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

OCT 05 2014

VIA OVERNIGHT MAIL

Interested Parties (See Enclosed List)

Subject: Funding Opportunity for Voluntary Participation in a Pilot System Water Conservation Program (Pilot Program)

Dear Ladies and Gentlemen:

The purpose of this letter is to inform you of the opportunity to participate in the recently developed Pilot Program for Colorado River System Water conservation and encourage your organization’s participation.

On July 30, 2014, the Bureau of Reclamation and four municipal entities, the Metropolitan Water District of Southern California, the Central Arizona Water Conservation District, the Southern Nevada Water Authority, and Denver Water (Parties) entered into Agreement No. 14-XX-30-W0574 for a Pilot Program for Funding the Creation of Colorado River System Water Through Voluntary Water Conservation and Reductions in Use (Funding Agreement). Under the Funding Agreement, the Parties will fund up to $11 million for a Pilot Program to conserve Colorado River System water for storage in Lakes Powell and Mead. The Funding Agreement can be viewed on Reclamation’s website at: http://www.usbr.gov/newsroom/docs/2014-07-30-Executed-Pilot-SCP-Funding-Agreement.pdf.

Over the next 2 years, the Pilot Program will seek projects and provide funding to develop short-term pilot projects that keep water in Lakes Powell and Mead through temporary, voluntary, and compensated conservation mechanisms. If the Pilot Program proves to be successful, it could be part of a broader suite of programs to be implemented if elevations in Lakes Powell and Mead approach critical levels.

Reductions in Colorado River water use in the municipal and industrial (M&I) and agricultural sectors may be achieved through, among other approaches, system efficiency improvements, changes in practices that reduce Colorado River water use, new or enhanced water conservation programs, and temporary agricultural land fallowing. We are seeking pre-proposals (up to two pages) for water demand reduction projects from agricultural and M&I entitlement holders that will allow for conserved water to remain in storage to help offset declining reservoir levels.

You are invited to consider and submit a pre-proposal describing any conservation opportunity that can be implemented by your organization. Successful pre-proposals should include a project description, proposed conservation amount and verification method, approximate time frame for
startup, project duration, and amount of funding requested; pre-proposals must meet Pilot Program requirements which are enclosed with this letter.

Given that Pilot Program funding is limited in the lower Colorado River basin to $8.25 million, the Parties will rank and select pre-proposals on the basis of how well they meet Pilot Program requirements and selection criteria. Implementation of selected Pilot Program projects could begin as early as fall 2014 or in calendar year 2015. The remaining funds, at least $2.75 million, are anticipated to be used to implement short-term pilot projects in the upper Colorado River Basin.

During the past 15 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 95 percent to 51 percent of capacity. Reclamation’s long-term planning model indicates a 36 percent probability of a shortage in the lower Colorado River basin as early as 2016, and increases to a 68 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.

If your organization is interested in participating in the Pilot Program, please mail your pre-proposal by November 17, 2014, to Mr. Steven C. Hvinden, Chief, Boulder Canyon Operations Office, at the address below:

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

If you have questions regarding the Pilot Program, 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: See next page.
cc: Ms. Tanya M. Trujillo
    Executive Director
    Colorado River Board of California
    770 Fairmont Avenue, Suite 100
    Glendale, CA 91203

    Mr. John Entsminger
    General Manager
    Southern Nevada Water Authority
    1001 South. Valley View Blvd, MS 480
    Las Vegas, NV 89153

    Mr. Michael Lacey
    Director
    Arizona Department of Water Resources
    3550 North Central Avenue
    Phoenix, AZ 85012

    Mr. David V. Modeer
    General Manager
    Central Arizona Water Conservation District
    23636 North 7th Street
    Phoenix, AZ 85080

    Jayne Harkins, P.E.
    Executive Director
    Colorado River Commission of Nevada
    555 East Washington Avenue, Suite 3100
    Las Vegas, NV 89101

    Mr. Jeffrey Kightlinger
    General Manager
    Metropolitan Water District of Southern California
    700 North Alameda Street
    Los Angeles, CA 90012

    Mr. Jim Lochhead
    CEO/Manager
    Denver Water
    1600 West 12th Avenue
    Denver, CO 80204
    (w/encl to each)
Interested Parties List

Honorable Edward D. Smith  
Chairperson  
Chemehuevi Indian Tribe  
1990 Palo Verde Drive  
Havasu Lake, CA 92363

