

Interbasin Compact Committee (IBCC)  
September 12, 2011; 8:30am - 4:00pm  
Ute Water, Grand Junction, CO

**Meeting Summary**

**Attendees**

**Members**

Stan Cazier  
Alex Davis  
Jeff Devere  
T. Wright Dickinson  
Jennifer Gimbel  
Taylor Hawes  
Melinda Kassen  
Mike King  
Rod Kuharich  
Eric Kuhn

Olen Lund  
Doug Monger  
Peter Nichols  
Mark Pifher  
Jim Pokrandt  
John Porter  
Mike Preston  
John Rich  
Mike Shimmin  
Travis Smith

John Stulp  
Bill Trampe  
Carl Trick  
Wayne Vanderschuere  
Steve Vandiver  
Eric Wilkinson  
Jay Winner

**CWCB Board Members**

Barbara Biggs – City & County Denver  
Geoff Blakeslee – Yampa/White Basin  
Alan Hamel – Arkansas Basin  
John McCloy – Gunnison Basin  
April Montgomery – Southwest Basin

**Staff**

Heather Bergman – Peak  
Facilitation  
Jacob Bornstein – CWCB  
Viola Bralish – CWCB  
Veva Deheza - CWCB

Todd Doherty - CWCB  
Mikaela Gregg – Peak  
Facilitation  
Eric Hecox – CWCB  
Greg Johnson – CWCB  
Becky Mitchell - EDO

Sue Morea – CDM  
Nicole Rowan – CDM  
Dori Vigil – CWCB  
Dick Wolfe – DNR

Members of the public were also in attendance.

### **Welcome and Introductions**

IBCC Director John Stulp provided an outline of the meeting agenda and offered opening remarks. He discussed the renewed IBCC contract with CDM, the consulting firm recently contracted to continue to support the IBCC, subcommittees, and the roundtables, and to help advance the IBCC process toward implementation. Director Stulp also discussed the day's preliminary joint IBCC/Colorado Water Conservation Board (CWCB) workshop as an example of the working relationships developing throughout the state, relationships needed to advance dialogues, planning efforts, and program development as a portfolio of solutions to address Colorado's water needs.

IBCC Members were asked to provide introductory comments regarding the state of water in their basin/area, current water issues (needs, concerns, etc.), recent roundtable developments/initiatives, etc. Notable comments include:

- Storage—the need for more and better statewide infrastructure— was a critical issue for all basins this year as there was an overabundance of water in some areas and a lack of water in other areas. Developing more storage throughout the state will increase the potential for greater water sharing and optimize water management methods and resources.
- In the South Platte Basin, conversations regarding ground water are advancing in an effort to help generate creative water management options and potential solutions.
- In the Gunnison Basin, river restoration will be a key focus this winter in order to better manage next year's water flows.
- In the Metro Basin, conversations regarding trans-basin diversions and storage optimization are advancing, generating options for developing better water management practices.
- In the Colorado Basin, a key issue being discussed is how to better manage Colorado River resources (e.g., better/more productive ways to use and protect the water, river, environment, etc.).
- Other key issues being addressed include:
  - The need to manage (and balance) consumptive and nonconsumptive needs/use
  - The need to balance water needs/use within the state for municipal and industrial (M&I) use, agriculture, Compact curtailment, development, etc.
  - The need to advance gray water use and technology to develop renewable water resources and expand the capacity of ground water reuse
  - The need to address basin hydrology issues with a statewide perspective as all stakeholders are interdependent and must work to develop overarching solutions

### **Discussion of Basin Roundtable Portfolio Development**

Director Stulp briefly discussed the portfolio exercise, outlining the process and goals for roundtable and IBCC portfolio development and analysis. These efforts are directly connected to the Colorado Water for the 21<sup>st</sup> Century Roadmap, which sets short-term, mid-term, and long-term goals for the IBCC, basin roundtables, and the CWCB. Several basin roundtable representatives offered brief summaries of their roundtable's progress working with the portfolio tool.

