

Memorandum

To: Salton Sea Authority Board of Directors
From: G. Patrick O'Dowd, Executive Director /GM
Date: October 13, 2022
Re: **Follow Up Discussion of Colorado River Shortages and Possible Impacts to Salton Sea and Region**
CM No. V.C. – 10-13-22

Last month, this Board conducted a lengthy and detailed discussion regarding the possible impacts to the Sea and region from efforts being undertaken by the state and federal governments to stabilize the Colorado River. The river has been in a long state of decline, reflecting the impacts of an unmitigated multi-decadal drought. As we have previously detailed, Commissioner Touton of the US Bureau of Reclamation, testifying before Congress in June, indicated a need to conserve 2- to 4-million acre feet of water per year for the next four years in the Colorado River system. She set a mid-August deadline for the Colorado River contractors and the Upper and Lower Basin States to come up with a plan, or in the absence of such plan the Secretary of the Interior would act independently to take protective measures. As discussed in our last meeting, that August deadline came and went, and other than implementing the current operating agreements on the river (with certain accounting adjustments made for water conserved in Lake Powell to protect the power pool), no actions were taken at the time. Nonetheless, the situation on the River remains dire and negotiations amongst the states towards an acceptable resolution continues.

On October 5th, the Colorado River Board of California delivered a letter to the US Department of Interior and the Bureau, outlining California's intention to conserve up to 400,000 acre feet of water annually, subject to certain conditions including addressing impacts of such conservation on the Salton Sea. And on October 12th the Department of Interior released a letter and associated press release, introducing a number of programs intended to incentivize conservation to create water in Lake Mead. So while the Commissioner's August deadline came and went without fanfare, it is clear that the efforts to address the shortages on the River are ratcheting up. How that will play out, and specifically how it will impact the Imperial and Coachella valleys and, by extension, the Salton Sea remains something of a mystery. But it is a near certainty that before the dust settles deliveries to the basin will be reduced and the impacts, left unmitigated, will be significant.

Over the past several months staff has been focused not so much on the ongoing negotiations – we are not at the table nor a party to those deliberations – but on the “what next”. That is, once it is known how much less water will flow into the region, and how much less water will flow to the Sea, how will the environmental

and economic impacts associated with that proposed action be determined and mitigated? Transfers from the Quantification Settlement Agreement, executed in 2003, are being implemented over a 20-year horizon, yet staying in front of the impacts associated therewith has proven to be a daunting task for the State. How much more difficult will it be to manage the impacts of a curtailment of possibly similar scope and scale, yet implemented over a much shorter timeframe – perhaps even a year or two? Under conventional circumstances, a project of this nature would require all manner of state and federal scrutiny to determine beforehand the potential impacts associated therewith. But given the emergent nature of this action we believe it is important to work collaboratively with our State and Federal partners to develop a framework to assess the impacts, measure the reasonable cost to mitigate those impacts, and set aside the resources – of whatever nature – to ensure that these such actions do not cause harm to the health, safety, or wellbeing of our residents and communities. I direct your attention to the Federal Report memo from Ms. Lisa Moore for a more detailed discussion on the background and legislative efforts and intent in this regard. As our federal representative, she has been continually engaged with our congressional delegation and other federal policymakers involved in Colorado River deliberations to advocate for the Authority’s interests during these deliberations.

We understand that the State has done some preliminary work on potential impacts of such curtailment. And without diminishing the good work of our partners at the State, the community relied on such earlier assessments for the implementation of the QSA but are still frustrated by the lingering and indeed declining conditions at the Sea. In an effort to explore how our Member agencies and the community benefit from a more independent analysis, in recent weeks Authority staff has been in discussions with a reputable engineering firm with technical expertise in environmental assessments, including NEPA, to develop a possible scope of work that could be foundational to this assurance effort. However, and specifically as it relates to the Sea and region we believe that this evaluative effort should be joint with our federal partners. Only then will we have the independent understanding of how these actions might affect our communities.

Recommendation: Staff is requesting that this Board direct staff to continue in this effort, to develop a responsible plan to timely assess the environmental and economic impacts from proposed curtailments to avoid the potentially calamitous risk of not doing otherwise.

October 5, 2022

Deputy Secretary of the Interior Tommy Beaudreau
Assistant Secretary for Water and Science Tanya Trujillo
U.S. Bureau of Reclamation Commissioner Camille Calimlim Touton

Dear Deputy Secretary Beaudreau, Assistant Secretary Trujillo, and Commissioner Touton:

Thank you for your leadership and collaboration as we work together to stabilize the Colorado River Basin amidst an unprecedented, climate change-driven drought stretching over two decades. Given dire drought conditions across the region and dangerously low reservoir levels, we firmly believe that **all water users within the Basin must take immediate voluntary actions** to stabilize water supplies in the Basin's major reservoirs.

