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-1Applications

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):

Date		Action
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:**

1. Legal Name: San Francisco River Association	2. Organization: San Francisco River Association
3. Address (street, city, county, state, and zip code): PO Box 250 Glenwood, New Mexico 88039	4. Name, email, and phone number of contract person: Lou Naue sfra@sanfranciscoriver.com (575)539-2033
5. TYPE OF APPLICATION (check one): [X] Final [ ] Preliminary for review [ ] Revised	6. TYPE OF APPLICANT (CHECK BOX): [ ] local governments or municipalities [ ] soil and water conservation districts, irrigation districts or commissions, acequias, or other political subdivision of the State of New Mexico [ ] institutions of higher education or a consortium of such institutions [X] non-profit organizations or associations [ ] private individual/s [ ] federal agency (ies) [ ] Other (specify)
7. BRIEF PROJECT DESCRIPTION: Propagate and provide native plant material for projects along the riparian corridor for the Gila/San Francisco watershed. Endemic species include trees, shrubs forage and native grasses. Provide re-vegetation planning for projects using best management practices and ten years experience propagating and returning native species to the watershed.	
8. AREAS AFFECTED (describe by county, municipality, township, etc. as applicable): The riparian corridors of the Gila/San Francisco Watershed effecting Catron, Grant, Hildago and Luna Counties.	

9. TOTAL FUNDING REQUESTED (in $1,000): $100.000				
2012:	2013:	2014:	2015:	2016:
2017:	2018:	2019:	2020:	2021:

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 GOVERNI9NG 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	11. TITLE:	12. PHONE NUMBER:
Lou Naue	Executive Director	575-539-2033

13. SIGNATURE: /s/Lou Naue	DATE:
	7/12/2011

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. Print or type only

A. State whether the proposal is for the "New Mexico Unit," a "water utilization alternative," or both. This project is a water utilization alternative. The role of native riparian vegetation in maintaining stable streambanks is vitally important. Riparion vegetation holds on to boulders, cobble and gravel of streambanks maintaining meander pattern by protecting the outside bends from lateral scour and downstream meander migration during flood events. The increased channel length in these bends allows longer flow times; more water can soak into the banks during a flood pulse. Healthy riparian vegetation upstream tends to lower the peak of the flood and protect valuable downstream resources. Riparian vegetation promotes overbank flooding during large runoff events, this inundation of the stream banks turns on the natural groundwater infiltration gallery, increasing the volume of base flow long after the flood pulse has passed.

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. Providing endemic species of trees, shrubs, forage plants and grasses to the watershed will hold more water in the basin increasing the width of the riparian zone providing more habitat and forage. The infiltration gallery preserves perennial flows in stream reaches that would be ephemeral without the vegetation. This phenomenon has been documented all over the West. Another important loss of water in our state is from evaporation. 90% of streams in New Mexico and Arizona are considered to not meet properly functioning condition standards. In a live stream, shading of the water surface by a combination of overarching willow stems and taller cottonwoods as well as other riparian species reduce water temperature in the warm months and reduces evaporation from the water surface. Groundwater infiltration galleries extend for many miles along healthy streambanks, creating a natural filter that positively affects water quality. Riparian vegetation is a very profitable water investment for the stream because the volume of groundwater infiltration and recharge it causes far exceeds the water used by these riparian species for their own survival. Increasing the water supply demand through recharge and infiltration galleries the slowing of flood water and the elongation of pulse flow through the restoration of riparian corridor planting also provides healthy habitats.
We can provide endemic species as well as on-the-ground plans for planting and maintenance of these trees, shrubs, forage plants, wildflowers and grasses. Helping other projects in the Gila/San Francisco Watershed meet BMPs and implementation for the increased health of the watershed also improves water supply demands. To propagate many of the riparian species needed on these projects we generally need a three year lead time to grow these plants to sufficient size for replanting. During that time we can be pole planting cottonwoods and willows as well as seeding for endemic forage, wildflowers and grasses. The pole planting of willows (before the other native species are grown in our nurseries and ready for planting) provides protection and buffering for these young trees and shrubs in flood events and in bringing more ground water to the surface until they are well established. Increasing the diversity of the ecosystem provides healthier habitat.

C. Describe how the proposal considers the Gila environment and describe how any negative impacts might be mitigated. The Gila Basin and its associated riparian zone host rare and imperiled aquatic and riparian-obligate plants and animals, including fish and invertebrates that are found nowhere else in the world. Southwestern Willow Flycatcher, Loach minnow, Spikedace, Chiricahua leopard frog, Bald Eagle and Mexican Gray Wolf are among the threatened and endangered species dependant on the Gila/San Francisco Rivers and associated habitat. Approximately three-quarters of the vertebrate species in Arizona and New Mexico depend on riparian areas for at least a portion of their life cycles. Even xeroriparian habitats (arroyos), normally dry corridors that intermittently carry floodwaters through low deserts, support five to ten times the bird density and species diversity of surrounding desert uplands. Currently, riparian habitats in the Southwest are in extreme danger, and riparian conditions are now the worst in American history. Damage to the river corridor can be attributed to a variety of sources, those with the most significant impact include; incompatible agricultural practices, removal of riparian vegetation and streambank modification/destabilization. This project will help to address these issues in the river corridors. New BMPs and greater understanding of the environment are improving these issues. Native riparian plant species returned to the environment will go a long way to mitigating these negative effects. Planting for species diversity, streambank stabilization and wildlife habitat, we propagate many native plant species that are sold at no commercial nursery in the state. Native seed is ethically wild harvested, propagated in our nursery and returned to site specific communities to continue to protect the genetic integrity of the endemic plant species. Planting to restore and improve diversity in the riparian forests, we plant native trees, shrubs and many flower and grass seeds. SFRA pole plants thousands of various endemic willow and cottonwood species for bank stabilization, beaver habitat and protection of young riparian hardwood species and shrubs.

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.

Our rural economy is largely resource-based and the economic well-being of our community is directly related to the health of the watershed. The river and its tributaries provide water for agriculture, livestock grazing, recreational fishing, recreation and drinking water.

Western riparian zones are the most productive in North America, providing essential wildlife habitat for breeding, wintering, and migration. Although they comprise less than one percent of the entire landscape in the Southwest, they are home to the North American continent's highest density of breeding birds, rarest forest type (bosque), and more than 100 state and federally listed threatened and endangered species.

Building healthy riparian corridors is beneficial to the economic and cultural health of our communities. Our project will also provide jobs and outreach that will serve to help people understand and benefit by the health of the watershed.

Our greatest goal is a healthy watershed, to this end we collaborate with agencies and individuals working in many fields required to produce watershed improvement. If water quality and ecological integrity are to be restored to the river, we must act now to increase vegetative cover, increase infiltration, decrease runoff and stabilize banks with riparian-obligate vegetation

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 NUMER AND SUB-CRITERIA. USE AS MANY PAGES AS NEEDED.