

July 25, 2014

**An Open Letter regarding the
Partnership for Drought Management in the Upper Colorado River System**

Some questions and concerns have been raised about the pre-proposal for a Regional Conservation Partnership Program (RCPP) matching grant submitted recently to the Natural Resource Conservation Service (NRCS) by the Colorado Cattleman's Association, the Colorado Farm Bureau, the Nature Conservancy, Trout Unlimited and Denver Water (hereinafter, the "Partners" or the "Partnership for Drought Management in the Upper Colorado River System"). The pre-proposal is the first step in an open competitive project proposal process recently initiated by the NRCS in accordance with new authorities granted to it by Congress in the 2014 reauthorization of the Farm Bill. If awarded to the Partners, RCPP funding would help finance the piloting of drought management measures in the Upper Colorado River Basin.

This open letter to all interested parties is intended to further explain the Partners' thinking behind the pre-proposal. To fully explain the content of the RCPP pre-proposal, some background on conditions in the Colorado River Basin caused by the present extended 14-year drought is necessary.

The Impacts of Continuing Drought in the Colorado River

Should drought conditions persist in the Colorado River Basin, projections show a serious near-term risk that water elevations in Lakes Mead and Powell could decline to levels that likely would trigger shortages to water users, interrupt or cut-off hydropower production and potentially lead to extensive conflicts between water uses, states and the federal government. In combination, these consequences of reservoir level decline may cause water right owners to lose their ability to divert adjudicated water due to a Colorado River Compact call on the upper Colorado River and its tributaries above Lake Powell. The result could be a crippling impact to agriculture, municipal/industrial users, the economy and the environment. A potential problem of this magnitude deserves careful consideration and engagement from a broad range of stakeholders committed to actively search for solutions.

Lake Powell is the "bank account" that allows the upper basin to meet its collective Compact obligations to the lower basin. If that bank account is depleted too far, the upper basin is at risk of violating the Colorado River Compact. Losing hydropower generating capacity at Lake Powell due to excessively low reservoir levels would mean increased power rates for rural customers and producers throughout the upper basin. And reduced or curtailed hydropower revenues would severely compromise funding for critical programs that protect all water users in the upper basin from violations of the Endangered Species Act. Finally, allowing Lake Powell to drop below minimum "power pool" level would invite federal government intervention and action to protect critical water uses, potentially resulting in "federalization" of major water management actions in the Colorado River Basin.

Despite the severity of the consequences of such a scenario as described above, there is no emergency response plan should Lakes Mead and Powell approach or fall below critically low levels. During the past year, the seven Colorado River basin states have engaged in intense discussions among themselves and with the Department of the Interior (the agency responsible for operating the major federal reservoirs in the system) on measures to manage water supply to assure water elevations in Lakes Mead and Powell do not fall below critical levels. While these discussions have been fruitful, they have yet to produce this much-needed emergency response plan to directly address the falling reservoir level challenge.

The Colorado River System Conservation Agreement

To support the basin states' emergency response planning, a "Colorado River System Conservation Agreement" has recently been finalized between Denver Water, the Southern Nevada Water Authority, Central Arizona Water Conservation District, the Metropolitan Water District of Southern California, and the U.S. Bureau of Reclamation.

The Agreement commits \$11 million to fund pilot projects in both the upper and lower basins that demonstrate the viability of cooperative, voluntary compensated methods to reduce water demand from any number of different uses where water is lost or consumed – agriculture, municipal and industrial – in order to prevent Lakes Mead and Powell from reaching critically low levels. It aims to undertake different programs and to evaluate them carefully to learn how best to achieve water savings through voluntary, fully compensated consumptive use reduction methods.

All water conserved under this program will be left in the river so that it may reach either Lakes Powell or Mead (depending on whether the conservation methods occur in the upper basin or the lower basin). It will not go to municipalities or any other water user for additional consumptive use. Water left in the river and stored in Lakes Mead and Powell in order to raise their levels above critical elevations will benefit everyone.

In the upper basin, the program will be administered by the states to ensure equity and fairness across all sectors. In the lower basin, it will be administered by the Bureau of Reclamation which is consistent with past programs.

Water is administered in very different ways in the upper and lower basins. In the upper basin, each state has its own set of water laws. Water rights are the property of the landowner, and injury to water rights must be protected. Therefore, it is important to have open dialogue and communication among stakeholders in how pilot projects in the upper basin are identified and implemented. This is why the Partners – the Colorado Cattleman's Association, the Colorado Farm Bureau, the Nature Conservancy, Trout Unlimited and Denver Water – have come together to submit the RCPP pre-proposal.