California water agencies that utilize Colorado River water supplies propose to conserve up to an additional 400,000 acre-feet of water in Lake Mead each year, beginning in 2023 and running through 2026. This water, which would otherwise be used by California's communities and farms, will meaningfully contribute to stabilizing the Colorado River reservoir system.

We have identified a collection of proposed water conservation and water use reduction opportunities that would yield approximately 400,000 acre-feet of System Conservation water supplies that could be retained in Lake Mead each year through 2026. California's Colorado River water agencies are also prepared to create and store additional quantities of Intentionally Created Surplus water supplies in Lake Mead pursuant to the 2007 Interim Shortage Guidelines, under future favorable hydrologic and water supply conditions.

In order to enable this water conservation, our agencies will need to utilize funding opportunities provided by the Inflation Reduction Act and other federal programs. Each of the California agencies involved in developing this package of proposed conserved water supplies will also require your support in developing agreements for funding, potential intra- and inter-state coordination, water use accounting, and in obtaining necessary board and agency approvals over the coming weeks and months.

The State of California and its Colorado River agencies appreciate the collaboration of the Department of the Interior and Reclamation to stabilize the Salton Sea, which has been shrinking due to California's existing water conservation actions and will further shrink when additional conservation actions are taken. Voluntary water conservation actions outlined in this

letter depends on a clear federal commitment to contribute meaningfully to stabilization efforts at the Salton Sea.

California has long been a leader in water conservation within the Colorado River Basin, including through the nation's largest agricultural to urban water conservation and transfer program, the Quantification Settlement Agreement, and through billions of dollars in investments in agricultural and urban water conservation. In fact, through a variety of activities, California's water agencies have voluntarily conserved nearly 2.0 million acre-feet of water supplies in Lake Mead since 2007 that has added more than twenty feet to Lake Mead elevations and aided other Lower Basin water users from experiencing previously agreed upon shortage reductions that would have otherwise occurred as early as 2015.

Most recently, our water agencies have been committed to constructive participation in discussions among the basin states that began even before to the Commissioner's call in June for urgent voluntary water conservation. While a broad multi-state agreement to conserve water across the Basin has not been reached, the California agencies propose to take voluntary action now to conserve water in coming months. It is California's intention that this proactive voluntary action builds on existing agreements, contracts, compacts, and water rights to catalyze broader basin-wide conservation and helps to avoid protracted litigation that might otherwise result from regulatory or mandated actions.

California and its Colorado River agencies believe that it is imperative for the Department of the Interior and Reclamation to immediately reengage the seven Basin States, Tribes, and Mexico in efforts to identify additional water conservation and water use reduction activities to stabilize the Colorado River reservoir system. Additionally, California and the agencies look forward to working with you and others across the Basin with respect to the administrative actions identified in Reclamation's August 16, 2022, News Release.

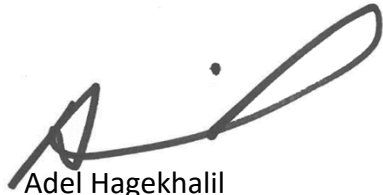
Sincerely,



Peter Nelson
Chair
Colorado River Board of California



Enrique Martinez
General Manager
Imperial Irrigation District



Adel Hagekhalil
General Manager
The Metropolitan Water District of
Southern California



James Barrett
General Manager
Coachella Valley Water District

A handwritten signature in black ink, appearing to read "Bart Fisher". The signature is fluid and cursive, with the first name "Bart" and the last name "Fisher" clearly distinguishable.

Bart Fisher
President
Palo Verde Irrigation District Board
of Trustees

CC: California Secretary for Natural Resources Wade Crowfoot
California Department of Water Resources Director Karla Nemeth
Colorado River Basin States Principals



Press Releases

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Biden-Harris Administration Announces New Steps for Drought Mitigation Funding from Inflation Reduction Act

New program will increase water conservation and water efficiency within the Colorado River Basin

10/12/2022

Date: Wednesday, October 12, 2022

Contact: Interior_Press@ios.doi.gov

WASHINGTON — The Department of the Interior today announced new drought mitigation funding opportunities to improve and protect the long-term sustainability of the Colorado River System.

A newly created Lower Colorado River Basin System Conservation and Efficiency Program, funded with an initial allocation through the Inflation Reduction Act and managed through the Bureau of Reclamation, will help increase water conservation, improve water efficiency, and prevent the System's reservoirs from falling to critically low elevations that would threaten water deliveries and power production.

