

STATE OF COLORADO

Colorado Water Conservation Board

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TO: Colorado Water Conservation Board

FROM: Jennifer Gimbel
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DATE: January 27-28, 2009

SUBJECT: Agenda Item 18d, January 2009, CWCB Board Meeting
CWCB Director's Report

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~ FEDERAL AND INTERSTATE ~

USBR TITLE I RURAL WATER SUPPLY ACT 2006 PUBLIC MEETINGS - The Bureau of Reclamation held public meetings recently to present for comment an interim final rule implementing Title I of the Rural Water Supply Act of 2006. The Act authorizes appropriations of up to \$15M/year for four years, mostly for grants and cost sharing assistance for project appraisal investigations and feasibility studies. Reclamation solicited proposals, first asking for a statement of interest, which Reclamation would review in its area or regional offices to determine eligibility and priority prior to asking the project sponsor to submit a full proposal. A Reclamation-wide review team would then rank proposals based on the following criteria: (1) urgent and compelling need; (2) a regional or watershed perspective, including combinations of projects; (3) financial need; (4) Reclamation's technical ability to plan and design the project; (5) legal issues; (6) tribal needs; (7) other available federal funding sources; (8) state or local priority; (9) innovative project approaches; and (10) other appropriate criteria. No weighting of these criteria has yet been made. Of note, any changes to the federal Principles and Guidelines would apply to project feasibility studies. Reclamation is also working on more detailed program "directives and standards" that will supplement the interim rule, and public workshops will be held in 2009 after the rule is final.

Under Section 104 of the Act, Interior is to report to Congress after assessing rural water needs, consulting with other federal agencies, and soliciting comments from States with "identified rural water needs." This programs assessment is to include: (1) the status of Interior's currently authorized rural water projects, as well as anticipated costs and obstacles to completion; (2) current completion plans; (3) the "demand for new rural water supply projects;" (4) "rural water programs within other agencies and a description of the extent to which those programs provide support for rural water supply projects and water treatment programs in Reclamation States, including an assessment of the requirements, funding levels, and conditions of eligibility...;" (5) the extent of demand that can be meet with Interior's program; (6) how the program will complement other authorities; and (7) any suggested improvements to coordinate and integrate agencies' authorities.

Reclamation is meeting with other federal agencies with rural water programs later this month. EPA is also required by law to estimate similar rural water needs, and EPA is working with Reclamation to "break out" those figures for Reclamation States. Reclamation intends to provide its draft assessment for review to the states. (*Source: Western States Water Newsletter #1804*)

EPA REGIONAL SUSTAINABLE WATER INFRASTRUCTURE FORUM -

Approximately 275 local, state, and federal leaders attended the Environmental Protection Agency's (EPA) Regional Sustainable Water Infrastructure Forum on December 2-3, in Denver, CO. Harris Sherman, Executive Director of the Colorado Department of Natural Resources, provided the keynote address on Day 1, welcoming attendees to Colorado and noting that there are many challenges facing land and water planners which include water for urban communities, transfer of water use from agriculture to municipalities, transbasin diversions, and water for energy development. Duane Smith, Executive Director of the Oklahoma Water Resources Board and former WSWC chair, provided the keynote address for Day 2. Duane discussed Oklahoma's statewide water plan and highlighted its robust, local participation and support.

Participants chose between two tracks: "Better Management" and "Integrating Water Policies and Planning for a Sustainable Future." More than 40 speakers, including WSWC Executive Director, Craig Bell, examined a number of issues, including; disconnections between land use, the ten attributes of effectively managed utilities water supply, water quality, and infrastructure planning; the benefits of environmental management systems; exploration of governmental roles to integrate water and land use decisions across political and programmatic arenas; asset management; and strategies to integrate water

interests into land use planning. For more information, contact Elaine Lai at (303) 312-7041, or lai.elaine@epamail.epa.gov (*Source: Western States Water Newsletter #1804*)

ENDANGERED SPECIES ACT - On December 16, the Departments of Interior and Commerce published final rules modifying the implementing regulations for Section 7 of the Endangered Species Act (ESA), which requires federal agencies to ensure that their actions do not jeopardize the continued existence of an endangered species or modify its critical habitat. The rule will become effective on January 15, 2009, and aims to clarify the ESA's consultation process, which currently requires federal agencies to consult with experts at the Fish and Wildlife Service (FWS) and the National Marine Fisheries Service (NMFS) when their actions may impact an endangered species or critical habitat - even if the action is unlikely to have a negative impact. The new rule requires agencies to follow existing consultation procedures unless the action is not anticipated to have an adverse impact on any listed species, and: (1) have no effect on a listed species or critical habitat; (2) are wholly beneficial; (3) cannot be measured or detected in a manner that permits meaningful evaluation; or (4) are the result of "global processes" and cannot be reliably predicted or measured, would result in an insignificant impact, or pose a remote potential risk of harm.

Some groups have criticized the rule, saying it allows agencies to determine on their own whether their actions will have an adverse impact, and prevents them from informally consulting with the services and other sources. This "runs contrary to Congressional intent, the Supreme Court's rulings, and numerous reviews of the efficacy of agency collaboration by the United States Government Accountability Office," said Darin Schroeder of the American Bird Conservancy in a comment letter to Interior Secretary Dirk Kempthorne. Mr. Schroeder also said the Supreme Court has "affirmed Congress' statutory intent to impose an irrevocable obligation on federal agencies to protect endangered species before carrying out their mission-related activities."

Secretary Kempthorne defended the rule, stating, "For decades under the ESA, federal agencies have made their own determinations about whether to consult on a project. That continues under this rule...federal agencies must still comply with all existing consultation procedures except in specific and limited instances... nothing in this rule discourages federal agencies from pursuing the informal consultation process. What we are doing is clarifying the threshold for consultation to occur." Secretary Kempthorne also stated that the rule ensures that the recent listing of polar bears as "threatened" does not "open the door to use the ESA to regulate greenhouse gas emissions.... That would be a wholly inappropriate use of the [ESA]." To review the rule visit: http://www.doi.gov/initiatives/ESA_Section7FR.pdf.

(*Source: Western States Water Newsletter #1805*)

NEVADA/UTAH/SNAKE RIVER VALLEY AQUIFER - A top Utah official has said that Nevada and Utah are close to agreeing on how to divide water from the Snake Valley Aquifer, which straddles the Nevada-Utah border. Mike Styler, Director of the Utah Department of Natural Resources, made the comments during a December meeting of the Utah chapter of the American Society for Public Administration. Mr. Styler said the states are focusing on how to share the water without damaging the aquifer, and stated that Utah's official position is "We support the pipeline, you just can't have our water." The talks were prompted by a Southern Nevada Water Authority (SNWA) proposal to provide Las Vegas with drinking water by connecting the city to northern Nevada with a \$3.5 B, 285-mile pipeline.

About 70% of the aquifer lies in Utah, where 90% of the current usage occurs, but snowpack from Nevada mountains supplies approximately 60% of its recharge. Moreover, the Bureau of Land Management (BLM) manages about 95% of the land in Snake Valley. The SNWA applied to the BLM in 2004 for a right of way to build its pipeline. That same year, Congress passed the Lincoln County

Conservation, Recreation and Development Act, which approved the pipeline pending a National Environmental Policy Act analysis. The Act also commissioned a study of the Valley's ground water resources, and stated: "Prior to any transbasin diversion from ground-water basins located within both the State of Nevada and the State of Utah, [both states] shall reach an agreement regarding the division of water resources of those interstate ground-water flow system(s) from which water will be diverted and used by the project." Critics claim the project will dry up the aquifer and kill vegetation, thereby creating air quality problems for Utah's heavily-populated Wasatch Front. (*Source: Western States Water Newsletter #1805*)

QUAGGA AND ZEBRA MUSSELS/WESTERN REGION PANEL - On December 19, the Western Regional Panel on Aquatic Nuisance Species (WRP) issued a letter to the Aquatic Nuisance Species Task Force (ANS) regarding the development of an action plan for quagga and zebra mussels. The ANS has asked WRP to take the lead in developing an action plan for its nineteen, western member states regarding the invasive mussels, which devour the food supply of native species, may increase human and wildlife exposure to organic pollutants, and raise water supply costs by clogging intake pipes, pumps and water distribution works.

WRP's letter stated that it will support an action plan if it "can be developed rapidly, with sufficient scope and weight to truly guide, harmonize, and promote expansion of efforts by the variety of agencies working on quagga and zebra mussel issues in the West." The WRP is a panel of public and private entities formed by the National Invasive Species Act of 1996 that works to limit the introduction, spread, and impacts of aquatic nuisance species in the West. (*Source: Western States Water Newsletter #1806*)

ENVIRONMENTALISTS BLAST CHANGES TO ENDANGERED SPECIES RULES -

The Bush administration cleared the way Thursday for federal agencies to skip consultations with government scientists when embarking on projects that could impact endangered wildlife, the interior secretary said.

The final regulations to the Endangered Species Act take effect before President Bush leaves office in January, but wildlife conservation groups say undoing the damage could take months.

"The responsibility to initiate consultation will still lie with the federal agency undertaking the action," Interior Secretary Dirk Kempthorne said, but if the agency in question can satisfy the requirement that no harm will come to an endangered species, then there is no need to consult with either the U.S. Fish and Wildlife Service or the National Marine Fisheries Services.

The determination of "no harm" will rest with agency bureaucrats instead of scientists, but the agencies can still seek the input of the scientists on a voluntary basis.

Developers and agencies with large projects have long sought a weakening of Endangered Species Act regulations, which they say delay their projects and add to costs.

Environmental groups contend that this change will take scientists and biologists who have protected endangered species completely out of the mix, leaving wildlife more vulnerable and harder to protect. They also say that more than 250,000 citizens voiced their opposition to the measure through the Web site regulations.gov.

The National Wildlife Federation, also voicing strong opposition, said that "in the eleventh hour of his presidency, President Bush has rammed through a sweeping overhaul of the Endangered Species Act.

This action eviscerates key protections that have helped safeguard and recover endangered fish, wildlife and plants for the past 35 years.'

But Chris Paolino, a spokesman for the Interior Department, said that the change is an "attempt to refocus the resources, time and manpower of both the U.S. Fish and Wildlife Federation and National Marine Fisheries to focus on those projects that have a measurable, adverse impact on endangered species."

President-elect Barack Obama has said he would work to reverse the changes, but since they go into effect before he takes office, his administration would have to reopen the rulemaking process.

(Source: CNN)

GREAT LAKES FACING WIDE ALIEN SPECIES INVASION - Dozens of foreign species could spread across the Great Lakes in coming years despite policies designed to keep them out, causing significant environmental and economic damage, a federal report says.

The National Center for Environmental Assessment issued the warning in a study released this week. It identified 30 nonnative species that pose a medium or high risk of reaching the lakes and 28 others that already have a foothold and could disperse widely.

Among the fish that scientists fear could cause ecological and environmental damage are the monkey goby, the blueback herring and the tench, also known as the "doctor fish."

The report described some of the region's busiest ports as strong potential targets for invaders, including Toledo, Ohio; Gary, Ind.; Duluth, Minn.; Superior, Wis.; Chicago and Milwaukee.

"These findings support the need for detection and monitoring efforts at those ports believed to be at greatest risk," the report said. *(Source: Associated Press)*



2009 WATER CONSERVATION LEGISLATION - The CWCB is working with HB 09-1017 sponsors, Rep. Sal Pace and Senator Mary Hodge to promote and support legislation that amends the Water Efficiency Grant Program Fund (WEGF) by providing authority to the CWCB to expend appropriated monies in the Fund. A recent interpretation of Colorado's statutes authorizing and

appropriating money for water conservation and drought mitigation planning and implementation grants (37-60-126 (12) C.R.S.), has resulted in a determination that despite WEGF unspent funds rolling- over from a prior fiscal year, there is currently no authority for the CWCB to expend these rolled-over funds. As a result, the remaining funds in the WEGF (well over \$1 million) cannot be utilized. The bill assists covered entities in complying with state law and remaining eligible to receive water project financing. The bill has no fiscal impact and seeks no new appropriations. *(Veva Deheza)*

~ STATEWIDE ~

PRESENTATION ON ISF PROGRAM TO COLORADO CATTLEMEN'S

ASSOCIATION – On November 20, 2008, Linda Bassi gave a presentation to the Water Committee of the Colorado Cattlemen's Association on "The Evolution of the Law Regarding Colorado's Instream Flow Program." Committee Chair Ralph Curtis invited CWCB staff to make the presentation at the Association's Mid-Winter Conference in Colorado Springs. The presentation also included information on the ISF Program's Water Acquisition Program, with a focus on leases. The presentation was well attended and CWCB staff appreciated the opportunity to get the word out to Association members about the Program. *(Linda Bassi)*

WATER CONSERVATION PLANS APPROVED – The Office of Water Conservation & Drought Planning (OWCDP) has *approved* two additional Water Conservation Plans from water providers. They include:

- Pagosa Area Water and Sanitation District
- City of Longmont

The OWCDP has determined the Plans to be in accordance with §37-60-126 C.R.S. and the CWCB's Guidelines for the Office to Review Water Conservation Plans Submitted by Covered Entities. Water providers may proceed with implementation of their Plans.

