



AGENDA STAFF REPORT

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Agenda Number: B
File ID: 0000

Section Name: Administration
Project ID:

MEETING DATE: November 8, 2022

SUBJECT: Authorize submittal of proposals for voluntary participation in the U.S. Bureau of Reclamation Lower Colorado Conservation and Efficiency Program

TO: BOARD OF DIRECTORS

FROM: ADMIN-WATER, ROBERT CHENG

**GENERAL MANAGER
RECOMMENDATION: APPROVE**

RECOMMENDATION:

It is recommended that CVWD's Board of Directors (Board) authorize the General Manager to submit the following proposals:

1. CVWD's Colorado River Water Conservation Program
2. Thomas E. Levy Replenishment Facility Recharge Curtailment Program

for three-year terms (calendar years (CYs) 2023 through 2025) in response to the U.S. Bureau of Reclamation's (Reclamation's) Funding Opportunity for Voluntary Participation in the Lower Colorado Conservation and Efficiency Program (LC Conservation Program)

BUDGET IMPACT:

External reimbursements will offset all costs associated with the CVWD's Colorado River Water Conservation Program, including staff costs, normal expenditures, and payments to program participants.

PROCUREMENT METHOD:

N/A

BACKGROUND

The Colorado River (River) has been experiencing prolonged drought since 2000, during which time the total system storage has declined from 57 million acre-feet (maf) (95% full) to a historically low volume of 19.54 maf in October 2022 (33% full). As of October 3, 2022, surface water elevation of Lake Powell was 3,529.51 ft (25% of capacity) and Lake Mead was 1,045.15 ft (28% of capacity), elevations not seen since Lake Powell started filling in the 1960s. Without additional actions, it is anticipated that reservoir conditions will continue to deteriorate,

threatening electrical power generation in Lake Powell and resulting in unprecedented shortage declarations in Lake Mead.

Reclamation recognizes the urgency of incentivizing short-term actions needed for the Lower Basin States users to voluntarily conserved the 2 to 4 maf per year required to stabilize the declining system reservoir levels. Reclamation recently released the details for the LC Conservation Program (Exhibit 1), which describes three components for reimbursing voluntary conservation efforts and two of which (Components 1.a. and 1.b.) have proposal submittal deadlines of November 21, 2022. Component 2 details are still being generated and will not be available until 2023, but CVWD staff is also analyzing potential projects responsive to this need.

Reclamation clarified that Component 1.a. (fixed price) is intended to fund short-term voluntary water conservation efforts (e.g. fallowing) and Component 1.b. (request for proposal [RFP]) is intended to fund long-term system efficiency improvements. Understanding the value of multi-year conservation efforts, Reclamation is offering the following compensation schedule for Component 1.a. participants.

- One-year agreement: \$330 per acre-foot (af)
- Two-year agreement: \$365/af
- Three-year agreement: \$400/af

CVWD staff analyzed different conservation options and is recommending the following two programs for Board approval in the LC Conservation Program under Component 1.a. for up to three calendar years (CY 2023 through 2025) with combined conservation from both programs not to exceed a total of 35,000 af per year (35 taf/yr) between the two programs, with CVWD to be reimbursed at \$400/af of conserved water.

1. Colorado River Water Conservation Program (CRW Conservation Program, Exhibit 2) - voluntary, temporary, and compensated program for canal water users who can demonstrate a reduction in water use. The CRW Conservation Program has California Environmental Quality Act (CEQA) coverage for up to 10,000 af/yr. (10 taf/yr.) and was previously approved by CVWD's Board on June 28, 2022 to be administered under the 500+ Plan. External issues with the 500+ Plan funding partners delayed the implementation of the CRW Conservation Program, and CVWD staff is seeking approval to establish the revised program to be funded under the new LC Conservation Program. Participants enrolled in the revised program will be paid up to \$340/af (net after CVWD's \$60/af administrative charges) if they are enrolled for the maximum duration of three years. CVWD's Board previously approved the waiver of Irrigation Water Availability Assessment (IWAA) for participants during the enrollment period, and it is recommended that the waiver to be carried over into the revised program.
2. Thomas E. Levy Replenishment Facility (TEL) Recharge Curtailment Program (TEL Curtailment Program, Exhibit 3) – conserves between 25,000 and 35,000 acre-feet per year (25 and 35 taf/yr.). CVWD intends to conserve up to 35 taf/yr. total between the two programs for the three-year agreement term and will use the TEL Curtailment Program to supplement the volume achieved through the CRW Conservation Program. For example, if the CRW Conservation Program can achieve 10 taf/yr. of water use reduction, the TEL Curtailment Program will provide 25 taf/yr. If the CRW Conservation Program can achieve 5 taf/yr. of water use reduction, the TEL Curtailment Program will provide 30 taf/yr. The CVWD's Board is considering approval of a similar but shorter recharge curtailment program for CY 2022 during its November 8, 2022 meeting and this proposal retains the same elements and considerations but for a longer duration at higher compensation.

Exhibits 2 and 3 provide details responsive to Reclamation's request for proposals, and contain general information including plan description, volume of annual water conserved, the methodology for baseline consumptive use, and verification of the water conserved. If these two proposals are accepted, CVWD will be required to execute a system conservation agreement with Reclamation, which will require subsequent Board approval. CVWD's Board will also need to amend its current CRW Conservation Program regulations to conform to the proposed program. CVWD staff will administer the CRW Conservation Program within CVWD's service area and remit payment to the participants upon proof of verified conserved water. Reclamation will provide reimbursement to CVWD upon receipt and review of verified conserved water.

Under the Reclamation agreement, CVWD will be reimbursed for the actual verified volume of conserved water. This volume will be subsequently deducted from CVWD's future water orders and properly accounted for by Reclamation staff to ensure that it is not counted as underused water (e.g. underrun). Based on the information presented, staff recommends that the Board authorize the General Manager to submit the proposals presented in Exhibits 2 and 3 to Reclamation to start the process for CVWD to help stem the declining reservoir storage in the Colorado River Basin.

PRIOR BOARD ACTION:

June 28, 2022 Board meeting - Authorize and approve the adoption and administration of a Colorado River Water Conservation Program for 2022 & 2023.

November 8, 2022, Board meeting - Authorization of the General Manager to execute the agreement with the U.S. Bureau of Reclamation for CVWD to contribute water to the Colorado River in Calendar Year 2022 through replenishment curtailment.

DISTRICT STRATEGIC PLAN GOAL(S)/OBJECTIVES(S):

N/A

ENVIRONMENTAL IMPACT:

This is not a project as defined by CEQA; therefore, approval does not require any CEQA action.

LEGAL REVIEW

Reviewed and approved by Redwine & Sherrill

ATTACHMENTS

Att 1 – Exhibits 1-3