

Interbasin Compact Committee (IBCC) Meeting

Embassy Suites; Loveland, CO

August 30, 2010

Meeting Summary

Participants

IBCC Members

Dan Birch

Stan Cazier

Kent Crowder

Carlyle Currier

Jeris Danielson

Alex Davis

Jeff Devere

T. Wright Dickinson

Rep. Randy Fischer

Steve Harris

Taylor Hawes

Melinda Kassen

Rod Kuharich

Peter Nichols

Mark Pifher

John Porter

Mike Shimmin

Travis Smith

Bill Trampe

Carl Trick

Wayne Vanderschuere

Steve Vandiver

Sen. Bruce Whitehead

Eric Wilkinson

Jay Winner

Staff/Technical Team

Heather Bergman – Peak

Facilitation Group

Jacob Bornstein – CWCB

Viola Bralish – CWCB

Todd Doherty – CWCB

Jennifer Gimbel – CWCB

Eric Hecox – CWCB

Greg Johnson – CWCB

Mike King – EDO

Sue Morea – CDM

Nicole Rowan – CDM

Dori Vigil – CWCB

Dick Wolfe – DNR

Members of the public attended.

Meeting Goals

The IBCC will hear reports from its subcommittees on identified projects and processes (IPPs), conservation, and new supply, as well as the Alternative Agricultural Transfer Methods Task Force. Based on these reports, the IBCC will determine next steps for each of the four issue areas. (For additional information, see subcommittee discussions below.)

Key Meeting Outcomes

- The IBCC members agreed that the municipal and industrial (M&I) water supply gap will need to be met with four sources: IPPs, conservation, agricultural transfers, and new supply development.
- The IBCC identified questions and further discussion topics for the IPP, conservation, and new supply subcommittees and requested that these committees reconvene and prepare additional materials for the October IBCC meeting.

Overview of Meeting Discussion

Mike King, Executive Director of the Colorado Department of Natural Resources, addressed the group, sharing some details of a recent conversation he had with Governor Ritter about natural resources, water, and the IBCC. The Governor stated that the IBCC has done some important foundational work and must now move forward with tangible products or ideas. There is a sense of urgency about what will be passed onto the next administration, and the IBCC needs to take advantage of this transition. Governor Ritter would like to express to the governor-elect that this program is important and needs to move forward in order to come up with tangible results.

IBCC Director Alex Davis framed the day, stating that the current water system has served us pretty well for the last 150 years, but we are now transitioning from developing a resource to sharing that resource. If the IBCC does nothing, individual efforts will move forward incrementally (conservation, agricultural transfers, IPPs, and new supply development), but it will be a fight each step of the way and these will be expensive fights. This group can chart a different path forward. The value that the IBCC brings to the State of Colorado is the opportunity to look at a whole package and not just the individual parts. The subcommittees will provide some specific thoughts and ideas, but we need to look at them as a package, a comprehensive approach to address the gap.

Director Davis also reminded the IBCC that they will be submitting a report to the Governor. The report is the IBCC's opportunity to highlight their accomplishments and tell the Governor what they have done together.

Review of Technical Reports

Eric Hecox then provided updates on several technical reports and summarized the major findings. All the reports are available on the IBCC website through the links below.

- [FINAL 2050 M&I Water Use Projections](#)
- [FINAL Reconnaissance Level Cost Estimates for Strategy Concepts](#)
- [DRAFT Current and 2050 Agricultural Demands](#)
- [DRAFT Alternative Agriculture Transfer Methods Summary](#)
- [FINAL Nonconsumptive Needs Assessment Focus Mapping Report \(phase 1\)](#)
- [DRAFT Nonconsumptive Needs Phase 2 Update](#)
- [Colorado's Water Supply Future Portfolio and Trade-Off Tool \(v8\)](#)

Subcommittee Progress and Results

Report from the IPP Subcommittee

Travis Smith reported for the IPP Subcommittee and discussed the group's document regarding the State's role in IPPs. The document aims to address how and under what conditions the State can support projects, and it encourages the State and its constituent agencies to be more permissive and less prohibitive in its interactions with project proponents, focusing on solving problems instead of them making problems.