“The prolonged drought afflicting the West is one of the most significant challenges facing our country. I have seen firsthand how climate change is exacerbating the drought crisis and putting pressure on the communities who live across Western landscapes,” said **Secretary Deb Haaland**. “Thanks to historic funding from the Inflation Reduction Act, the Interior Department is committed to using every resource available to conserve water and ensure that irrigators, Tribes and adjoining communities receive adequate assistance and support to build resilient communities and protect our water supplies.”

“This significant investment from the Inflation Reduction Act enables the Bureau of Reclamation to improve water management and conservation efforts in the Colorado River Basin today – and for the future,” said **Reclamation Commissioner Camille Calimlim Touton**. “The Lower Colorado River Basin System Conservation and Efficiency Program provides both new opportunities for system conservation and more durable long-term solutions for areas experiencing drought.”

The availability of this new funding supplements the actions announced in August 2022 as part of Reclamation’s release of the Colorado River Basin August 2022 24-Month Study, which sets the annual operations for Lake Powell and Lake Mead in 2023. It also builds on new and urgent actions recently announced by Department leaders to improve and protect the long-term sustainability of the Colorado River System.

The Inflation Reduction Act includes \$4 billion in funding specifically for water management and conservation efforts in the Colorado River Basin and other areas experiencing similar levels of drought. Today’s announcement focuses on near-term actions to protect the Colorado River in the Lower Basin. The Department is also working to invest in long-term system efficiency improvements across the Basin, including at least \$500 million in the Upper Basin states of Colorado, Utah, Wyoming and New Mexico, that will result in additional water conservation for the entire system.

New Lower Colorado River Basin System Conservation and Efficiency Program

The newly created Lower Colorado River Basin System Conservation and Efficiency Program will select projects for funding by Colorado River water

delivery contract or entitlement holders that mitigate drought, protect important natural resources, and ensure a reliable source of water and power for those who live in communities across the West.

The program funding opportunity has three components. Two of the three components are open for proposal submissions from Oct. 12 to Nov. 21, 2022 and require confirmation of water conservation and system benefits.

For the first component, eligible applicants may submit proposals for system conservation resulting in wet water remaining in Lake Mead at a set price of:

- One-year agreement: \$330 per acre-foot
- Two-year agreement: \$365 per acre-foot
- Three-year agreement: \$400 per acre-foot

A second component of the program will accept proposals for additional water conservation and efficiency projects that could involve a variety of pricing options.

The third component allows for proposals to be submitted in early 2023 for long-term system efficiency improvements that will result in multi-year system conservation.

Information on the program and proposal submission details will be available later today on Reclamation's [Inflation Reduction Act webpage](#).

As the Department implements this historic funding opportunity, it is focused on the need for continued collaboration and partnerships across the Upper and Lower Basins, with Tribes, and with the country of Mexico. The agency's approach will continue to seek consensus support and will be based on a continued commitment to engage with diverse stakeholders to ensure all communities that rely on the Colorado River will provide contributions toward the solutions.

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Was this page helpful?



United States Department of the Interior



BUREAU OF RECLAMATION
P.O. Box 61470
Boulder City, NV 89006-1470

IN REPLY REFER TO:
LCB-4000
2.2.4.23

VIA ELECTRONIC & OVERNIGHT MAIL

Interested Parties

Subject: Funding Opportunity for Voluntary Participation in the Lower Colorado Conservation and Efficiency Program

Greetings:

The purpose of this letter is to follow-up on the Department of the Interior's September 22, 2022, announcement of additional steps to address drought in the Colorado River Basin (<https://www.usbr.gov/newsroom/news-release/4338>). The Department of the Interior (Department) through the Bureau of Reclamation (Reclamation) is creating this new Lower Colorado Conservation and Efficiency Program (LC Conservation Program) to increase system conservation and efficiency opportunities to address the unprecedented drought in the Lower Colorado River Basin. Similar conservation programs in the Upper Colorado River Basin and other basins experiencing comparable levels of long-term drought are also being developed. The new LC Conservation Program is a part of the commitment made by the Department on August 16, 2022, to address the drought crisis with prompt and responsive actions and investments to ensure the entire Colorado River Basin (Basin) can function and support all who rely on it.

