



MEMORANDUM
October 5, 2011

TO: BOARD OF DIRECTORS, CRWCD

FROM: ERIC KUHN EK

SUBJECT: *ROUNDTABLES/IBCC REPORTS*

1. Roundtables/IBCC Reports

The IBCC met on September 12th in Grand Junction. The next meeting is scheduled for November 30th in Loveland. At the meeting in Grand Junction, the IBCC focused on several issues:

- a. Encouraging the West Slope roundtables to get together with the Metro, South Platte or Arkansas River roundtables and have some joint discussions using the “tradeoff” tool. I believe the Colorado and Metro roundtables have already scheduled a meeting.
- b. The IBCC spent a bit of time discussing what its priorities would be for the remainder of 2011 and 2012. There is a clear agreement among the West Slope IBCC members that the IBCC needs to step aside and let the roundtables catch up and meet among themselves. This approach is not universally accepted. The Metro roundtable would like to see a more active role for the IBCC. There was agreement for the IBCC new supply committee to step up its efforts to address risk management issues.

The risk management issue came up during a discussion of the proposed Flaming Gorge Task Force. There were some strong views expressed on this proposal. T. Wright Dickinson, at-large IBCC member and former River District board member, was strongly opposed to any further discussion of Flaming Gorge believing that the effort will be a waste of time and money, divert our attention from more productive discussions, and polarize the process.

- c. Finally, the CWCB and IBCC had a joint discussion on how to utilize and manage the remaining funds available to the roundtable process. I’ve attached two short IBCC reports.

2. Flaming Gorge Project Exploration Committee

201 Centennial Street / PO Box 1120 • Glenwood Springs, CO 81602

(970) 945-8522 • (970) 945-8799 Fax

www.ColoradoRiverDistrict.org

I've attached the latest outline and budget for the Flaming Gorge Project Exploration Committee. Also attached is a 2007 letter to the Department of Natural Resources and Bureau of Reclamation addressing issues raised by the River District Board regarding a Flaming Gorge pipeline project.

Of the five listed issues, #3, the Yampa/White Colorado energy needs assessment has been completed. The other items have either not been addressed or are in progress.

At the time the River District Board heard from Aaron Million, his project was the only proposed Flaming Gorge project. Currently, Mr. Million has revised his project to include power so that FERC is the lead agency. Additionally, a group of South Metro entities led by Parker Water & Sanitation are pushing a competing pipeline project.

At the West Slope four roundtables meeting in May, I pointed out in a cover letter that the River District Board was on record as opposing any further consideration of the project until its listed issues have been addressed.

The three East Slope roundtables pushed the CWCB to approve the effort. Although reluctant and somewhat skeptical, the West Slope roundtables have agreed to participate or observe the effort. Dan Birch will be participating for the River District.

REK/ldp
Attachments

Basin Roundtable's Approach to Portfolio Tool Development

- Gunnison—at their August 1 meeting, an overview of the tool was provided. At their October 3rd meeting, Todd and Nicole Rowan will attend and hope to develop one or more portfolios. Based on Michelle Pierce's comments, they would like to invite BRT members from other basins to get their perspective and input.
- Arkansas—at their August 10th meeting, an overview of the tool was provided. Initially, they were reluctant to develop a portfolio and wanted to concentrate on the three priorities: 1) explore environmental needs and advocacy within the basin; 2) defining the basin's "ag gap," and; 3) implementation of the basins IPP's. They decided to work on these priorities parallel to their development of a statewide portfolio. The next date scheduled to work with the tool and develop a portfolio will be at their meeting on November 9th.
- South Platte—at their July 12th meeting a demonstration of the tool was provided. On September 20th, they met at the University of Northern Colorado's computer lab and were successful in developing a portfolio. The portfolio's key elements included 175KAF (both E and W Slope) of Colorado River water, medium conservation (with little to apply to the gap, 10%), moderate IPP success (somewhat on the low side) and moderate reuse.
 - **Demands:** The roundtable felt that examining medium demands would be most helpful to move forward.
 - **IPPs:** The roundtable indicated moderate IPP success: 50% success for agricultural transfers (assuming competition for same source amongst water providers), 80% success with reuse projects, 85% success for transbasin projects (i.e. Windy Gap Firing), 50% success with in-basin projects and 50% success with in-basin firming projects.
 - **Conservation:** The roundtable determined that medium conservation (although they thought there should be another conservation selection between low and medium) with 10% going towards the gap was a good initial first step, but they will discuss further. A subgroup is going to meet before their next meeting to discuss municipal conservation to attempt to validate the conservation assumptions.
 - **Reuse:** The roundtable put reuse at 50%.

