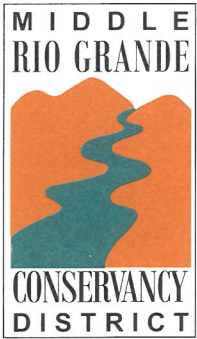


May 2, 2023



RE: Proposed Mill Levy Increase

Dear MRGCD Constituent:

This year, the Middle Rio Grande Conservancy District (MRGCD) will commemorate the 100th Anniversary of the Conservancy Act, which set the stage for the creation of the MRGCD. The MRGCD is responsible for drainage, irrigation, and riverine flood control for a 150-mile reach of the Rio Grande, running from Cochiti Dam downstream to the Bosque del Apache National Wildlife Refuge.

The MRGCD provides irrigation to over 60,000 acres, including delivery to the six Middle Rio Grande Pueblos. Our lands are made available for many recreational uses. We appreciate the working relationships we have with the City of Albuquerque, Bernalillo County, the State of New Mexico, and the Village of Corrales for joint management of the Bosque through the greater Albuquerque area and with the Village of Los Lunas and the Town of Socorro for their respective reaches of this wonderful cottonwood forest. The Covid 19 pandemic brought many new users to the myriad recreational opportunities on MRGCD lands. This increased use is best managed jointly with our partners up and down the Middle Rio Grande Valley.

Our irrigation system includes El Vado Dam on the Chama River in Rio Arriba County, irrigation delivery gates and canals at Cochiti Dam, and three diversion weirs on the main stem of the Rio Grande to provide water to our farmers. We have over 1,200 miles of canals, laterals, ditches, and levees, all showing their age.

We are thankful for this years' generous snowpack, but with New Mexico's current debt to the Rio Grande Compact, we are not able to store water for our farmers other than the Bureau of Indian Affairs storage for the prior and paramount lands of the six Middle Rio Grande Pueblos (this water is currently stored in Abiquiu Lake while El Vado Dam is under rehabilitation). The MRGCD and other state and federal water management agencies are implementing conservation measures to reduce New Mexico's Compact debt so storage at El Vado Dam is possible once the rehabilitation work is complete. Investing in and modernizing our infrastructure is the best action we can take at this time. This infrastructure investment includes rehabilitation of aging facilities, adding new measurements sites to better inform water use and management decisions, investment in automatic gate operations at MRGCD's diversion weirs for more flexible river management operations, deployment of a GPS-based irrigation scheduling system, and modernizing MRGCD's online water data interface to provide more water data transparency.

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The MRGCD has worked diligently to conserve water and reduce diversions from the Rio Grande, reducing 90's era average diversions of around 600,000 acre-feet per year to the current 250,000 acre-feet we divert annually from the river today. This lower diversion volume makes water measurement, delivery system efficiency, and on-farm efficiency more critical than ever.

Infrastructure failures and near failures in this nearly century-old gravity driven irrigation system have impacted our ability to keep our system functioning to meet irrigation demands

and ecosystem needs along the Rio Grande. Our current operational budget barely covers the cost of routine operation and system maintenance. Failing infrastructure has become our most significant challenge in these water short times.

This was made quite clear in the fall of 2021 when the Corrales Siphon failed. This five-foot diameter wood-stave pipe functioned for over 80 years but now needs replacement. The Corrales siphon transfers irrigation water under the Rio Grande from the east side of the river to feed our Corrales and northwest valley farmers. A year ago, the MRGCD installed a diesel pump system to deliver water from the Rio Grande to feed about 1,000 acres served by the siphon. This has now been converted to an electric pump system with the State Legislature's help. We are fortunate to have a 2023 Water Trust Board grant and loan to install a new pipe under the river to replace the old siphon pipe eliminating the need for costly temporary pumping operations. As it sits now, we will be hard-pressed to meet the \$1,000,000 cost-share requirement for the grant while limiting impacts to other critical operations and maintenance activities.

This is not our only ancient siphon. If the Atrisco Siphon located north of Central Blvd. in Albuquerque were to fail before it can be re-lined or replaced, it would be financially unfeasible to pump enough water from the river to supply the entire south valley of Bernalillo County and northern Isleta Pueblo, in which over 4,100 acres are irrigated.

El Vado Dam, our primary water supply reservoir, is in the midst of a \$150M plus rehabilitation project, led by the Bureau of Reclamation, to ensure it is available to store water for the next 100 years. The MRGCD will bear 15% of this cost, which, fortunately, is on a long-term repayment plan.

However, we do not have that same Federal interest in many parts of our system. The MRGCD has assessed capital needs throughout the MRGCD, including irrigation efficiency improvements, water conservation measures, siphon rehab, real-time flow measuring, canal structure rehab, and Bosque and river restoration projects to meet our endangered species commitments, and has identified \$175M in priority projects that need to be planned, designed, permitted and built.

While the MRGCD has successfully sought grant, loan, and capital outlay monies, many of these opportunities require matching funds and repayments.

The Board of the MRGCD has assessed this looming crisis over the last five years and intends to address the issue in a proactive manner instead of the previous reactive manner. The Board has directed MRGCD staff to prepare our FY 24 Budget to include an additional 1 mill levy in our assessment, to be used strictly for capital investment, MRGCD match on grants, and debt service on loans.

The MRGCD residential mill levy would increase from 5.0693 to 6.0693 mills. State Law mandates that the MRGCD can only increase the mill every five years, so this rate would be fixed for the next five years. This mill levy increase would cost the owner of a property with an assessed value of \$200,000 within the MRGCD boundaries \$67.00 per year.

This 1 mill would generate \$4.3M/year, and would leverage \$26M in grants and \$8M in loans, and would allow the MRGCD to take a \$58M bite out of that \$175M in priority projects over a four-year period.

The Board will review the draft MRGCD fiscal year 2024 Budget at our May 8th meeting and will take action. Please visit our website at www.mrgcd.com for more details on the priority projects and further rationale for this mill levy increase.

With the ongoing basin-wide water shortages and New Mexico's obligations under the Rio Grande Compact, it is incumbent on the MRGCD to develop a funding strategy to meet both our operational needs and our long-term capital and rehab needs, which will be covered by the additional 1 mill.

The MRGCD Board knows that inflation is impacting businesses, farmers, and families but we believe taking this action now will save money in the long run and help preserve a way of life that makes living in the valley so rewarding. We seek your support for this course of action.

Sincerely,

MRGCD Finance Committee

John P. Kelly, Director, Bernalillo County

Karen Dunning, Director, Bernalillo County

Barbara Baca, Director at Large