Prolonged drought and low runoff conditions accelerated by climate change have led to historically low water levels in Lakes Powell and Mead. Over the last two decades, Department leaders have engaged with Basin partners on various drought response operations. However, given that water levels are projected to continue to decline, additional action is needed to protect the Colorado River System and prevent the reservoirs from falling to critically low elevations threatening water deliveries and power production. Reclamation is using the best available science and actively collaborating with water users across the Basin to determine the best ways to meet this increased conservation need. The historic funding committed by the Biden-Harris Administration in the Bipartisan Infrastructure Law and the recently passed Inflation Reduction Act provide resources for water management and conservation efforts in the Basin and other basins experiencing comparable levels of long-term drought. The Department will continue to deploy these resources in the Lower Colorado River Basin with this LC Conservation Program.

The LC Conservation Program is intended to provide new opportunities to fund system conservation and efficiencies in the Lower Colorado River Basin that lead to additional conservation and bridge the immediate need while moving toward improved system efficiency and more durable long-term solutions for the Colorado River system.

INTERIOR REGION 8 • LOWER COLORADO BASIN

ARIZONA, CALIFORNIA*, NEVADA*

* PARTIAL

The LC Conservation Program has three components:

1.a.) Beginning immediately, Reclamation is accepting proposals for system conservation resulting in additional volumes of water remaining in Lake Mead at a set price of:

- One-year agreement: \$330 per acre-foot
- Two-year agreement: \$365 per acre-foot
- Three-year agreement: \$400 per acre-foot

This program will require a system conservation agreement with Reclamation and is similar to previous system conservation efforts in Lower Colorado River Basin under the Pilot System Conservation Program and system conservation under the Lower Basin Drought Contingency Plan. Lower Colorado River water delivery contract or entitlement holders and Central Arizona Project water delivery contract or entitlement holders are eligible to participate in the LC Conservation Program. We request this first round of 1.a. proposals be submitted no later than November 21.

1.b.) Additionally, beginning immediately, Reclamation will accept the first round of proposals describing Lower Colorado River Basin water conservation plans that can be implemented resulting in reductions in consumptive use of lower Colorado River water having a recent history of use. The proposals will include a price per acre-foot; economic justification for the price; plan description; proposed conservation amount; verification methodologies; approximate time frame for startup and the plan duration. The proposal must meet the requirements enclosed with this letter (Enclosure). Plan proposals that reduce Colorado River consumptive use based on new or innovative concepts and collaboration among partners is encouraged. Colorado River water delivery contract or entitlement holders and Central Arizona Project water delivery contract or entitlement holders are eligible to apply. We request this first round of 1.b. proposals be submitted no later than November 21.

2) In early 2023, Reclamation will announce an opportunity for entities to submit proposals for long-term system efficiency improvements that will result in additional system conservation. The proposal review and evaluation process will be competitive and ranking factors will include: the amount and timing of water conserved in Lake Mead; the duration of the conservation; and previous participation in existing conservation programs and/or the LC Conservation Program described in 1.a. and 1.b. above with emphasis placed on participation in 1.a. conservation.

The Department encourages participation under this voluntary LC Conservation Program to minimize any reductions in the future. If you are interested in participating in the 1.a. or 1.b. component of the LC Conservation Program, submit your proposal electronically by November 21, 2022, to:

Daniel A. Bunk
Chief, Boulder Canyon Operations Office
Email: dbunk@usbr.gov.

To the extent permissible by applicable law, proposals will remain confidential until plan agreements are executed to preserve the competitive nature of the selection process.

Should you have questions regarding the LC Conservation Program, or wish to discuss plan concepts, please contact Daniel Bunk at 702-293-8013 or dbunk@usbr.gov. Individuals in the United States, who are deaf, deafblind, hard of hearing, or have a speech disability may dial 711 (TTY, TDD, or Tele Braille) to access telecommunication relay services. Individuals outside the United States should use the relay services offered within their country to make international calls to the point-of-contact in the United States.

Sincerely,

Jacklynn L. Gould, P.E.
Regional Director
Interior Region 8: Lower Colorado Basin
Bureau of Reclamation

ENCLOSURE 1

Requirements for Lower Basin System Conservation and Efficiency Project Proposals

Purpose: The Lower Colorado River Basin System Conservation and Efficiency Program (LC Conservation Program) is intended to provide new opportunities for system conservation in the Lower Colorado River Basin that also lead to additional conservation and bridge the immediate need while moving toward improved system efficiency and more durable long-term solutions for the System. The Bureau of Reclamation is requesting proposals describing Lower Colorado River Basin water conservation projects that can be implemented resulting in reductions in consumptive use of Colorado River water having a recent history of use. Colorado River water delivery contract or entitlement holders and Central Arizona Project (CAP) water delivery contract or entitlement holders are eligible to apply. The conserved Colorado River System water will not accrue to the benefit or use of any individual Colorado River water user.