- **Ag Transfers:** The roundtable would like Ag Transfers to approach 0% (with the exception of ag transfers due to urbanization).
 - **New Supplies:** The roundtable believes that 175KAF is available for new West Slope demands and that 175KAF is available for Front Range demands. Also, it was requested that the West Slope use of this water include re-use in the decrees.
 - **Next Steps:** They will meet sometime prior to their next meeting on October 11 to discuss the amount of water available through conservation. They will continue to develop their portfolio at their next roundtable meeting.
- Metro— The Metro had two meetings that were fully dedicated to building and understanding portfolios (August 10 and September 21st). In addition they've had two subcommittee meetings focusing on technical issues relating to conservation and reuse, respectively. During the last IBCC meeting, several members of the Metro BRT asked that Jacob Bornstein put together nine example portfolios to be presented at the 9/21 meeting. These were presented. From there, the roundtable sought to build a portfolio. Elements of the portfolio are as follows:
 - **Demands:** There was a thorough discussion of demands. It was determined that a 10% factor should be added for a strategic reserve. In addition, they would like to have at least one climate change scenario. It was determined that total demands will increase by 6% and supplies may go down by as much as 20% from evaporation. For an initial start, the roundtable chose to use the High Demand Scenario to represent these increased demands.
 - **IPPs:** It was determined the tool is not that sensitive to IPPs so all of their successes were set to 75% for the Metro except for existing supplies, which were set to be 100% successful.
 - **Conservation:** Based off the conservation memo provided by the subcommittee, a total of 120,000 AF was determined to be available from conservation, including passive. After accounting for passive conservation, it was determined 45,000 additional acre feet were available from active conservation, which is 45% of metro's mid conservation levels.
 - **Reuse:** It was determined that the metro basin could probably reach a reuse factor of 1.6, though it would all be direct reuse. Additional reuse facilities would need to be built as well as additional storage for any agricultural transfers to retine return flows.
 - **Ag Transfers and New Supplies:** At least initially the metro is not sure that it is concerned with where the supplies come from. They would like to see the

portfolio represent meeting the additional needs from 1) only new west slope supplies, 2) only agricultural supplies, and 3) ½ from each.

- **Next Steps:** A subcommittee was formed to create a couple more portfolios and check the assumptions made during the roundtable meeting.

The roundtable would like to take their vision to the three West Slope roundtables during November, December, and January. They are currently working with the Colorado BRT chair to schedule a November meeting. In addition, a small group agreed to meet with the South Platte and Arkansas to more carefully examine conservation and reuse.

- **Yampa/White/Green—** A roundtable subcommittee met on 8/22 to develop portfolios. These will be presented to the roundtable on October 19th. Each draft portfolio had the following elements:
 - **Demands:** The roundtable felt that examining high demands would be most helpful to move forward
 - **IPPs:** The roundtable kept the alternative IPPs, except that they added Moffat expansion and Windy Gap firming projects at 100% success
 - **Conservation:** The roundtable determined that medium conservation with 50% going towards the gap was a good initial first step
 - **Reuse:** The roundtable put reuse at 50%
 - **Ag Transfers and new supplies:** The roundtable varied it's portfolios based on three water availability scenarios: 1) worst case, with no new supplies available to either the West or East slopes, 2) A good neighbor policy, where up to 165,000 AF of supplies are available for the Front Range and 150,000 available for the West Slope, 3) a West Slope only scenario, where there are only enough supplies available to meet West Slope needs
- **Colorado—** The roundtable is meeting on 9/26 to discuss three draft portfolios developed by a subcommittee of the roundtable on 8/22. Each draft portfolio had the following elements:
 - **Demands:** The roundtable felt that examining medium demands were a good start for two of their portfolios, and high demands for their worst case portfolio (see below)
 - **IPPs:** The roundtable kept the alternative IPPs, except that they added Moffat expansion and Windy Gap firming projects at 100% success
 - **Conservation:** The roundtable determined that medium conservation with 50% going towards the gap was a good initial first step.