The OWCDP has received and is evaluating the following Water Conservation Plans:

Left Hand Water District
Parker Water and Sanitation District
City of Fountain
City of Greeley Water and Wastewater
Consolidated Mutual Water Company
Centennial Water and Sanitation District

(Veva Deheza)

JOINT FRONT RANGE CLIMATE CHANGE VULNERABILITY STUDY – CWCB is participating in this study, along with several Front Range water providers (City of Aurora, City of Boulder, Colorado Springs Utilities, Denver Water, City of Fort Collins, and Northern Colorado Water Conservancy District) to determine the education, tools, and methodology necessary to examine the possible effects of climate change on several common watersheds. Through collaboration with the Water

Research Foundation, this JFRCCVS project will enable group members, which obtain their water supplies from the upper Colorado, South Platte, Arkansas, Cache la Poudre, St. Vrain, Boulder Creek, Big Thompson, and other similar river basins, to examine potential effects climate change may have on those supplies. (*Veva Deheza*)

EPA DENIED BY ARMY CORPS OF ENGINEERS - The U.S. Army Corps of Engineers (Corps) has denied a request by the EPA to stop the permitting process for the proposed Northern Integrated Supply Project (NISP) in Colorado. The NISP is a proposed regional water project that would provide water to Colorado's Front Range by constructing two off stream reservoirs that would draw water from the Cache la Poudre and South Platte Rivers. EPA submitted comments earlier this year to the Corps regarding the project and asked the Corps to "elevate" its NISP decision. The Corps declined EPA's requests in a letter recently made available to the public in which it stated that it would not consider EPA's request because EPA submitted its comments "9 days after the close of the 135-day public comment period." The Corps said it would "fully consider" the comments during its additional study and evaluation of the NISP. (*Source: Western States Water Newsletter #1805*)

STATEWIDE DROUGHT MITIGATION & RESPONSE PLAN UPDATE – The Colorado State Drought Mitigation & Response Plan is required to be updated every three years. The last comprehensive plan was completed in 2002, with an update in 2007. For the 2010 update, the Office of Water Conservation & Drought Planning, working with the Governor's Water Availability Task Force, will do a comprehensive update and revision of the 2002 plan that integrates the 2007 update as well as climate change and other drought related components. Staff is in the early stages of the plan update, and have had meetings with the Division of Water Resources, the Division of Emergency Management, and the Water Availability Task Force to scope out the discrete tasks of the project, which will shape the Request for Proposals (RFP). We hope to have these RFP's out for proposals in a couple of months. (*Veva Deheza*)

OMNIBUS BILL PASSES – Included below is a news article announcing the passage of the "Omnibus Public Land Management Act" by the US Senate by a vote of 73-21. The Bill contained 9 Bills of specific importance to Colorado as noted in the news article. In addition, the bill also included passage of the "Northwestern New Mexico Rural Water Projects Act" (Title X, Subtitle B of S.22). The Northwestern New Mexico Rural Water Projects Act includes within it the settlement of the federal reserved water rights for the Navajo Nation in New Mexico as well as authorization for the Navajo-Gallup Pipeline Project, which also included a pipeline to Window Rock, Arizona. Recall the pipeline to Window Rock raised a number of issues related to the Colorado River Compact, specifically the use of Upper Colorado River Basin water in the Lower Colorado River Basin. The seven Colorado River Basin States worked hard to arrive at an acceptable solution to this matter and transmitted their concurrence of the solution to Sen. Bingaman on August 27, 2008. The colloquy between Sen. Bingaman and Sen. Murkowski recognized the efforts of the Colorado River Basin States and the August 27th letter was included in the RECORD relating to the consideration of S.22

Here is the article in full:

As he prepared to leave the U.S. Senate to serve in President Elect Barack Obamas cabinet, U.S. Senator Ken Salazar helped pass by a large margin the Omnibus Public Land Management Act of 2009 that includes provisions that preserve areas in Salazar's native San Luis Valley.

Included in the bill that will now go to the House of Representatives for consideration were the Baca

National Wildlife Refuge Management Act and the Sangre de Cristo National Heritage Area Act.

The Baca National Wildlife Refuge Management Act will amend the Great Sand Dunes National Park and Preserve Act of 2000 to assist in the administration of the Baca National Wildlife Refuge in the San Luis Valley. The act defines the purpose of the refuge...*to restore, enhance, and maintain wetland, upland, riparian, and other habitats for native wildlife, plant, and fish species in the San Luis Valley.*

Salazar said, “The lands in the Baca National Wildlife Refuge are a special part of the San Luis Valley. The bill passed will help preserve and enhance the natural beauty of these lands by providing a working framework for managing the refuge. Having fought for this important legislation for years, I am pleased that we are one step closer to getting it across the finish line and signed into law.”

Senator Salazar was an original co-sponsor of the Baca National Wildlife Refuge Management Act in the last Congress. Though the bill received unanimous support from the Senate Energy and Natural Resources Committee last year and had strong support from local communities, it ultimately did not receive consideration on the Senate floor.

The Sangre de Cristo National Heritage Area Act would establish a national heritage area (NHA) in Conejos, Costilla, and Alamosa counties.

With its rich history and unrivalled natural beauty, the San Luis Valley is truly one of our nations crown jewels, said Senator Salazar. This NHA designation will help communities protect their cultural and natural assets, while spurring local economic development. I applaud the citizens and organizations in the Valley for their work to fulfill the criteria for becoming an NHA set forth by the National Park Service, and I am proud of the great progress this bill has made.

Senator Salazar introduced the Sangre de Cristo National Heritage Area Act during the 110th Congress. The legislation authorizes the federal government to provide up to \$10 million matching funds over 15 years to rehabilitate historic structures, protect cultural and natural resources, develop tours, establish exhibits or programs, and increase public awareness of the Sangre de Cristo NHA. The bill ensures that private property rights and water rights are in no way affected by the creation of the National Heritage Area.

In passing the omnibus legislation in the senate by 73-21 on Thursday, Salazar said, I have worked on these important bills since my first days in the U.S. Senate. They reflect the input of local communities throughout Colorado and will help us protect the land and water that is fundamental to our way of life.

U.S. Senator Mark Udall said he was also pleased with the passage of the legislation on Thursday. He said he had authored a number of the bills included in the legislation while he served in the House of Representatives and was gratified to see their passage in the senate.

The passage of this bill in the Senate marks the culmination of many years of work by many Coloradans, Udall said.

The omnibus public lands bill will ensure that future generations of Americans experience the beauty of Western landscapes. For Coloradans, this package makes good on long-discussed efforts to preserve the Front Range Mountain Backdrop, and resolves a Nixon-era promise for wilderness at Rocky Mountain National Park. The bill also takes an important step toward protecting water supplies for the Arkansas Valley.

Summaries of the Colorado land and water bills, besides those already mentioned, that are included in the

legislation are below:

THE ROCKY MOUNTAIN NATIONAL PARK WILDERNESS ACT

The bill would designate approximately 250,000 acres of backcountry in Rocky Mountain National Park as wilderness. It includes key agreements reached in the 110th Congress that help protect water rights and water delivery through RMNP to northern Colorado communities, provide the possibility of constructing a bicycle trail along the Western edge of the park, and allow for continued efforts to mitigate the impacts of bark beetles and to prevent and combat forest fires.

THE DOMINGUEZ-ESCALANTE NATIONAL CONSERVATION AREA ACT

The bill would designate approximately 210,000 acres of federally owned land on the Uncompahgre plateau as the Dominguez-Escalante National Conservation Area (NCA), of which approximately 65,000 acres would be designated as the Dominguez Canyon Wilderness Area.

THE ARKANSAS VALLEY CONDUIT ACT

The bill would establish a 65% federal cost share for the construction of the Arkansas Valley Conduit, a proposed 130-mile water delivery system from Pueblo Dam to communities throughout the Arkansas River Valley. The Conduit was originally authorized in 1962 as part of the Fryingpan-Arkansas project.

THE JACKSON GULCH REHABILITATION ACT

The bill would authorize \$8.25 million in federal funding to rehabilitate the Jackson Gulch irrigation canal, which delivers water from Jackson Gulch Dam to residents, farms and businesses in Montezuma County. In addition to providing supplemental agricultural water for about 8,650 irrigated acres and a domestic water supply for the Mesa Verde National Park, the Mancos Project also delivers water to the more than 500 members of the Mancos Rural Water Company, the Town of Mancos and at least 237 agricultural businesses.

THE FRONT RANGE MOUNTAIN BACKDROP PROTECTION STUDY ACT

The bill would direct the Forest Service to work with local communities along the Front Range to identify ways in which they can protect open spaces and natural resources near the Arapahoe-Roosevelt National Forest. The study required by the bill would have no effect on private property rights or local planning processes.

THE SOUTH PARK NATIONAL HERITAGE AREA ACT

The bill would designate South Park in Park County, Colorado, as a National Heritage Area. The area would help protect 19 working ranches along 30 miles of stream corridor and 17,000 acres of wetlands and agricultural lands in the headwaters of the South Platte River. The legislation authorizes up to \$10 million in federal matching funds over 15 years to help protect historic, cultural, natural, and recreational resources. The National Heritage Area would be managed by local citizens and organizations, but the National Park Service will provide administrative and technical support.

THE CACHE LA POUDE RIVER CORRIDOR NATIONAL HERITAGE AREA TECHNICAL ADJUSTMENT ACT

The bill would fix a problem in the law that originally established the Cache La Poudre River National

Heritage Area in 1996. Because of a glitch in the statute, the Secretary of Interior has been unable to appoint a commission to manage the heritage area. This bill designates a local non-profit organization, the Poudre Heritage Alliance, as the management entity for the heritage area. It also extends the authorization for the area for an additional ten years, to allow for a total of \$10 million in federal assistance for historic, cultural and natural resource preservation. (*Randy Seaholm*)

COLORADO WATERWISE COUNCIL – CWCB has worked closely with the Council on the Best Management Practices (BMP) Guide that is currently being developed, with a grant from the CWCB. These BMP's will be an important tool for water planners and managers in the future as the State works to meet the SWSI identified water supply gap. The CWCB is also supporting the Council as they move forward in hosting a statewide conference on "Measuring Success in Water Conservation". This 2-day event will be held April 2 & 3, 2009 in Denver. Governor Ritter has been invited to be the lunch keynote speaker on April 2nd. John Fielder has been confirmed to be the evening event speaker on April 2nd. The Council anticipates approximately 100 conference attendees. Check the CWCB website for additional conference information as it becomes available. (*Veva Deheza*)

~ ARKANSAS RIVER BASIN ~

5TH ANNUAL ARK VALLEY FARM/RANCH/WATER SYMPOSIUM AND TRADE SHOW COMING FEB. 5 – Mark your calendar for the fifth annual Arkansas Valley Farm/Ranch/Water Symposium and Trade Show, scheduled for Feb. 5, in Rocky Ford, Colo.

This year's topics include the new farm bill, biodiesel from oil seed crops, and carbon sequestration. The symposium will also provide updates on country-of-origin labeling, animal feeding operation regulations, irrigation efficiency rules, and the latest research information from the lysimeter project at the Arkansas Valley Research Center. John Stulp, Colorado Department of Agriculture Commissioner, will provide a legislative update during lunch.

Chuck Hanagan, Farm Service Agency, and Dave Miller, USDA Natural Resources Conservation Service, will discuss the 2008 farm bill and how changes will affect farmers and ranchers. A group of local producers, Dave Kitch, Joel Lundquist, and Hal Holder, will discuss producing biodiesel from oil seed crops. Dr. Richard Conant, CSU, and Rich Mullaney, AgriTech Consulting, will discuss carbon sequestration and opportunities for farmers and ranchers to become involved in offsetting carbon emissions. Bill Sauble will shed light on his experiences selling carbon offsets and management practices he uses on his ranch in New Mexico.

Short update sessions will cover topics affecting today's farmers and ranchers. Dr. Jack Whittier, CSU Extension, will provide an update on country-of-origin labeling for livestock and other products and how this impacts producers. Animal feeding operations are common in agriculture and Ron Jepson, Colorado Department of Public Health and Environment, will provide much needed information as well as discuss protecting water quality. As a follow up to last year's symposium, Steve Witte, the Division 2 Engineer with the Colorado Department of Natural Resources, will provide an update about irrigation efficiency rules. Dr. Mike Bartolo will discuss the use of a lysimeter at the Arkansas Valley Research Center to determine water usage.