### **Colorado Roundtable**

- Developed a working group to lead portfolio development efforts
- Found the exercise to be similar to that of developing a business model; helpful for testing ideas and assumptions
- Ran three draft scenarios, the goal being to approach the exercise with an open mind rather than hard-set positions
- Realized the significant risk of agricultural dry-up under a variety of scenarios, due greatly to the variability of IPP and conservation success rates, which further highlighted the importance of understanding specific factors in each basin
- Found that the exercise further emphasized the fact that there are no obvious, easy solutions but rather a need to address the broad complexity of issues with a portfolio of balanced solutions
- Identified that the environmental component of the portfolio tool seems the least clear and an area that will have to be explored further/in more detail

### **Metro Roundtable**

- Developed a subcommittee to address technical issues related to conservation and reuse in order to better understand the portfolio components and trade offs
- Further recognized the value of ensuring that reuse projects are developed and effective
- Identified conservation as a critical component but struggled when determining an appropriate conservation level and quantity to apply to the gap due to the fact that conservation quantities will most likely change over the years

### **Yampa/White/Green Roundtable**

- Developed a subcommittee to lead the portfolio exercise and to provide the roundtable with draft scenarios to discuss and evaluate
- Drafted portfolios all examine high-demand scenarios (as it seemed most likely/realistic) with varied levels of agricultural transfers

### **South Platte**

- Planned a special meeting during which the portfolio tool will be explored
- Addressed the importance of reuse and conservation as modes to reduce the M&I gap, but also stressed the need to recognize the potential effect these modes could have on downstream resources (e.g., increase the agricultural demand gap)
- Appreciated that roundtables are taking an ‘out-of-the-box’ approach to their portfolio work; it is important to look at the impacts of various choices/options and avoid “solutions” that simply move water from one basin to another without addressing long-term issues
- Discussed the importance of looking beyond the portfolio tool to address issues that are not directly accounted for (e.g., trade-offs, long-term implications, etc.)

### **Discussion**

- There seems to be a good opportunity to work backwards with the portfolio tool to determine an acceptable amount of agricultural loss and develop a portfolio based on that assumption.

- There seems to be a need to expand the discussion regarding alternative trans-basin diversions.
- It is important to explore the “what-if” scenarios/creative options that come up during the portfolio development process.
- The reuse component of the tool has sparked a significant amount of discussion. There seem to be a wide range of options and uncertainty regarding the full extent to which reuse can appropriately be applied.
  - Within the portfolio tool, the reuse percentage is calculated based on a 1 acre-foot to 1.5 acre-feet reuse threshold.
  - 50% reuse seems like an appropriate level for most areas, taking into consideration realistic water management systems throughout the year.
  - When considering reuse percentages, it is important to factor in current and future infrastructure needs and reuse capabilities, all of which require significant investments from utilities.
  - The Metro Roundtable has developed a sub-group to take an in-depth look at realistic reuse options and quantities.
  - The New Supply Subcommittee is also exploring the topic of reuse.
  - Many of the issues surrounding reuse demonstrate the importance of developing an interconnected system and the significance of infrastructure and timing in order to develop effective and optimized solutions.
  - There are two reuse components in the portfolio tool, one correlating with IPPs and one with new supply, both assume reuse will be applied to the M&I gap but do not take into account other potential demands/reuse applications.
- The portfolio tool and the work the roundtables are doing are invaluable in demonstrating the statewide impacts of various positions and assumptions.
- There may be the option to use new supply resources that are not fully dedicated to reuse to address downstream needs (an option to offset tradeoffs).
- It would be helpful if basin roundtables could share their work on the portfolio exercise to help guide other basins in their efforts and decision making.
- In the SWSI 2010 report, Appendix I-Table 3 outlines the agricultural data and information used to develop the agricultural components of the portfolio tool; this may help provide some perspective and rationale as the tool is being used.

## **Next Steps: Portfolio Development**

### Staff:

- Provide a progress report regarding Basin Roundtable portfolio development and email this information to the IBCC and basin roundtables. Include where different roundtables are in the process, specific assumptions being applied, quantities being used, lessons learned etc. as roundtables advance through the portfolio exercise

### Basin Roundtables:

- Continue to work with the portfolio tool to develop statewide and/or basin portfolios to share with other roundtables and the IBCC
- Communicate directly with other basin roundtables regarding the portfolio development exercise to gather input, suggestions, assistance, feedback, etc. For example roundtables

might want to ask other roundtables what assumptions they are making on their IPPs and conservation