- **Reuse:** The roundtable put reuse at 20% as a beginning point
- **Ag Transfers and new supplies:** The roundtable varied its portfolios based on three water availability scenarios: 1) worst case, with no new supplies available to either the West or East slopes, 2) A good neighbor policy, where up to 168,000 AF of supplies are available for the Front Range and 150,000 available for the West Slope, 3) a West Slope only scenario, where there are only enough supplies available to meet West Slope needs

Important elements of the conversation included: 1) an interest in maintaining agriculture statewide since the full state is connected, however, if ag cannot be saved with a large transbasin diversion, then they are less interested in the discussion 2) conservation should be equally applied across the state, 3) the currently planned transbasin IPPs will be successful. The group also indicated that given the past history and new IPPs coming on line, the Colorado River mainstem headwaters have taken a large hit and that other west slope basins should consider how to help with additional transbasin supplies. The roundtable is working with the Metro roundtable to have a joint meeting with them in November, and would like to also discuss how to have a statewide dialogue on conservation.

- Southwest – at their July 13th meeting, CWCB demonstrated the tool. A handful of members participated in the webinar on August 8th. The tool and portfolios will be discussed in detail at their next meeting on October 12th. Prior to that meeting, members have been encouraged to work together in groups to create alternative portfolios to inform roundtable discussion.
- Rio Grande – at their August 9th meeting, CWCB demonstrated the tool. Though some members of the roundtable were somewhat skeptical of the roundtable's ability to accurately use the tool to provide valuable statewide input, they had a good discussion about the potential and purpose of the tool. They want to be engaged in the process. As such, they are scheduling a special half day workshop for October to review the tool in detail and create a portfolio.
- North Platte – at their July 19th meeting, CWCB demonstrated the tool. The roundtable created a portfolio at their September 20th meeting. The portfolio seeks above all else to minimize agricultural dry-up (the most important issue identified in their basin report). Elements of the portfolio are as follows:
 - **Demands:** The roundtable used the Mid Demand Scenario.
 - **IPPs:** Members of the roundtable felt that they didn't have enough information to edit IPP assumption at a project level. As such, they chose to edit the IPP

basin assumptions. They used the “alternative base” scenario assumptions for everything but ag transfer which they set to 0% for all basins. In addition, they wanted to make sure that no other projects with any ag transfer components were supported in their portfolio (technically difficult due to IPP data).

Therefore they requested their portfolio to be forwarded with the clear statement that they don’t support any IPP’s with an ag transfer component. There was some discussion about reducing front range success rates for new projects due to anticipated financial economic obstacles but they were left unchanged.

- **Conservation:** The roundtable felt that the Front Range must bear the responsibility of increased conservation. Members also indicated that they do not support mandated conservation statewide. As such, they chose the low conservation scenario with 30% being applied to the gap in only the Front Range basins (Arkansas, Metro, and South Platte). All other basins had 0% applied to the gap.
- **Reuse:** After a discussion of reuse pros/cons the roundtable settled on 75% reuse for the Front Range new supplies and 10% for the West Slope, with a 30%/70% direct/exchange split for the Front Range and 50%/50% for the West Slope. The roundtable was concerned with the impacts of reuse on ag supplies and was interested in the SP accretion/depletion page of the tool.
- **Ag Transfers and New Supplies:** To minimize ag dry-up and maximize use of available Colorado River water the members estimated to be about 300,000 AF they chose yields of 210,000 AF to the Front Range and 90,000 AF to the West Slope. The West Slope amount was designed to meet their demands detailed in SWSI with a buffer for further development and nonconsumptive uses.
- **Oil Shale and NT Groundwater:** Replacement of Front Range nontributary was left on, but oil shale development was turned off, since a few members were skeptical that it would ever be economically and environmentally viable.

