



MEMORANDUM

July 8, 2010

TO: ERIC KUHN, GENERAL MANAGER, AND BOARD OF DIRECTORS, CRWCD

FROM: DAVE KANZER, P.E.

SUBJECT: STATUS REPORT: GUNNISON BASIN / ARKANSAS BASIN JOINT SUBCOMMITTEE ON BLUE MESA "MARKETABLE" POOL

The following memo is informational only and requires no board action.

On June 7, 2010 the Gunnison Basin Roundtable (GBRT) held a joint meeting with the Arkansas Basin Roundtable (ABRT) in Salida; I was not present but River District directors Alvey and Trampe were; the agenda is attached to this memo. I learned that it was decided at that meeting to convene a joint subcommittee of these roundtables to discuss and investigate the concept of, and issues related to, contracting for some or all of the remaining marketable water in Blue Mesa Reservoir. The specific purpose of the subcommittee was to: *"frame the issues and recommend criteria for DNR to follow if and when they negotiate a contract with the Bureau of Reclamation for water stored in Blue Mesa."*

On June 28, 2010 the first meeting of this subcommittee was convened, also in Salida and the agenda of this meeting is also attached for your review. I attended this meeting along with 9 GBRT members (Trampe, Alvey, John McClow, Frank Kugel, Joanne Fagan, Marc Catlin, Steve Shea, Steve Glazer, Dennis Steckel). The ABRT had 4 representatives present: Jay Winner, Jeris Danielson, Alan Hamel, Dan Henrichs; Jim Broderick was absent).

Overall it was a productive yet somewhat redundant meeting. John McClow presented many of the main issues related to the legal and technical obstacles to producing a favorable USBR contract for the as yet undefined remaining marketable yield of Blue Mesa. These include: acceptable uses of the water, contract purposes, delivery (*i.e.*, storage, release, exchanges), contract terms, limits, cost and possibly the most difficult: the definition of firm yield after all numerous legal commitments have been met.

Although the history of the marketable pool is long and complex, the issue has recently come back into focus as several key agreements are coming to conclusion. Specifically, the Aspinall Unit re-operation Draft Environmental Impact Study (EIS), related flow recommendations for the Endangered Fishes and the Black Canyon federal reserved water right settlement have now almost fully prescribed how water is to be stored and released. Throughout these processes and several preceding water court cases, the State of Colorado has claimed that there is up to 240,000 acre-feet of yield that may be available for contract. Alex Davis of the Colorado Department of

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Natural Resources (DNR) contends that there is a way to contract for this yield in a way that can benefit the entire state of Colorado, as a compact curtailment mechanism, even if it is to be stored and released downstream to Lake Powell via the Gunnison and Colorado Rivers.

The west slope and, in particular, the Colorado and Upper Gunnison River Districts, have long contended that the remaining amount of water in Blue Mesa Reservoir is much less than 240,000 acre-feet and in fact, some of the state's own estimates from the Colorado River Water Availability Study (CRWAS) Phase I indicate that there is little remaining developable water in the Upper Gunnison. Phase I results also suggest that a large contract volume may even exceed the total volume ranges estimated by CRWAS as remaining under Colorado's Colorado River Compact entitlement.

In addition to technical issues, River District staff is concerned both that the process is very premature and that there are far reaching policy implications of contracting for the remaining Blue Mesa yield. For example, some in the state seem to suggest that a Blue Mesa contract could enable additional water development within the state and that the contract could serve as an augmentation source for new trans-basin depletions. This is quite troubling and is much different than the original concept of using a Blue Mesa contract as a water banking component to protect existing critical uses against a Colorado River compact curtailment.

Although there was some dissention, the joint subcommittee has agreed to continue to work together to examine the issues further and to investigate the many unanswered questions. Eric Hecox of the DNR who facilitated the meetings, agreed to look into potentially using Phase II of CRWAS to better quantify the volume of firm yield remaining in Blue Mesa.

Should the contracting process continue, staff believes the discussions should be broadened to include other west slope roundtables and water interests, especially as such discussions pertain to regional water banking and future uses of the Colorado River water resources.

No additional meetings have been yet scheduled.

AGENDA

**Joint Meeting of the Gunnison and Arkansas Basin Roundtables
June 7, 2010
12:30 pm – 3:00 pm
SteamPlant Event Center
220 West Sackett Avenue
Salida, CO 81201**

12:30 – 12:40 Roundtable Business – Michelle Pierce/Gary Barber

Introductions
Review agenda
Public Comment

12:40-12:45 Ark Roundtable vote on WSRA grant request – Fish Passage Monitoring

12: 45 – 1:15 Presentation and Discussion

Alex Davis, Director of Interbasin Compact Negotiations – The
“Marketable Pool” from the State of Colorado’s perspective followed by
discussion

1:15 – 1:45 Presentations and Discussion

The Gunnison Basin Perspective: How does the Gunnison Basin RT see
the role of the Arkansas Basin in particular, and the Front Range in general, in resolving
Colorado's 2030/2050 water challenges? (15 minute presentation from one or more Gunn Basin
presenters.)

1:45 – 2:15 Presentations and Discussion

The Arkansas Basin Perspective: How does the Arkansas Basin RT see
the role of the Gunnison Basin in particular, and the West Slope in general, in resolving
Colorado's 2030/2050 water challenges? (15 minute presentation from one or more Ark Basin
presenters.)

2:15 – 3:00 Moderated Discussion – Eric Hecox

How are we all going to resolve Colorado's 2030/2050 water challenges?

3:00 – 3:30 Summary and potential next steps

Adjourn

AGENDA

Joint Meeting of the Blue Mesa Subcommittee of the Gunnison and Arkansas Basin Roundtables

June 28, 2010

9:30 am – 3:30 pm

Steam Plant Event Center

220 West Sackett Avenue

Salida, CO 81201

PURPOSE:

The subcommittee is to frame the issues and recommend criteria for DNR to follow if and when they negotiate a contract with the Bureau of Reclamation for water stored in Blue Mesa.

- 9:30 – 9:45 Welcome, Introductions, Agenda Review
- 9:45 – 10:15 Review and Explanation of Background Documents
- 10:15 – 12:00 Discussion of Issues (see below)
- 12:00 – 1:00 --Lunch--
- 1:00 – 3:00 Discussion of Issues (continued)
- 3:00 – 3:30 Discussion of Next Steps

Issues to be Discussed:

1. *Uses* – If water from Blue Mesa Reservoir is going to be used to benefit the entire State of Colorado what would be acceptable uses to the Gunnison and Arkansas Basin Roundtables?
2. *Contract Purpose* – How could control and release of contract water be different from current operations (i.e. what is changed by a contract)?
3. *Release and Storage* – If a release is made from Blue Mesa during a sustained drought, what water would be available in the following years? Could the storage in Blue Mesa after this one-time-release be use in conjunction with a west slope water bank?
4. *Contract Terms* – Who should determine how and when contract water will be released? Can the subcommittee provide recommendations on who should make these determinations and what terms should be included in a contract? Is a 40-year contract the only form of long-term contract available and what are the challenges/opportunities with this type of contract?
5. *Limits* – What, if any, volumetric/hydrologic condition limits should be established for use of the water (i.e. protection for minimum storage levels, etc.)?
6. *Cost* – How much might the contract cost and how should it be paid for?
7. *Other* – Are there other topic areas that need discussion or recommendations the subcommittee could make?