



Colorado River District

75 Years

Protecting Western Colorado Water



MEMORANDUM

JANUARY 5, 2012

**TO: BOARD OF DIRECTORS
ERIC KUHN, GENERAL MANAGER**

FROM: DAN BIRCH, DEPUTY GENERAL MANAGER

SUBJECT: 10825

We wanted to provide an update on 10825, the effort by East Slope and West Slope water users to develop a permanent supply in the amount of 10,825 acre-feet pursuant to the 15-Mile Reach Programmatic Biological Opinion.

The following is informational. No Board action is requested at this time.

ENVIRONMENTAL ASSESSMENT

In October we reported about the release of the Environmental Assessment and Finding of No Significant Impact. The public comment period closed shortly after the board meeting. Most of the comments received were favorable and supportive. However, comments received from Pitkin County and Blue Valley Ranch raised some issues of concern.

Blue Valley Ranch is the large land holding below Green Mountain Reservoir which extends essentially all the way to Kremmling. They had concerns with how water exchanged to Green Mountain Reservoir, both to allow re-timing of Recovery Program flows and to help mitigate impacts of the use of Red Top Valley Ditch (explained in the October, 2011 staff memorandum, copy attached), might impact flows in the Blue River below the reservoir.

We met with representatives of the ranch in November and explained how there really was no significant impact, particularly during the winter and early spring, which was the period when they had particular concerns. Our explanation seemed to be well received and we left with the impression their concerns had been addressed.

Pitkin County commented, among others, that the proposed Red Top Valley Ditch mitigation insurance pool and the additional contract from Ruedi up to 2,000 acre-feet which formed part of the insurance pool (see October, 2011 memorandum) needed to be analyzed.

Pitkin County's primary concern is with the timing and amounts of releases from Ruedi and how these releases affect the Fryingpan River. We have explained that the proposed action, even with

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

(970) 945-8522 • (970) 945-8799 Fax

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an additional 2,000 acre-feet from Ruedi, represents an improved result over current conditions since there will be a net *decrease* in releases from between 3,412 acre-feet to up to 5,412 acre-feet. We have also indicated that the 2,000 acre-feet will only be needed infrequently – certainly much less frequently than if it was contracted for other purposes – and there is a great deal of flexibility about the timing of when it is released. When needed, it can basically be scheduled for release any time during the irrigation season.

To address the concerns, the Bureau and study consultant will modify the Proposed Alternative to include the additional 2,000 acre-feet and will revise the EA/FONSI accordingly. This will delay somewhat completion and issuance of a final EA and FONSI to the end of February. It will also result in additional costs and will cause us to exceed our budget for the project, although these amounts have not been estimated.

The good news is that by including the 2,000 acre-feet in the proposed action, no further NEPA will be necessary to put that amount of water under contract.

IMPACT OF RED TOP VALLEY DITCH ON GREEN MOUNTAIN RESERVOIR

Recall there are three possible components of the insurance pool: exchanges of Grand County environmental water to Green Mountain Reservoir, exchanges of the same to Wolford, and use of up to 2,000 acre-feet from Ruedi to back-up the exchanges when they might not result in usable storage supplies when needed.

John Currier and Don Meyer have been analyzing the insurance pool concept and how often the exchanges could be made and utilized. It's a complicated and difficult issue. We had a discussion with Denver in late December about the impacts to their system and we will be meeting with Grand County and other interests to try to work through the complications in the next month or so.

In view of the complications, difficulties, and the fact that the environmental water utilized for the exchange wouldn't be available for a number of years until the Moffat and Windy Gap projects are complete, our latest thinking is to proceed forward on the basis of a 2,000 acre-foot contract in Ruedi alone and pursue the exchanges later when the environmental water becomes available. The use of Ruedi would still be relatively infrequent – a 2002 type of year – and the 2,000 acre-feet can be scheduled for release with a great deal of flexibility. (Note: it would not be the Recovery Program that would call for the release of the water. It probably would be the River District in conjunction with Grand Valley water users and Denver.)

Attachment

October, 2011 10825 Memorandum



Colorado River District

Protecting Western Colorado Water Since 1937

MEMORANDUM

October 6, 2011

TO: BOARD OF DIRECTORS
ERIC KUHN, GENERAL MANAGER

FROM: DAN BIRCH, DEPUTY GENERAL MANAGER

SUBJECT: 10825

There have been some recent developments with 10825, the effort to develop a permanent supply in the amount of 10,825 acre-feet by water users pursuant to the 15-Mile Reach Programmatic Biological Opinion.

After two years and at a cost of approximately \$750,000, the draft Environmental Assessment (EA) and Finding of No Significant Impact (FONSI) is out for public review. Although NEPA will be completed in the near future (knock on wood), there will be a number of implementation items, most notably the mitigation of impacts to Green Mountain Reservoir, which is discussed below.

The following is informational; no Board action is requested at this time.

