

Colorado River Management Report

Amendment to Metropolitan-Southern Nevada Water Authority Exchange Agreement

Water Planning and Stewardship Committee

7b

August 17, 2009

Background

- Interior established rules allowing agencies to store water across state lines
- In 2004, SNWA and Metropolitan developed a mutually beneficial exchange program
- Initial program was short-term with relatively small amounts of water exchanged

Southern Nevada



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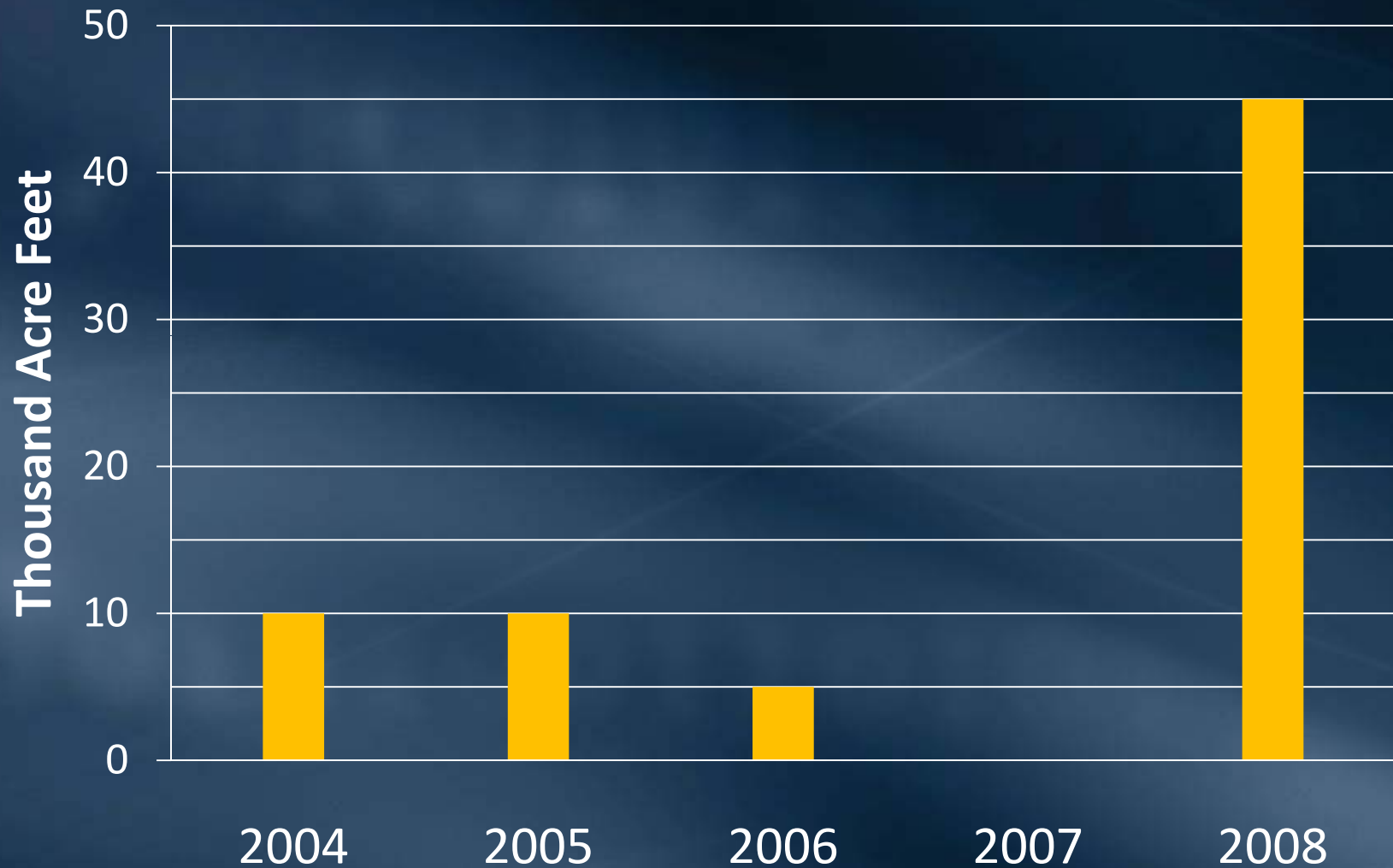
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Overview of 2004 Exchange Agreements

- Exchange agreements establish cooperative relationship to benefit both agencies
- Allowed Metropolitan to store Nevada's Colorado River water until 2010
- SNWA may recover water beginning in 2011
- Water exchange at no cost to either agency

Exchange Water Stored to Date



Need to Amend Exchange Agreement

- Water supply needs of both agencies have changed since 2004
- Along with reduced demands, SNWA has increased its water supplies
 - Purchased water rights on Virgin and Muddy rivers
 - Funded Drop 2 Reservoir (SNWA share 400,000 AF)
- Metropolitan has need for near-term water supplies



Terms of Amended Operational Agreement

- Metropolitan / SNWA meet annually through 2026 to determine storage amount
- Each agency to bear its own costs for storing and exchanging water