Interbasin Compact Committee (IBCC)
September 12, 2011
Action Items/Next Steps

Next Steps: Portfolio Development

Staff:

- Provide a progress report regarding Basin Roundtable portfolio development and email this information to the IBCC and basin roundtables. Include where different roundtables are in the process, specific assumptions being applied, quantities being used, lessons learned etc. as roundtables advance through the portfolio exercise

Basin Roundtables:

- Continue to work with the portfolio tool to develop statewide and/or basin portfolios to share with other roundtables and the IBCC
- Communicate directly with other basin roundtables regarding the portfolio development exercise to gather input, suggestions, assistance, feedback, etc. For example roundtables might want to ask other roundtables what assumptions they are making on their IPPs and conservation
- Consider options regarding how and when to proceed with cross-basin discussion of portfolios once all basin roundtables have reached an appropriate stage; suggestions include:
 - Small-scale, roundtable-to-roundtable conversations/meetings
 - A larger-scale, all-roundtable meeting
 - A combination of efforts

Metro Roundtable:

- Consider a mode for communicating reuse and conservation findings to the IBCC and other basin roundtables when it becomes available; suggestions include:
 - Organize a meeting of representatives from each basin roundtable to share the findings and ask representatives to report back to their respective roundtables
 - Identify a representative(s) from the Metro Roundtable to visit each of the other basin roundtables to share their portfolio assumptions
 - Share/circulate a report to all basin roundtables and the IBCC

Next Steps: IBCC Subcommittees

New Supply Subcommittee

1. Continue to analyze and discuss the outlined portfolios regarding issues such as: feasibility/challenges, preconditions, implications, timing, effect (4-legs of the stool), incentives, trade-offs, etc. Additional areas of analysis suggested include:
 - Consider addressing the overarching issue(s) of “risk management” (i.e. managing the risk of additional development of Colorado River water and the risk of not pursuing additional development)
 - Consider how this work can complement efforts related to the basin roundtable discussion on Flaming Gorge

- Address the boundaries between a new supply project and an IPP
2. Work with other subcommittees and groups to gather information to facilitate portfolio analysis:
 - IPP Subcommittee: Ranges for realistic IPP success rates (if Task Force is successful and if not)
 - Conservation Subcommittee: Ranges for amount of conserved water that can be applied to the gap (if Subcommittee recommendations are successful and if not)
 - Nonconsumptive Needs Subcommittee: Wait until after the statewide nonconsumptive needs meeting to determine progress regarding understanding and quantification of nonconsumptive needs
 - Staff: Information about how much water from alternative agricultural transfer methods might be applied to the gap; consider additional technical work regarding what kind of infrastructure is needed to get higher levels of reuse in the South Platte
 - Metro Roundtable: Realistic reuse and conservation ranges based on discussions on the portfolio tool
 3. Consider if/when it may be valuable to have a conversation with the Attorney General regarding the legalities surrounding issues of junior-senior and junior-junior water rights

IPP Subcommittee

1. Finalize Task Force documents to send to Governor Hickenlooper as approved by the IBCC; documents should include:
 - a. Cover letter: As Chair of the IPP Subcommittee, Travis Smith will work with staff to draft a cover letter to submit with the IPP documents to Governor Hickenlooper. Travis and John will both sign the letter. It may be valuable to address the following issues in the cover letter:
 - i. The intent of the Task Force regarding streamlining and supporting timely conversations and the advancement of projects where appropriate.
 - ii. The intent of the Task Force is not to create more bureaucracy or to fast-track projects; but rather to better engage agencies/groups to streamline processes and promote better cross-agency communication.
 - iii. An outline of the Task Force request and additional information being provided to the Governor
 - b. State Role document (roles and responsibilities)
 - c. Task Force “not”/next steps clarification document

Nonconsumptive Needs Subcommittee

1. Finalize the agenda for the Statewide Nonconsumptive Needs meeting. The following suggestions were provided:
 - a. It may be valuable to add to the 10:30 panel a discussion regarding the Fountain Creek projects as examples of roundtable-initiated and -funded nonconsumptive projects
 - b. Consider Jeff Crane for the 1:15 panel to describe the North Fork project
 - c. Continue working to incorporate a discussion regarding the role of senior water rights and the interconnection between nonconsumptive needs and agriculture

2. Send out the meeting agenda with a reminder for attendees to request information (nonconsumptive concerns, project examples, current efforts, etc.) from their basin to share at the meeting
3. IBCC and roundtable members are strongly encouraged to attend the Statewide Nonconsumptive Needs meeting.