Proposal and Selection Requirements:

Proposal Requirements

System Conservation Program Under a Set Fixed Price (Program 1.a. in Letter)

The LC Conservation Program fixed-priced 1.a. proposals must include the following information:

- Plan description.
- The amount of Colorado River System water to be conserved per year and over the life of the proposed plan.
 - System water conserved shall be based on a history of use (not entitlement); this criterion will be reviewed on a case-by-case basis.
- Methodology for estimated consumptive use reduction and supporting information that documents the estimate.
- Description of how the proponent will verify and document the consumptive use reduction on an annual or more frequent basis, as appropriate.

We request this first round of 1.a. proposals be submitted no later than November 21, 2022.

Proposals for System Conservation (Program 1.b. in Letter)

The LC Conservation Program fixed-priced 1.b. proposals must include the following information:

- Plan description.
- The amount of Colorado River System water to be conserved per year and over the life of the proposed plan.
 - System water conserved shall be based on a history of use (not entitlement); this criterion will be reviewed on a case-by-case basis.
- Methodology for estimated consumptive use reduction and supporting information that documents the estimate.
- Description of how the proponent will verify and document the consumptive use reduction

on an annual or more frequent basis, as appropriate.

- Amount of time required to implement the conservation plan and the plan duration.
- Estimated cost per acre-foot of conserved water (on either an annual basis or other proposed period of plan operation) and economic explanation of the proposed cost.
- Description of how the proposed plan will ensure that the amount of conserved water to remain in Lake Mead will not be ordered by other entitlement holder(s), for example, through third party consents or forbearance agreements.
- Any additional information deemed helpful to explain and aid understanding of the proposal.

We request this first round of 1.b. proposals be submitted no later than November 21, 2022.

Selection Criteria

System Conservation Program Under a Set Fixed Price (Program 1.a. in Letter)

Reclamation will select proposals on the basis of how well they meet the following requirements. In developing your proposal, please keep in mind:

- Only Colorado River water delivery contract or entitlement holders and CAP water delivery contract or entitlement holders are eligible to participate in the LC Conservation Program.
- Entities and/or individuals will need to collaborate with Reclamation and other water entitlement holders in your state to ensure that the conserved water is not ordered for delivery and that it remains in Lake Mead.
- In early 2023, the Department will announce an opportunity for entities to submit proposals for long-term system efficiency improvements that will result in additional system conservation. The proposal review and evaluation process will be competitive, and ranking will occur on factors including: the amount and timing of water conserved in Lake Mead; the duration of the conservation; and previous participation in existing conservation programs and/or this LC Conservation Program.

System Conservation (Program 1.b. in Letter)

Reclamation will select proposals on the basis of how well they meet the following requirements. In developing your proposal, please keep in mind:

- Only Colorado River water delivery contract or entitlement holders and CAP water delivery contract or entitlement holders are eligible to participate in the LC Conservation Program.
- The proposal review and evaluation process is competitive; ranking will occur on the amount and timing of water conserved in Lake Mead, the cost per acre-foot, feasibility in verifying and accounting for water conserved in Lake Mead and evaluating the uniqueness of testing new approaches for creating conservation.
- Entities and/or individuals may have already committed financial and other resources to water use plans for calendar years 2022 and 2023. In such cases, we are flexible regarding plan initiation.
- Entities and/or individuals will need to collaborate with Reclamation and other water entitlement holders in your state to ensure that the conserved water is not ordered for delivery and that it remains as system conservation in Lake Mead.
- In early 2023, the Department will announce an opportunity for entities to submit proposals for long-term system efficiency improvements that will result in additional system conservation. The proposal review and evaluation process will be competitive, and ranking will occur on factors including: the amount and timing of water conserved in Lake Mead; the duration of the system conservation; and previous participation in existing

system conservation programs and/or this LC Conservation Program.

Other Information: Participants will be required to execute a System Conservation Implementation Agreement (SCIA) with Reclamation containing terms and conditions for the design, implementation, monitoring, evaluation of the LC Conservation Program plan, and compensation to the entitlement holder proposing the plan, and setting forth the obligations of the parties. By entering into a SCIA, the participant grants access to Reclamation to perform periodic on-site inspections of system conservation plan. Participants must be in compliance with applicable Federal, State, and local environmental, cultural, and paleontological resource protection laws and regulations throughout the term of the SCIA. Reclamation's annual Colorado River Accounting and Water Use Report: Arizona, California, and Nevada will serve as the basis for documenting the amount of system conservation achieved under the LC Conservation Program.