- Consider options regarding how and when to proceed with cross-basin discussion of portfolios once all basin roundtables have reached an appropriate stage; suggestions include:
  - Small-scale, roundtable-to-roundtable conversations/meetings
  - A larger-scale, all-roundtable meeting
  - A combination of efforts

#### Metro Roundtable:

- Consider a mode for communicating reuse and conservation findings to the IBCC and other basin roundtables when it becomes available; suggestions include:
  - Organize a meeting of representatives from each basin roundtable to share the findings and ask representatives to report back to their respective roundtables
  - Identify a representative(s) from the Metro Roundtable to visit each of the other basin roundtables to share their portfolio assumptions
  - Share/circulate a report to all basin roundtables and the IBCC

#### Discussion: Suggested Approach for Sharing Portfolios between Roundtables

- There seems to be a need for all roundtables to reach a similar stage with their portfolio(s) before coordinating a mode for portfolio sharing.
- It may be more valuable for the IBCC and CWCB staff to focus on supporting BRTs in advancing this exercise and to facilitate basin-to-basin communication efforts before looking to develop a platform for sharing the portfolios among all roundtables.
- There seem to be a need for the BRTs to advance this process at their own speed, to get comfortable with the tool, have difficult and in-depth conversations, and develop a well-thought-out portfolio they can stand by.
- There may be a need for the IBCC to take a step back (maybe go on hiatus) until the BRTs have worked through this process and are ready to deliver portfolios to the IBCC.
- It seems important to continue to make the connection between the portfolio exercise and the work of the IBCC subcommittees as there are issues that could/should be addressed in parallel (e.g., IPPs, the role of the State, etc.).
- There seems to be a need to better address/tie in risk management throughout this process.
- It would be valuable if the Metro Roundtable sub-group could share their findings regarding reuse and conservation to help other basin roundtables as they develop their portfolios.

#### IBCC Subcommittee Updates and Discussion of Recommendations

##### **New Supply Subcommittee**

- Developed three portfolios to represent low, medium, and high new supply scenarios
- Identified the importance of going beyond the portfolios to look at what is do-able, what the effects of various tradeoffs are, and how all components (four legs of the stool) are interconnected

- Outlined key issues that need to be addressed with portfolio analysis (e.g., risk management, who could/should develop a project(s), how could/should a project be funded, etc.) in order to develop a creative yet realistic portfolio of solutions that addresses all interconnected issues as well as the various gap occurrences (time and location)
- Discussed the importance of looking at implementation at multiple levels (location and timing) versus a single-source “solution”
- Outlined information requests for other subcommittees and roundtables to help contribute information to guide the portfolio analysis process (e.g., IPP success rates, quantity of conservation that can be applied to the gap, etc.)

### Discussion

- The term “risk management” seems to be used often, but what does it mean? Is this a topic that the New Supply Subcommittee can/should begin to identify? Suggested components of risk management include:
  - What entities do with conservation savings
  - Junior-senior, junior-junior water rights—an issue that may need further exploration, including a meeting with the Attorney General to discuss the legal framework
  - Elements surrounding how a new supply project could be developed
  - Who is going to build and fund a project
- There is concern that questions about whether there is additional water available for trans-mountain diversion remain unanswered.
- There seems to be a need to discuss the connection between the work of the New Supply Subcommittee and the Arkansas/Metro Flaming Gorge dialogue.
- It is good to see that the IBCC is making progress and that conversations are no longer focused on whether there will be a gap but on gap/water management (e.g., when shortages will occur, how much water will be needed, what projects are and will be needed, what needs to be done in conjunction with IPPs, what infrastructure is needed, how conservation and reuse can be connected to the solution, etc.).
- It may be valuable for the New Supply Subcommittee to address issues regarding the agricultural gap—how to maintain and expand agriculture within the state— as well as the M&I gap.
- It was suggested that the New Supply Subcommittee address risk management as a component of their portfolio analysis.