Honorable Sherry Cordova  
Chairwoman  
Cocopah Indian Tribe  
14515 South Veterans Drive  
Somerton, AZ 85350

Honorable Wayne Patch, Sr.  
Chairman  
Colorado River Indian Tribes  
26600 Mohave Road  
Parker, AZ 85344

Honorable Timothy Williams  
Chairman  
Fort Mohave Indian Tribe  
500 Merriman Avenue  
Needles, CA 92363

Mr. Larry Voyles  
Director  
Arizona Game and Fish Department  
5000 West Carefree Highway  
Phoenix, AZ 85086

Ms. Vanessa P. Hickman  
State Land Commissioner  
Arizona State Land Department  
1616 West Adams Street  
Phoenix, AZ 85007

Mr. Richard Prinster  
Manager  
Beattie Farms Southwest  
1551 Mammoth Drive  
O'Fallon, MO 63366

Mrs. Mary Youmans and  
Mr. Russell Youmans  
Managers  
Beattie Farms Southwest  
3025 Northwest Firwood Place  
Corvallis, OR 97330

Mr. Toby Cotter  
City Manager  
City of Bullhead City  
2355 Trane Road  
Bullhead City, AZ 86442

Mr. David V. Modeer  
General Manager  
Central Arizona Water Conservation District  
23636 North 7th Street  
Phoenix, AZ 85024

Mr. Robert Mullion  
President  
Cibola Valley Irrigation and Drainage District  
63522 River Road  
Cibola, AZ 85328

Mr. Greg Wilkinson  
City Administrator  
City of Yuma  
1 City Plaza  
Yuma, AZ 85364
Mr. Robert Dunn  
Manager  
Gila Monster Farms  
3720 South Avenue 17E  
Yuma, AZ  85365

Mr. Michael Schlehube  
District Manager  
GSC Farm, LLC  
3550 North Central Avenue, Suite 1115  
Phoenix, AZ  85012

Honorable Herman Honanie  
Chairman  
Hopi Tribal Council  
123 Main Street  
Kykotsmovi, AZ  86039

Mr. Charlie Cassens  
City Manager  
Lake Havasu City  
2330 McCulloch Boulevard North  
Lake Havasu City, AZ  86403

Mr. Mark R. Clark  
Manager  
Mohave Valley Irrigation and Drainage District  
1460 East Commercial Street  
Mohave Valley, AZ  86446

Mr. Frank Ferguson, III  
President  
North Gila Valley Irrigation and Drainage District  
1405 West 16th Street, Suite A  
Yuma, AZ  85364

Mr. Jack Rayner, Jr.  
Manager  
Rayner Ranches  
P.O. Box 100  
Ehrenberg, AZ  85334

Ms. Lori Wedemeyer  
Town Manager  
Town of Parker  
1314 11th Street  
Parker, AZ  85344

Mr. Bryan Knight  
Manager  
Unit B Irrigation and Drainage District  
15875 South Avenue A  
Somerton, AZ  85350

Mr. Elston K. Grubaugh  
Manager/Secretary  
Wellton-Mohawk Irrigation and Drainage District  
30570 Wellton-Mohawk Drive  
Wellton, AZ  85356

Mr. Tom W. Davis  
Project Manager  
Yuma County Water Users Association  
3800 West County 15th Street  
Somerton, AZ  85350

Mr. Rex Green  
Manager  
Yuma Irrigation District  
9510 Avenue 7E  
Yuma, AZ  85365
Mr. Patrick Morgan  
Manager  
Yuma Mesa Irrigation and Drainage District  
14329 South 4th Avenue  
Yuma, AZ 85365

Mr. Rick Daniels  
City Manager  
City of Needles  
817 Third Street  
Needles, CA 92363

Mr. Jim Barrett  
General Manager  
Coachella Valley Water District  
85-995 Avenue 52  
Coachella, CA 92236

Mr. Kevin Kelley  
General Manager  
Imperial Irrigation District  
333 East Barioni Boulevard  
Imperial, CA 92251

Mr. Ed Smith  
General Manager  
Palo Verde Irrigation District  
180 West 14th Street  
Blythe, CA 92225

Mr. Jeffrey Kightlinger  
General Manager  
Metropolitan Water District of Southern California  
700 North Alameda Street  
Los Angeles, CA 90012

Mr. John Entsminger  
General Manager  
Southern Nevada Water Authority  
1001 South Valley View Boulevard, MS 480  
Las Vegas, NV 89153

