



July 20, 2023

Wayne G. Pullan
Regional Director
U.S. Bureau of Reclamation
Via e-mail: UCBEfficiency@usbr.gov

U.S. Bureau of Reclamation
Upper Colorado River Basin System Conservation and Efficiency Program

RE: Comments on the Upper Colorado River Basin System Conservation and System Efficiency Program

Dear Mr. Wayne Pullan,

We are writing in response to the Bureau of Reclamation's (Bureau) Request for Input dated June 22, 2023. The undersigned represent a wide range of agricultural producers in the states of Colorado, New Mexico, and Wyoming. We have previously submitted comments related to Phase 1 of the System Conservation Pilot Project, which are attached for your reference. The below comments are meant to address the nature of projects, project selection criteria, and program administration for Phase 2.

1. Nature of Projects

From a producer's perspective, multi-year water conservation projects can have many benefits over single-season projects. For one, a single application that can serve for a multi-year contract period is likely to entice more engagement than an annual process. It has obvious administrative efficiency and cost savings for both applicants and program administrators. More importantly, running a farm or ranch is no different than any other businesses, in that it requires advance planning for capital, supplies, labor, and equipment. If producers have multi-year contracts, we are in a better position to adjust herd size, seed purchases, equipment leases, labor force, and financing to match the altered production model. Many of these elements simply cannot be adjusted on an annual ad hoc basis.

Your letter sought input on types of projects that can achieve verifiable, multi-year reductions in use or demand. Consider, as an example, a single ranch that has 400 acres of irrigated hay. The rancher agrees to a four-year contract, where each year they subject 100 acres to deficit irrigation. Meaning, they would stop irrigating on 100 acres about half-way through the growing season. Every year, they would rotate which 100-acres are subject to this practice, so that none of the ground is subject to repeated stresses year after year. The hay stands remain viable and do not have to be replanted. The soil remains covered with vegetation 100% of the time, reducing erosion, maximizing water infiltration, and improving soil health. And the entire farm is capable of being grazed to some degree, so livestock integration is continued throughout the life of the project.

Knowing that this new production model will be in effect for four years, the rancher is able to adjust the herd size, and all of the other inputs, to match the new production model. The reduced input costs and predictable income from the project payments contribute to greater profitability for the overall ranching operation. The Upper Colorado River Basin gets a verifiable reduction in water use that can be measured using a simple and reliable method, while maintaining landowner privacy.

Many others exist, but this is one project type that may be widely applied across multiple states where grass hay and alfalfa are produced for livestock feed. And while this example details a four-year period on a single ranch, consider how a program may be institutionalized, funded, and operated over the long-term across thousands of properties. Permanent water conservation is not limited to the permanent retirement of a specific farm or ranch. Deficit irrigation could rotate around a sufficient number of Upper Basin farms and ranches, so that in any given year, a certain amount of water is reliably conserved. The burdens and benefits of such activity are equitably shared among willing participants. If incentivized properly, this could be a durable and equitable tool for bringing water demands and supplies closer into balance.

A second project type that should be prioritized for the Phase 2 investment revolves around infrastructure improvements. An increment of water is lost in the system as result of inefficient conveyance, delivery, and diversion structures – namely, leakage, evaporation, and seepage from earthen ditches and canals. This lost water does not get applied to crops and converted into food production. Installing pipes and lining ditches can significantly reduce evaporation and transit loss, creating operational benefits for water users, and reducing the amount of water that needs to be diverted at the headgate. Once installed, the structures can yield benefits for decades, or more.

2. Project Selection Criteria

Preference should be given to projects that: install infrastructure that will reduce system loss, such as piping and lining of earthen ditches and canals; involve a larger quantity of conserved water, which will increase applicant and administrator efficiency by limiting transaction costs up front and measurement and verification costs; and projects that avoid permanent dry-up of productive agricultural ground.

3. Program Administration

We believe that the Upper Colorado River Commission (Commission) should administer the program. The Commission is made up of Upper Division State representatives, which gives the states an indirect role, and the Commission is already empowered to distribute the \$500 million of funding from the Inflation Reduction Act. The Commission should be expressly authorized to use funds from the IRA to employ third-party contractors and consultants to support the processing of applications and ongoing verification and compliance, as internal capacity and budget were not designed for this task. We also recommend accepting projects on a rolling basis to maximize flexibility and participation among water users.

The Commission should also develop processes with the office of the state engineer for each of the Upper Division States, to review each approved application and ensure that all state laws are met, and no injury will result to other water users. There is perhaps no touchstone more critical to water rights owners and our constituents than the protection of vested water rights. This program must maintain such protections through the state engineers of each state, so that the voluntary participation by some does not cause injury to others.

Thank you for the opportunity to provide input from the producer's perspective.

Sincerely,

Chad Franke, President
Rocky Mountain Farmers Union

Carlyle Currier, President
Colorado Farm Bureau

Eli Feldman, President
Western States Ranches