

# Implementation of the 2004 Arizona Water Settlements Act (“AWSA”)

**Presentation to the Interim Water and Natural Resources Committee,  
Silver City, New Mexico, September 6, 2017**

## Interstate Stream Commission’s roles in the AWSA Implementation

- Act as the “Joint lead” in the National Environmental Policy Act (“NEPA”) process with U.S. Bureau of Reclamation (“Reclamation”)
  - The ISC is NOT the “project proponent”; the New Mexico CAP Entity (“CAP Entity”) is.
- Continue to administer the New Mexico Unit Fund (“NM Unit Fund”)
  - Manage NM Unit<sup>1</sup> engineering contract on behalf of the CAP Entity
  - Advance funds to Reclamation for NEPA
  - Administer Non-NM Unit projects<sup>2</sup>
  - Process CAP Entity’s budget (in coordination with the City of Deming)

## Status of the NM Unit Fund as of June 30, 2017:

- Total received since January 2012: \$54.24 million
- Cumulative total expenditures for FY12-17: \$12.64 million (*see table below for breakdown*)
- Interest earned: \$2.5 million
- Current Balance: \$44.1 million

Table 1: FY2012-17 Expenditures Breakdown as of June 30, 2017

<b>Budget Item (FY2012-17)</b>		<b>Expenditure (\$)</b>
ISC AWSA operating budget		1,389,409
ISC contractual Services	NM Unit engineering	837,063
	Studies	3,795,906
	Legal	476,359
	Facilitation, website, other	106,304
Advance to Reclamation for NEPA		4,413,000 <sup>3</sup>
Non-NM Unit projects		1,072,684
NM CAP Entity budget (FY2016-17)		552,997
<b>Total</b>		<b>12,643,721</b>

<sup>1</sup> New Mexico Unit of the Central Arizona Project (“NM Unit”): Physical facilities to be used to divert, store, and deliver water under AWSA

<sup>2</sup> Also known as: non-diversion projects, other water utilization alternatives

<sup>3</sup> Only \$103,407 (2%) has been expended by Reclamation to date.

