

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: June 25, 2014

Board Item: II-B-3

Colorado River System Conservation Agreement

Action by Consent

Action

Information

The Colorado River System has been experiencing drought for the past fourteen years, leading to substantially decreased water levels in both Lakes Mead and Powell. Current modeling projections show a significant risk of a long term imbalance in future supply and demand. In the short term, elevations in Lakes Mead and Powell could continue to decline to levels that would hinder power generation and water withdrawal. The Basin States have been evaluating options to mitigate risk from the continued drought. The proposed Colorado River System Conservation Agreement will establish a two-year Pilot Program designed to reduce system demands through voluntary reductions in water use, with the stipulation that the conserved water will be used solely to increase storage in Colorado River reservoirs.

The purpose of the Agreement is to determine whether system conservation undertaken through voluntary, compensated reductions in consumptive use is a viable method to mitigate the impacts of ongoing drought on the Colorado River System. The Parties to the Agreement are Denver Water, Central Arizona Water Conservation District, Metropolitan Water District of Southern California, Southern Nevada Water Authority, and the United States Bureau of Reclamation.

Each of the non-federal parties will contribute up to \$2 million over the term of the Agreement. Reclamation will provide \$3 million in federal funds. Payments will be made only as needed to fund specific conservation activities. It is anticipated that additional funds may be contributed by the United States or other non-federal entities.

In the Lower Basin, Reclamation will act as the Pilot Program administrator. In the Upper Basin, an Upper Basin Contracting Authority, to be agreed upon by the Parties, will administer the Pilot Program. Specific conservation activities will be selected for funding by the Parties to the Agreement, based on such factors as cost, anticipated system water yield, risk, ease of verification, and geographic diversity. In the Upper Basin, the Governor's Representative of the state in which the proposed project is located must also consent to the proposal. The appropriate program administrator will execute and administer System Conservation Implementation Agreements for selected conservation activities, and will also enter into a funding agreement for each project. The term of the Agreement will be two years or until the last Implementation Agreement has expired.

No funding will be required from Denver Water until 2015, so there is no budgetary impact in 2014. The 2015 budget will contain adequate funding for this Agreement.

Recommendation:

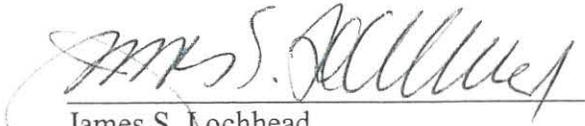
It is recommended that the Board approve execution by the CEO/Manager of the proposed Colorado River System Conservation Agreement, including changes to the wording of the Agreement that, in the opinion of General Counsel, are non-substantive in nature.

Approvals:

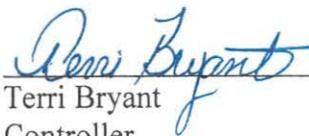


Patricia Wells
General Counsel

Respectfully submitted,



James S. Lochhead
CEO/Manager



Terri Bryant
Controller