

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (www.nmlegis.gov). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

F I S C A L I M P A C T R E P O R T

SPONSOR	<u>Padilla</u>	ORIGINAL DATE	<u>01/22/13</u>	LAST UPDATED	<u>02/20/13</u>	HB	
SHORT TITLE	<u>Middle Rio Grande Water Supply Report</u>			SB	<u>197/aSCONC</u>		
				ANALYST	<u>McCoy</u>		

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY13	FY14		
	\$20.0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates, Relates to, Conflicts with, Companion to SM8

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Office of the State Engineer/Interstate Stream Commission (OSE/ISC)
New Mexico Environment Department (NMED)

SUMMARY

Synopsis of SCONC Amendment

The Senate Conservation Committee amendments to Senate Bill 197 to require the state engineer to convene a meeting to be jointly conducted by the middle Rio Grande Conservancy District and the Mid-Region Council of Governments and attended by representatives of the Office of the State Engineer and the Interstate Stream Commission; water experts from industry; representatives from acequias and Indian pueblos; and others with special expertise. The amendment also replaces the word “maximization” on page 1, line 18 with the word “optimization”.

Synopsis of Original Bill

Senate Bill 197 (SB 197) appropriates \$20,000 from the general fund to the office of the state engineer in fiscal year 2014 to prepare and distribute a report regarding the maximization of the water supply in the middle Rio Grande.

FISCAL IMPLICATIONS

The appropriation of \$20,000 contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2014 shall revert to the general fund.

The Office of the State Engineer/Interstate Stream Commission (OSE/ISC) notes, the scope of the report requested in SB 197 could be large and complex and that the cost of such a report would exceed the requested appropriation of \$20,000. However, the OSE/ISC notes, if the purpose of the funding is solely to prepare for, participate in, document, and report the results of the meeting described in SM 8 (see discussion in the conflict, duplication, companionship, relationship section below) the requested funding would be sufficient to do so.

According to the New Mexico Environment Department (NMED), given the environmental and regulatory complexity of water resources management in the Middle Rio Grande, the funding amount is likely insufficient to achieve the broad goals of the appropriation.

SIGNIFICANT ISSUES

The NMED notes, management of water resources can, and often does, have significant impacts on water quality; therefore, any report on maximizing the water supply of the middle Rio Grande will need to consider the potential implications for water quality management and protection of endangered species. Specifically this relates to E. coli bacteria for which the middle Rio Grande currently exceeds state water quality standards as well as the Silvery Minnow, a federally listed endangered species inhabiting the middle Rio Grande. According to the agency, the NMED's Surface Water Quality Bureau has assisted OSE on these types of technical issues in the past and will continue to do so as appropriate.

The OSE/ISC notes, numerous agencies and entities have been working and collaborating for over a decade to attempt to evaluate and understand options for development of water supplies within the middle Rio Grande within the legal, institutional, and hydrologic constraints that exist. Millions of dollars have been spent to improve the water management system. Numerical models exist, have and are being used to assess the ability to meet numerous demands, including agricultural, municipal, environmental and endangered species related. Yet, little consensus has been achieved primarily because of all the competing demands for water and the limited and highly variable surface water supply. The U.S. Bureau of Reclamation and the U.S. Army Corps of Engineers play major roles in how and when water moves and is delivered to various parties in the middle Rio Grande valley. In addition, the U.S. Fish and Wildlife Service has a role because of endangered species issues in the valley. The water management and endangered species act consultation that is currently occurring in the middle Rio Grande between the U.S. Bureau of Reclamation, the U.S. Army Corps of Engineers, the Middle Rio Grande Conservancy District (MRGCD), the Albuquerque Bernalillo County Water Authority (ABCWUA), and state will likely establish additional requirements for endangered species act compliance.

The OSE/ISC adds, the very limited and variable available surface water supply is being managed to meet/optimize numerous demands in the middle Rio Grande. The OSE/ISC also notes, the last two years that are amongst the driest and warmest in New Mexico's weather records. For example, the MRGCD reduced its annual river diversions needed to meet irrigation demand by nearly 40 percent which has significantly extended the MRGCD irrigation season and

allowed the ABCWUA and Santa Fe Buckman Direct Diversions to more fully utilize their new surface water diversion facilities. And, the MRGCD, state agencies, and others have worked collaboratively to assist the U.S. Bureau of Reclamation and the U.S. Army Corps of Engineers meet the Endangered Species Act requirements so that New Mexico water users can continue to receive surface water as well as maintain the environment. Additionally, nearly every day during the irrigation season, up to twenty people (water managers, engineers, biologist, and others) are on the phone planning and deciding whose water will go where in the middle Rio Grande in the next several days. The OSE/ISC also notes, it may be valuable to document the improvements that have been made, compile and report them, as well as discuss what options remain.

According to the OSE/ISC, the term maximize is not necessary in this bill.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

This amended bill inserts the language of “convening of a meeting” into the request for appropriation of money to prepare and distribute a report on the optimization (amended from “maximization”) of the water supply in the middle Rio Grande. The OSE/ISC notes, this bill is a companion to SM8, which requests that a meeting be convened to discuss the maximization of water supply in the middle Rio Grande.

SB 197 is related to SM 8, “Requesting a meeting to maximize the Middle Rio Grande water supply,” which requests that a meeting be sponsored and jointly conducted by the Middle Rio Grande Conservancy District and the Mid-Region Council of Governments and attended by the Office of the State Engineer, the Interstate Stream Commission, water experts from industry, representatives from acequias, Indian pueblos and others with special expertise, to discuss and evaluate all short- and long-term options for development of water supplies within the middle Rio Grande and promote collaboration among all of its existing water users. It further requests a jointly prepared report on the options for maximizing the water supply, providing for conservation in its use among agriculture, industries, environmental groups and public and private utilities.

AMENDMENTS

The OSE/ISC recommends the following amendments:

1. On lines 18 and 19, strike: “regarding the maximization of the water supply in the middle Rio Grande.” And replace with: “to the legislature at the second session of the fifty-first legislature documenting results of the meeting jointly led by MRGCD and MRGCOG described in Senate Memorial 8 including a candidate list of options.”

MTM/blm:svb