IMPACT TO GREEN MOUNTAIN RESERVOIR

In April we explained the nature of the impacts to Green Mountain Reservoir stemming from additional out-of-priority diversions to Granby Reservoir due to the use of Red Top Valley Ditch at Granby Reservoir to meet one half of the 10825 obligation. Estimates are that in a critically dry period like 2001-2004, the impact amounts to about 1,800 acre-feet per year.

The additional out-of-priority diversions impact West Slope entities with contracts at Green Mountain Reservoir and Historic Users Pool beneficiaries. Denver and Colorado Springs' substitution supplies are also adversely affected.

We have been working on several alternatives to mitigate the impact. This entails creating an insurance pool, or pools to keep the West Slope, Denver and Colorado Springs whole. The alternatives include:

1. Environmental Releases Substitution: As you know, under the Colorado River Cooperative Agreement and the proposed Windy Gap settlement, Grand County will have control over a variety of storage supplies in the Upper Colorado River, which will be released at Grand County's discretion for environmental enhancement. If Grand County determines the environmental releases are not needed below the confluence of the

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Blue River, that water could be stored by substitution in either Green Mountain Reservoir or Wolford Mountain Reservoir or both.

2. Ruedi Reservoir: Because the pools may not be available or sufficient when needed, it also is possible an additional supply will need to be secured, most likely a contract in Ruedi Reservoir for as much as 2,000 acre-feet, to firm the insurance pools.

Attached is a written description of the impact and the alternative solutions that was provided to the Bureau of Reclamation for their use in the environmental assessment.

John Currier and Don Meyer are working to analyze how and when the insurance pools would be filled and used, including when and how much water might be needed from Ruedi. It's not a simple analysis and we're grappling with all the complexities. We hope to have some information and a proposal we can take to our partners by the end of the month.

On September 21, we met with Ruedi interests, including representatives from Basalt WCD, Pitkin County, Ruedi Water and Power Authority, Silt WCD, and West Divide WCD to explain the impact and how Ruedi might be used to back up the insurance pools. Director Merritt was present as was John Ely on behalf of Pitkin County. Representatives from Denver and Northern WCD participated by telephone. Pitkin County expressed concerns about an additional amount of water being contracted at Ruedi. Their primary interests are maintaining reservoir levels, and keeping flows in the Fryingpan River low enough to maintain fishability. We explained that even with up to an additional 2,000 acre-feet from Ruedi, there is a net improvement as the result of 10825, i.e. with 10825 there will be less water released from Ruedi for the Recovery Program. With respect to an additional amount that may be contracted to back up the insurance pools, we also explained its use will be very infrequent and if not contracted for that purpose, the water would ultimately be contracted for other purposes which would necessitate its release on a much more frequent basis.

ENVIRONMENTAL ASSESSMENT

On September 23 the Bureau released the draft EA and FONSI for public review and comment. The comment period closes on October 24. Open Houses will be held the evenings of October 11 in El Jebel and October 12 in Hot Sulphur Springs.

During our meeting on September 21, Pitkin County expressed the view that the EA will be flawed because the additional 2,000 acre-feet was not scoped or analyzed. This doesn't appear to be an issue since the draft FONSI indicates that a separate NEPA/EA will need to be conducted on any additional amount (above 5,412 acre-feet) contracted from Ruedi. Subsequent conversations with the Bureau confirm this.

It is important to note that no decision has been made about if and how much additional Ruedi supplies might be needed. If needed, Ruedi is a likely alternative but not the only one. There are also other reasons why a Ruedi insurance pool could be problematic. For example, in discussions with our East Slope partners, we have indicated that they should bear the cost of the Ruedi

insurance pool because it stems from the Granby component of the 10825 supply, for which the East Slope is responsible. The East Slope has indicated a willingness to pay for Ruedi but at the reduced water service agreement rate which the Bureau has agreed to for the West Slope's 5,412. Assuming the reduced rate is acceptable to the West Slope, it will also be subject to the Bureau's approval.

10825 PERMANENT AGREEMENT

Peter Fleming has provided a redline version of proposed revisions to the agreement to Northern and the Bureau of Reclamation and we are waiting for a response.

Attachment

10825 Environmental Assessment
Red Top Valley Ditch Impacts to Green Mountain Reservoir
Water Users Proposed Mitigation

September 2, 2011

INTRODUCTION

The purpose of this paper is to describe the Water Users' proposed alternatives to mitigate the effects of the out of priority diversions stemming from the Red Top Valley Ditch supply to Granby Reservoir which will supply one-half of the water users' obligation to provide a 10825 acre-foot (a.f.) water supply to the 15-Mile Reach of the Colorado River pursuant to the 1999 Programmatic Biological Opinion.

It is expected that the preliminary draft environmental assessment will be revised to reflect these alternatives.