The IBCC provided feedback on the IPP draft document, including the following comments and questions:

- The IPPs are a significant part of the future water supply for Colorado.
- Implementation is not addressed in the current draft and it needs to be something beyond just a statement in a work product of the IBCC.
- What is “consensus”? Defining this term will be important in helping stakeholders understand what is being proposed.
- The document needs to discuss the role for the State Legislature in advancing IPPs.
- What is the role of the IBCC regarding IPPs? Does the IBCC weigh in on IPPs? If we are going to endorse projects, there would need to be some criteria.
- The Gap Report will have more information on the IPPs and should be ready in two to three weeks. This report may inform IBCC members’ perspectives on the role of the State and/or the IBCC in IPPs.
- Risks associated with IPPs include cost, yield, environmental permitting, timing and restrictions on additional storage, and the impact of transbasin diversions.
- There are several solutions or tools that can assist IPPs, including adding more storage, rehabilitation, better utilization of the existing infrastructure and ensuring proper construction, interruptible supply, redistribution, getting local voices involved early on in a process, regulatory support, early interactions with the agency that has the most interest in a particular project, and additional flexibility in the system.

Next Step: The Subcommittee will reconvene before the next IBCC meeting to address and clarify the role of the Legislature, how the IBCC recommendations will be initiated or implemented, and the influence of State support on federal entities and the resulting effect on project proponents.

Report from the Conservation Subcommittee

Wayne Vanderschuere reported for the Conservation Subcommittee and discussed the draft document prepared by the Subcommittee. The Subcommittee’s recommendations include some long-term thinking; not all of the recommendations are achievable today. Key issues highlighted by the Subcommittee included:

- The difficulty in identifying a one-size-fits-all approach for conservation
- The need to set a high bar for conservation, because reality is moving toward more conservation and conservation will eventually reach levels that today are inconceivable
- The need for a system in which there is no cost associated with participating in conservation but there *is* a cost associated with not participating

The IBCC provided feedback on the draft conservation document, including the following comments and questions:

- It cost about \$1,000 dollars to replace the appliances that use a lot of water. Requiring replacement of appliances is not a radical change moving forward.
- The document should focus on new growth as opposed to existing development. New high standards of conservation can be established for new growth; this is more difficult for existing development. This is an important distinction to have in the document.
- The language regarding return flows is problematic and should be revised.

- The document should address the role of the Legislature, particularly regarding new regulations for new development.
- Point-of-sale legislation will involve the development and real-estate communities; they will need to be actively engaged.
- Price sensitivity is an important issue; the document needs to recognize that pricing helps to regulate usage.
- The document includes a requirement that State agencies to submit a water conservation plan. This could also apply to cities, counties, and large golf courses.
- The document does not estimate how much of the gap can be met by water conservation. We should not assume that all conserved water will be available for use and will fill the gap. Conservation needs to be looked at alongside drought; in this context it is a zero-sum game. Many entities rely on the elasticity in their supply for drought protection. If they want to retain that elasticity for use in times of drought, then they need new water supplies to meet new growth. If they take their conserved water and put it into new growth, then they will need a new water supply for drought protection.
- Changing Colorado water law to allow storage and reuse of conserved water would be more than an “update” and may not have broad support.

Next Step: The Conservation Subcommittee will meet again before the next IBCC meeting to discuss the issues and concerns raised by the IBCC and prepare a revised document for discussion.

Report on the Alternative Agricultural Transfer Methods Task Force

Todd Doherty reviewed the fact sheet summarizing the work of the Alternative Agricultural Transfer Methods Task Force, which identifies three obstacles to agricultural transfers (high transaction costs, water rights administration, and certainty of long-term supply), as well as some potential next steps for addressing them.

The IBCC provided feedback on the agricultural transfers fact sheet, including the following:

- The concepts in the fact sheet are good.
- It is good that this document recognizes that agricultural water rights belong to the owner and they can do what they want with them.
- The document should include a statement about our desire to preserve agriculture.

Report from the New Supply Subcommittee

Peter Nichols and Eric Kuhn summarized the work of the New Supply Subcommittee. The Subcommittee talked about a package that integrates conservation, IPPs, agricultural transfers, new supply, and non-consumptive needs, but the group has not yet come to agreement on a document describing this package. The Subcommittee did discuss the risk and the certainty of the supply from the Colorado River and determined that an important next step will be to talk further about how to address these risks and uncertainties.