The symposium will be held at the Gobin Community Building in Rocky Ford, Colo., with registration beginning at 8 a.m. The program will begin at 8:45 a.m. Early registration is \$20 per person or \$30 per

couple prior to January 30 (\$25 and \$35, respectfully, after January 30). Student registration is \$5. For more information, contact Janet Golden or Natalie Edmundson, CSU Extension office in Rocky Ford at 719-254-7608, or visit the website: www.farmranchwater.org. (*Christian Lyons*)

~ COLORADO RIVER BASIN ~

COLORADO RIVER WATER USERS ASSOCIATION ANNUAL CONFERENCE – The Association held its annual meeting in Las Vegas on December 15-17. The theme this year was the “Power of Water.” Randy Seaholm, Ted Kowalski, representatives from the Attorney General’s Office and myself were part of the nearly 1000 in attendance and we were all snowed in overnight in a very rare storm event for Las Vegas. I have attached the remarks made by Secretary of Interior Kempthorne during the conference. (Attachment 18d-06)(*Randy Seaholm*)

UPPER COLORADO RIVER BASIN FUND – The Duchesne Unit of the Central Utah Project is a Participating Project under the Colorado River Storage Project Act (CRSPA). There is a \$98.4 million repayment on the “Aid to Irrigation” portion of the project that must be repaid between 2015 and 2025 pursuant the 50 year repayment mandate. Under the CRSPA revenue sharing provisions approximately \$465 million in power revenues must be collected during this time. This will result in a significant increase in the power rate and there will be surplus of dollars in the “Aid to Irrigation” fund. There have been discussions with the Western Area Power Administration, Reclamation, the Colorado River Energy Distributors Association (CREDA) and the four Upper Colorado Division States both as to how to less the increase in power rates and how to utilize the surplus funds. (*Randy Seaholm*)

UTAH’S LAKE POWELL PIPELINE PROJECT – The Utah Department of Water Resources filed its revised proposed Study Plans for the project on December 19, 2008. Public review comments on the revised proposed Study Plans for the project were due to FERC on January 5, 2009 and FERC is expected to approve the final Study Plans for the project in February 2009. We have been working directly with Utah to address our concerns with the proposed study plans directly as allowed by FERC. Utah has been receptive to addressing our concerns and we believe the final study plans will reflect an acceptable response to them. (*Randy Seaholm*)

SOUTHERN NEVADA WATER AUTHORITY (SNWA) – TRIBUTARY

CONSERVATION INTENTIONALLY CREATED SURPLUS (ICS) – The Secretary of Interior has approved a Tributary Conservation ICS plan for the Muddy and Virgin Rivers as proposed by the SNWA. Reclamation consulted with Upper Basin States as well as with the Lower Division States prior to approving the plan as required by the Interim Operating Criteria and states were agreeable to the proposal. The SNWA anticipated creating and taking delivery of 16,000 AF in 2008 and hopes to create 30,000 AF of credits in 2009. (*Randy Seaholm*)

COLORADO RIVER LONG-TERM AGUMENTATION – I have attached an article from the Las Vegas Review-Journal wherein Pat Mulroy, General Manager for the Southern Nevada Water Authority, is suggesting now may be the right time to study and build a project that would capture floodwaters from the Mississippi River to help secure a future water supply for the Central Plains and other western states. She plans on making the pitch at the Brookings Institute during a forum to help develop policy recommendations to President-elect Barack Obama. (Attachment 18d-08)(*Randy Seaholm*)

JOINT DECLARATION ON COLORADO RIVER ISSUES BETWEEN MEXICO AND U.S.

– I have attached a news release from the U.S. Department of Interior that provides the text of a Declaration signed by Secretary Kempthorne and Mexican Ambassador Sarukhan committing to continue the bilateral collaboration on Colorado River issues. These efforts are a continuation of commitments the seven Colorado River Basin States agreed to pursue as part of an overall plan to address the water supply and drought issues on the Colorado River. Don Ostler, Executive Director of the Upper Colorado River Commission, has been assigned the role of representing the Upper Colorado River Basin States and is receiving backup support from Ted Kowalski and Randy's section and from Tanya Trujillo in New Mexico. (Attachment 18d-07) (*Randy Seaholm*)

LOWER COLORADO RIVER BASIN TOUR – Geoff Blakeslee, Carl Trick, Bruce Whitehead, myself, Alex Davis, Dick Wolfe, Randy Seaholm and the AG's Colorado River Subunit were fortunate to be able join the Colorado River Water Conservation District Board and staff, some of Southwestern Water Conservation District Board members and representatives from the other three Upper Colorado River Basin States and the Upper Colorado River Commission on a tour of the Lower Colorado River. The Colorado River Water Conservation District worked with California Colorado River Association representatives Tom Levy and Jerry Zimmerman to arrange the tour. We were hosted along the way by the Southern Nevada Water Authority, Metropolitan Water District of Southern California, Palo Verde Water District and the Imperial Irrigation District. The water conservation efforts in the Imperial Valley and the Imperial Irrigation District water banking concept were very interesting. (*Randy Seaholm*)

COLORADO RIVER OPERATIONS REVIEW – The first year of operations under the recently adopted Interim Operating Criteria for Lakes Powell and Lake Mead resulted in 748,000 AF of equalization releases out of Lake Powell. The seven Colorado River Basin States met in Las Vegas on January 15th to review the first year of operations. The Upper Basin representatives had expressed concerns about operations during the year, particularly with respect to "inadvertent overruns" and some of the excess deliveries to Mexico. Reclamation provided significant detail on their operations. What the meeting pointed out was now that operations at Lakes Powell and Mead are connected to one another as never before there is a much greater need for better communication, particularly around critical dates. The discussions also helped point out certain areas during the preparation of the 24-month studies and updates to delivery orders in the study that can perhaps be improved upon. All went away with assurances that there will be better communications around the dates where critical operations are determined. (*Randy Seaholm*)

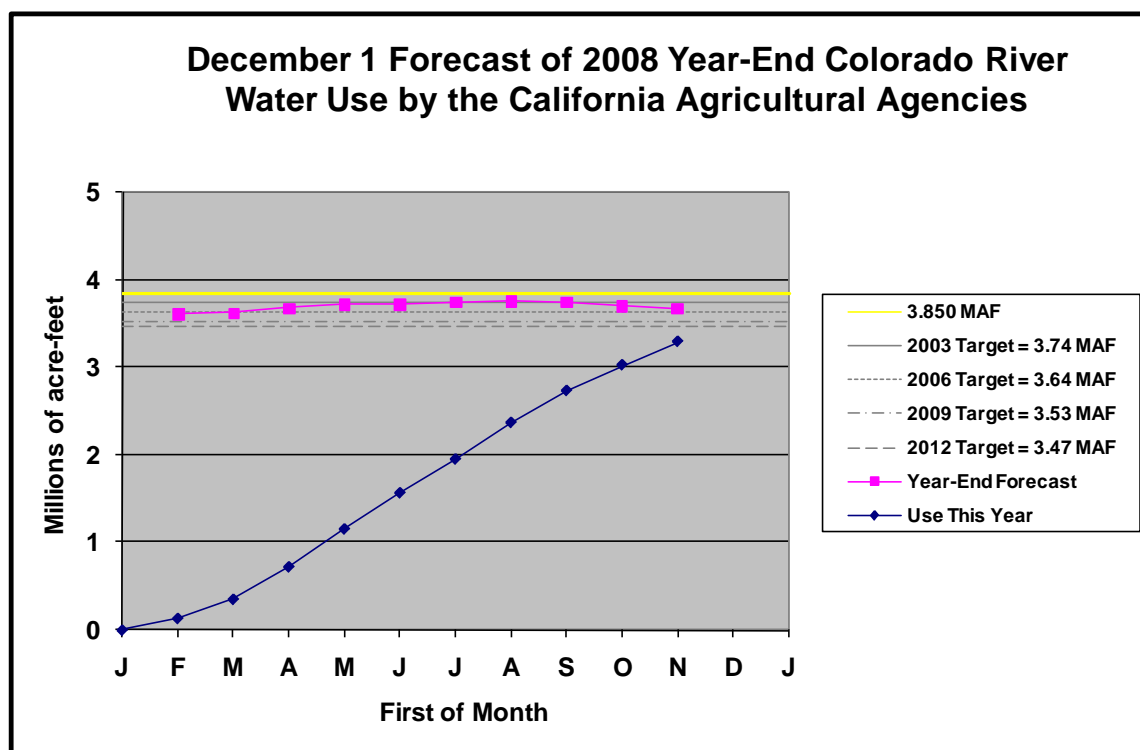
COLORADO RIVER 15-MILE REACH DEPLETION ACCOUNTING – The Colorado River 15-Mile Reach Programmatic Biological Opinion (PBO) Depletion Accounting Report required by the PBO has been officially completed. The report prepared by Andy Moore and Randy Seaholm, concludes that there was no increase in depletions above the 15-mile reach of the Colorado River during the period 2001-2005. The average annual depletion during the 2001-2005 timeframe was 987,200 AF as opposed to the average over the 1971-2000 period which was 1,035,900 AF. (*Randy Seaholm*)

UPPER COLORADO RIVER COMMISSION – The Commission held its annual winter meeting on December 17, 2008 in Las Vegas in conjunction with the Colorado River Water Users Association Annual meeting. The Commission received reports on the recent activities of Reclamation, Western Area Power Administration, Fish and Wildlife Service, and the Salinity Forum. Kevin Werner, Colorado River Basin Forecast Center, reported on the work they were doing to try and reconcile why different studies of future Colorado River Basin flow conditions varied so widely (reductions of between 5 and 45 percent). Craig Cooper, Department of Energy-Idaho National Laboratory, also made a presentation on Oil Shale Technologies and potential water impacts. The Commission also had significant discussion about the need to upgrade the Lees Ferry stream gage given the large increases in flow between Glen Canyon Dam

and the gage and directed the executive Director to work with the US Geological Survey, Reclamation and others towards achieving that goal. (*Randy Seaholm*)

COLORADO RIVER WATER USE – As of December 1, 2008, storage in the four major Upper Basin reservoirs decreased by 251,270 acre-feet and storage in the Lower Basin reservoirs increased by 12,900 acre-feet during November 2008. Total system active storage as of December 8 was 33.401 million acre-feet (MAF), or 56 percent of capacity, which is 1.694 MAF more than one year ago. (Upper Basin reservoirs increased by 2.107 MAF, and Lower Basin reservoirs decreased by 0.413 MAF.)

The end-of-year measure for 2004 California agricultural consumptive use of Colorado River water under the first three priorities and the sixth priority of the 1931 *California Seven Party Agreement* was reported as 3.524 MAF; and for 2005, the end-of-year measure was 3.581 MAF. The target under the Interim Surplus Guidelines (ISG) for the end of 2003 was 3.740 MAF, and the target for 2006 is 3.640 MAF, thus California was in compliance with the ISG through 2005. 2007 end-of-year use was reported as 3.753 MAF. Tracking of use in 2008 is shown in the graph below, with forecasted uses at the end of 2008 of approximately 3.677 MAF. (*Andy Moore*)



UCR WILD AND SCENIC ALTERNATIVES GROUP EMBARKS ON PHASE III - The Upper Colorado River Wild and Scenic Alternatives Group has embarked on Phase III of its work in developing an alternative for consideration by the Bureau of Land Management and United States Forest Service in their resource protection planning processes. The deadline for a final submission of a proposal is currently June 30, 2009. After consultation with the Board at the November 2008 Board meeting, this process will receive approximately \$64,000 for project management and facilitation. Additional money from the Wild and Scenic fund may be needed to assist with data collection efforts, but there a number of other funding avenues that are being explored, including using basin roundtable money. (*Ted Kowalski*)

PALISADE BAILS ON WHITEWATER PARK - The town of Palisade has dropped its plan to build a whitewater park on the Colorado River.

The U.S. Corps of Engineers had requested more information about the plan from the town.

To date, Palisade has paid some \$125,000 on plans and engineering work as it studied two different sites for a potential kayak park on the river.

The town had raised nearly \$1 million in donations and grants to build the park.

Sarmo said this week the town will ask two state agencies to "deauthorize" the money, freeing the funds for use on other projects that will move forward.

For almost three years, the town has negotiated with the federal Corps of Engineers for permission to place boulders in the river to create whitewater features for kayakers.

Initially, the town wanted to build the park upstream, at the Price-Stubb diversion dam. Later, it contemplated a whitewater park in a stretch of the river near the town-owned Riverbend Park. (*Source: Grand Junction Free Press*)

GLENWOOD SPRINGS DELAYS WATER RIGHTS DECISION - Water rights just aren't worth \$500,000 right now.

The Glenwood Springs City Council voted Thursday night to indefinitely postpone a decision about whether to seek water rights for the whitewater park.

The cost for a recreational in-channel diversion in 2009 could be as much as \$300,000, and additional costs could add \$200,000 more, city manager Jeff Hecksel said in a memo to the City Council.

There's nothing budgeted in the 2009 budget for the legal and engineering work necessary, and taking the cash from the general fund wouldn't be a good move during the recession, the memo says.

"Because revenues are declining due to the economic downturn, it would not be prudent to take this much money out of the general fund balance at this time," the memo says. "In order to cut this much money, it will be necessary to reduce staffing and service levels funded out of the general fund."