The RCPP Pre-Proposal

Along with companion efforts being undertaken by entities in the lower basin to address Lake Mead water elevations, the Partners and their partners – all the water right holders in the upper basin – must find equitable and meaningful approaches to address critical reservoir elevation levels in Lake Powell that do not bring harm to the economy, society or the environment. Solutions must be found that complement existing water use practices, do not further worsen the problem, and result in raising reservoir levels in Lake Powell. An upper basin plan based on proven, voluntary, and fully compensated approaches to reducing water consumption in the upper basin at critical times can help preclude a Compact violation, sustain valuable power production capacity at Glen Canyon Dam, and thereby avoid widespread disruptions to power and water use and the financial viability of the upper Colorado River water management system.

Agricultural users are especially challenged by these conditions. Because agriculture is the largest category of water use in the basin, the impacts of a piecemeal response to falling reservoir levels in Lakes Mead and Powell could affect agricultural interests first and with some severity. And, because agriculture is wholly contingent on a dependable supply of water, administration of water in a shortage situation could lead to economic disruption and pressure for unplanned fallowing of irrigated lands throughout the basin.

The proposed Partnership for Drought Management in the Upper Colorado River System is designed to work with the System Conservation Agreement to support serious investigation and development of specific projects that can achieve the urgent objective of addressing system reservoir levels and subsequent calls on the upper Colorado River, along with extensive and open communication with Colorado River water right holders about the identified needs, plans, and pilot projects.

The System Conservation Agreement commits a minimum of \$2.75 million for use in the upper basin. This funding will be used “on the ground” for projects that will produce verifiable water that can benefit Lake Powell. Additional funding through the RCPP is urgently needed for numerous supporting activities, including:

- Assisting the upper basin states in coordinating outreach, monitoring and administration;
- Education and outreach;
- Planning and designing potential pilot projects;
- Evaluating pilot project successes and problems;
- Preparing reports;
- Designing and implementing further system conservation projects based on lessons learned; and
- Working with the basin states to develop an emergency response plan for Lake Powell that meets the needs of water users and the environment.

The Partnership’s focus will be on “pilot” projects to test mechanisms by which consumptive water use can be reduced for the sole purpose of increasing water elevations in Lake Powell. Emphasis will be placed on exploring whether non-fallowing approaches can produce this “system” water. The non-fallowing options to be considered include: deficit irrigation, split season irrigation, shifting to less water intensive crops or reducing evaporative losses from the field surface through conservation tillage, mulching, and/ or drip irrigation (thereby reducing the evapotranspiration losses from applied irrigation water). These options appear viable, but are less well understood than temporary fallowing in terms of providing benefit to reservoir levels as a reasonable cost. In addition, temporary, voluntary and compensated fallowing will be implemented, evaluated and compared to non-fallowing options with respect to feasibility, reliability, durability, ability to be replicated efficiently, and overall cost-effectiveness.

Partnership Principles

The Partnership for Drought Management in the Upper Basin is founded on several mutually agreed principles:

- Opinions must be set aside in order to find solutions to these systemic problems. Diverse stakeholder involvement will be paramount throughout the investigative pilot program. Stakeholders simply must come together to find solutions that work for all interests, since further conflict between water users in Colorado and the upper basin will only harm everyone’s interest.
- Engagement of other upper basin stakeholders into the project will be a primary focus, including the upper basin states of Colorado, Wyoming, Utah, and New Mexico. Approval from the respective state in which a given pilot project may be implemented will be required. Equally important, state chapters of the Cattleman’s Association and Farm Bureau, water conservancy and conservation districts, such as the Colorado River Water Conservation District and the Southwest Colorado Water Conservation District, and soil conservation districts will be engaged.

- Coordinated outreach, engagement and feedback will be the foundation of this project.
- The project will focus on alleviating the need for and risk of additional regulatory action.
- Water storage construction/enhancement and administration will be evaluated and considered.
- Municipal conservation will be part of the discussion.
- The pilot projects carried out by the Partnership will investigate all solutions, including temporary, voluntary and compensated fallowing, but an emphasis will be on non-fallowing approaches since, at present, these are the least well understood.
- Individual water project design will be identified along with monitoring methodologies that report water savings.
- The project will focus on innovative practices that deliver multifaceted benefits to the river system, environment and water users. Such practices will include, but not be limited to deficit irrigation, water banking, shifting to less water intensive crops, split season irrigation and system improvements that can reduce evaporative losses from field surfaces through conservation tillage, mulching, and/ or drip irrigation (thereby reducing the evapotranspiration losses from applied irrigation water).
- Evaluation of project successes, challenges, financing, barriers and improvements will take place with results reported through outreach programs.

We recognize the problem is difficult and solutions will not be easy. However, by working together we can help assure a more secure water future for all sectors of the economy. We would be happy to answer questions and engage in further dialogue.

Signed,

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