### New Supply Subcommittee Next Steps

1. Continue to analyze and discuss the outlined portfolios regarding issues such as: feasibility/challenges, preconditions, implications, timing, effect on the other four legs of the stool, incentives, trade-offs, etc. Additional areas of analysis suggested include:
  - Consider addressing the overarching issue(s) of “risk management” (i.e., managing the risk of additional development of Colorado River water and the risk of not pursuing additional development)
  - Consider how this work can complement efforts related to the basin roundtable discussion on Flaming Gorge
  - Address the boundaries between a new supply project and an IPP

2. Work with other subcommittees and groups to gather information to facilitate portfolio analysis:
  - IPP Subcommittee: Ranges for realistic IPP success rates (if Task Force is successful and if not)
  - Conservation Subcommittee: Ranges for amount of conserved water that can be applied to the gap (if Subcommittee recommendations are successful and if not)
  - Nonconsumptive Needs Subcommittee: Wait until after the statewide nonconsumptive needs meeting to determine progress regarding understanding and quantification of nonconsumptive needs
  - Staff: Information about how much water from alternative agricultural transfer methods might be applied to the gap; consider additional technical work regarding what kind of infrastructure is needed to get higher levels of reuse in the South Platte
  - Metro Roundtable: Realistic reuse and conservation ranges based on discussions on the portfolio tool
3. Consider if/when it may be valuable to have a conversation with the Attorney General regarding the legalities surrounding issues of junior-senior and junior-junior water rights

### **IPP Subcommittee**

- Worked to address some of the concerns and feedback regarding the Subcommittee's Task Force recommendation with refinements to the recommendation document and the development of a document outlining what the Task Force and process are not
- Asked for the approval of the IBCC to write an official recommendation (including the two IPP/Task Force documents) to Governor Hickenlooper

### Discussion

- There is concern that the recommendation/"not" document does not address that the intent of the Task Force is to facilitate timely conversations and streamline project development--where appropriate. It may be valuable to stress this issue in the cover letter that will accompany the recommendation documents.
- It may also be valuable to specify (in the cover letter) that the intent of the Task Force is not to create more bureaucracy or fast-track projects, but rather to better engage and interconnect agencies and stakeholders, streamline processes and efforts, and facilitate better cross-agency communication.
- It may be most effective for the recommendation cover letter to be written and signed on behalf of the IBCC and/or from Director Stulp.

The IBCC approved the draft recommendation documents and agreed that the cover letter would be written and signed by Director Stulp and Travis Smith, Chair of the IPP Subcommittee, on behalf of the IBCC.

### IPP Subcommittee Next Steps

1. Finalize Task Force documents to send to Governor Hickenlooper as approved by the IBCC; documents should include:

- a. Cover letter: As Chair of the IPP Subcommittee, Travis Smith will work with staff and Director Stulp to draft a cover letter to submit with the IPP documents to Governor Hickenlooper. It may be valuable to address the following issues in the cover letter:
  - i. The intent of the Task Force is to streamline and support timely conversations and the advancement of projects where appropriate.
  - ii. The intent of the Task Force is not to create more bureaucracy or to fast-track projects; but rather to better engage agencies/groups to streamline processes and promote better cross-agency communication.
  - iii. An outline of the Task Force request and additional information being provided to the Governor
- b. State Role document (roles and responsibilities)
- c. Task Force “not”/next steps clarification document

### **Nonconsumptive Subcommittee**

The Subcommittee has been organizing a statewide nonconsumptive needs meeting to help advance conversations and efforts and to help gain a better understanding of how nonconsumptive needs and gaps can/should be quantified, addressed, and integrated into the work of the IBCC, CWCB, and the roundtables. The meeting will be held on October 13, 2011, in Colorado Springs; an invitation and agenda will be sent out to the IBCC, roundtables, and other stakeholders throughout the state.

### Discussion

- It may be valuable to reference the Fountain Creek project as an example of a productive and effective nonconsumptive roundtable-funded and -initiated project.
- It is important to recognize and incorporate in the discussions the role senior water rights play in nonconsumptive issues and the broad interconnection between stakeholders and water resources (e.g., the support irrigated agriculture provides to riparian and wildlife areas). It may be valuable to engage roundtable representatives to help address this topic during the meeting and to encourage the continued discussions at roundtable meetings in order to expand positions and break down barriers.
- It is strongly encouraged that IBCC members attend the meeting and encourage roundtable members to attend also.