Taking the cash from a different fund that includes Community Center operations could work but would be "a major departure in city policy," the memo says.

"Given the continual decline in sales tax at this time, I would recommend postponing this work," the memo says.

The recreational in-channel diversion (RICD) could help protect flows at the whitewater park against calls from other subsequent diversions in the future. In times of shortage, Glenwood Springs could use a RICD to "call" water in the river from other water users who hold a younger right.

The whitewater park was constructed in March after around seven years of effort. It's cost almost a million dollars and around \$600,000 is budgeted this year for construction of on-shore amenities such as more parking, restrooms and a spectator area.

The park was awarded the 2009 U.S. Freestyle Kayaking Team Trials and has received visitors and praise from around the country. Photographs of its giant waves have appeared in Outdoor Adventure Magazine and paddling magazines along with copious amounts of footage on the popular video website www.youtube.com.

The park is expected to benefit Glenwood's economy and promote tourism. (*Source: Glenwood Springs Post/Independent*)

~ PLATTE RIVER BASIN ~

PLATTE RIVER RECOVERY IMPLEMENTATION PROGRAM - The Platte River Recovery Implementation Program held a Governance Committee meeting in Denver, on December 2-3, 2008 and the next Governance Committee meeting will be in Kearney on February 10-11, 2009. Colorado's representative, Don Ament, was selected as the Chairman for 2009. There will be an agenda item at the January Board meeting regarding the Program's 2008 accomplishments and upcoming challenges. For more information please visit: www.platteriverprogram.org. (*Ted Kowalski*)

SPWRAP MEETINGS - The South Platte Water Related Activities Program ("SPWRAP") continues to meet regularly on the third Thursday of every month. Odd numbered months are at the Northern Colorado Water Conservation District ("NCWCD") Office and even numbered months are at Denver Water. SPWRAP and the CWCB have distributed accounting forms to various water providers in the Platte River basin. This information is necessary for the State's reporting requirements under the Platte River Program. (*Ted Kowalski*)

~ SOUTHWESTERN RIVER BASINS ~

ASPINALL UNIT OPERATIONS DRAFT EIS – We continue to wait for the draft EIS to be released. We understand that it was recently released for publication and we hope to see it before mid-February. We remain hopeful that a reasonable compromise concerning a program to address selenium concentrations in the Gunnison River has been reached between Reclamation and the Service. Staff will be seeking funds through the Species Conservation Trust Fund to help initiate a portion of that program, which we are certain will contain some of the provisions the State and water users have suggested. (*Randy Seaholm*)

DOLORES RIVER DIALOGUE (DRD) UPDATE – The DRD has started an 18-month process to develop alternatives to Wild and Scenic designation on the Dolores River below McPhee Dam. The proposed alternatives will be submitted to the San Juan Public Lands Center (SJPLC) (Bureau of Land Management (BLM) and U.S. Service (USFS)), as part of the San Juan Public Lands Land Management Plan Revision process.

While the January 2008 Draft Plan Revision contained a preliminary finding of suitability for the Dolores River from McPhee Dam to Bedrock, it also recognized the role of the DRD in finding alternatives to Wild and Scenic designation, stating that: "Should the DRD make substantial progress in identifying and securing needed protections of the ORVs, the recommendations of the group could be used to supplement or replace this preliminary finding of suitability." To that end, the DRD will work with the SJPLC to

update the 1990 Dolores River Corridor Management Plan, and to develop alternative methods of protecting identified Outstanding and Remarkable Values (ORVs) on the Dolores River.

The updated Plan will be referred to as the Lower Dolores River Management Plan. To date, the CWCB has dedicated \$99,980 of Wild and Scenic alternatives funding towards this process. The funds will be used to facilitate meetings, conduct scientific field work, develop criteria for McPhee Reservoir spill management, integrate the DRD's scientific data into the Plan, and formulate alternatives for protecting the ORVs identified on the Dolores River. The DRD held the first public meeting to form the Lower Dolores Management Plan Working Group ("Dolores Group") in Dolores on December 15, 2008.

Approximately 40 people attended the meeting. The Dolores Group includes diverse stakeholders with many perspectives and interests in the lower Dolores River Valley, including representatives from all three surrounding counties (Dolores, Montezuma, and San Miguel); the Towns of Dove Creek and Dolores, the City of Cortez, water managers and water rights holders; grazing and property owner stakeholders; oil, gas, mineral and mining representatives; government agencies; recreationists; conservation groups; staff members from the USFS/BLM; and other interests.

The Dolores Group will participate in approximately 10 meetings and several field trips over the course of the next year. The goal of the Dolores Group is to gather information; identify values worthy of protection in the planning area; formulate ideas for protection of the values; and make recommendations to the USFS and BLM. Once the Dolores Group makes its recommendations, the Dolores Public Lands Office (USFS/BLM) will initiate a formal Environmental Assessment process, conduct public involvement, and issue a decision notice likely by March of 2010. For more information, see the DRD website at <http://ocs.fortlewis.edu/drd/default.asp>. The next Dolores Group meeting is set for January 19, 2008. (*Linda Bassi*)

COOPERATIVE RIVER MANAGEMENT PLAN FOR HERMOSA CREEK - The River Protection Workgroup ("RPW") and steering committee continue to meet in order to develop a cooperative river management plan for Hermosa Creek. The public meetings are the first Tuesday of every month from 6:30 pm until 8:30 pm. On January 5, 2009, the RPW met with representatives from the Wilderness Society, the San Juan Citizens Alliance, and Trails 2000 who presented their proposal for managing the Hermosa Creek watershed. This proposal includes wilderness designation for some of the areas and Wild and Scenic River designation for Hermosa Creek and its tributaries, among other suggestions. The RPW agreed to include this proposal as one of the options for protection that the RPW will consider to protect the watershed's values. The next RPW public meeting will be on February 3, 2009 at 6:30 p.m. at the Recreation Center in Durango. (*Ted Kowalski*)

ANIMAS – LA PLATA PROJECT – As the project nears the point where it can begin test operations work is increasing on the between the project participants and Reclamation on agreements to transfer project operations to the operating entity being formed. There have been several contract discussions on this matter of late. Also, there are a number of water right administration issues yet to be worked out by the State and Division Engineers and accounting issues between the Engineers, project participants and Reclamation. (*Randy Seaholm*)

RECENTLY DECREED ISF WATER RIGHTS – On November 5, 2008 the Division 6 Water Court decreed an instream flow water right to the CWCB on the Armstrong Creek in Case No. 06CW035 for 1.0 cfs (April 1 – July 15), and 0.25 cfs (July 16 – March 31), with an appropriation date of January

25, 2006. The upstream terminus is the headwaters and the lower terminus is the inlet of the proposed California Park Reservoir. The ISF reach is approximately 4.9 miles long.

On December 12, 2008 the Division 2 Water Court decreed an instream flow water right to the CWCB on the Bear Creek in Case No. 08CW058 for 1.85 cfs (April 15 – August 15), 1.3 cfs (August 16 – October 31), and 0.75 cfs (November 1 – April 14), with an appropriation date of January 23, 2008. The upstream terminus of the ISF reach is the headwaters and the lower terminus is a point just above Bear Creek Pipeline. The ISF reach is approximately 5.6 miles long.

On December 12, 2008 the Division 2 Water Court decreed an instream flow water right to the CWCB on North Cheyenne Creek in Case No. 08CW055 for 2.5 cfs (April 1 – April 30), 3.5 cfs (May 1 – October 15), and 1.0 cfs (October 16 – March 31), with an appropriation date of January 23, 2008. The upstream terminus is the outlet of Stratton Reservoir and the lower terminus is a point just above North Cheyenne Creek Pipeline. The ISF reach is approximately 7.5 miles long.

On December 12, 2008 the Division 2 Water Court decreed an instream flow water right to the CWCB on Severy Creek in Case No. 08CW056 for 1.54 cfs (April 1 – August 14), and 0.79 cfs (August 15 – March 31) with an appropriation date of January 23, 2008. The upstream terminus is the headwaters and the lower terminus is a point .03 miles upstream of the confluence with Cascade Creek. The ISF reach is approximately 4 miles long.

On December 17, 2008 the Division 2 Water Court decreed an instream flow water right to the CWCB on Lake Fork Middle Fork South Arkansas River in Case No. 08CW057 for 1.75 cfs (May 1 – July 31), 0.75 cfs (August 1 – September 30), and 0.20 cfs (October 1 – April 30), with an appropriation date of January 23, 2008. The upper terminus is the headwaters and the lower terminus is the high water line of Boss Lake. The ISF reach is approximately 1.5 miles long.

On January 12, 2009 the Division 6 Water Court decreed an instream flow water right to the CWCB on Elkhead Creek in Case No. 06CW034 for 3.9 cfs (April 1 – July 31) and 1.75 cfs (August 1 – March 31), with an appropriation date of January 25, 2006. The upstream terminus is the confluence with Torso Creek and the lower terminus is inlet of proposed California Park Reservoir. The ISF reach is approximately 2.2 miles long. (*Rob Viehl*)

~ YAMPA/WHITE RIVER BASINS ~

SHELL OIL CONDITIONAL WATER RIGHT ON YAMPA - On December 30th, 2008 Shell Frontier Oil & Gas Inc. filed for a conditional direct flow water right of 375 cfs (estimated to be between 53,000 to 67,000 AF/Year) on the Yampa River and a 45,000 AF conditional storage right on Cedar Springs Draw. The water will be used for industrial and mining activities in connection with producing oil from oil shale, such as drilling, product processing, power generation, remediation, and dust control. Within the White River Basin, Shell currently holds about 730 cfs in net conditional water rights from a number of sources and has approximately 184,000 acre feet of conditional storage.ⁱ This water right filing represents a significant increase in Shell's water rights portfolio and a shift from the White River Basin to the Yampa.

Under this conditional right water would be diverted during spring runoff from April through June, constituting about 8% of the Yampa's average peak flow. The point of diversion is on the south bank of the Yampa River in Moffat County and the water would be stored in Cedar Springs Draw Reservoir.



The application was filed in District Court, Water District No. 6 (08CW90) and the deadline for statements of opposition to be filed is February 28th. (*Eric Hecox*)

¹ According to Phase One of the Yampa/White and Colorado Roundtable Energy Study and analysis of Shell's new application

~ AGENCY UPDATES ~

NEW ASSISTANT STATE ENGINEER FOR PUBLIC SAFETY - Dick Wolfe has announced the appointment of Scott Cuthbertson as Assistant State Engineer for Public Safety. Scott joins us from Division 1 where he is currently the Assistant Division Engineer. Scott brings a lot of experience to this position including running his own business. His passion for this position will serve the agency, the department and the citizens of Colorado with exemplary fashion. We congratulate Scott for this achievement. (*Dick Wolfe*)

GOVERNOR'S WATER AVAILABILITY TASK FORCE – The next meeting of the Governor's Water Availability Task Force will be held on January 22, 2009 at the Division of Wildlife from 9-11:30am. Task Force members will review snowpack and precipitation outlooks, reservoir conditions and potential water supply impacts. In addition, the Task Force will discuss an outlined approach for the comprehensive revision of the State's Drought Plan. The agenda will be posted and available on the CWCB website. (*Veva Deheza*)

PRESENTATION ON ISF ACQUISITION PROGRAM TO CDOW – On January 14, 2008, the Stream and Lake Protection Section gave a presentation on the ISF Program at the Colorado Division of Wildlife Southwest Region meeting in Montrose, Colorado. The presentation focused on the ISF acquisition program with the goal of enlisting the help of CDOW staff in identifying water acquisition needs and opportunities, and generated several questions and a productive discussion. Section staff plans to give the same presentation at the regional meetings for the other three CDOW regions. (*Linda Bassi*)

CWCB WEBSITE STATISTICS 2008 – Since 2006 the Water Information Section staff has been generating monthly and annual CWCB website traffic reports. These reports are analyzed to see how our

users/customers navigate within the site, and the statistics are used in re-design efforts, as well as to generate a list of frequently used links. In 2008, the CWCB website had nearly 1.1 million pages viewed, with the Governor's Drought Conference, the Water Information home page and the Board & Administration home page coming in as top viewed areas. Ninety-seven percent of our visitors were unique, first-time visitors between July and December, but of those 7% that are repeat visitors, 19% have been back to our site more than 100 times. 30% of visitors spend 1-10 minutes on our website, with 8% spending more than 10 minutes on the site. Most visitors to the CWCB website are within the US, but the top three countries accessing the site are India, Canada and the Philippines (making up 1% of visitors).
(Susan Lesovsky)

FEBRUARY 2009 ISF WORKSHOP – The 2009 ISF workshop will be held on Tuesday, February 24, 2009 from 10:00 am to 3:00 pm at Denver's REI flagship Store, Community Room. Staff selected the venue because of easy access from I-25 and free parking. In addition, REI has waived all fees associated with this event. The purpose of the workshop is to afford recommending entities the opportunity to present new ISF recommendations to the staff, Board and stakeholders. Lunch will be provided. An additional notice of this event will be sent to the ISF subscription mailing list in late December or early January. (Jeff Baessler)

~ ATTACHMENTS ~

- **18d-01 Loan Forecast and Prospect Report**
- **18d-02 Deminimis Cases**
- **18d-03 Summary of Resolved Cases**
- **18d-04 ISF Annual Case Summary**
- **18d-05 Loan Repayment Delinquency/Loan Financial Activity Report**
- **18d-06 CRWUA Remarks as Prepared by U.S. DOI**
- **18d-07 U.S. DOI Kempthorne Mexico Article**
- **18d-08 Pat Mulroy Article**
- **18d-09 Salazar Touts Renewable Energy Article**

STATE OF COLORADO

Colorado Water Conservation Board Department of Natural Resources

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TO: Colorado Water Conservation Board Members
Director's Report

Bill Ritter, Jr.
Governor

FROM: Kirk Russell, PE
Mike Serlet, PE, Chief
Water Supply Planning & Finance Section

Harris D. Sherman
DNR Executive Director

Jennifer L. Gimbel
CWCB Director

DATE: January 13, 2009

Dan McAuliffe
CWCB Deputy Director

SUBJECT: **Director's Report Attachment – January 27-28, 2009
Loan Forecast & Prospect Report**

The Water Supply Planning and Finance Section compiles a list of potential borrowers/projects for the Water Project Loan Program. If the Board approves all loans recommended by staff on the September agenda the Loan Program will have roughly \$20 million available for eligible raw water projects at the March and May meetings.