Agriculture Subcommittee

1. Continue conversations with agricultural water users and municipal water providers as outlined in the August 30th meeting summary

Conservation Subcommittee

1. Continue advancing indoor plumbing code legislation with the blessing of the IBCC. Identified next steps include:
 - a. Begin drafting legislative proposals; Wayne and Taylor will lead this effort with others in the water community familiar with drafting legislation
 - b. Begin stakeholder outreach; uniform messaging will be guided by the approved talking points
2. Readdress education and outreach efforts with PEPO after the completion of the CWCB statewide messaging study

PEPO

1. Develop basic messaging and outreach mechanisms based on the December 15, 2010 IBCC letter to the Governors
2. Look into how PEPO's efforts complement other statewide efforts (e.g., Water 2012, CWCB statewide messaging study, etc.)
3. Wait for IBCC subcommittees to complete their working products; PEPO will then review these products and provide suggestions regarding an appropriate outreach approach (within PEPO's capacity) at the roundtable and public levels
4. Continue to support the Basin Roundtable Education Action Plans and serve as a forum for roundtable-to-roundtable exchanges regarding education efforts and outreach to the public and local decision makers

Project Exploration Committee: Flaming Gorge

Revised 9/13/11

Response to 9/13 CWCB Discussion

- If successful, the Project Exploration Committee could be a venue for discussion of additional projects. The Flaming Gorge discussion is a test case to assess the viability of this approach.
- Committee members will be responsible for providing updates to and getting feedback from roundtables prior to Committee meetings; roundtables will be encouraged to provide opportunities for public engagement.
- All Committee meetings will be open to the public and each meeting will include an opportunity for public comment.
- A good-faith effort will be made by the Project Exploration Committee to include IBCC, CWCB, basin roundtable, and public input on tasks and deliverables.
- All deliverables will be submitted to the IBCC (including the New Supply Subcommittee), the CWCB, and the roundtables to inform their respective conversations.

Task 1: Identification of Interests and Issues

- Prepare preliminary list of interests and issues based on SWSI 2010 analysis, Flaming Gorge Task Force Situation Assessment interviews, and public comment
- Send preliminary list of interests and issues to IBCC members and roundtable chairs and encourage roundtable discussion (in-person or via email) to identify interests and issues in advance of IBCC discussion
- Work with Director of the IBCC to schedule IBCC discussion to identify additional interests and issues
- Finalize preliminary list of interests and issues for first Project Exploration Committee meeting

Number of Meetings	Cost	Travel Pool for Non-RT Members	RT Member Travel Cost per Person	Deliverable
0	\$500	\$0	\$0	Preliminary list of interests and issues

Task 2: Exploration of Current State of Knowledge Regarding Interests and Issues

- Develop operating protocols for Project Exploration Committee
- Discuss preliminary list of interests and issues; revise as necessary
- Prioritize interests and issues for discussion; combine interests and issues as needed
- Identify and discuss existing documents, reports, and studies that address interests and issues
- Engage additional stakeholders and experts as needed to inform discussion of existing documents, reports, and studies
- Engage IBCC in discussion of existing documents, reports, and studies, and work with roundtable representatives to engage full roundtables in this discussion
- Seek agreement on 1) list of interests and issues, and 2) range of perspectives/conclusions in existing documents, reports, and studies

Number of Meetings	Cost	Travel Pool for Non-RT Members	RT Member Travel Cost per Person	Deliverable
6	\$30,000	\$1000	\$1000	Report of 1) interests and issues, and 2) range of perspectives/conclusions in existing documents, reports, and studies