Honorable Keeny Escalanti, Sr.  
President  
Quechan Indian Tribe  
350 Picacho Road  
Winterhaven, CA 92283

Mr. Mark Paris  
President/CEO  
Basic Water Company  
875 West Warm Springs Road  
Henderson, NV 89011-4063

Mr. Paul Linker  
President  
Ehrenberg Improvement Association  
50078 Ehrenber Parker Highway, Suite 110  
Ehrenberg, AZ 85334

Mrs. Peggy Ogram and Mr. William Ogram  
Owners  
c/o Gila Valley Farms  
4260 East County Eight Street  
Yuma, AZ 85364

Mr. Mark Jessen  
Member  
J RJ Partners, LLC  
P.O. Box 5569  
Yuma, AZ 85366-5569
Maureen Rose George, P.C.
Attorney
Law Offices of Maureen Rose George
2000 McCulloch Boulevard North, Suite B
Lake Havasu City, AZ 86403

Ms. Stacy Vergano
Cha Cha, LLC
c/o Premier Management Company
P.O. Box 9116
Bakersfield, CA 93389-9116

Mr. Thomas Sockwell
Chairman
Mohave Water Conservation District
4266 San Felipe Road
Bullhead City, AZ 86429

Mr. Ron Derma
General Manager
Bard Water District
1473 Ross Road
Winterhaven, CA 92283

Mr. Jake Lenderking
Water Resources Manager
EPCOR Water Arizona, Inc.
2355 West Pinnacle Peak Road, Suite 300
Phoenix, AZ 85027

Mr. Lenny Ordway
Office Manager
PABCO Gypsum (A Division of PABCO Building Products, LLC)
8000 E. Lake Mead Boulevard
Las Vegas, NV 89156

Ms. Susanna Eden
Assistant Director
Research Center
University of Arizona
350 North Campbell
Tucson, AZ 85719

Mr. Louis J. Manuel, Jr.
Chairman
AK-Chin Indian Community
42507 West Peters and Nall Road
Maricopa, AZ 85138

Mr. Ruben Balderas
President
Fort McDowell Yavapai Nation
P.O. Box 17779
Fountain Hills, AZ 85269

Mr. Gregory Mendoza
Governor
Gila River Indian Community
P.O. Box 97
Sacaton, AZ 85147

Mr. Peter S. Yucupicio
Chairperson
Pascua Yaqui Tribe
7474 South Camino De Oeste
Tucson, AZ 85746

Mr. Mike Byrd
Water Resources Manager
Salt River Pima-Maricopa Indian Community
10005 East Osborn Road
Scottsdale, AZ 85256
Pilot System Conservation Program (Pilot Program)
Requirements for the Lower Division States
Pursuant to Agreement No. 14-XX-30-W0574, Dated July 30, 2014

Purpose:

To achieve a voluntary, measurable reduction of consumptive use of Colorado River System water 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:

For this solicitation, the Parties including the Metropolitan Water District of Southern California, the Southern Nevada Water Authority, the Central Arizona Water Conservation District, Denver Water, and the Bureau of Reclamation will jointly select proposals for inclusion in the Pilot Program based on factors provided in subarticle 5.5 of the Funding Agreement. Please submit a pre-proposal of up to two pages that includes the following information:

- Project description;
- Amount of Colorado River System water to be conserved either per year or over the life of the proposed project;
  - Provide supporting information or methodology for the estimated reduction in consumptive use;
  - Describe how Reclamation would verify the reduction in consumptive use;
- Amount of time required to implement the conservation project and the project duration;
- Estimated cost per acre-foot of conserved water;
- Description of how your organization will ensure that the conserved water will reduce your approved water order and through third party consents or forbearance agreements will remain in Lake Mead; and
- Any additional information that would be helpful in understanding your organization’s pre-proposal.

Other Information:

Reclamation’s annual Colorado River accounting and water use report will serve as the basis for documenting a participant’s achieved water conservation yield.

A participant will be required to execute a System Conservation Implementation Agreement (Implementation Agreement) with Reclamation which will provide the terms and conditions for design, implementation, monitoring, and evaluation of the Pilot Program project and compensation to the participant.

A participant must be in compliance with applicable Federal, State, and local environmental, cultural, and paleontological resource protection laws and regulations throughout the term of the Implementation Agreement.

By entering into an Implementation Agreement, the participant grants access to Reclamation to perform periodic on-site inspections of the Pilot Program project(s) to verify compliance with the Implementation Agreement.