



United States Department of the Interior

BUREAU OF RECLAMATION
Lower Colorado Regional Office
P.O. Box 61470
Boulder City, NV 89006-1470

IN REPLY REFER TO:

LC-4400
WTR-4.00

OCT 05 2014

VIA OVERNIGHT MAIL

Interested Parties (See Enclosed List)

Subject: Funding Opportunity for Voluntary Participation in a Pilot System Water Conservation Program (Pilot Program)

Dear Ladies and Gentlemen:

The purpose of this letter is to inform you of the opportunity to participate in the recently developed Pilot Program for Colorado River System Water conservation and encourage your organization's participation.

On July 30, 2014, the Bureau of Reclamation and four municipal entities, the Metropolitan Water District of Southern California, the Central Arizona Water Conservation District, the Southern Nevada Water Authority, and Denver Water (Parties) entered into Agreement No. 14-XX-30-W0574 for a Pilot Program for Funding the Creation of Colorado River System Water Through Voluntary Water Conservation and Reductions in Use (Funding Agreement). Under the Funding Agreement, the Parties will fund up to \$11 million for a Pilot Program to conserve Colorado River System water for storage in Lakes Powell and Mead. The Funding Agreement can be viewed on Reclamation's website at: <http://www.usbr.gov/newsroom/docs/2014-07-30-Executed-Pilot-SCP-Funding-Agreement.pdf>.

Over the next 2 years, the Pilot Program will seek projects and provide funding to develop short-term pilot projects that keep water in Lakes Powell and Mead through temporary, voluntary, and compensated conservation mechanisms. If the Pilot Program proves to be successful, it could be part of a broader suite of programs to be implemented if elevations in Lakes Powell and Mead approach critical levels.

Reductions in Colorado River water use in the municipal and industrial (M&I) and agricultural sectors may be achieved through, among other approaches, system efficiency improvements, changes in practices that reduce Colorado River water use, new or enhanced water conservation programs, and temporary agricultural land fallowing. We are seeking pre-proposals (up to two pages) for water demand reduction projects from agricultural and M&I entitlement holders that will allow for conserved water to remain in storage to help offset declining reservoir levels.

You are invited to consider and submit a pre-proposal describing any conservation opportunity that can be implemented by your organization. Successful pre-proposals should include a project description, proposed conservation amount and verification method, approximate time frame for

startup, project duration, and amount of funding requested; pre-proposals must meet Pilot Program requirements which are enclosed with this letter.

Given that Pilot Program funding is limited in the lower Colorado River basin to \$8.25 million, the Parties will rank and select pre-proposals on the basis of how well they meet Pilot Program requirements and selection criteria. Implementation of selected Pilot Program projects could begin as early as fall 2014 or in calendar year 2015. The remaining funds, at least \$2.75 million, are anticipated to be used to implement short-term pilot projects in the upper Colorado River Basin.

During the past 15 years, the drought in the Colorado River Basin has resulted in a substantial decrease in Lake Powell and Lake Mead storage. Since 2000, Colorado River System storage has decreased from 95 percent to 51 percent of capacity. Reclamation's long-term planning model indicates a 36 percent probability of a shortage in the lower Colorado River basin as early as 2016, and increases to a 68 percent probability in 2018. Given declining reservoir levels, Reclamation, the Colorado River Basin States, and water agencies within the Colorado River Basin States are actively working together and discussing proactive strategies to mitigate the impacts of the ongoing drought.

If your organization is interested in participating in the Pilot Program, please mail your pre-proposal by November 17, 2014, to Mr. Steven C. Hvinden, Chief, Boulder Canyon Operations Office, at the address below:

Mr. Steven C. Hvinden
Chief, Boulder Canyon Operations Office
Bureau of Reclamation
Lower Colorado Regional Office
P.O. Box 61470
Boulder City, NV 89006-1470

If you have questions regarding the Pilot Program, please call Mr. Hvinden at 702-293-8414. If you need assistance, please use the TTY Federal Relay System number at 800-877-8339.

Sincerely,



Terrance J. Fulp, Ph.D.
Regional Director

Enclosures - 2

cc: See next page.

cc: Ms. Tanya M. Trujillo
Executive Director
Colorado River Board of California
770 Fairmont Avenue, Suite 100
Glendale, CA 91203

Mr. Michael Lacey
Director
Arizona Department of Water Resources
3550 North Central Avenue
Phoenix, AZ 85012

Jayne Harkins, P.E.
Executive Director
Colorado River Commission of
Nevada
555 East Washington Avenue, Suite 3100
Las Vegas, NV 89101

Mr. Jim Lochhead
CEO/Manager
Denver Water
1600 West 12th Avenue
Denver, CO 80204
(w/encl to each)

Mr. John Entsminger
General Manager
Southern Nevada Water Authority
1001 South. Valley View Blvd, MS 480
Las Vegas, NV 89153

