



# United States Department of the Interior

BUREAU OF RECLAMATION  
Lower Colorado Regional Office  
P.O. Box 61470  
Boulder City, NV 89006-1470

IN REPLY REFER TO:

LC-4400  
WTR-4.00

**MAR 25 2016**

VIA OVERNIGHT MAIL

Interested Parties (See Enclosure 1)

Subject: Second Funding Opportunity for Voluntary Participation in the Pilot System Conservation Program (Pilot Program)

Dear Ladies and Gentlemen:

The purpose of this letter is to inform you of an additional opportunity to participate in the Pilot Program. As you may recall, in October 2014 the Bureau of Reclamation sent a letter to your organization and approximately 50 other water user organizations in the Lower Basin seeking pre-proposals for projects that would test a wide-range of concepts for conserving Colorado River water to help mitigate the impacts of the on-going, historic drought.

The Pilot Program was established pursuant to Agreement No. 14-XX-30-W0574, dated July 30, 2014, as amended (Funding Agreement) among Reclamation, The Metropolitan Water District of Southern California, the Central Arizona Water Conservation District, the Southern Nevada Water Authority, and Denver Water (Funding Parties).<sup>1</sup> We are pleased to report that the initial phase of the Pilot Program was successful with selection of six Lower Basin projects that fully utilized the initial Lower Basin funding for the Pilot Program. These projects will conserve approximately 63,000 acre-feet of water thereby increasing the amount of water in Lake Mead at a cost ranging from \$99 to \$253 per acre-foot with an average amount paid to the participant of \$136 per acre-foot.

During the past 16 years, the drought in the Colorado River Basin has resulted in a substantial decrease in Lake Powell and Lake Mead storage. Since 2000, Colorado River System storage has decreased from 94 percent to about 50 percent of capacity. Reclamation's planning models indicate a 17 to 37 percent probability of shortage in the lower Colorado River Basin as early as 2017, increasing to a 59 percent probability in 2018. Given declining reservoir levels, Reclamation, the Colorado River Basin States, and water agencies within the Colorado River Basin States are actively working together and discussing proactive strategies to mitigate the impacts of the ongoing drought.

Under the recent Consolidated Appropriations Act, 2016, the Lower Colorado Region received additional funding, including \$3.5 million to fund additional water conservation projects in the Lower Basin under the Pilot Program. Reclamation anticipates that the non-federal Funding Parties will supplement Reclamation's funding.

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<sup>1</sup> The Funding Agreement can be viewed on Reclamation's website at:  
<http://www.usbr.gov/lc/region/programs/PilotSysConsProg/pilotsystem.html>

Your organization is invited to submit a written proposal describing a Colorado River water conservation opportunity that can be implemented and will result in reductions in consumptive use of Colorado River water having a recent history of use. Conservation may be achieved through system efficiency improvements, changes in practices that reduce Colorado River water use, new or enhanced water conservation programs, and temporary agricultural land fallowing, among other approaches. Submittal of project proposals that result in a reduction of consumptive use of Colorado River water and are based upon new or innovative concepts is encouraged.

The proposal should include sufficient detail to be evaluated by the Funding Parties, including as a minimum a project description, proposed annual and total conservation amount and verification method, approximate time frame for startup, project duration, amount of funding requested, and a detailed cost estimate. Proposals must meet Pilot Program requirements which are enclosed with this letter as Enclosure 2. The Funding Parties will select proposals on the basis of how well they meet Pilot Program requirements. Implementation of selected projects could begin as early as the fall of 2016. For this second solicitation, please keep the following in mind:

- Only Colorado River water entitlement holders are eligible to participate in the Pilot Program as defined in Subarticle 4.5 of the Funding Agreement.
- The process for review and evaluation of proposals is competitive in terms of evaluating, among other relevant factors, the uniqueness of testing a new approach for conservation, the amount and timing of water conserved in Lake Mead, the cost per acre-foot, and feasibility for verification and accounting of water conserved in Lake Mead.
- Although the Pilot Program focuses on short-term projects with a duration of 1 to 2 years, the Funding Parties will consider projects that may conserve water over a longer period of time, especially if the longer time horizon makes the cost of the conserved water competitive with other projects.
- Your organization will need to collaborate with Reclamation and other water entitlement holders in your state to ensure that the conserved water is not ordered for delivery and that it remains in Lake Mead.
- Your organization will need to resubmit your proposed project if it was not selected in the first phase and you desire to have it considered during this second solicitation.

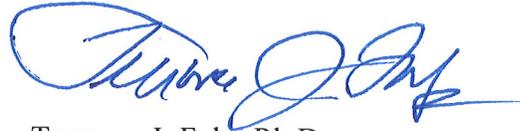
If your organization is interested in participating in the Pilot Program, please submit your proposal by cob April 22, 2016, to Mr. Steven C. Hvinden, Chief, Boulder Canyon Operations Office, at the address below. If your organization needs additional time, please contact us.