BACKGROUND AND DESCRIPTION

The use of the Red Top Valley Ditch (RTVD) to supply the 5,412.5 a.f. from Granby Reservoir results in a portion of water that historically was diverted through the Red Top Valley Ditch to instead be diverted into Granby Reservoir under the C-BT 1935 priority. When this happens at times when C-BT is out of priority, it results in additional releases from the Green Mountain Reservoir (GMR) 52,000 a.f. replacement pool. Because the Replacement Pool fills first, the out of priority diversions impacts or shorts GMR's 100,000 a.f. pool in subsequent years when GMR does not achieve a paper fill. In a 2001/2002 scenario this amounts to about 1500 a.f.

In a similar fashion, the RTVD supply also increases substitution requirements of Denver and Colorado Springs.

To offset or mitigate these impacts the Water Users propose the establishment of an "insurance pool" which would keep the GMR 100,000 a.f. pool whole and augment Denver and Colorado Springs substitution supplies as needed. The insurance pool would be comprised of any or all of three possible alternatives:

1. An "if and when" storage pool in Wolford Mountain Reservoir which would be filled by exchange from Grand County environmental water supplies if and when they are not needed for environmental purposes on the Colorado River below the confluence

with the Blue River. This pool would be the first to spill in the event that Wolford fills and thus may not be available in all years.

2. Similar to 1) above, surplus Grand County environmental releases would be exchanged to GMR and held in an "if and when" storage pool or simply used to offset the releases from the 52 k.a.f. replacement pool caused by the RTVD water being stored in Granby Reservoir.
3. A 2,000 a.f. water supply in Ruedi which would back-up the Wolford and/or GMR pools in years when they are not available or sufficient.

WOLFORD /GREEN MOUNTAIN RESERVOIR

Under terms of the Colorado River Cooperative Agreement, a negotiated but not formally approved agreement between Denver Water and a group of West Slope interests, Grand County will receive 1,000 a.f. of water supply from Denver's Moffat Collection system and up to 1,000 a.f. from Denver's Williams Fork Reservoir which will be used to improve stream flows in the Upper Colorado River.

Additionally, negotiations are currently underway with the Northern Colorado Water Conservancy District related to the Windy Gap Firing Project (WGFP). Additional environmental water supplies may be made available to Grand County as the result of those negotiations. That water includes:

- Up to 2,300 a.f. of Middle Park Water Conservancy District's water supply firmed-up in Granby Reservoir as the result of WGFP. As currently proposed, any of this water not needed by MPWCD by August 1 of any year could be made available to Grand County for environmental purposes from August 1 to October 15 of that year.
- Grand County has several opportunities to receive a portion of the yield of the pumping from the Windy Gap Project and have this water stored in Granby Reservoir for later release for environmental purposes.

Water will be released from the above sources to meet Grand County's objectives to augment flow in the upper Colorado River for environmental purposes. In those years that the RTVD operations cause an impact to GMR and the water is not needed for environmental purposes on the Colorado River below the confluence of the Blue River, the environmental water would be exchanged with GMR releases and held in GMR under an "if and when" contract or alternatively would be exchanged to reduce releases from the 52 k.a.f. replacement pool. For this alternative to be effective for mitigating impacts to GMR beneficiaries and the Cities (Denver Water and Colorado Springs), this water would need to be held in GMR and carried over into the following year.

To the extent the same sources of water cannot be exchanged into Green Mountain Reservoir, the water may be made available and stored by exchange in Wolford Reservoir. In other words, at that time Wolford Reservoir would be making releases from storage for contract purposes, the

releases would be reduced by the extent of the Grand County environmental flows and that volume of water would be booked-over and accounted for in a separate storage account in Wolford Reservoir. To keep whole other contractees of Wolford Reservoir water supplies, the water stored in the insurance pool would be the first to spill.

Both or either the GMR and Wolford insurance pools may actually be implemented and utilized. This decision will be made at a later date.

Water stored in the insurance pool in either GMR or Wolford will be made available to Historic Users Pool (HUP) beneficiaries and GMR contractees in the event of a shortage to the 100 k,a,f, pool in GMR. Water from the insurance pool will also be made available to Denver Water and Colorado Springs in the event of an increase to the amount of substitution water needed to complete the first fill of GMR. The exact conditions, mechanisms and triggers for operating the exchanges and making the supply available will need to be determined and agreed to by the Colorado River District, GMR beneficiaries, Denver Water, and Colorado Springs.

It is important to bear in mind that the environmental supplies that form the basis of the Wolford/GMR insurance pool may not be available for at least several years. For example, Grand County's supplies provided by Denver Water will not be available until completion of the Moffat Collection System Project.

RUEDI RESERVOIR

The River District contemplates entering into a Ruedi water supply contract for one-half of the water users 10825 acre-foot obligation. It is anticipated that the amount of this contract will be increased by 2,000 a.f. and this amount of water will be used in the event the Wolford Reservoir or GMR insurance pools are not available or not sufficient to offset a shortage to GMR or substitution supplies. If necessary, the extra 2,000 acre foot Ruedi water could be secured by a separate contract instead of adding the additional amount to the 5412 contract.