Below is a list of loans which may be presented at the January meeting (Loan Forecast). Page two is a listing of loans (Loan Prospects under \$10 million), which have a strong chance of becoming future CWCB loans.

LOAN FORECAST

BORROWER	PROJECT NAME	PROJECT COST	LOAN AMOUNT
March			
Bergen Ditch & Reservoir Co	Reservoir Rehabilitation	\$2,000,000	\$2,000,000
South Metro Water Authority	East Cherry Valley Pipeline	\$5,000,000	\$5,000,000
Private Reservoir Owner	Park Creek #2 Reservoir Rehabilitation	\$200,000	\$200,000
Ft Morgan Reservoir Co	Augmentation Pipeline	\$1,000,000	\$1,000,000
Town of Dillon	Old Dillon Reservoir Enlargement	\$1,500,000	\$1,500,000
Snowmass Water & Sanitation Dist	Reservoir Enlargement	\$5,000,000	\$5,000,000
	Total		\$14,700,000

Information shown is based on current staff knowledge and will likely change as Loan Prospects develop

Recent Project Loan inquiries:

Colorado City Metro Dist. (Pueblo area) – New Reservoir
Mountain Mutual Water Co (Cripple Creek area) - Pipeline and Augmentation Project
Stransky Lateral/Ditch Co – Kersey area (\$2M NRCS Piping Project)
City of Trinidad – North Lake Dam Rehab. (\$1.6M)
Denver Water Board – Ditch Rehabilitation Project (\$10M)
City of Aurora – Pipeline Project (\$10M)

SMALL (<\$10 million) LOAN PROSPECTS

Basin		BORROWER	PROJECT NAME	PROJECT COST	LOAN AMOUNT
South Platte					
		B.H. Eaton Ditch Co (Windsor)	Pipeline & Diversion Structure	\$1,000,000	\$1,000,000
		Ft Morgan, City of	NISP	\$25,000,000	\$25,000,000
		Wiggins, Town of	Wells & Pipeline	\$3,000,000	\$1,500,000
		New Consolidated Lower Boulder	Dual Water System	\$16,000,000	\$14,500,000
		Ft Morgan Reservoir & Irrigation Co	Two Way Recharge Pipeline & Well	\$550,000	\$550,000
		Louden Irrigation & Re	Ditch Improvements	\$500,000	\$500,000
		Shamrock Irrigation Co	Pipeline Project	\$200,000	\$200,000
		Foothills Park & Recreation Dist.	Multiple Storage Projects	\$2,000,000	\$2,000,000
				TOTAL	\$44,000,000
Arkansas					
		City of La Junta	Water Rights Purchase	\$2,500,000	\$2,500,000
		Fruitland Water Company	Pumphouse & Ditch	\$200,000	\$200,000
		Cherokee Metro District	Wells and Pipelines	\$800,000	\$800,000
		City of Trinidad	Reservoir/Rehabilitation	\$1,600,000	\$1,600,000
				TOTAL	\$5,000,000
San Miguel/Juan					
		Town of Silverton	Molas Lake Dam	\$100,000	\$100,000
		Pioneer Ditch Company	Pioneer Ditch Rehabilitation	\$70,000	\$60,000
		Farmers Water Development Co	Gurley Reservoir Enlargement	\$5,000,000	\$5,000,000
				TOTAL	\$5,000,000
Colorado					
		Lateral MC070 Inc.	NRCS Ditch Rehabilitation	\$200,000	\$140,000
		Highland Ditch Co	Ditch Rehabilitation Project	\$200,000	\$200,000
		Ian Carney - Felix Tornare	Polaris Reservoir Rehabilitation	\$500,000	\$500,000
		Snowmass Village W&S District	Ziegler Reservoir	\$?	\$5,000,000
		Dillon/Silverthorne/Summit Cnty	Old Dillon Reservoir Enlargement	\$7,000,000	\$7,000,000
				TOTAL	\$13,000,000
Gunnison					
		Fire Mountain Canal & Reservoir Co.	New Reservoir	?	\$?
		Upper Gunnison River Conservancy Dist	Reservoir Project	\$1,000,000	\$?
				TOTAL	\$?
Rio Grande					
				TOTAL	
Yampa					
		Upper Yampa Conservancy Dist	Stagecoach Reservoir Enlargement	\$3,000,000	3,000,000
				TOTAL	\$60,000,000

**Director's Report Attachment 18d-02–January 27-28, 2009, Board Meeting
Stream and Lake Protection Section DeMinimis Cases**

The following table summarizes the applications that have the potential to injure the Board's instream flow water rights, but their impacts are considered de minimis. In each of these cases, the cumulative impact to the Board's rights is 1% or less. Pursuant to the DeMinimis Rule, described in Section 8 of the Instream Flow Program Rules, staff has not filed Statements of Opposition in these cases.

Case No.	Applicant	Stream/ Case Number	ISF Amount	Percent Injury	Cumulative % Injury	Pervious Cases
2-94CW005	Walter Buckner (#1732)	Poncha Creek / 77CW4675	8 cfs (summer) 8 cfs (winter)	0.0029% 0.0005%	0.0389% 0.0100%	8
2-94CW005	Walter Buckner (#1733)	Poncha Creek / 77CW4675	8 cfs (summer) 8 cfs (winter)	0.0029% 0.0005%	0.0418% 0.0105%	9
2-94CW005	Walter Buckner (#1817)	Poncha Creek / 77CW4675	8 cfs (summer) 8 cfs (winter)	0.0029% 0.0005%	0.0447% 0.0111%	10

Instream Flow and Natural Lake Level Program Summary of Resolved Cases

The Board's ISF Rule 8i. states that:

"In the event the pretrial resolution includes terms and conditions preventing injury or interference and does not involve a modification, or acceptance of injury or interference with mitigation, the Board is not required to review and ratify the pretrial resolution. Staff may authorize its counsel to sign any court documents necessary to finalize this type of pretrial resolution without Board ratification."

Staff has resolved issues of potential injury in the following water court cases and authorized the Attorney General's Office to enter into stipulations that protect the CWCB's water right:

(1) Case No. 1-07CW123 Application of Colorado Mountain Properties, Inc., et al.

The Board ratified this statement of opposition at its September 2007 meeting. The Board's main objective in filing the statement of opposition in this case was to ensure that the Applicant's proposed plan for augmentation and exchange, which may result in new stream depletions, does not injure the Board's instream flow water rights on Cub and Bear Creeks. Staff, in cooperation with the Attorney General's Office, has negotiated a settlement to ensure that the CWCB's instream flow water rights will not be injured any more than previously agreed in the 1994 case described below.

The CWCB and the Applicant have agreed to the entry of a decree that will prevent injury to the Board's ISF water rights on Bear Creek and Cub Creek.

CWCB Case No.	Stream/Lake	Amount (cfs)	Approp. Date	Watershed	County
1-94CW251	Cub Creek	7/14	9/13/94	Upper South Platte	Jefferson
1-94CW259	Bear Creek	10/5	9/13/94	Upper South Platte	Jefferson
1-94CW260	Bear Creek	2/0.75	11/3/94	Upper South Platte	Jefferson

The Applicant and CWCB agreed in a previous case (1-94CW290) that if an exchange operated by a Mountain Mutual Reservoir Company (MMRC) shareholder involves moving water upstream on Bear Creek or Cub Creek, such exchange will not be operated unless the CWCB's ISF rights in the subject reach are fully satisfied. However, if that exchange is limited to offsetting instantaneous stream depletions occurring from wells augmented by water provided by MMRC, and so long as such depletions are within the stipulated amounts (in Case No. 1-94CW290), the limitation on operation of the exchange does not apply.

To effectuate the stipulation in the 1994 case, the Applicants agreed that whenever a call under the ISF right decreed in 94CW251, 259 or 260 is recognized and is being administered by the Division Engineer, instantaneous depletions under the current application shall not exceed 3 gallons per minute. The CWCB agrees that so long as instantaneous depletions pursuant to this plan for augmentation, as calculated in paragraph 23 of the proposed decree, do not exceed 3 gpm, such depletions do not exceed the amounts authorized under the earlier stipulation (Case No. 1-94CW290).

In calculating the instantaneous depletions under this current plan for augmentation, Applicants may claim appropriate credit for: (1) instantaneous septic system return flow occurring to the stream, subject to the provisions of paragraph 24 of the proposed decree, and (2) instantaneous releases of water made pursuant to the provisions of paragraph 27 of the proposed decree, provided that such releases are made upstream of the reach of any affected ISF right.

The court will retain jurisdiction for the purpose of evaluating injury to vested water rights for a period beginning as of the date of the Water Court's entry of a final decree in this case, and running until five years from the date that permanent depletions reach 1.25 acre-feet per year. Additionally, Applicant agrees to notice all parties to this matter if Applicant intends to invoke the Court's retained jurisdiction for the purpose of adjusting the number of homes to be built or modifying the amount of additional augmentation water committed to this project.

(2) Case No. 4-07CW007 Application of Mountain Meadows Subdivision

The Board ratified this statement of opposition at its May 2007 meeting. The Board's main objective in filing the statement of opposition in this case was to ensure that the Applicant's proposed change of use which may result in an expansion of use, and plan for augmentation and exchange which may not replace out-of-priority depletions, do not injure the Board's instream flow water rights on Ohio Creek. Staff, in cooperation with the Attorney General's Office, has negotiated a settlement to ensure that the CWCB's instream flow water right will not be injured.

The CWCB and the Applicant have agreed to the entry of a decree that will prevent injury to the Board's ISF water rights on Ohio Creek.

CWCB Case No.	Stream/Lake	Amount (cfs)	Approp. Date	Watershed	County
4-80CW112	Ohio Creek	3	3/17/80	Upper Gunnison	Gunnison

Wastewater from the subdivision will be piped to a wastewater plant located on the Gunnison River, resulting in a 100% depletion to Ohio Creek that will need to be replaced. Augmentation to Ohio Creek during the irrigation season will be offset by dry up of lands and by historic consumptive use credits from the Tingley Ditch. The historic consumptive use credit from dry-up of the Home Ditch will be stored in Mountain Meadows Pond, and used to replace in-house depletions during the non-irrigation season.

Applicant has agreed to equip the augmentation pond with an outlet structure and pipeline or ditch to ensure that replacement water reaches Ohio Creek in the same time, location and amount as depletions. Applicant has also identified lagged return flow obligations from the Tingley Ditch, which diverts from Ohio Creek, and has included those depletions in the augmentation plan.

Applicant has claimed an appropriation date of January 31, 2007 for administration of the exchange from Blue Mesa Reservoir to the headgate of the Home Ditch.

(3) Case No. 6-06CW052 Application of D & S Development Group

The Board ratified this statement of opposition at its March 2007 meeting. The Board's main objective in filing the statement of opposition in this case was to ensure that the Applicant's proposed plan for augmentation, which may not fully replace depletions, does not injure the Board's instream flow water rights on the Elk River. Staff, in cooperation with the Attorney General's Office, has negotiated a settlement to ensure that the CWCB's instream flow water rights will not be injured.

The CWCB and the Applicant have agreed to the entry of a decree that will prevent injury to the Board's ISF water rights on the Elk River.