### Nonconsumptive Next Steps

1. Finalize the agenda for the Statewide Nonconsumptive Needs meeting. The following suggestions were provided:
  - a. Consider adding a discussion regarding the Fountain Creek projects as examples of roundtable-initiated and -funded nonconsumptive projects
  - b. Consider Jeff Crane for the afternoon panel to describe the North Fork project
  - c. Continue working to incorporate a discussion regarding the role of senior water rights and the interconnection between nonconsumptive needs and agriculture
2. Send out the meeting agenda with a reminder for attendees to request information (nonconsumptive concerns, project examples, current efforts, etc.) from their basin to share at the meeting
3. Reiterate that IBCC and roundtable members are strongly encouraged to attend the Statewide Nonconsumptive Needs meeting



### **Alternative Agricultural Transfer Methods (ATM) Subcommittee**

- Held individual meetings with Colorado Water Alliance (CAWA) and Front Range Water Council (FRWC) to identify critical issues and evaluate each group's willingness to engage in a larger discussion
- Held a joint meeting with CAWA, FRWC, and other water providers to set a foundation for further discussions, to identify additional key interest areas and concerns, and to generate suggestions for approaches to further discussions
- Determined that discussions should continue and occur under the auspices of the IBCC's ATM Subcommittee with the potential for additional participants to join to broaden representation

#### ATM Subcommittee Next Steps

1. Continue conversations with agricultural water users and municipal water providers as outlined in the August 30<sup>th</sup> meeting summary

### **Conservation Subcommittee**

- Decided that while waiting for completion of the CWCB statewide messaging study the Subcommittee would focus on advancing efforts regarding indoor plumbing codes
- Drafted talking points to outline the approach and messaging that would be used while gaining support for and to advance efforts regarding indoor plumbing code legislation

#### Conservation Subcommittee Next Steps

1. Continue advancing indoor plumbing code legislation with the blessing of the IBCC. Identified next steps include:
  - a. Begin drafting legislative proposals; Wayne and Taylor will lead this effort with others in the water community familiar with drafting legislation
  - b. Begin stakeholder outreach; uniform messaging will be guided by the approved talking points
2. Readdress education and outreach efforts with PEPO after the completion of the CWCB statewide messaging study

### **PEPO**

In the last PEPO meeting, members discussed how to help the IBCC Subcommittees meet their education and outreach needs. Key topics areas discussed include: messaging, outreach mechanisms, and timing options. Through this discussion, the group identified the following short-term goals and action items:

#### PEPO Next Steps

1. Develop basic messaging and outreach mechanisms based on the December 15, 2010. IBCC letter to the Governors
2. Look into how PEPO's efforts complement other statewide efforts (e.g., Water 2012, CWCB statewide messaging study, etc.)
3. Wait for IBCC subcommittees to complete their working products; PEPO will then review these products and provide suggestions regarding an appropriate outreach approach (within PEPO's capacity) at the roundtable and public levels

4. Continue to support the Basin Roundtable Education Action Plans and serve as a forum for roundtable-to-roundtable exchanges regarding education efforts and outreach to the public and local decision makers

#### **Public Comment**

- The New Supply Subcommittee discussion regarding portfolio analysis was encouraging. It may be a waste of time, however, to look at high new supply scenarios. Developing a large project that such a scenario would require is unrealistic. As stated in this discussion, it is important for the Subcommittee to address risk management assessments, specifically regarding the topic of when a new supply project becomes an IPP.
- There is concern that the Flaming Gorge project is being discussed outside of the IBCC; this may be the reason there is a fair amount of opposition to the project. It would be valuable to see the IBCC make an effort to incorporate the Flaming Gorge discussion as an IBCC project and for that project to address project criteria rather than specific project options.

#### **Closing Remarks**

Director Stulp expressed that he was encouraged by the meeting discussions and the progress being made by the Subcommittees, roundtables, and the IBCC. Based on the progress being made with the portfolio development exercise, it seems reasonable that the November IBCC meeting will provide a venue for more specific portfolio information and findings to be shared and discussed. In the meantime, roundtables are encouraged to utilize CWCB staff to help share information relating to the portfolio exercise with other basin roundtables. As always, all the hard work and dedication of the IBCC, roundtables, and CWCB is greatly appreciated.

