



- Board of Directors
Water Planning and Stewardship Committee

3/11/2014 Board Meeting

8-4

Subject

Authorize entering into agreement for a pilot program to fund water use efficiency measures for the Colorado River and approve payment of up to \$2 million

Executive Summary

Authority is requested for Metropolitan to enter into an agreement for establishment of a two-year pilot program whereby entitled users of Colorado River water would be compensated for voluntary reductions in water use to benefit the Colorado River System. Metropolitan's share of the funding would be up to \$2 million over the two-year period of 2014 and 2015.

Details

Background

The Colorado River System has been suffering from the effects of a drought that began 14 years ago, leading to substantially decreased water levels in both Lakes Mead and Powell. Recent Colorado River System modeling projections show a serious near-term risk that water elevations in both Lakes Mead and Powell could decline to levels that would trigger shortages as early as 2016 and could interrupt the ability of certain municipal users from drawing water from both lakes in later years. A number of agencies have been evaluating options to mitigate risk from continued drought. In 2006, the U.S. Bureau of Reclamation adopted a Policy Establishing a Demonstration Program for System Conservation of Colorado River Water and extended the Policy in 2009. The Policy expired at the end of 2010. The purpose of the Policy was to establish a program of voluntary agreements with eligible holders of Colorado River water entitlements to conserve a portion of their approved annual consumptive use of Colorado River water.

Proposal

Metropolitan, Central Arizona Water Conservation District, Denver Water, and Southern Nevada Water Authority (municipal funding agencies), propose to enter into an agreement to establish a two-year pilot program whereby entitled users of Colorado River water would be compensated for voluntary reductions in water use, including the fallowing of agricultural lands, to create conserved water to benefit the overall Colorado River System including higher reservoir levels and reduced salinity. The purpose of the proposed agreement is to determine whether system conservation undertaken through voluntary compensated reductions in use is a feasible method to mitigate the impacts of ongoing drought on the Colorado River System, by increasing water elevation levels in Lakes Mead and Powell and/or enhancing flows in areas upstream of storage reservoirs. Under the proposed agreement, the municipal funding agencies would jointly select various projects in the Colorado River Basin for inclusion in the pilot program to create conserved water for the benefit of the Colorado River System. The municipal funding agencies would select an administrator to help establish and run the pilot program in accordance with the agreement.

Funding

Under the proposed agreement, the four municipal funding agencies would each contribute capital for the pilot program in the form of equal monetary contributions of up to \$2 million over the two-year period of 2014 and 2015. Other entities such as nongovernmental organizations may also contribute funds.

Policy

By Minute Item 41222, dated January 10, 1995, the Board adopted a set of Colorado River Basin Management Policy Principles that include continuing to seek ways to increase the reliability of Metropolitan's Colorado River supplies and collaborate with the other Colorado River Basin states and the Department of the Interior on innovative strategies requiring interstate cooperation.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not subject to CEQA because it involves other government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment (Section 15378(b)(4) of the State CEQA Guidelines). For projects under the program that may require subsequent approval, a CEQA review will be carried out and, if appropriate, environmental documentation for such projects will be prepared and processed in accordance with CEQA and the State CEQA Guidelines.

The CEQA determination is: Determine that the proposed action is not subject to the provisions of CEQA pursuant to Section 15378(b)(4) of the State CEQA Guidelines.

CEQA determination for Option #2:

None required

Board Options

Option #1

Adopt the CEQA determination that the proposed action is not subject to CEQA, and

- a. Authorize the General Manager to enter into an agreement for a pilot program for funding the creation of Colorado River System water through voluntary reductions in use on the terms described in this board letter and in a form approved by the General Counsel; and
- b. Approve payment of up to \$2 million for partially funding the program.

Fiscal Impact: Up to \$2 million to be funded from the operating budget.

Business Analysis: Participation will provide the opportunity to test the operational and institutional feasibility of a pilot program of system conservation in the Colorado River Basin.

Option #2

Do not authorize the General Manager to enter into an agreement for a pilot program for funding the creation of Colorado River System water through voluntary reductions in use, and do not approve payment for partially funding the program.

Fiscal Impact: None

Business Analysis: No participation in the pilot program would result in a lost opportunity to increase the amount of water in storage in Lakes Mead and Powell and influence the terms and conditions associated with the implementation of the pilot program.

Staff Recommendation

Option #1


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2/20/2014
Date


Jeffrey Kightlinger
General Manager

2/24/2014
Date

Ref# wrm12628361