CWCB Case No.	Stream/Lake	Amount (cfs)	Approp. Date	Watershed	County
6-77W1331	Elk River	65	9/23/77	Upper Yampa River	Routt

Out-of -priority depletions, after factoring in return flows, will be replaced in time and amount with releases from one or more of the D & S Ponds at a point up-gradient from where the senior calling right is administered. Applicant shall install a pump that allows augmentation water from D & S Pond No. 1 to be delivered by the pipeline to the D & S Infiltration Gallery to allow for immediate replacement of out-of-priority depletions should a senior call be administered to require such releases, and shall thereafter maintain that pump in working order.

The Owners Association, or the record owners of the water rights, shall install measuring devices, provide accounting and supply calculations regarding the timing of depletions as required by the Division Engineer for operation of this plan for augmentation.

The Court shall retain jurisdiction over the plan for augmentation for reconsideration of injury to the vested rights of others until a period of 5 years after there are a total of 9 connections to the water supply system to service lots on the property and tracts on the adjacent property.

(4) Case No. 7-06CW102 Application of Durango Commercial Development, LLC

The Board ratified this statement of opposition at its March 2007 meeting. The Board's main objective in filing the statement of opposition in this case was to ensure that the Applicant's proposed plan for augmentation and proposed changes of use and points of diversion, which may result in an expansion of use, do not injure the Board's instream flow water rights on the Florida River. Staff, in cooperation with the Attorney General's Office, has negotiated a settlement to ensure that the CWCB's instream flow water rights will not be injured.

The CWCB and the Applicant have agreed to the entry of a decree that will prevent injury to the Board's ISF water rights on the Florida River.

CWCB Case No.	Stream/Lake	Amount (cfs)	Approp. Date	Watershed	County
7-77W1763	Florida River	7/14	1/19/77	Animas River	La Plata
7-77W1764	Florida River	12/20	1/19/77	Animas River	La Plata

Applicant has agreed that if it is determined by DWR that any of the wells, based on their as-built locations and depths, will have lag depletions from the Florida River, applicant shall submit a lag depletion analysis for such wells to DWR and Objectors. DWR will then determine the timing of the lag depletions and Objectors shall have the opportunity to approve the final decision. In the event of a senior downstream call on the Florida River, such lag depletions shall be taken into account in determining the amount and timing of Applicant's augmentation releases to the stream to replace any out-of-priority depletions to protect senior water users.

Applicant will dry up sufficient historic irrigated lands such that its annual project consumptive use does not exceed annual historic consumptive use, as shown in the decree (Exhibit B and Tables 1 & 4). When applicant begins applying the water rights to the new uses, Applicant will report its use allocation, dry up, diversions and depletions to DWR and Objectors to confirm that the Applicant's use allocation will not result in an expansion of historic depletions.

Applicant's diversions at the proposed alternate points of diversion decreed herein shall not exceed the amount of water physically and legally available at the original points of diversion decreed in Case Nos. W-1751-77 and 83CW058.

Applicant will not divert the historic Water Rights during the non-irrigation season. Diversions for Applicant's water uses during this period will be supplied through Applicant's new water rights.

At times when the sum of irrigation consumptive use and in-house diversions exceeds historic consumptive use of the Water Rights on a monthly basis, and there is a senior call on the Florida River, the return flows from the wastewater treatment plant will be returned to the Florida River at a point on the Property at or above the point of historic return flows; or, in the alternative, Applicant will make releases from the DCD Ponds, or leave an amount of the Water Rights in the stream, equal to the amount of the return flows from in-house use. The stream reach of historic return flow is identified in Exhibit C to the decree.

In the event of a future call senior to Applicant's water rights, Applicant will replace any out-of-priority depletions through releases from the DCD Ponds into the Florida River, which Applicant will fill in priority. In the alternative, during a call in the irrigation season, Applicant can leave a portion of the Tyner Rights in the River equal to the amount of any out-of-priority depletions. During a call in the winter season, the DCD Ponds will provide augmentation water to replace any out-of-priority depletions.

The Court shall retain jurisdiction over the plan for augmentation, the accounting, and the change of water rights for a period until 5 years following 100% build out of the property, to reconsider the question of injury to the vested water rights of others. Applicant shall notify Objectors and the Division Engineer in writing when such 100% build-out has occurred, and the five year period of retained jurisdiction shall begin to be tolled upon receipt by DWR and Objectors of such written notice.

(5) Case No. 4-04CW059 Application of Crested Butte South Metro District

The Board ratified this statement of opposition at its July 2004 meeting. The Board's main objective in filing the statement of opposition in this case was to clarify the point of diversion and point of return flow for the claimed groundwater right, and identify any potential depletion to the Board's instream flow water rights on Cement Creek and the East River. The application claims the proposed diversion is non-consumptive, and the well location as written could deplete without replacing the Board's instream flow rights. Staff, in cooperation with the Attorney General's Office, has negotiated a settlement to ensure that the CWCB's instream flow water rights will not be injured.

The CWCB and the Applicant have agreed to the entry of a decree that will prevent injury to the Board's ISF water rights on Cement Creek and the East River.

CWCB Case No.	Stream/Lake	Amount (cfs)	Approp. Date	Watershed	County
4-80CW103	Cement Creek	10	3/17/80	Gunnison	Gunnison
4-83CW230	East River	10	6/3/82	Gunnison	Gunnison
4-83CW039	East River	50/27	6/3/82	Gunnison	Gunnison

Applicant has agreed to assure that the return flows will accrue to the stream at or above the point of diversion so that the depletion will not impact the Board's instream flow rights. Additionally, at the request of the Division Engineer, applicant has amended the claimed appropriation date to reflect the date of the application, and changed the claim from an absolute water right to a conditional water right.

January 2009 Director's Report Items
ISF 2008 Annual Case Summary

Legal Protection of ISF Water Rights.

In 2008, Staff reviewed over **1,050** water court applications for potential injury to the Board's Instream Flow and Natural Lake Level (ISF) water rights. Of those, Staff found it necessary to file a Statement of Opposition in **24** cases to protect the Board's water rights. For another **21** applications, Staff was able to achieve protection without filing a formal opposition in the case. In each of those cases, Staff requested and obtained a letter from the applicants' attorney agreeing to include protective language in the decree to prevent injury, and agreeing that if the protective language is not included in the decree, the applicant would not oppose a motion to intervene filed by the CWCB.

Staff applied the De Minimis Rule in **26** cases by not filing statements of opposition. For each of those cases, the applicant and Division Engineer were informed that although CWCB is not a party to the case, the CWCB would rely on the prior appropriation system in enforcing its water right.

In 2008, Staff actively negotiated terms and conditions to protect the Board's ISF water rights in over **130** cases, resolving approximately **34** cases to completion. In the process, **6** trials that were set for 2008 were successfully avoided by completing negotiation of terms and conditions before the trial dates. In summary, a total of **81** cases were resolved in 2008, and Staff is currently managing **174** opposition cases, including the **24** new opposition cases filed in 2008.

Appropriation of New ISF Water Rights.

At the beginning of 2008, there were **27** Instream Flow (ISF) water right applications pending before the Water Court. During 2008, the Board appropriated **19** additional ISF water rights, and applications were filed with the Water Court. Staff secured final decrees in **21** ISF cases, leaving **25** ISF water right applications pending in Water Court. Several of these cases are opposed by other water users and pending action by those objectors. Other cases are pending action by Staff or the Attorney General's office. None of these cases have been set for trial. Staff will continue to work with the AG's Office, the Water Court and objectors to resolve concerns and to move the cases forward.

ISF LEGAL PROTECTION				ISF APPROPRIATIONS			
PENDING OPPOSITION CASES		RESOLVED CASES (SOPs & avoided SOPs)		PENDING CASES		DECREED CASES	
2008 CASES	PRE-2008 CASES	STIPULATED SOP DECREES	LETTER AGMTS/ DE MINIMIS	2008 CASES	PRE-2008 CASES	NEW	PRE-2008 CASES
24	~150	34	21/26	15	10	4	17
TOTAL CASES = 174		TOTAL CASES = 81		TOTAL CASES = 25		TOTAL CASES = 21	

**WATER PROJECT CONSTRUCTION LOAN PROGRAM
LOAN REPAYMENT DELINQUENCY REPORT
LOAN FINANCIAL ACTIVITY REPORT
JANUARY 2009**

LOAN REPAYMENT DELINQUENCY

Loan Repayments received relative to the Water Project Construction Loan Program have been reviewed for the period covering July 2008 through December 2008. The effective due date of the payment is inclusive of the Board's current 30 day late policy. Hence, the date the payment was received was compared to the last day allowable prior to the payment being considered late.

Repayments due for the first six months of Fiscal Year 2009 totaled 140. There were nine loan payments not received on time during this period. Two loan payments from the Excelsior Irrigating Company, the loan payments from the Appleton Northwest Lateral (ML369) and Drainage Company, the Spring Dale Ditch Company and the Shulz Farm, Inc. were less than 30 days late. The loan payments from the Ogilvy Irrigating and Land Company and the Hawkeye Lateral Ditch Company were less than 60 days late. The loan payment from the Lower Arkansas Water Management Association was over 90 days late. The loan payment from Rodney Preisser due October 2008 has not been received to date. Thus, the on-time performance for the total repayments due was 94% in compliance or 6% not in compliance.

As additional notes: (1) the payment from Rodney Preisser due October 2007 has not been received to date; and (2) the Town of Starkville has not met its obligations since Fiscal Year 2006.

LOAN FINANCIAL ACTIVITY

Loan Financial Activity relative to the Water Project Construction Loan Program for Fiscal Year 2009 is detailed on the following attachment. Funds received relative to loans in repayment totaled \$10.9 M for this period. Funds disbursed relative to new project loans totaled \$42.8 M for this period. Net activity resulted in \$31.9 M disbursed from the CWCB Construction Fund and the Severance Tax Trust Fund Perpetual Base Account (STTFPBA) over the total received.

Further breakdown is summarized as follows: The Construction Fund portion consists of \$6.3 M in receivables and \$18.4 M in disbursements for a total net activity of \$12.1 M disbursed over received. The STTFPBA consists of \$4.6 M in receivables and \$24.4 M in disbursements for a total net activity of \$19.8 M disbursed over received.

COLORADO WATER CONSERVATION BOARD

FINANCIAL ACTIVITY REPORT

FOR FISCAL YEAR 2009

CONSTRUCTION FUND

Period	Principal	Interest	Total Received	Disbursements	Net Activity
July 2008	\$ 925,827	\$ 959,768	\$ 1,885,595	\$ 5,208	\$ 1,880,387
August 2008	\$ 203,741	\$ 260,862	\$ 464,603	\$ 3,291,499	\$ (2,826,895)
September 2008	\$ 273,388	\$ 267,948	\$ 541,336	\$ -	\$ 541,336
October 2008	\$ 427,288	\$ 451,755	\$ 879,043	\$ 25,183	\$ 853,860
November 2008	\$ 196,503	\$ 267,260	\$ 463,763	\$ 5,832,331	\$ (5,368,568)
December 2008	\$ 899,383	\$ 1,199,862	\$ 2,099,245	\$ 9,219,364	\$ (7,120,119)
January 2009	\$ -	\$ -	\$ -	\$ -	\$ -
February 2009	\$ -	\$ -	\$ -	\$ -	\$ -
March 2009	\$ -	\$ -	\$ -	\$ -	\$ -
April 2009	\$ -	\$ -	\$ -	\$ -	\$ -
May 2009	\$ -	\$ -	\$ -	\$ -	\$ -
June 2009	\$ -	\$ -	\$ -	\$ -	\$ -
FY 2009 Totals	\$ 2,926,130	\$ 3,407,455	\$ 6,333,585	\$ 18,373,585	\$ (12,040,000)

SEVERANCE TAX TRUST FUND PERPETUAL BASE ACCOUNT

Period	Principal	Interest	Total Received	Disbursements	Net Activity
July 2008	\$ 227,786	\$ 245,449	\$ 473,236	\$ 881,500	\$ (408,264)
August 2008	\$ 53,353	\$ 697,384	\$ 750,737	\$ 92,865	\$ 657,873
September 2008	\$ 125,435	\$ 222,007	\$ 347,442	\$ 285,556	\$ 61,886
October 2008	\$ 1,120,989	\$ 417,414	\$ 1,538,403	\$ 1,462,860	\$ 75,543
November 2008	\$ -	\$ -	\$ -	\$ 1,281,075	\$ (1,281,075)
December 2008	\$ 438,356	\$ 1,047,672	\$ 1,486,028	\$ 20,412,980	\$ (18,926,953)
January 2009	\$ -	\$ -	\$ -	\$ -	\$ -
February 2009	\$ -	\$ -	\$ -	\$ -	\$ -
March 2009	\$ -	\$ -	\$ -	\$ -	\$ -
April 2009	\$ -	\$ -	\$ -	\$ -	\$ -
May 2009	\$ -	\$ -	\$ -	\$ -	\$ -
June 2009	\$ -	\$ -	\$ -	\$ -	\$ -
FY 2009 Totals	\$ 1,965,920	\$ 2,629,926	\$ 4,595,846	\$ 24,416,835	\$ (19,820,989)
GRAND TOTALS	\$ 4,892,050	\$ 6,037,382	\$ 10,929,431	\$ 42,790,420	\$ (31,860,989)

Remarks Prepared for Delivery to Colorado River Water Users Association

**Remarks Prepared for Delivery By:
Dirk Kempthorne, Secretary
U.S. Department of the Interior**

**Colorado River Water Users Association
Las Vegas, Nevada**

December 17, 2008

Two years ago, when I first spoke to you, I described an aerial tour I took of the Colorado River just after taking office as Secretary. From its headwaters in the Rockies through the canyons and deserts, over the great reservoirs and majestic dams a journey across seven states and countless landscapes across a basin with millions of people, some of whom arrived recently and some whose ancestors stood on the shores of the river hundreds of years before Columbus. I was new to the Colorado River then. I was not, however, new to rivers or the battles that so often rage over their waters.