## **Joint CWCB and IBCC Workshop Meeting Summary**

### **Opening Remarks**

IBCC Director John Stulp and CWCB Chair Eric Wilkinson opened the workshop with a few summary remarks. Notable comments include:

- This joint workshop brings together two groups that are working diligently to address critical statewide issues. As both groups are making significant progress, it seemed like a good opportunity for the IBCC and CWCB to more directly join forces in an effort to advance the dialogue.
- This workshop is an opportunity for the IBCC and CWCB to communicate directly (face-to-face) and discuss critical issues.
- It seems valuable to have more joint meetings like this to share approaches and perspectives regarding state water issues and to strategize how the IBCC and CWCB can better leverage each other's knowledge base, resources, progress, etc. to develop balanced statewide solutions.
- While there have been discussions regarding the need to separate and define the roles of the IBCC and CWCB, the groups have worked to develop a productive and integrated relationship.

### **Water Supply Reserve Account (WSRA)**

Eric Hecox, CWCB staff, provided an overview of 2011 WSRA project funding information. The data presented outlined primary funding categories, the number of studies versus implementation projects funded, funded project status, basin account balances, projects funded by basin, and statewide-focused funded projects. CWCB staff also provided an outline of suggested changes (based on roundtable and public comments) to the criteria and guidelines for the WSRA grants and loans. A CWCB/IBCC subcommittee meets yearly to discuss potential amendments to the WSRA grant and loan program. Staff and this subcommittee are seeking feedback and guidance from the IBCC and CWCB regarding the suggested changes and invite additional suggestions for changes that should be considered. The group was not seeking agreement on any of the issues summarized below; rather, the purpose of this discussion was to explore ideas and perspectives regarding potential changes to the criteria.

### **Discussion**

#### **General**

- It may be valuable to create a summary that outlines the issue areas addressed and overarching results of WSRA funded projects (e.g., consumptive, nonconsumptive, location of water gained, etc.).
- Is there a need, and if so, a way to help protect WSRA funds against further budget cuts? The following comments/responses were provided in response to this question:
  - It seems the best way to protect funds is to ensure they are used to support productive projects that clearly demonstrate their value, and not simply allot funds just because they are available—there is support for being stringent with how the criteria and guidelines are applied/what projects are funded and not.

- The CWCB has worked very hard to secure the WSRA funds despite budget cuts; at this time, there does not seem to be a critical concern regarding potential loss of funding.
- There is concern regarding the effects potential changes might have on basin funds as further/additional restrictions on basin roundtable is not supported.
- It seems valuable, given limited State resources, that WSRA applications should be strongly encouraged to utilize loan options.
- There is a need to clarify in the criteria when a project is “good enough” to submit; stressing that just because an application meets the minimum criteria, it does not guarantee a project will receive funding. It is important for the CWCB to identify shortcomings in applications and proposed projects, and not approve applications just because minimum requirements are met.
- There has been feedback received expressing concern that the WSRA Criteria and Guidelines are unclear and inconsistently applied. There does not seem to be a problem with the criteria and guidelines but with the lack of clarity and specificity with which they are outlined.
- It may be helpful to clarify that there needs to be a balance of private and public interests considered in a proposed project.

### **Consideration of Statewide Funds Two Times Each Year**

CWCB currently reviews and funds applications for statewide funds once a year. The Board and the IBCC discussed a proposal to review and fund statewide applications twice a year instead.

- There is support for moving to a two-year consideration approach.
- If applications are considered twice a year, it will be important to ensure equal funding is available for each round of consideration—this may be unrealistic. A twice-a-year system was originally how the WSRA review process was established; however, it was changed to the current system of once a year as an attempt to better ensure funding.
- There is concern that if funds are split, there is a greater risk of funds being reduced, frozen, etc. in response to fiscal constraints.
- A twice-a-year process might better allow for applications that did not meet the minimal requirements to be appropriately modified and reconsidered within the same year, rather than having to wait until the next year’s consideration process.

### **Allocation of Funds Appropriated Between the Statewide and Basin Funds**

The current allocation provides 73% of available money to the Statewide Fund and 27% of the money to the Basin Funds. The Board and IBCC discussed the proposal to redistribute the allocation of Statewide and Basin Funds.

- There is support for a 50-50 split to allow the basins to have better control of how they use their accounts.
- It may be best to leave the allocation as is, as it seem like the process is maturing and roundtables are developing more projects and efforts with a statewide focus/impact.
- The current system seems to be working; statewide budgets are tightening, therefore there is a greater need to encourage and support projects that address statewide needs.