Terms of Amended Operational Agreement

- SNWA may not recover water until 2022 except:
 - Recover up to 20,000 AF in 2020 and 2021 if shortage declared under Interim Guidelines
 - Recover in any year shortages are so severe that SNWA is limited to less than 280,000 AF (extremely unlikely)

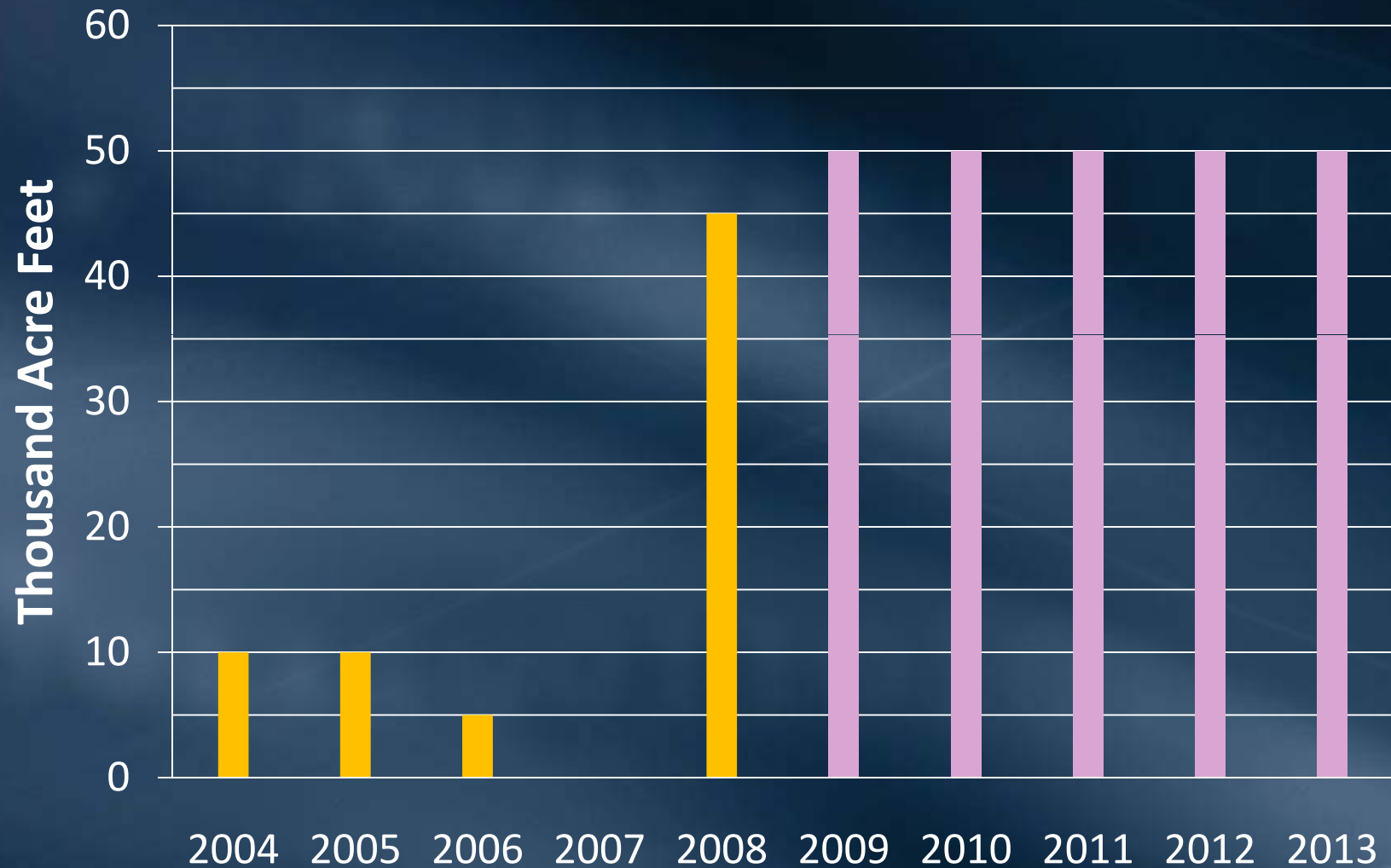
Terms of Amended Operational Agreement

- After 2022, maximum annual recovery limited to 30,000 AF in any one year, except
 - SNWA may recover up to 50,000 AF in a year of extreme shortage (i.e., Nevada shortage greater than 20,000 AF)

Implementing Amended Storage and Recovery Agreement

- For next several years, SNWA likely to have up to 50,000 AFY to store with Metropolitan
 - Each year, staff will evaluate water supply needs before determining storage amount
 - Consideration giving to water supply needs, budget, and payback requirements
- Recovery most likely to be 30,000 AFY but not prior to 2022

Potential Exchange Water Storage



Returning Water to SNWA

- Metropolitan anticipates to be in better position to return water in 2022
 - QSA transfers reach full amount in 2021
 - Provides 13 years to develop more reliable SWP supplies
 - Provides 13 years to develop additional water supply programs

Summary of Exchange Agreement Benefits

- SNWA stores for the future at no cost
- Metropolitan increases near-term supplies without incurring near-term costs
- Water returned to Nevada on a manageable schedule
- Encourages cooperative relationship to develop new water supply programs