

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:

<u>Date</u>	<u>Action</u>
May 1, 2011	: Submission of preliminary Tier-1 proposals for review (optional)
June 1, 2011	: Review and return of preliminary Tier-1 proposals
June 30, 2011	: Final Tier-1 submission
July 30, 2011	: Evaluation panel review and ranking of Tier-1 proposals complete
August 6, 2011	: Request for reconsideration of evaluation panel rankings
August 22, 2011	: Response to request for reconsideration
August 29, 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: 6/30/2011

1. Legal Name: Hidalgo County Commission	2. Organization: Hidalgo County Commission
3. Address (street, city, county, state, and zip code): 300 Shakespeare Lordsburg, NM 88045 Hidalgo County	4. Name, email, and phone number of contract person: Vance Lee vancelee@aznex.net 575-358-2661
5. TYPE OF APPLICATION (check one): <input checked="" type="checkbox"/> Final <input type="checkbox"/> Preliminary for review <input checked="" type="checkbox"/> Revised	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)
7. BRIEF PROJECT DESCRIPTION: A diversion out of the Gila River into a pipeline or canal at the confluence of Mogollon Creek and the Gila. Convey water by gravity approximately 15.5 miles to an off-stream reservoir with a dam at the mouth of Schoolhouse Canyon to impound +/- 10,000 acre feet of water.	
8. AREAS AFFECTED (describe by county, municipality, township, etc. as applicable): Grant County, Gila/Cliff Valley, Redrock, Virden Valley; and potentially Silver City area, Mimbres Basin and/or Lordsburg Basin. Impounded water could be used for agriculture, municipalities, industry and recreation as needed and contracted for.	
9. TOTAL FUNDING REQUESTED (in \$1,000): \$100,000	
2012:	2013:
2012:	2013:
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.	
10b. TYPED OR PRINTED NAME OF AUTHORIZED REPRESENTATIVE: John Vance Lee	11. TITLE: Hidalgo County Rep and Chairman of GSFWC
	12. PHONE NUMBER: 575-358-2661
13. SIGNATURE: /s/ John Vance Lee	DATE: 6/30/2011

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 proposal is for the “New Mexico Unit”. Water would be impounded for agricultural, municipal, industrial and recreational use as needed. Municipalities and other water users outside the river corridor could pump water from the impoundment to the desired location.

By diverting the water into a pipeline or canal there is no energy usage due to pumping and the water does not need to be clean enough to go through pumps. Additionally, a larger volume of water could be diverted in a shorter time period than with pumping.

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.

Impounded water would meet “water supply demands” in several ways. Agricultural water users from the Gila Valley to the Arizona state line could access water from this project. Gila Valley irrigators would be able to access the water as it travels to the impoundment. Irrigators down river from Schoolhouse Canyon could be provided with water by release from the impoundment into the river then using their established diversions. Municipal and Industrial users could pipe water from this impoundment facility to aquifers that supply the Silver City, Lordsburg, or Deming areas. Water could also serve as a fire suppression alternative as it travels through the Gila Valley.

Recreational water users could benefit from having another lake in the area as well as the availability of water to keep the Gila River from drying up as it does almost annually in the lower reaches as it is released to downstream users.

In general, this water would be diverted when the river is running at high levels as per the Consumptive Use and Forbearance Agreement and used to offset low water flows, especially during drought.

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

Because the water would be diverted only during high flows as per the Consumptive Use and Forbearance Agreement (CUFA), it would have little, if any, negative impact on the environment of the river. If the science determines that the environment of the river is being negatively impacted at certain stages of flow it can be mitigated by controlling the diversion of water at those stages.

Positive environmental impacts on the river would be far greater than potentially negative ones. Impounding the water during high flow and letting it back into the river during low flow for downstream agricultural use could keep the river “alive” at times when the river normally dries up. This would have a dramatic positive impact on the environment of the river as well as for any future identified endangered species found down stream from the impoundment.

If any negative environmental impact are identified at the location of the diversion, they will be mitigated by constructing the diversion facility so that releases and diversions are controlled.

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.

By providing additional water for the historical and cultural uses of agriculture and projected increased demand for agricultural, municipal and industrial use as well as additional recreational opportunities, this proposal has potential to meet the needs of many if not most of the water users in a large area of the region. Historically Gila River water has been developed primarily for agricultural uses. If future needs for water in the region change, use of the impounded water from this facility could be altered to accommodate the different needs. The alternative of not doing anything except allowing the water to continue to flow downriver into Arizona does not address the traditions, cultures and customs of the region and is unacceptable.

The Southwest region of New Mexico is an area rich in agricultural and recreational tradition and water is our most important natural resource in maintaining those traditions. Any opportunity to develop additional water in this region should be of primary importance. A decision to not keep the additional water as allowed by the AWSA would be irresponsible and unacceptable.

Note: This project is supported by the Gila/San Francisco Water Commission.

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.