Mr. David V. Modeer
General Manager
Central Arizona Water Conservation District
23636 North 7th Street
Phoenix, AZ 85080

Mr. Jeffrey Kightlinger
General Manager
Metropolitan Water District of
Southern California
700 North Alameda Street
Los Angeles, CA 90012

Interested Parties List

Honorable Edward D. Smith
Chairperson
Chemehuevi Indian Tribe
1990 Palo Verde Drive
Havasu Lake, CA 92363

Honorable Sherry Cordova
Chairwoman
Cocopah Indian Tribe
14515 South Veterans Drive
Somerton, AZ 85350

Honorable Wayne Patch, Sr.
Chairman
Colorado River Indian Tribes
26600 Mohave Road
Parker, AZ 85344

Honorable Timothy Williams
Chairman
Fort Mohave Indian Tribe
500 Merriman Avenue
Needles, CA 92363

Mr. Larry Voyles
Director
Arizona Game and Fish Department
5000 West Carefree Highway
Phoenix, AZ 85086

Ms. Vanessa P. Hickman
State Land Commissioner
Arizona State Land Department
1616 West Adams Street
Phoenix, AZ 85007

Mr. Richard Prinster
Manager
Beattie Farms Southwest
1551 Mammoth Drive
O'Fallon, MO 63366

Mrs. Mary Youmans and
Mr. Russell Youmans
Managers
Beattie Farms Southwest
3025 Northwest Firwood Place
Corvallis, OR 97330

Mr. Toby Cotter
City Manager
City of Bullhead City
2355 Trane Road
Bullhead City, AZ 86442

Mr. David V. Modeer
General Manager
Central Arizona Water Conservation District
23636 North 7th Street
Phoenix, AZ 85024

Mr. Robert Mullion
President
Cibola Valley Irrigation and Drainage District
63522 River Road
Cibola, AZ 85328

Mr. Greg Wilkinson
City Administrator
City of Yuma
1 City Plaza
Yuma, AZ 85364

Mr. Robert Dunn
Manager
Gila Monster Farms
3720 South Avenue 17E
Yuma, AZ 85365

Honorable Herman Honanie
Chairman
Hopi Tribal Council
123 Main Street
Kykotsmovi, AZ 86039

Mr. Mark R. Clark
Manager
Mohave Valley Irrigation and Drainage
District
1460 East Commercial Street
Mohave Valley, AZ 86446

Mr. Jack Rayner, Jr.
Manager
Rayner Ranches
P.O. Box 100
Ehrenberg, AZ 85334

Mr. Bryan Knight
Manager
Unit B Irrigation and Drainage District
15875 South Avenue A
Somerton, AZ 85350

Mr. Tom W. Davis
Project Manager
Yuma County Water Users Association
3800 West County 15th Street
Somerton, AZ 85350

Mr. Michael Schlehuber
District Manager
GSC Farm, LLC
3550 North Central Avenue, Suite 1115
Phoenix, AZ 85012

Mr. Charlie Cassens
City Manager
Lake Havasu City
2330 McCulloch Boulevard North
Lake Havasu City, AZ 86403

Mr. Frank Ferguson, III
President
North Gila Valley Irrigation and Drainage
District
1405 West 16th Street, Suite A
Yuma, AZ 85364

Ms. Lori Wedemeyer
Town Manager
Town of Parker
1314 11th Street
Parker, AZ 85344

Mr. Elston K. Grubaugh
Manager/Secretary
Wellton-Mohawk Irrigation and Drainage
District
30570 Wellton-Mohawk Drive
Wellton, AZ 85356

Mr. Rex Green
Manager
Yuma Irrigation District
9510 Avenue 7E
Yuma, AZ 85365

Mr. Patrick Morgan
Manager
Yuma Mesa Irrigation and Drainage District
14329 South 4th Avenue
Yuma, AZ 85365

Mr. Jim Barrett
General Manager
Coachella Valley Water District
85-995 Avenue 52
Coachella, CA 92236

Mr. Ed Smith
General Manager
Palo Verde Irrigation District
180 West 14th Street
Blythe, CA 92225

Mr. John Entsminger
General Manager
Southern Nevada Water Authority
1001 South Valley View Boulevard, MS 480
Las Vegas, NV 89153

Mr. Mark Paris
President/CEO
Basic Water Company
875 West Warm Springs Road
Henderson, NV 89011-4063

Mrs. Peggy Ogram and Mr. William Ogram
Owners
c/o Gila Valley Farms
4260 East County Eight Street
Yuma, AZ 85364

Mr. Rick Daniels
City Manager
City of Needles
817 Third Street
Needles, CA 92363

Mr. Kevin Kelley
General Manager
Imperial Irrigation District
333 East Barioni Boulevard
Imperial, CA 92251

Mr. Jeffrey Kightlinger
General Manager
Metropolitan Water District of
Southern California
700 North Alameda Street
Los Angeles, CA 90012

