



MEMORANDUM
APRIL 4, 2019

TO: BOARD OF DIRECTORS

FROM: ANDREW MUELLER

SUBJECT: 2019 COST SHARE AGREEMENT – WATER BANK WORK GROUP

ACTION:

AUTHORIZATION TO ENTER INTO A NEW 2019 COST SHARE AGREEMENT WITH WBWG PARTNERS IN AN AMOUNT NOT TO EXCEED \$28,000 AND TO BE THE FISCAL MANAGER OF THE COST SHARE FUNDS.

STRATEGIC INITIATIVE(S):

- 4.C.) Colorado River Supplies - Continue to study mechanisms, such as Compact Water Bank and Contingency Planning that include demand management...**
- 6.A) Agricultural Water Use – Continue to study the concept of a voluntary and compensated water bank in collaboration with other stakeholders to best preserve western Colorado agriculture.**
- 6.B) Agricultural Water Use – Explore alternative transfer methods that allow agricultural water users to benefit from the value of their water rights with the permanent transfer of the rights, and without adverse impacts to the local communities and regional economy.**
- 6.C.) Agricultural Water Use – Work to ensure that the burden of demand reduction is shared across all types of water use sectors, and that agricultural water rights, and agriculture itself, are not injured.**

Background: The Colorado River District has been a participant and leader in the Colorado River Water Bank Work Group (WBWG) since its inception in 2008. The WBWG has actively supported completion of various technical studies that have informed our understanding of a potential water bank/demand management program as a means to help avoid or mitigate a Colorado River Compact curtailment. Studies have included a Preliminary Water Bank Feasibility Study, research associated with deficit or split season irrigation on conserved consumptive use for hay and alfalfa crops, System Conservation Pilot Program in the Grand Valley, and literature review/study on secondary economic impacts from fallowing programs in other areas. In addition, the River District has served as the fiscal entity overseeing at least three previous cost share agreements with WBWG partners.

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The proposed new 2019 Cost Share Agreement (CSA) would be specifically for a scope of work to complete a Secondary Economic Impact Study. The 2019 CSA would be for an amount not to exceed \$227,000 which would cover the cost of the consultant/BBC contract (\$222,000), the River District management fee (3%), and miscellaneous meeting expenses. Of the total CSA amount (\$227,000), a balance of approximately \$97,000 is being rolled over from the previous 2016 CSA. New contributions from partners would total approximately \$130,000 of which the Southwestern Water Conservation District, Nature Conservancy, and River District will each be contributing \$28,000, Tri-State Generation currently approved for \$17,500, and new WBWG CSA partners and/or the CWCB contributing the remaining \$28,500. The River District has proposed to split their \$28,000 contribution between two fiscal years (\$17.5k in 2019 and \$10.5k in 2020).

Staff is seeking Board authorization for the River District General Manager to enter into a new 2019 WBWG CSA for up to \$28,000 of River District general funds and authorization to fiscally manage the CSA funds on behalf of WBWG partners.