### **Statewide Fund Matching Requirement**

The current matching requirement for the Statewide Account is as follows: *For requests from the Statewide Fund, the applicants will be required to demonstrate a 20 percent (or greater) match of the total grant request from the other sources, including but not limited to Basin Funds.*

*Recognizing the limited resources of some entities, in-kind services will be eligible as matching funds. Past expenditures directly related to the project may be considered as matching funds if they expenditures occurred within 9 months of the date the application was submitted to the CWCB.* The Board and IBCC discussed whether the matching requirement should be amended or maintained.

- It seems like the central issue is whether or not it is okay for all funds to come from a basin account (which may provide the roundtables more control over a project) rather than require a match.
- There seems to be a need to provide clarity regarding whether or not there is a higher preference for projects with a match. There is concern, however, that if preference is given to projects with a higher match, it could create bidding wars between projects and a process that inhibits those with less access to funding resources.
- There is support for leaving the match criteria as is, but also to better define and outline what constitutes a match and if/how it affects the application evaluation/priority.
- A basin match helps demonstrate the importance of a project to that basin and the basin's commitment to the success of that project.

### **Evaluation Criteria—Tiers**

An Evaluation Criteria is used to further evaluate the merits of a water activity proposed for funding from the Statewide Account. Preference is given to projects that meet one or more criteria from each of the three “tiers” or categories. Each “tier” is grouped in level of importance. The Board and the IBCC discussed if there was a need to consider modifying the Evaluation Criteria and/or “tier(s)” structure.

- There seems to be a need to emphasize the significance of addressing statewide needs under Tier 1.
- There seems to be a good deal of overlap between Tier 1 and Tier 3; perhaps they should be merged.
- Tier 1c should be the critical criteria component.
- The system seems to be working just fine; there does not seem to be a need to change it.
- It may be valuable to apply the criteria in reverse--require that applications first meet Tier 3 and give prioritization to projects that meet all three tiers.
- It was suggested that the title for Tier 3 should change to “The Water Activity Addresses Other Issues of Statewide Value and Maximizes Benefits” and that “statewide benefits” should be defined.
- There does not seem to be a driving need to modify the criteria, therefore it may be better to wait to make changes until there is specific feedback and a pressing need.

### **Development of a WSRA Grant/CWCB Loan Package**

The CWCB, IBCC, and roundtables have indicated that over the next several years, efforts should focus on implementation of projects to help meet the state's future water supply needs. In response, a concept has been developed which would utilize statewide funds, as well as basin funds to subsidize CWCB loans in order to expand the funding options for statewide projects.

Several suggested changes to the WSRA criteria and guidelines were outlined in order to incorporate a CWCB loan option. Notable comments regarding this topic and the suggested changes include:

- If the problem is that people are increasingly seeking grant funding rather than loans, it does not seem like a new loan program is an effective solution as long as grants are available.
- A dual grant-loan programs seems like an opportunity to support a greater number of projects if it can be effectively set up and managed, but how do you address the range of project funding scenarios (e.g., projects that cannot afford a loan but do not qualify for a grant, projects that could support a loan but qualify for a grant, etc.).
- A loan program could help maintain a greater amount in the grant account which could therefore be used to support more projects, specifically projects—like nonconsumptive and conservation projects—that cannot afford a loan or meet grant match requirements. There may be a need to modify some of the criteria language to give grant priority to a specific class of projects.
- A loan program could foster more coherent applications and inspire project proponents to seek more creative funding options.
- There will be a need to secure loan repayments in order to avoid delinquencies and/or default payments.
- Is there an option to offer zero-interest loans?
- It may be valuable to divide the loan options into two categories: 1) loans for structural projects, and 2) loans for studies, research, data collecting, etc.

### **Discussion: Integrating Analysis/Discussion of Projects into the Portfolio Work**

As the CWCB and IBCC progress in addressing Colorado's water future, the question of if and how these groups should address specific projects remains a looming and unanswered question. In the past, the CWCB attempted to address specific projects and in turn received overwhelming push-back. This issue however, has once again become a central concern, and the CWCB and IBCC need to discuss what an appropriate approach could be. Highlights from this discussion include:

- The IBCC's New Supply Subcommittee could address some of the central issues (i.e., risk management) regarding specific projects. They may have to as it may be difficult (an unproductive) to analyze scenarios and address critical issues in the abstract.
- It seems reasonable for a specific project to be discussed if an application (for State funding, review, etc.) has been submitted. However, if a project remains in the abstract (i.e., no official application) than it should not be discussed.
- If a project is going to be discussed, regardless of under the CWCB and/or IBCC, there is a need to have the appropriate stakeholders at the table, even if the project involves multiple states.
- One of the tasks of the IBCC is to establish a mode of communication, a platform for the roundtables to have productive conversations. The IBCC has done this, and various roundtables have taken advantage of this platform to discuss specific projects. This platform is also in place for the New Supply Subcommittee to discuss specific projects. If another process/venue is developed, it seems to defy the basic charge of the 11-77 process.