As Governor of Idaho, I had helped negotiate the largest water settlement in our state's history with the Nez Perce Tribe on the Snake River. I know first hand how hard it is not only to come to an agreement on a limited resource - but to find a way to make a lasting agreement in which everyone is a winner and no one a loser. When I first met with you, I noted that we were on a journey that was like the journey of the Colorado. A journey towards better management of the river. A journey towards cooperation. A journey towards a new era of partnership.

Fortunately, I inherited a strong federal team working on the Colorado River - people like Mark Limbaugh, a calm and thoughtful professional, as well as a certain Regional Director out in Boulder City, Nevada - named Bob Johnson. As our federal team prepared to attend this gathering in 2006, the question facing the basin was "would we complete the journey?" Or would we run aground on the shoals of acrimony and litigation?

I'm a big sports fan. I once had the honor of serving as mayor of Boise, and I love my Boise State Broncos. I'm sure you all know they are undefeated again this year. So I also chose a sports analogy. When I became Secretary of the Interior and water master of the Lower Colorado, I felt like a fresh quarterback whom the coach sent into the game in the fourth quarter with a tie score. We had the ball in the Red Zone, the last 20 yards before the goal line. Those are the hardest yards to get. Would we score or would we fumble the ball? I encouraged us to get the ball over the goal line. To punch it in. As I look back over the past two years, I am gratified to say that we got the ball into the end zone. The last few yards were tough, but we got it done. Each of you deserves the game ball.

A year ago, of course, I signed the Record of Decision implementing the seven-state agreement on future management of the Colorado, the most important seven-state agreement on the river since the original 1922 Compact. It took an enormous amount of work over the years by the

states, non-governmental groups who played such a vital role in the process, and other water users. Together, we made history with one stroke of the pen. We established new operational rules for coordinated operation of Lake Powell and Lake Mead, we put new guidelines in place for dealing with surpluses, and most importantly, dealing with scarcity, and we also addressed the ongoing drought by encouraging new initiatives for water conservation.

The agreement is more than a piece of paper, however. It is a testament to the spirit of cooperation and partnership to meet even the most difficult challenges. In the past year, through continued hard work, it has also become an on-the-ground reality. In October, for example, Bob Johnson and I attended the groundbreaking for the Drop 2 Reservoir - alongside the All American Canal. When we do a groundbreaking back in Washington, we normally use shovels. Out here in the West, however, we use something bigger. In many ways, the Drop 2 reservoir is a perfect symbol of the new spirit of cooperation on the Colorado. Here is a project located in California but paid for by Nevada - along with Arizona and California entities - that will eventually provide water to all three lower basin states. Behind the podium that day at the Drop 2 groundbreaking were the flags of the three states who were signatories of the deal - California, Nevada, and Arizona. To me, those flags symbolize the interstate cooperation for this important project.

As I mentioned last year, the states of Alabama, Florida and Georgia are embroiled in a contentious conflict over the water they share. In fact some representatives from that region attended this conference this week. I believe the cooperation of the states on the Drop 2 project is a model other states could follow. My message to the Southeastern states remains: If the lower basin states of the Colorado can find a win-win solution to resolve water issues --- so can you.

Likewise, I was delighted to participate in last March's High Flow test at Glen Canyon Dam. It was an extraordinary experience to turn the valves and unleash such power. As I stood there - it reminded me of the exhaust from a space rocket. In fact, the thrust generated by releasing water from the bypass tubes at Glen Canyon Dam during the test was more than that generated by the booster rocket of a Titan IV missile. We lowered the lake level of Lake Powell and raised the level of Lake Mead by nearly two feet in just 60 hours. The test was an important experiment, designed to mimic the periodic floods that scour the riverbed, creating sandbars that may help provide important habitat for endangered fish. Our USGS scientists are hard at work analyzing the experiment, so that we can use the information gained from this experiment to help us in the future management of the river. It took the cooperation and partnership of many parties - including all seven basin states - to conduct this test as part of the Glen Canyon Dam Adaptive Management Program. You all know full well that any state could have marched to the courthouse and tried to stop it. None did. Why? Because we listened to their concerns, worked together, and we were able to conduct a very important experiment under unique sediment conditions. Extraordinary. I applaud you. BY THE WAY - this beautiful photo of the high flow experiment was taken by John Keys from his private airplane as he flew away from the event. It was one of the last photos taken by John. I know you all join me in mourning the loss of this exceptional man and friend.

We also continued to make great progress this past year in honoring our commitment to both complete and implement Indian Water Rights Settlements in the West. Last December just

before I left Washington to come here, I finalized the Arizona Water Rights Settlement. Decades of hard work resulted in the largest Indian Water Rights Settlement in U.S. history. In August, I signed an historic settlement agreement with the Soboba Band of Luiseno Indians, resolving decades of litigation over the tribe's water rights. The settlement brought to a close more than 150 years of conflict and struggle between the Soboba Band and its neighbors over the San Jacinto River Basin's limited water resources and provides a roadmap for sustainable water management in the river. By negotiating a settlement, rather than seeking a court-ordered remedy, the parties ensured all sides end up winners.

In addition, this fall, I joined Colorado Governor Bill Ritter, Senator Ken Salazar, and tribal leaders to celebrate the progress we've made in completing the Animas-La Plata Project, which will fulfill tribal water rights dating back to 1868. The project is more than a source of water for the tribes. It will be an engine for economic development. We plan to start filling the Lake Nighthorse Reservoir next spring and complete the entire project in 2012. Once again, through partnership, we are achieving a win-win for tribes and for local municipalities and other water users.

In one month this administration will leave office and a new administration will come in. The moment my successor is sworn in, that individual will become the new water master of the lower Colorado, and I know that you will be ready to welcome the 50th Secretary of the Interior just as you have so warmly welcomed me. I am gratified that together we have laid a solid foundation on the Colorado River for the new team to build on: the California 4.4 Plan, the Arizona Water Settlement Act, the Lower Colorado River Multi-Species Conservation Plan, and finally last December's historic seven-state agreement. I would emphasize, however, that a foundation is merely a foundation. There is much work to be done. The future holds great challenges. The risk is always present that we will go back in time to the days of costly litigation and fruitless acrimony.

The most obvious challenge is the ongoing historic drought. Each year the drought continues, it strains at the seams of our partnership. It is one variable that we cannot control. So we must resolve to not let it stand in the way of progress on the river no matter how long or how bad it gets. One issue raised by the long drought is whether to operate the Yuma Desalting Plant. This is a plant that was built in the 1980's to meet water quality standards under our 1944 Treaty with Mexico. The plant has been run for only two short periods since it was built, but I believe it is a resource that cannot be overlooked during this time of extended drought. I recognize there are legitimate concerns about operating the plant and reducing the flow of water to the Cienega de Santa Clara, which is an environmental resource important to the country of Mexico, but I also believe the ultimate operation of this plant is something that must be considered. Some proponents might argue that we need to operate the plant regardless of the environmental impacts. Some opponents might counter that we should never operate the plant and that we cannot accept any environmental impact whatsoever. Surely, there is middle ground - perhaps reducing groundwater levels in the Yuma Valley or other ideas -- that all stakeholders working together can explore. I believe this facility needs an additional pilot period to help us determine what factor desalinization will play as part of the nation's 21st century solutions.

As we look to the future and work together to assure adequate water supplies, water users will also grapple with water quality issues. I applaud those communities along the river that are taking steps to address water quality. Both water quality and water supply may be affected by another issue we are facing in the basin--the unknown effects of climate change. Experts already project runoff in the Colorado basin to decline 15 percent during this century. That could be aggravated by climate change. I convened a Climate Change Task Force in 2007. Their reports set forth options to consider addressing effects of climate on water management.

Of course, there are a lot of scientific unknowns about climate change. The Department of the Interior is taking the lead in research. The U.S. Geological Survey recently held a workshop to design a new Climate Change Science Wildlife Center. The center will study how our climate has changed in the past and use this information to project future conditions. It will also help us understand how climate change will affect the landscape and wildlife.

We also need to find ways to improve cooperative efforts with Mexico on the Colorado. How do we meet agricultural, municipal and environmental water needs of both countries while respecting the fundamental allocations between our countries established by the 1944 Treaty? Last year, Mexico's Ambassador to the United States came to me and asked that together we try to change the tone and create better conditions for a dialogue for improved Colorado River cooperation. I also met with my counterpart, Secretary Elvira, and we had extremely positive discussions. These men are not only our neighbors, but honorable public servants working to improve U.S.-Mexico relations. We have initiated a dialogue -- under the auspices of the International Boundary and Water Commission -- to improve the exchange of information that could lead to future cooperation on the Colorado. I challenged you to bring to this dialogue the same spirit of innovation and partnership that has allowed us to make such progress among the seven states. Environmental groups, states, and water districts are all part of it. A broad range of experts are engaged.

Unfortunately, as we all know, tragedy struck this fall when IBWC Commissioners Carlos Marin and Arturo Herrera were killed while inspecting flooded areas of the Rio Grande Valley. Their passing will not end the dialogue, however. Earlier this week, I visited once again with Ambassador Sarukhan. I invited him to my office. We had a lengthy and productive dialogue about the importance of neighbors working together. We both agreed that we need to view our relations on the Colorado River as "Co-stakeholders" - neighbors who share a border - a region - and a river. He and I pledged on behalf of our governments to honor the work of Carlos and Arturo by continuing work to identify cooperative efforts that will ensure the sustainable management of the waters of the Colorado for future generations. I believe the next administration will honor our commitment and build on these efforts. The Ambassador and I both agreed that for progress to continue, the inclusion and cooperation of the Basin States is essential. I'm encouraged by reports that this week - as part of this gathering - the seven states are reinforcing their desire to work with Mexico to address the pressing Colorado River challenges we face. This is an important step, although many details remain. I plan to meet again with the Ambassador right after the first of the year and review ways that we can ensure that the momentum of cooperation continues during the next administration. You are on the right path. I'm hoping to read about your successes in the future.

Another area where we still have challenges ahead is in the Adaptive Management Program at Glen Canyon Dam. This Glen Canyon program is clearly one of the most important adaptive management-based efforts in the United States. It involves the operation of one of the most critical water storage and hydropower facilities in the nation and was established to help protect downstream resources in one of the world's most awesome wonders, the Grand Canyon. I recently visited Grand Canyon National Park with senior Department of the Interior career staff and gained a better appreciation for the complexity of the efforts to balance water delivery, hydropower production, endangered species conservation and national park protection. Knowing that adaptive management will play a critical role in our ongoing management and stewardship efforts, I identified some key principles that I believe should guide the Department's efforts in this program in coming years: First, we should recognize the extraordinary expertise that the U.S. Geological Survey has developed in the ongoing monitoring and research efforts devoted to the Adaptive Management Program. Having an independent, research-based group of scientists at the Survey take the lead in this effort was a decision made by then-Secretary Bruce Babbitt many years ago. I continue to believe it was -- and is -- the right decision. Second, as our scientists work to assess the results of the March 2008 high flow experiment, we will need to integrate those results with earlier tests performed in 1996 and 2004. I hope that we can develop better analytical and modeling tools as part of the adaptive management plan to support future decision-making by the Department. Third, we need to consider these type of high flow releases in the future. However, as the Department of the Interior considers the effectiveness of this type of action, we must carefully and respectfully consider the input of all stakeholder groups - including the views of the seven basin states. Fourth, we must continue to be guided by the principle of balancing competing interests and meeting the clear statutory responsibilities for endangered species, water delivery, protecting downstream resources and producing hydropower, all while recognizing the unique Native American interests in the Grand Canyon. We must continue to do our best to strike that proper balance - one that integrates all our statutory responsibilities.

Finally, as our efforts go forward, there is no question that the West needs - and will continue to need - affordable, clean, reliable power. Hydropower from Glen Canyon Dam is an important asset that shouldn't be further curtailed without a thorough assessment of the costs and benefits. Also, I'm pleased to report that our scientists continue to believe - among other factors - warmer water from Glen Canyon Dam has helped to improve the population of endangered fish in the Grand Canyon. The scientists and the fish may think the water is warmer, but when I jumped in the river in October, 56 degrees seemed pretty chilly.