The IBCC provided feedback on the report from the New Supply Subcommittee, including the following:

- There is water available in the Colorado River system. If the water is there, then developing it benefits everyone in the state. If the water is not there, then the risk is born by those who spend money on the project. We are at a point where the IBCC needs to move forward on discussing the development of our Compact entitlement.
- Even if there is wet-year water available, the risk comes in when there is no water available and the challenge is how to cover needs during those times. There needs to be a backup source to provide some “collateral.”
- New supplies need to be developed to make sure that we still have agriculture in the state.
- The IBCC has a strong vision statement, and we are finally talking about risk. We need to be talking about risk but not specific project concepts.

Facilitated Discussion: Mitigating and Managing Risk

The IBCC agreed that **four sources of supply** will be needed to address the gap:

- IPPs (with reuse plans)
- Conservation
- Agricultural transfers
- New supply (with reuse)

The IBCC identified **five key stakeholders** that any comprehensive package of tools to address the gap should seek to benefit or, at least, not harm (listed below). Any package should bear in mind the importance of a potential Compact call.

- Environment
- East Slope agriculture
- West Slope agriculture
- East Slope M&I supply
- West Slope M&I supply

The group identified **two primary types of risk** associated with new supply development:

- Regulatory uncertainty (delay and cost)
- Availability of water

The group then **identified strategies to reduce the risk to stakeholders**:

- Storage (where, by whom, when)
 - New storage
 - Better use of existing storage
 - Rehabilitation of existing storage
- Better use, maximizing use of existing infrastructure
- Access to wet-year yield (consider increments, benchmarks)
- 1041 relief or some way of bringing 1041 counties into collaborative process to address concerns about projects
- Regulatory support
- Collateralization

- Curtailment of diversions for new projects (quantify, consider triggers)
- Reservoir-level triggers
- Collaborative decision making with environmental advocates at the table
- Multi-purpose projects that achieve gains for multiple stakeholders
- Identification of an amount of Colorado River water to develop, with half allocated for use on the West Slope and half allocated for use on the East Slope
- Clarity on definition of environmental risk (are there triggers?)
- Improved forest management
- Straw man project to frame conversation
- Agricultural transfers
- Conjunctive use
- Water banking
- Compact compliance contract
- Interruptible supply
- Lease/fallow

Discussion Comments and Questions

- Is there a mechanism to create a better safety net? For example, could we look at wet year yield? We all know the future is uncertain, so what parameter do we put into place?
- In terms of risk there are two key points: who determines the risk and what is the acceptable risk?
- 1041 addresses the need to involve locals and address local issues. We need to make sure that the process we are creating engages local voices early on.
- The Gunnison Basin would prefer not to be impacted by a new transbasin diversion. How can the Gunnison Basin contribute to statewide concerns about the gap?
- The percentage of agricultural dry-up that will occur in the South Platte basin without new water supply development on the West Slope is a very large and unacceptable number. We need to figure out a plan to develop new water supplies in the Colorado Basin, so it can be used on both sides of the mountain to meet all of the needs that have been identified.
 - We should probably figure out a project that would primarily be paid for with dollars from the East Slope but would meet the needs of both the East and West Slopes (consumptive and non-consumptive needs).
 - Let's develop an amount of water through a shared project. It might be a package of multipurpose projects that includes one big project to bring water to the East paired with a number of projects built all over the West Slope to meet their needs.
 - From our portfolio work, it seems that we ought to be able to develop enough Colorado River water to meet West Slope needs and bring an equivalent amount of water to the East Slope.
 - In a small group exercise that we did at a prior IBCC meeting, we were playing with the portfolio tool and put in some numbers that included some conservation numbers that some East Slope providers were comfortable with. This indicated that developing of 350,000 acre-feet of West Slope water (with half going to the

East Slope and half going to the West Slope) would reduce the percentage of agricultural dry-up on the East Slope to an acceptable level.

- We should start to talk about concrete numbers and scenarios.

Conclusion and Next Steps

- Alex Davis adjourned the meeting, stating that what she heard today was a real commitment to coming up with a statewide vision for meeting the gap.
- All three subcommittees will reconvene before the October IBCC meeting and address the concerns raised today.