



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-4200
2.2.4.23

OCT 11 2017

VIA OVERNIGHT MAIL

Interested Parties (See Enclosure 1)

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

Dear Ladies and Gentlemen:

The purpose of this letter is to inform you of a third opportunity to participate in the Pilot Program. In October 2014 and March 2016, the Bureau of Reclamation sent letters seeking proposals for projects to 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). Information about the Funding Agreement, the Pilot Program, and currently funded projects is available online at <https://www.usbr.gov/lc/region/programs/PilotSysConsProg/pilotsystem.html>.

The ongoing 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 55 percent of capacity currently. Given the reduced reservoir system content, Reclamation, the Colorado River Basin States, and water agencies within the Colorado River Basin States are actively working together to mitigate the impacts of the ongoing drought.

The Lower Colorado Region anticipates receiving funding for additional water conservation projects in the Lower Basin under the Pilot Program. The non-federal Funding Parties have committed to provide substantial resources in addition to Reclamation's funding to create additional system water conservation under the Pilot Program.

Your organization is invited to submit a written proposal describing a Colorado River water conservation project that can be implemented. Proposed projects resulting in reductions in consumptive use of Colorado River water having a recent history of use may include 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. Project proposals that reduce Colorado River consumptive use based on new or innovative concepts are encouraged.

Your proposal should include sufficient detail to be evaluated by the Funding Parties, including at a minimum: a project description; proposed annual and total conservation amount; verification method; approximate time frame for startup and project duration; a detailed cost estimate and amount of funding requested. Proposals must meet the Pilot Program requirements enclosed with this letter (Enclosure 2).

The Funding Parties will select proposals on the basis of how well they meet Pilot Program requirements. In developing your proposal, 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.
- Given that Pilot Program funding is limited, the proposal review and evaluation process is competitive; ranking will occur on the amount and timing of water conserved in Lake Mead, the cost per acre-foot, feasibility in verifying and accounting for water conserved in Lake Mead and evaluating the uniqueness of testing new approaches for creating conservation.
- Entities and/or individuals may have already committed financial and other resources to water use plans for calendar year 2018. In such cases, we are flexible regarding project initiation; project initiation may be delayed until calendar year 2019.
- Although the Pilot Program focuses on short-term projects with a duration of 1 to 2 years, the Funding Parties will consider projects conserving water over a longer period of time, especially if the operational period makes the cost of the conserved water competitive with other projects.
- Entities and/or individuals 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.
- Entities and/or individuals who have submitted proposals in the past which were not selected should feel free to revise and resubmit during this third solicitation.

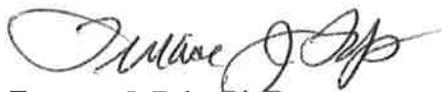
If you are interested in participating in the Pilot Program, please submit your proposal by December 8, 2017, to Mr. Steven C. Hvinden, Chief, Boulder Canyon Operations Office, at the address below. If your organization requires additional time, please contact us.

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 wish to discuss 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: See next page.

cc: Mr. Christopher S. Harris
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Enclosure 1

INTERESTED PARTIES LIST

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Honorable Vivian Burdette
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Honorable Thomas Beauty
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ENCLOSURE 2

Third Solicitation

Pilot System Conservation Program (Pilot Program) Requirements for Lower Basin Projects

Pursuant to the Funding 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 the amount of conserved water to remain in Lake Mead will not be ordered by other Entitlement Holders, 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.
- Agricultural land fallowing on an annual or partial year basis.
- Forbearance of Colorado River water or substitution of non-Colorado River water for Colorado River water.
- 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 of the Pilot Program project, and compensation to the Entitlement Holder proposing the 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 with the other Funding Parties 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.