Project Exploration Committee: Flaming Gorge
Revised 9/13/11

Task 3: Exploration of What Would Be Needed to Address Interests and Issues

- Discuss what would be needed to address interests and issues (including additional studies, processes, collaborative discussions, etc.)
- Engage additional stakeholders and experts as needed to inform discussion of additional work that is needed
- Engage IBCC to identify additional work that is needed to address interests and issues, and work with roundtable representatives to engage full roundtables in this discussion
- Identify pros and cons of using the Project Exploration Committee as the venue for discussions of specific projects
- Seek agreement on additional work that is needed to address interests and issues above and beyond Task 2
- Discuss ideas and options for next steps regarding the work of the Project Exploration Committee
- Seek agreement on recommended next steps for the Project Exploration Committee

Number of Meetings	Cost	Travel Pool for Non-RT Members	RT Member Travel Cost per Person	Deliverables
6	\$30,000	\$1000	\$1000	1. Report of additional work that is needed to address interests and issues 2. Recommended next steps for Project Exploration Committee

Budget Summary

Statewide: \$50,000

Match

Metro: \$6,700

Arkansas: \$3,300

PPRWA: \$2,500

Total Match: \$12,500

TOTAL: \$62,500

WSRA Request

Statewide: \$50,000

Metro: \$8,700

Arkansas: \$5,300

South Platte: \$2,000

Southwest: \$1,000

Rio Grande: \$1,000

Colorado: \$2,000

Gunnison: \$2,000

TOTAL: \$72,000

BRT Travel

Metro: \$2,000

Arkansas: \$2,000

South Platte: \$2,000

Southwest: \$1,000

Rio Grande: \$1,000

Colorado: \$2,000

Gunnison: \$2,000

TOTAL: \$12,000



July 24, 2007

Mr. Rick Gold, Regional Director
U.S. Bureau of Reclamation, Upper Colorado River Region
125 South State Street, Room 6107
Salt Lake City, UT 84138-1102

Mr. Harris Sherman, Director
Colorado Department of Natural Resources
1313 Sherman Street, Room 718
Denver, CO 80203

RE: The Proposed Pipeline Project from Flaming Gorge Reservoir to the Colorado Front Range

Dear Rick and Harris:

At its July 2007 regular board meeting the Board of Directors of the Colorado River Water Conservation District (Colorado River District) unanimously passed the following motion:

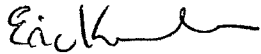
The Colorado River District is opposed to any further consideration or NEPA analysis of the Flaming Gorge Reservoir water service contract and pipeline project proposed by Aaron Million until satisfaction of the following items:

1. Completion of the S.B. 07-122 Colorado River water availability study;
2. Completion of the needs assessments of the Colorado, Yampa/White, Gunnison, and San Juan/Dolories Roundtables established by H.B. 05-1177;
3. Completion of the SWSI Yampa/White/Colorado energy needs study;
4. Agreement on the appropriate administrative priority and curtailment criteria for any contract for the proposed project; and
5. Full evaluation of the amount of water available for contract from Flaming Gorge reservoir and the commensurate risk to other Colorado River water users in Colorado.

In considering the project proposed by Mr. Million, the Board, specifically recognized and acknowledged that it minimized adverse impacts to stream flows in the headwaters of the Colorado River Basin.

For your information, I have attached copies of my memo to the Colorado River District Board on the proposed Million projects and a response by Mr. William Hillhouse, attorney for Mr. Million. The Colorado River District Board reviewed and discussed the Hillhouse memo before adopting the motion.

Respectfully,



Eric Kuhn, General Manager
Colorado River District

Cc: CRWCD Board of Directors
Colorado Water Conservation Board
Ken Knox, Acting State Engineer
Scott M. Balcomb, esa.
John Cyran, Colorado Attorney General's Office
Bureau of Land Management, Colorado and Wyoming State Directors
U.S. Army Corps of Engineers
Bob Muth, US Fish and Wildlife Service
Colorado River Basin Roundtable Members
Colorado Interbasin Compact Commission (IBCC) Members