Mr. Steven C. Hvinden  
Chief, Boulder Canyon Operations Office  
Bureau of Reclamation  
Lower Colorado Regional Office  
P.O. Box 61470  
Boulder City, NV 89006-1470

To the extent permissible by applicable law, proposals will remain confidential until project agreements are executed to preserve the competitive nature of the selection process.

If you have questions regarding the Pilot Program or project concepts, please call Mr. Hvinden at 702-293-8414. If you need assistance, please use the TTY Federal Relay System number at 800-877-8339.

Sincerely,



Terrance J. Fulp, Ph.D.  
Regional Director

Enclosures – 2

cc: Ms. Tanya M. Trujillo  
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Colorado River Board of California  
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(w/encl to each)

Mr. John Entsminger  
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## ENCLOSURE 1

### INTERESTED PARTIES LIST

Honorable Edward D. Smith  
Chairperson  
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Honorable Sherry Cordova  
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14515 South Veterans Drive  
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Chairman  
Fort Mojave Indian Tribe  
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Needles, CA 92363

Ms. Lisa A. Atkins  
State Land Commissioner  
Arizona State Land Department  
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Mr. Russell Youmans  
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Honorable Herman Honanie  
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Hopi Tribal Council  
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Mr. Mark R. Clark  
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President  
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Mrs. Peggy Ogram and Mr. William Ogram  
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Mr. Mark Jessen  
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Mr. Thomas Sockwell  
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Mr. Jake Lenderking  
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Office Manager  
PABCO Gypsum (A Division of PABCO  
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Ms. Susanna Eden  
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Research Center  
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Honorable Bernadine Burnette  
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Honorable Peter S. Yucupicio  
Chairperson  
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Honorable Terry Rambler  
Chairman  
San Carlos Apache Tribe  
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Honorable Vivian Burdette  
Tribal Chairwoman  
Tonto Apache Tribe  
Tonto Apache Tribe Reservation No. 30  
Payson, AZ 85541

Honorable Louis J. Manuel, Jr.  
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AK-Chin Indian Community  
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Honorable Stephen Roe Lewis  
Governor  
Gila River Indian Community  
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Mr. Mike Byrd  
Water Resources Manager  
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Indian Community  
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Water Resources Department  
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Honorable Thomas Beauty  
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## ENCLOSURE 2

### **Second Solicitation**

#### **Pilot System Conservation Program (Pilot Program)**

#### **Requirements for Lower Basin Projects**

#### **Pursuant to Agreement No. 14-XX-30-W0574, Dated July 30, 2014, as Amended**

**Purpose:** To test a wide-range of conservation approaches to achieve voluntary, measurable consumptive use reduction of Colorado River water, having a recent history of use, by an Entitlement Holder, as defined by the Funding Agreement, to increase storage in Lake Mead to benefit the Colorado River System. The conserved Colorado River System water will not accrue to the benefit or use of any individual Colorado River water user.

**Selection and Proposal Requirements:** The Funding Parties (as defined in the letter) will jointly select proposals for inclusion in the Pilot Program based on factors provided in Subarticle 5.5 of the Funding Agreement.

Proposals must include the following information:

- Project description.
- Amount of Colorado River System water to be conserved per year and over the life of the proposed project.
  - Provide methodology for estimated consumptive use reduction and supporting information that documents the estimate.
  - Describe how the proponent will verify and document the consumptive use reduction on an annual or more frequent basis, as appropriate.
- Amount of time required to implement the conservation project and the project duration.
- Estimated cost per acre-foot of conserved water (on either an annual basis or other proposed period of project operation).
- Description of how the Entitlement Holder proposing this project will ensure that its approved water order is reduced by the amount of conserved water that will remain in Lake Mead, for example, through third party consents or forbearance agreements.
- Any additional information deemed helpful to explain and aid understanding of the proposal.

**Examples of Projects (the examples below are not meant to be limiting):**

- Irrigation efficiency and management improvements.
- Conveyance improvements.
- Temporary agricultural land fallowing.
- Forbearance/substitution.
- Brackish water treatment and use of same as a substitute water supply.
- Golf course turf removal and landscape conversions.

**Other Information:** Participants will be required to execute a System Conservation Implementation Agreement (SCIA) with Reclamation containing terms and conditions for the design, implementation, monitoring, evaluation, and compensation of the Pilot Program project and setting forth the obligations of the parties. The SCIA must also be approved by the other Funding Parties. By entering into a SCIA, the participant grants access to Reclamation to perform periodic on-site inspections of system conservation projects. Participants must be in compliance with applicable Federal, State, and local environmental, cultural, and paleontological resource protection laws and regulations throughout the term of the SCIA. Reclamation's annual *Colorado River Accounting and Water Use Report: Arizona, California, and Nevada* will serve as the basis for documenting the amount of water conservation achieved under the Pilot Program.