## CAP Entity Fiscal Processes

Figure 1: Budget Approval Process

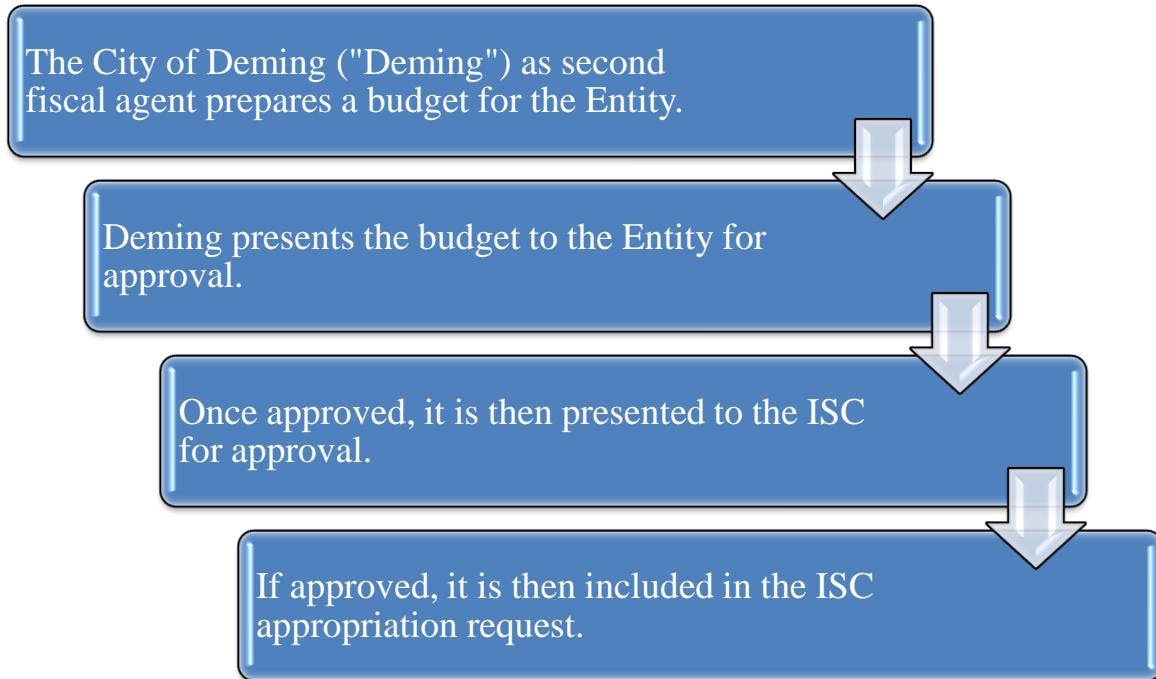
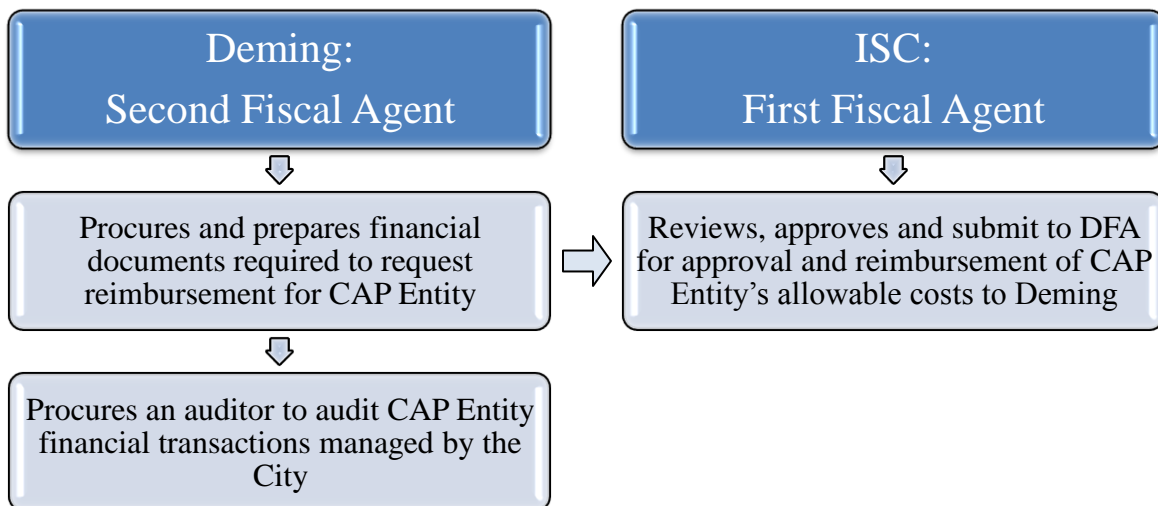


Figure 2: Reimbursement Process



## ISC’s Involvement pursuant to AWSA

Table 2: Commission’s major decisions related to AWSA

<b>Decision</b>		<b>Accomplished in</b>
NM Unit	Notify the U.S. Secretary of Interior (“SOI”) that NM intends to pursue construction of a NM Unit by December 31, 2014	November 2014
	Request to become a “joint lead” in the NEPA process	February 2015
	Designate the CAP Entity	July 2015
Non-NM Unit	Fund projects in Southwest NM to meet water supply demands	2014-2015

Commission’s other important decisions related to NM Unit

- March 2016: Approved entering into a contract with AECOM to conduct up to 30% design, with the CAP Entity’s approval
- November 2016: Approved signing MOU and Funding Agreement with Reclamation for NEPA
- January 2017: Approved signing MOU between the “joint leads” and the CAP Entity as the “project proponent” in the NEPA process

The ISC formed the CAP Entity<sup>4</sup> because pursuant to the AWSA, the CAP Entity:

- Shall own and hold title to all portions of the NM Unit.
- May assume, upon request to the SOI, responsibilities for design, construction, operation, and maintenance of the NM Unit, or any combination thereof
  - CAP Entity requested the design responsibility for NM Unit in April 2016.

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<sup>4</sup> The CAP Entity was formed under a Joint Powers Agreement approved by the Department of Finance and Administration (“DFA”). The CAP Entity is currently composed of thirteen local governments from Southwest NM and the ISC as a non-voting member.