- The Arkansas Roundtable initiated the assessment and current proposal for a dialogue regarding the Flaming Gorge project. The intent was to discuss the project in order to help guide the Basin in planning and development efforts to save the agricultural industry and provide the Basin with much-needed water resources. This effort utilizes the 11-77 process and the “bottom-up” efforts that are being called for from this process. There is a need to begin to look at the bigger issues regarding Colorado’s water future, and this dialogue sets the foundation to do this, to gather stakeholders to talk about other projects and options for managing Colorado’s water resources.
- There is concern that discussing specific projects outside the IBCC undermines the purpose and work of the New Supply Subcommittee and the IBCC process. Project-specific conversation should occur within the 11-77 process as it relates to the needs and future of the state.
- If the Flaming Gorge project is a model process for how to address/discuss specific projects—while it seems premature—it does seem in line with and to support the New Supply Subcommittee and the 11-77 process.
- It seems valuable to have the basin roundtables join together to discuss critical issues and then feed their findings and information to the IBCC for further consideration. There is a risk that if the State does not begin to discuss specific project options, then the private sector will have these discussions, which could have severe impacts on agriculture.
- Currently, there are projects (consumptive and nonconsumptive) that are advancing and being planned outside the IBCC. Roundtables are serving as leaders for these projects; efforts such as these should be encouraged and supported.
- There is concern that if the New Supply Subcommittee begins to discuss specific projects, there is the potential for the Subcommittee to lose its unity (return to positions and interest) and momentum, which may jeopardize current and future progress. It seems more valuable for the Subcommittee to address project components and issues (e.g., feasibility, risk management, etc.) in relation to their current work.
- There may be a need for the New Supply Subcommittee to eventually evolve to a place where it can discuss/address more complex subjects and issues as the IBCC process advances; this ideally would be a point where specific projects could be discussed.
- It may be valuable for the IBCC/CWCB to generate a list of specific projects that could be considered in order to more directly consider what venue would be appropriate for that specific project discussion.
- It may be more appropriate to address this question mid-2012; to allow the portfolio development exercise and scenarios to progress and guide the next phase of IBCC work.
- It may be valuable for the IBCC and CWCB to address specific projects, as it is more than likely that the development of any large project will require State funding.
- It is important not to postpone critical conversations and to have the difficult conversations while there is an engaged group of stakeholders and a foundation from which to develop a dialogue.
- Timing is a critical component to addressing Colorado’s water future, as is the need to address issues that may make some uncomfortable. There is a need to look at the bigger picture and to begin to make tradeoffs/sacrifices in order to begin developing long-term solutions.
- This is an example of the need for the IBCC and CWCB to work together. There is only so much one group can do to address all the critical issues under the increasingly pressing

timeframe. The IBCC and CWCB were formed to bring the state together, and now is the time to look 10-30 years from now and make the choices that will move the state forward, advance conversations, and get to a place where solutions can be implemented. There is a need to move past the comfortable issues and do what needs to be done to advance the wellbeing and security of the state.

#### **Colorado River Water Availability Study (CRWAS) Update**

- A Draft of Phase 1 of the CRWAS update was released for public comment in May during which over 500 comments were gathered.
- Phase 1 was presented to the Board, and the Board directed staff to complete Phase 1 before initiating Phase 2 and to meet with basin roundtables to address comments, update technical issues, provide examples of how the study can be used, etc.
- Staff has met with all the basin roundtables and a matrix of all comments and feedback will be posted on the CWCB website by next week.
- The final stages of Phase 1 include:
  - Updating modeling efforts
  - Developing a web-based access to the study data/information
  - Initiating final public outreach efforts for basin roundtables to discuss study results