

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:

1. Legal Name:Sunset and New Mexico New Model Canals	2. Organization:Sunset and New Mexico New Model Canals
3. Address (street, city, county, state, and zip code): Ed Kilby Rt. 1 Box 153 Duncan, AZ 85534 Hidalgo County Phone: 928-432-3656	4. Name, email, and phone number of contract person: Tom Lovett toml@HunterContracting.com 575-358-2499
5. TYPE OF APPLICATION (check one): <input checked="" type="checkbox"/> Final <input type="checkbox"/> Preliminary for review <input type="checkbox"/> Revised	6. TYPE OF APPLICANT (CHECK BOX): <input type="checkbox"/> local governments or municipalities <input checked="" 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:Lining of both canals with HDPE pipe with gates and cleanouts. Seventy five per cent of surface water irrigation acreage on the Gila River is served by these two canals. This project will improve water usage, stop leakage of unlined and dilapidated canals and lower maintenance and repair costs for many years.	
8. AREAS AFFECTED (describe by county, municipality, township, etc. as applicable):Virден Valley, Hidalgo County, New Mexico on both sides of the Gila River.	
9. TOTAL FUNDING REQUESTED (in \$1,000):\$18,000	
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 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: Tom Lovett Ed Kilby	11. TITLE: President
	12. PHONE NUMBER: 575-358-2499 928-432-3656
13. SIGNATURE: /s/ Tom Lovett	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 is a water utilization alternative project that may also involve use of AWSA water if the canals contract for additional water.

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 proposal would meet a water supply demand for irrigators of about 2800 acres in the Virden Valley. The current water supply would improve with reduced leakage, reduced evaporation, and more control with metering of individual farms. It would also reduce maintenance costs to almost zero. Damage to canals due to weather events would also be greatly reduced. Approximately seventeen miles of pipeline would be installed, some with 48” pipe and some with 60” pipe. An added benefit to having the water contained in pipelines is that of potential availability for fire suppression.

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

It is anticipated that the environment of the river would improve in that loss of wildlife in the canals would be reduced. The diversion dams are already present on the river so there would be no new disruption of the river flow anticipated unless some of the AWSA water was contracted for by the canals. In this case it would be according to the CUFA and mitigation of negative impacts to the environment of the river could be achieved by control of the diversions in accordance with requirements determined by the NEPA process. Any use of additional AWSA water would be tied to upstream storage. The AWSA water would flow downstream keeping the river wet where it normally dries up.

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.

Historic uses of Gila River water in the Virden Valley have been for agricultural and recreational demands. This proposal would benefit and support those demands.

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.