

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: San Francisco River Association</p>	<p>2. Organization: San Francisco River Association</p>										
<p>3. Address (street, city, county, state, and zip code): PO Box 250 Glen wood, New Mexico 88039</p>	<p>4. Name, email, and phone number of contract person: Lou Naue sfra@sanfranciscoriver.com (575)539-2033</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 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 checked="" 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: Set back levee along San Francisco River (SFR) and reconnect York Canyon delta to the SFR using rock blanket technology to prevent a head cut from running up York Canyon. Restore wetland strangled behind the levee and by setting back the levee, widening the flood plain of the SFR by at least 300 yards. As far down the levee as we can get with funding.</p>											
<p>8. AREAS AFFECTED (describe by county, municipality, township, etc. as applicable): Catron County, Pleasanton on the SFR from the mouth of York Canyon to as far south down the levee as we can remove to set back within the confines of funding available. Indirectly the bottom 1/3rd of the sfr watershed.</p>											
<p>9. TOTAL FUNDING REQUESTED (in \$1,000): \$100,000</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 Lou Naue:</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">11. TITLE: Executive Director</td> <td style="width: 50%;">2. PHONE NUMBER: (575)539-2033</td> </tr> </table>	11. TITLE: Executive Director	2. PHONE NUMBER: (575)539-2033								
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<p>13. SIGNATURE: /s/Lou Naue</p>	<p>DATE: 7/12/2011</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 project is a water utilization alternative. The mouth of York Canyon has been disconnected from the San Francisco River by a levee that runs along the east bank of the San Francisco River for about 1 river mile. The sediment build up behind the levee is so thick that it has risen 8 feet in the past 16 years becoming higher than either field to the sides of York Canyon. It has smothered a wetland that exists just to the north of York Canyon. Setting back the levee and reforming the delta of York Canyon will allow the floodplain to expand by at least 300 yards. With restoration of this newly revealed flood plain on the river we will be able to bring about the widening of the riparian zone and the recharge gallery keeping more water in the system.

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.

Natural channel evolution has been interrupted by bulldozing the river in a straight line leveeing it up into a V-channel. This was last bulldozed in 1993. The levee has disconnected York Canyon from the river and no delta can form. A wetland to the north of York Canyon has been covered in many feet of cobble and gravel. The sediment trapped behind the levee is now higher than the fields at the mouth of the canyon. As the sediment rises it threatens to overtop the levee at the mouth of the canyon with the potential of causing severe head cutting back up York Canyon. We propose to reconnect the delta to the river broaden the floodplain and help restore more vegetaation and sinuousity to the river. The river has been less of a v channel by these 18 years of seasonal flooding and much planting of native vegetation has occurred and induced meander methods applied. The widening of the flood plain by setting the levee back will protect a few small farms with irrigated fields, one ranch and other private property. The landowners want the levee set back right next to their field recreating the bosque, the wetlands and widening the floodplain. Using induced meander methods and more planting of native riparian vegetation will build more habitat, build soil in the bottoms and filter and slow flood water. The one-rock-dam blanket at the mouth of the delta will increase roughness promoting over-bank flooding. The ground under the rock blanket will retain soil moisture longer allowing grasses and sedges to trap fine particles in muddy water and build soil. This will allow better groundwater recharge capabilities and groundwater storage capacity raising the water table. Not only does this hold water within the ‘sponge’ of the healing local watershed but it indirectly positively affects the lower 1/3rd of the San Francisco River Watershed (320,000 acres).

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

Implementation of restoration best management plans will cover approximately 1/2 river-mile of riparian area and contributing canyons and arroyos. Performance targets for these areas include returning the riparian-obligate vegetation to health with native plant communities best suited to promote exemplary wildlife habitat. Streambed and stream bank stabilization are part of the design. Induced meander techniques are practiced. Man made levees and dikes are removed where possible and the bosque cleared of man-made and natural debris to facilitate planting. One key to mitigating the negative effect of unsuccessful plantings and evaluating the success of riparian restoration will be based on percentage of survival rate of plantings, as well as the diversity of plant species. Unsuccessful plantings will be replaced until they are successful in key areas. Perimeter fencing to protect the project is complete and watergap fencing will be replaced as needed. SFRA has provided fencing that is specifically designed for wildlife interface. The removal of the levees to set back to protect the fields and properties of the landowners can have a negative impact on the river. Most of our funds will actually go to the contractor removing the levees. We will use the best restoration contractor we know and the ACOE permits will require that we remove as much material as possible from the back side of the levee staying out of the river and the existing riparian vegetation mitigating any damage to the system. This project can be used as a demonstration levee project for the Gila environment. Qualified certified individuals will conduct periodic surveys at the proper times for the presence of endangered species (at least once annually). Non native and invasive species will continue to be removed from the area, this is an ongoing task. GIS and mapping with photography will monitor the project.

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.

The San Francisco River Association (SFRA) is a community-based non-profit 501(c) 3 corporation whose mission is to protect and enhance the life of all living beings in the San Francisco River watershed. The Association was formed to address the declining health and degraded condition of the San Francisco River ecosystem. 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. Damage to the San Francisco 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. Scientists and land managers have suggested other possible causes (direct or indirect). These include denudation of stream banks by direct harvest of trees and year-long livestock grazing in riparian areas; loss of beaver via trapping and habitat degradation or destruction; construction of levees; excavation of the floodplain and river channel; increased runoff and peak flow after storms due to degradation of watershed condition; fire suppression and possibly climate change. With outreach and time to change customs and BMPs, landowners and SFRA have made a lifetime commitment to habit improvement on the SFR watershed. We realize that our livelihoods and community health are directly related to the health of the river.

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.