## NEPA Process

Figure 3: Organization Chart<sup>5</sup>

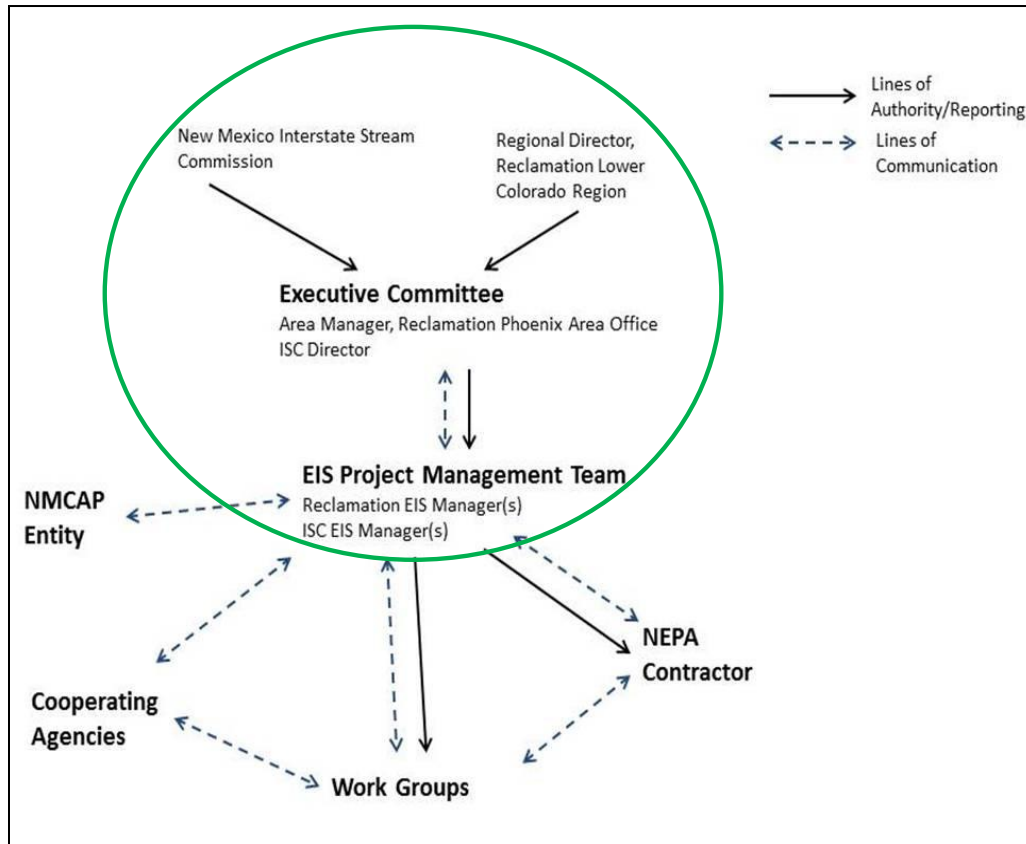


Table 3: Path Forward

Activity	Responsibility
Award a contract to NEPA contractor	Reclamation
Select and submit a project to Reclamation	CAP Entity
Publish Notice of Intent in Federal Register	Reclamation
Conduct scoping	Joint Leads (Reclamation and ISC)
Complete Draft and Final Environmental Impact Statement (EIS) and other requirements	Joint Leads (Reclamation and ISC)
Issue Record Of Decision by 12/31/19, or extend until 2030 if delay outside the control of NM	Secretary of Interior

<sup>5</sup> From the NEPA MOU, available at: <https://www.usbr.gov/lc/phoenix/programs/NMCAWASA/MOUAE.pdf>

## Non-NM Unit Projects

In 2014 and 2015, the ISC allocated \$9.1 million to Non-NM Unit projects in Southwest NM (Grant, Luna, Catron, and Hidalgo Counties) from the available settlement money. The greatest single amount was allocated to municipal water conservation (\$3 million).

Table 4: 16 Non-NM Unit projects and awards

	<b>Project</b>	<b>ISC Award (\$)</b>	
1	Hurley Regional Water Project	2,100,000 <sup>6</sup>	
2	Gila Basin Irrigation Commission Diversion Structure	1,250,000 <sup>6 7</sup>	
3	Luna Ditch Diversion Structure	100,000 <sup>6 7</sup>	
4	Pleasanton East-Side Ditch Improvement	200,000	
5	New Model Canal Improvement	200,000 <sup>6</sup>	
6	Catron County Ditches Diversion Structure	500,000 <sup>6 7</sup>	
7	Deming Effluent Reuse	1,750,000	
8	Municipal Water Conservation Fund (\$3M)	Deming Effluent Reuse	596,000
9		Bayard Effluent Reuse	1,171,048
10		Lordsburg Meter Replacement	242,950
11		Rodeo Meter Replacement	14,000
12		Santa Clara Effluent Reuse	100,000
13		Silver City Park Irrigation Upgrade	18,157
14		Silver City Meter Replacement	500,000
15		Bayard/Cobre Schools Effluent Reuse	176,295
16		Hurley Meter Replacement	181,550
<b>Total</b>		<b>9,100,000</b>	

<sup>6</sup> The ISC will enter into a construction funding agreement once the grantee has demonstrated that it has secured all additional funding necessary to complete a fully functional project, or a fully functional phase of a project.