Another area where much work remains unfinished relates to Indian Water Rights Settlements. My staff at Interior advises me that they have never seen more active Indian water rights settlements in various stages of potential resolution. As I look back now, I believe we are leaving an active and energized group of Indian water rights negotiations with settlements that are within reach. I strongly encourage all parties to be patient and stay at the table and settle these outstanding claims. Negotiated settlements will serve all our interests more than litigation and its potential for severe disruption of the state-managed water rights in the West. Overall, we need to find creative ways to address tribal claims, incorporate river management and environmental stewardship through water rights settlements. This should be a greater priority throughout the western United States in the future.

As I Look back on my tenure as Secretary, I will take with me many images and memories - one in particular reminds me of the work we have done here on the Colorado. It was at the signing of the Soboba settlement. A group of young Native Americans played and sang, and I sensed that their voices and drumbeats echoed through the centuries as they connected with the spirit of their ancestors and this beautiful land that is sacred to them. Tribal leaders, federal and local officials were joined together, listening to the drumbeat, ready to sign the agreement. Later in the fall I had this same experience at the Animas-La Plata dedication. I sensed that this was a symbol of all that we have come through together.

We have begun to overcome the acrimony of the past, to redress historic injustices, and to pioneer a path to the future that includes everyone who cherishes and depends upon the Colorado River. There is a verse from Ecclesiastes that reminds me of what we have experienced together. Better a handful with quietness Than both hands & grasping for the wind. The various negotiations on all of the projects and programs I've mentioned have been long and challenging as we have sought the path ahead. Everyone has given up something and everyone has gotten something. We have had to resist the urge to seek two handfuls. We have accepted one handful. But with it we have quietness&harmony&peace&No longer are we grasping for the wind. We are moving together in the 21st Century as neighbors and as partners. I am truly proud&I am truly honored&to be here with you one last time as Secretary of the Interior.

I again feel like a quarterback - one who is leaving the field after winning our big game. While my season is ending, there are many more seasons ahead for all of you & and you know what victory is. I will always be cheering for this team.

U.S. Department of the Interior

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Contact: Hugh Vickery

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Secretary Kempthorne, Mexican Ambassador Sarukhan Sign Declaration Commending On-Going Partnership in the Management of the Colorado River

WASHINGTON, D.C. -- Secretary of the Interior Dirk Kempthorne and Mexican Ambassador to the United States Arturo Sarukhan today signed a declaration praising joint efforts to identify additional cooperative measures to improve management of the Colorado River to meet the environmental, agricultural and urban needs of both countries during a period of historic drought.

The joint declaration, signed during a ceremony at the Mexican Embassy, highlights cooperation between the two countries in the past two years under the auspices of the International Boundary and Water Commission to develop innovative approaches to better management of the Colorado's water.

"This joint declaration celebrates and solidifies our long-standing partnership with Mexico to manage the waters of the Colorado to benefit all who depend on this magnificent river system, especially during the current drought," Kempthorne said. "It is an expression of both the good will and good faith our two great countries bestow upon each other as neighbors who share the vital waters of the Colorado River."

The United States and Mexico agreed to the allotment of the waters of the Colorado River in the 1944 Treaty Relating to the Utilization of Waters of Colorado and Tijuana Rivers and of the Rio Grande and concluded subsequent agreements which are administered by the International Boundary and Water Commission.

In August, 2007, the two countries issued the U.S.-Mexico Joint Statement on Colorado River Cooperative Actions. The commission established "a framework for the discussion, joint study, investigation and evaluation of cooperative, innovative and holistic measures that may benefit Colorado River water users in the United States and Mexico."

Today's declaration reemphasizes the continued support of both countries to "efforts to identify innovative opportunities for water conservation, storage, supply augmentation, and environmental protection."

Here is the text of the declaration:

JOINT DECLARATION ON COLORADO RIVER ISSUES

Whereas the United States and Mexico have sought to address areas of common interest through negotiations based on the principles of mutual respect and bilateral collaboration, recognizing that this commitment to joint discussion is likely to identify responsible solutions that benefit the citizens of both nations;

Whereas the Colorado River is a vital resource to vast areas of the southwestern United States in the States of Arizona, California, Colorado, Nevada, New Mexico, Utah, and Wyoming; and to northwestern Mexico in the States of Baja California and Sonora, which depend upon the waters of the Colorado River to support agricultural economies,

growing municipal populations' potable water needs, as well as vital natural resources;

Whereas the United States and Mexico agreed to the allotment of the waters of the Colorado River in the 1944 Treaty Relating to the Utilization of Waters of Colorado and Tijuana Rivers and of the Rio Grande and concluded subsequent agreements which are administered by the International Boundary and Water Commission (IBWC);

Whereas recent periods of historic drought in the Colorado River Basin and growing recognition of the potential adverse impacts of climate change have stimulated efforts to identify cooperative and innovative approaches to ensure that the Colorado River allotment of each nation will continue to meet the needs of both nations;

Whereas, pursuant to the August 13, 2007 U.S.-Mexico Joint Statement on Colorado River Cooperative Actions, the IBWC established a framework for the discussion, joint study, investigation and evaluation of cooperative, innovative and holistic measures that may benefit Colorado River water users in the United States and Mexico;

Whereas representatives from governmental and non-governmental organizations in the United States and Mexico have devoted significant effort, particularly over the past two years through the IBWC, to this initiative in order to identify, discuss, and prioritize potential actions for implementation through cooperative efforts to provide additional security and certainty in the water supply of the Colorado River System;

Whereas both the United States and Mexico were deeply saddened by the tragic loss, on September 15, 2008, of U.S. Commissioner Carlos Marin and Mexico Commissioner J. Arturo Herrera Solis of the IBWC who were instrumental in leading these cooperative efforts and were committed to ensuring the sustainable management of the waters of the Colorado.

Secretary Dirk Kempthorne and Ambassador Arturo Sarukhan hereby applaud the efforts of the IBWC and its work to help identify cooperative and innovative measures that both countries could implement consistent with the provisions of the 1944 Treaty to help ensure that the Colorado River is able to continue to meet the needs of both nations; and,

Further, both governments support these efforts to identify innovative opportunities for water conservation, storage, supply augmentation, and environmental protection, which are viewed as complementary to the mission of the Department of the Interior and the respective Mexican ministries, consistent with the provisions of the 1944 Treaty.

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Mulroy advice for Obama: Tap Mississippi floodwaters

By HENRY BREAN
LAS VEGAS REVIEW-JOURNAL



Pat Mulroy
Southern Nevada Water Authority general manager

If the federal government wants a surefire way to create jobs and stimulate the economy, Pat Mulroy has a suggestion to make: Why not study and build the largest water diversion project in American history?

The general manager of the Southern Nevada Water Authority said now may be the time to take a serious look at a decades-old idea of capturing floodwater from the Mississippi River and using it to recharge the massive groundwater aquifer beneath the Central Plains.

In terms of jobs and investment, the project would dwarf the Hoover and Glen Canyon Dams, and some believe it could secure the future water supply for a vast swath of the Midwest and West, including Nevada and six other states that share the Colorado River.

Mulroy plans to float her suggestion in Washington, D.C., today, during a panel discussion at the Brookings Institution on shoring up the nation's infrastructure.

This will be the 10th in a series of events organized by Brookings to make policy recommendations and advice to President-elect Barack Obama and his transition team.

Today's forum will result in a "memo to the president" on why and how to invest in infrastructure as part of an economic stimulus package and beyond.

"It's the best opportunity to come along," Mulroy said. "We've ignored our infrastructure for decades."

She is the only panelist from the West, and the only representative from a water agency.

"When you look at the stimulus package, there is very little in there for large municipal water utilities and the water issue in general," she said.

Instead, transportation dominates, and Mulroy said she can certainly understand why. But no amount of road work will matter if America's plumbing is allowed to degrade and collapse, she said.

Without available water, "you can stop building roads (to places) because nobody's going to live there," she said.

Years of study and discussion are needed before any effort is made to collect Mississippi River floodwater and use it to replenish the Ogallala Aquifer, which covers some 174,000 square miles and includes portions of eight states from Texas to South Dakota.

The necessary facilities could take a decade or more to construct.

But Mulroy said such a project, or one like it, could create tens of thousands of jobs and inject many billions of dollars into the economy.

It also could set off a daisy chain of smaller water projects and exchanges from east to west, allowing residents in Denver and farmers across the eastern flank of the Rockies to relinquish the water they currently pump across the Continental Divide. That in turn would leave more water for the Colorado River.

Short of dismantling the sprawling cities and massive economies that now dot the arid West, Mulroy said the only way to save the Colorado is to find more water to fill it.

Many predict climate change will only make things worse.

"We can't conserve our way out of a massive Colorado River drought. We can't desalt our way out of a massive Colorado River drought," Mulroy said. "If the West is growing drier and the Midwest is growing wetter, I see that as an opportunity."

She stressed that she isn't talking about tapping the Great Lakes or infringing on anyone's water rights. Only floodwater would be captured from the Mississippi, something that could benefit those who live near its banks.

Mulroy considers the idea "an investment in the future," much like the interstate highway system was in the 1950s.

"What you're doing is securing the underpinnings of our economy into the future, when it re-emerges," she said.

Mulroy's selection to the Brookings panel has drawn fire from at least one outspoken critic of the water authority and its plans to pump groundwater to Las Vegas from across hundreds of miles of eastern Nevada.

Bob Fulkerson, director of the Progressive Leadership Alliance of Nevada, said he was "highly disappointed" in Brookings for picking Mulroy and providing her with an opportunity to influence the water policies of the Obama administration.

"I just hope Pat Mulroy doesn't go there claiming we need billions of dollars to dry out rural Nevada. It kind of confirms our worst fears."

Mulroy said she has no intention of using today's forum to try to wrangle stimulus money for the authority's multibillion-dollar pipeline project in Nevada.

"That's a local issue and a state issue. It doesn't rise to the level of federal discussion," she said.

But Mulroy wouldn't be doing her job if she didn't try to get her hands on some of the federal money that may be earmarked for infrastructure.

Mulroy said one local project she could use a little federal help with is the so-called third straw the authority is building to reach water deep in Lake Mead.

The third intake is expected to cost at least \$817 million and take four years to complete.

Contact reporter Henry Brean at [hbrean @reviewjournal.com](mailto:hbrean@reviewjournal.com) or 702-383-0350.

Salazar touts renewable energy at Interior confirmation hearing

[By Michael Riley](#)

[The Denver Post](#)

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U.S. Sen. Ken Salazar, center, is welcomed on Capitol Hill in Washington, today by his brother, U.S. Rep. John Salazar, right, and U.S. Sen. Mark Udall prior to testifying at a Senate hearing on his nomination to head the Interior Department. (AP | Jose Luis Magana)



Salazar testifies today at his confirmation hearing. (Getty Images North America | Alex Wong)

WASHINGTON — Interior secretary-designate Ken Salazar vowed Thursday to reorient the Department of the Interior from a hive of special interests that marked the Bush administration to one based on integrity and the rule of science.

Sen. Salazar, a Denver Democrat, hit a laundry list of priorities in the opening statement of his confirmation hearing: reorienting Interior from a focus on fossil fuel toward alternative energy; improving relations with American Indians; and creating a new youth conservation corps.

But he also launched a broad indictment of the way the department was managed under Bush, quoting a 2006 Inspector General report that said: "Short of a crime, anything goes at the highest level of the Department of Interior."

"We will be working on that beginning Day One," Salazar said of the ethical lapses at the department, which have included accusations of partying and sex between energy lobbyists and department employees that decide the fate of leases.

Salazar's nomination is anticipated to be a largely smooth affair, in part because he is seen as a pragmatist on many of hot-button issues, including energy development.

Few of the Republican members even showed up for the hearing, and Sen. Ron Wyden, D-Ore., joked at one point that it was turning into "a full-fledged bouquet-tossing festival."

Still, Salazar did face some pointed questions about oil-shale development and off-shore drilling, two issues that the energy industry is watching carefully to judge how far Salazar and Barack Obama plan to pull back from Bush's full-throated development of fossil fuels.

While Salazar emphasized that conventional energy development continued to be critical, he also sketched a vision of a hip new Interior Department, one in which wind farms and geothermal-energy development will sprout across thousands of acres of public lands.

If confirmed, Salazar will head a department of more than 70,000 employees that oversees 507 million acres of federal land and has jurisdiction over everything from oil- and gas-leasing decisions to relationships with American Indian tribes.



The Interior secretary-designate's confirmation hearing on Capitol Hill went well, with one senator describing it as "a full-fledged bouquet-tossing festival." (Getty Images North America | Alex Wong)

President-elect Obama nominated the first-term Colorado senator for the post last month, a move intended to bring a more centrist — and ethical — approach to administering the nation's federal lands and shaping its energy policies.

Denver Public Schools Superintendent Michael Bennet has been named to fill the remaining two years of Salazar's term. Bennet was appointed by Gov. Bill Ritter as Salazar's replacement earlier this month. Bennet has said he will seek election to the seat in 2010.