supported where possible by the best available science and scientific data, studies, models, and, where applicable, cite state, regional, or other water plans. Where such data and information is not available, applications should include best estimates and describe how such information would be obtained. Applications that do not include the requested information will not satisfy Tier-1 standards and, therefore, will not be eligible for Tier-2 consideration. Use Form 14a if needed.

A. State whether the proposal is for the “New Mexico Unit,” a “water utilization alternative,” or both.

This proposed project is for the NM Unit. It will use up to 14,000 of CAP waters for agricultural, recreation and other uses through floodwater retention on the San Francisco River.

B. Describe how the proposal will meet a “water supply demand” in the Southwest New Mexico Water Planning Region, comprised of Catron, Grant, Hidalgo and Luna Counties.

This project will meet current and future water supply demands of the San Francisco Water Basin in Catron County via construction of a dam on the San Francisco River.

- The project will capture and make available up to 14,000 acre feet of waters during high-flow to assure an adequate and dependable supply of water during dry months and drought, and will provide this water, which would not be otherwise available, to local acequias and recreational users;
- The project will make up for agricultural water rights that have been transferred to domestic water use for outdoor use (yards, gardens, pets, etc.);
- The project will release water during low-flow times to meet downstream flow requirements;
- The project will address the reduction of damage to property and downstream aquatic and riparian ecosystems due to flooding;
- The project will provide additional wildlife habitat;
- The project will provide economic benefit from new recreational opportunities.

C. Describe how the proposal considers the Gila environment and describe how any negative impacts might be mitigated.

Once a specific site is located for a dam, potential negative impacts will be identified and mitigated if needed. Some destruction of habitat is inevitable; however impacts uncontrolled flooding must be factored in. While periodic flooding of riparian areas is part of the natural order and downstream ecosystems have adapted to and rely on these inundations, a dam would regulate the uncontrolled flooding that causes more damage than benefit. Environmental benefits may accrue not only for individual fish species, but for the fluvial and riparian ecosystems.

D. Describe how the proposal considers the historic uses of and future demands for water in the Southwest New Mexico Water Planning Region and the traditions, cultures and customs affecting those uses.

Agricultural use of the land of the Gila/San Francisco Water Basin has occurred since prehistoric times. Paleo-Indians were probably the first inhabitants of the Gila-San Francisco Basin area, some 10,000 years ago, and farming was a main subsistence activity. Irrigated agriculture by non-Indians has been in widespread use since the mid-1800s, and by 1875 a number of ditch systems had been established on the Gila River. By 1890, most land suitable for irrigation with surface water was under cultivation.

After 1940, irrigation using groundwater began and farm development in New Mexico picked up substantially in the 1950's. This resulted in the creation of many farming enterprises where only livestock grazing was feasible prior to 1940.

If current drought conditions continue, an increased demand for water is inevitable simply to maintain agricultural status quo. Additionally, future demands for water in the Gila/San Francisco will only increase as the food demands of a rising population increases. The additional waters provided by a dam on the San Francisco River will satisfy this increased demand and allow for the continuation of the agricultural tradition, custom and culture of the area.

Exhibit A. Interstate Stream Commission Gila Policy Statement, September 2004, and 2004 Arizona Water Settlements Act, Section 212 (i)

INTERSTATE STREAM COMMISSION GILA POLICY STATEMENT, SEPTEMBER 2004:

The Interstate Stream Commission recognizes the unique and valuable ecology of the Gila Basin. In considering any proposal for water utilization under Section 212 of the Arizona Water Settlements Act, the Commission will apply the best available science to fully assess and mitigate the ecological impacts on Southwest New Mexico, the Gila River, its tributaries and associated riparian corridors, while also considering the historic uses of and future demands for water in the Basin and the traditions, cultures and customs affecting those uses.

2004 ARIZONA WATER SETTLEMENTS ACT, SECTION 212 (i)

(i) NEW MEXICO UNIT FUND- The Secretary shall deposit the amounts made available under paragraph (2)(D)(i) of section 403(f) of the Colorado River Basin Project Act (43 U.S.C. 1543(f)) (as amended by section 107(a)) into the New Mexico Unit Fund, a State of New Mexico Fund established and administered by the New Mexico Interstate Stream Commission. Withdrawals from the New Mexico Unit Fund shall be for the purpose of paying costs of the New Mexico Unit or other water utilization alternatives to meet water supply demands in the Southwest Water Planning Region of New Mexico, as determined by the New Mexico Interstate Stream Commission in consultation with the Southwest New Mexico Water Study Group or its successor, including costs associated with planning and environmental compliance activities and environmental mitigation and restoration.

FORM 14A

USE THIS FORM TO COMPLETE ANSWERS TO CRITERIA 1 THROUGH 4. NUMBER EACH ADDITIONAL RESPONSE WITH THE CORRESPONDING CRITERIA NUMBER AND SUB-CRITERIA. USE AS MANY PAGES AS NEEDED.

Question 9, Total Funding Requested.

Funding needs cannot be estimated until a dam site is identified and the capacity has been determined. However, items that will need to be budgeted for include:

- Dam location research
- Site specific geological and hydrological studies
- Site and delivery system easement purchase
- Permits, clearances, environmental reports
- Design and engineering
- Construction, including delivery systems
- Management costs

Collaboration and partnership for studies and planning will be obtained from appropriate federal and state agencies.