<sup>7</sup> Part of the funding allocation from the ISC is intended for design and engineering work, as necessary. Any part of the Funding Amount not expended will revert to the NM Unit Fund but will be available for construction work on the Project, provided that all conditions required by the Commission are met.

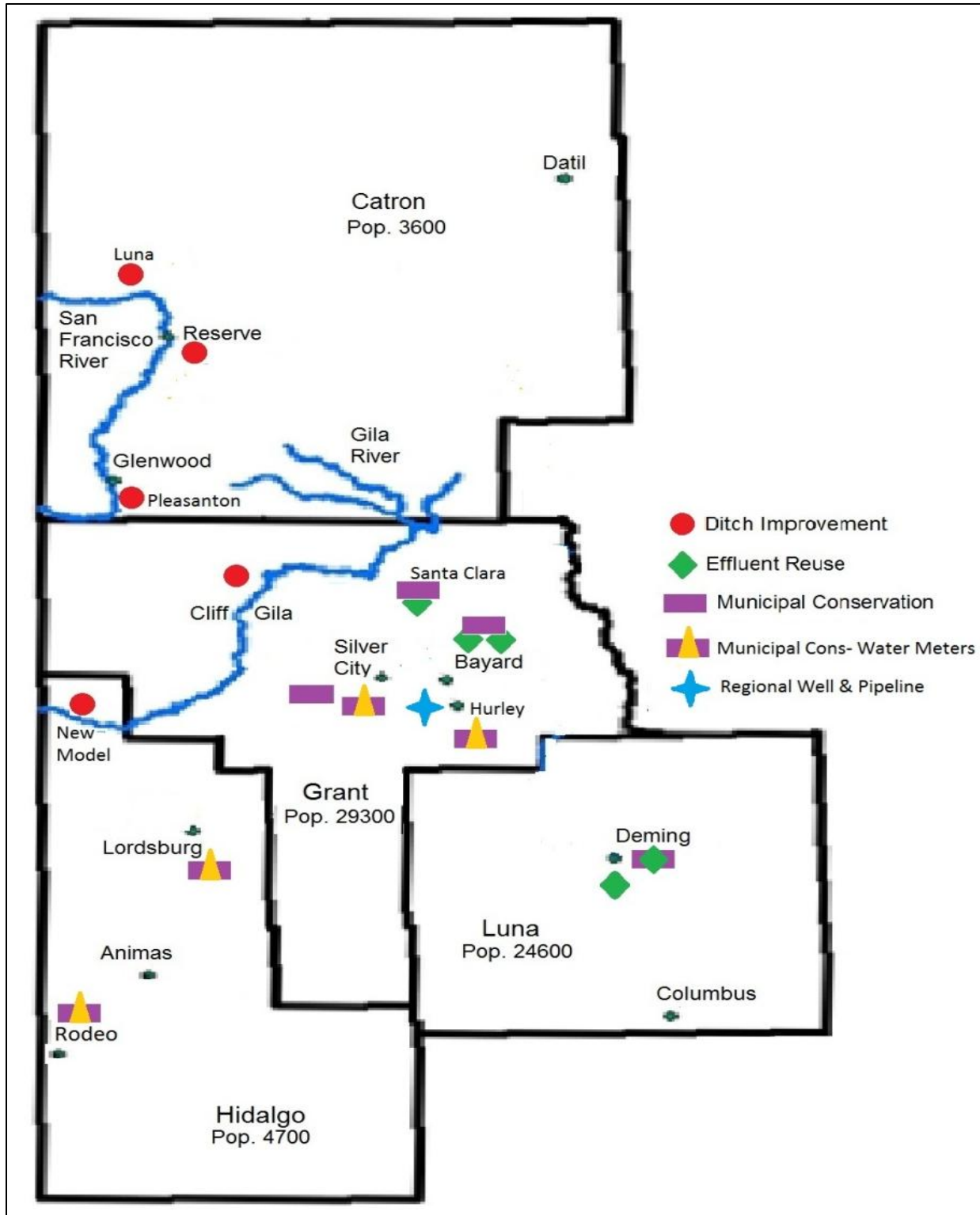


Figure 5: Distribution of Non-NM Unit Projects in the Four-County Region