Honorable Keeny Escalanti, Sr.
President
Quechan Indian Tribe
350 Picacho Road
Winterhaven, CA 92283

Mr. Paul Linker
President
Ehrenberg Improvement Association
50078 Ehrenber Parker Highway, Suite 110
Ehrenberg, AZ 85334

Mr. Mark Jessen
Member
JRJ Partners, LLC
P.O. Box 5569
Yuma, AZ 85366-5569

Maureen Rose George, P.C.
Attorney
Law Offices of Maureen Rose George
2000 McCulloch Boulevard North, Suite B
Lake Havasu City, AZ 86403

Ms. Stacy Vergano
Cha Cha, LLC
c/o Premier Management Company
P.O. Box 9116
Bakersfield, CA 93389-9116

Mr. Thomas Sockwell
Chairman
Mohave Water Conservation District
4266 San Felipe Road
Bullhead City, AZ 86429

Mr. Ron Derma
General Manager
Bard Water District
1473 Ross Road
Winterhaven, CA 92283

Mr. Jake Lenderking
Water Resources Manager
EPCOR Water Arizona, Inc.
2355 West Pinnacle Peak Road, Suite 300
Phoenix, AZ 85027

Mr. Lenny Ordway
Office Manager
PABCO Gypsum (A Division of PABCO
Building Products, LLC)
8000 E. Lake Mead Boulevard
Las Vegas, NV 89156

Ms. Susanna Eden
Assistant Director
Research Center
University of Arizona
350 North Campbell
Tucson, AZ 85719

Mr. Louis J. Manuel, Jr.
Chairman
AK-Chin Indian Community
42507 West Peters and Nall Road
Maricopa, AZ 85138

Mr. Ruben Balderas
President
Fort McDowell Yavapai Nation
P.O. Box 17779
Fountain Hills, AZ 85269

Mr. Gregory Mendoza
Governor
Gila River Indian Community
P.O. Box 97
Sacaton, AZ 85147

Mr. Peter S. Yucupicio
Chairperson
Pascua Yaqui Tribe
7474 South Camino De Oeste
Tucson, AZ 85746

Mr. Mike Byrd
Water Resources Manager
Salt River Pima-Maricopa
Indian Community
10005 East Osborn Road
Scottsdale, AZ 85256

Mr. Terry Rambler
Chairman
San Carlos Apache Tribe
P.O. Box 0
San Carlos, AZ 85550

Mr. Selso Villegas
Director
Water Resources Department
Tohono O'odham Nation
P.O. Box 837
Sells, AZ 85634

Ms. Louise Lopez
Tribal Chairwoman
Tonto Apache Tribe
Tonto Apache Tribe Reservation No. 30
Payson, AZ 85541

Mr. Thomas Beauty
Chairman
Yavapai-Apache Nation
2400 West Datsi Street
Camp Verde, AZ 86322

**Pilot System Conservation Program (Pilot Program)
Requirements for the Lower Division States
Pursuant to Agreement No. 14-XX-30-W0574, Dated July 30, 2014**

Purpose:

To achieve a voluntary, measurable reduction of consumptive use of Colorado River System water to increase storage in Lake Mead to benefit the Colorado River System. The conserved Colorado River System water will not accrue to the benefit or use of any individual Colorado River water user.

Selection:

For this solicitation, the Parties including the Metropolitan Water District of Southern California, the Southern Nevada Water Authority, the Central Arizona Water Conservation District, Denver Water, and the Bureau of Reclamation will jointly select proposals for inclusion in the Pilot Program based on factors provided in subarticle 5.5 of the Funding Agreement. Please submit a pre-proposal of up to two pages that includes the following information:

- Project description;
- Amount of Colorado River System water to be conserved either per year or over the life of the proposed project;
 - Provide supporting information or methodology for the estimated reduction in consumptive use;
 - Describe how Reclamation would verify the reduction in consumptive use;
- Amount of time required to implement the conservation project and the project duration;
- Estimated cost per acre-foot of conserved water;
- Description of how your organization will ensure that the conserved water will reduce your approved water order and through third party consents or forbearance agreements will remain in Lake Mead; and
- Any additional information that would be helpful in understanding your organization's pre-proposal.

Other Information:

Reclamation's annual Colorado River accounting and water use report will serve as the basis for documenting a participant's achieved water conservation yield.

A participant will be required to execute a System Conservation Implementation Agreement (Implementation Agreement) with Reclamation which will provide the terms and conditions for design, implementation, monitoring, and evaluation of the Pilot Program project and compensation to the participant.

A participant must be in compliance with applicable Federal, State, and local environmental, cultural, and paleontological resource protection laws and regulations throughout the term of the Implementation Agreement.

By entering into an Implementation Agreement, the participant grants access to Reclamation to perform periodic on-site inspections of the Pilot Program project(s) to verify compliance with the Implementation Agreement.