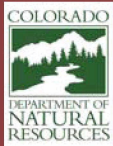


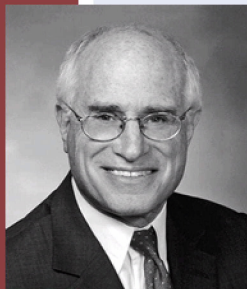


Colorado's Water Supply Future

Bill Ritter, Jr. – Governor
Harris D. Sherman – DNR Executive Director



Interbasin Compact Process *Quarterly Newsletter - 3rd Quarter 2007*



From Harris Sherman Executive Director of DNR and Director of Compact Negotiations

In 2005, the Colorado General Assembly created a new collaborative process for addressing our state's water needs when it passed HB 05-1177— *The Colorado Water for the 21st Century Act*. This process, embodied by the Interstate Basin Compact Committee (IBCC) and nine Basin Roundtables (BRTs), marked the continuation of the state's water planning efforts that began with the Statewide Water Supply Initiative (SWSI), the most comprehensive statewide analysis of water supply and demand ever undertaken by Colorado. The intent of the Interbasin Compact process is to take the knowledge gained through SWSI and, through a grassroots approach, foster inter-basin and intra-basin dialogue and agreements that lead to a more secure water future for Colorado.

This newsletter documents the progress and milestones achieved by this process in 2007 and provides an update on the following key activities.

The initial focus of the IBCC and BRTs was to lay the foundation for the process. This included identifying members and creating bylaws and ground rules upon which to operate, and it included the fundamental task of using the information gained in SWSI to educate each BRT

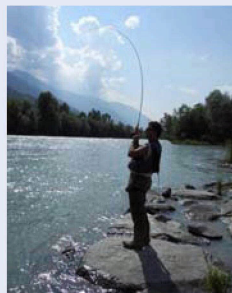
and IBCC member on the challenges and needs of their basins.

The strong foundation that was established in the early stages of this process enabled us to make progress on some important substantive issues in 2007. During the past year, the Interbasin Compact Process focused on four key areas:

1. Developing a deeper and more comprehensive understanding of the water needs in each basin,
2. Utilizing the funds made available by SB06-179 that created the Water Supply Reserve Account (WSRA) to fund water activities that help each basin address its water needs,
3. Fostering greater dialogue and understanding between basins, and
4. Engaging the public more actively in this important dialogue on our water future.

This newsletter briefly outlines activities in these areas and provides an update on the following:

- Update on Consumptive Use Needs Assessments
- Update on Nonconsumptive Use Needs Assessments
- Update on Water Availability Study of Colorado River and Tributaries
- Water Supply Reserve Account
- Technical Assistance Task Orders Requested by Basin Roundtables





Basin-wide Water Needs Assessments

Developing a deeper understanding of the water needs of each basin is a complex task. To do this, the Interbasin Compact process created a multi-pronged framework designed to answer four questions.

1. What are each basin's consumptive water needs (municipal, industrial, and agricultural)?
2. What are each basin's nonconsumptive water needs (environmental and recreational)?
3. What are our available water supplies (surface and groundwater) and how much water is unappropriated?
4. What projects or methods are available to meet our identified water needs?

Several efforts are underway to help the BRT answer these questions. Each basin is using the information learned through SWSI as the starting point and core of their needs assessment. They are adding to this information by incorporating other appropriate sources of information. For example the Colorado BRT is using the UPCO Study and the Arkansas BRT is using the documents supporting the Cooperative Flow Agreement.

BRTs also have the opportunity to identify additional information needs and submit "task orders" to our technical assistance team. For example, the Metro and South Platte BRTs are examining the impact of reusable water not being available to downstream users. The Yampa and Colorado BRTs are taking a closer look at the water needs associated with energy development. The Gunnison BRT is refining the water demand estimates for their smaller water providers and rural communities. Many of the BRTs have requested assistance with their nonconsumptive needs assessments. These efforts of the BRTs are being supplemented by several additional activities.

- **Consumptive Workgroup:** A group of BRT members and water leaders from across the state is examining our consumptive needs. The goal of this group is to assist the BRTs in their consumptive use needs assessments through the development of a common technical platform and water supply alternatives on a statewide basis.
- **Nonconsumptive Workgroup:** Similarly, a non-consumptive work group is helping the BRTs with their non-consumptive needs assessment. With the assistance of this group, each BRT is identifying important environmental and

recreational attributes within their basin and pursuing ways to meet their nonconsumptive needs.

- **Colorado River Supply Availability Study:** The Colorado Water Conservation Board (CWCB), in consultation and cooperation with the BRTs, is studying how much water is available in Colorado River system.

When complete, these processes will come together and give us a much greater understanding of the water needs, challenges, and opportunities facing our state. They will enable better planning and decisionmaking at the local and state level and help ensure a secure water future for all Coloradans.

Water Supply Reserve Account

As each BRT goes through this process, they are identifying projects that can help meet their water needs but for which additional financial support is needed. That is the purpose of the WSRA. Through state severance tax dollars, the General Assembly is making available grants and loans to implement water activities. Requests for funds from the WSRA must be approved by the local BRTs and are then forwarded to the CWCB for evaluation and approval.

Throughout 2007, WSRA funds were used to support a variety of critical programs. For example:

- The Colorado River Water Conservation District and several Front Range water providers are using \$200,000 to identify a long-term source of 10,825 acre-feet of water to meet flow recommendations under the Endangered Fish Recovery Program for the "15-mile Reach."
- The South Platte BRT approved \$176,000 for a Comprehensive Feasibility Study of Ovid Reservoir.



- The Gunnison BRT approved \$540,000 to assist the Orchard City Reservoir Project.

A complete list of the approved WSRAs applications is included at the end of this newsletter.

Fostering Inter-basin Dialogue

A fundamental objective in creating the Interbasin Compact process is the desire for basins to share information and develop a greater understanding of not just their own needs, but the needs and

pressures of other basins as well. Only when the state has a collective and deeper understanding of all the needs in all of Colorado's river basins will we be able to take the necessary steps to a secure water future.

To that end, there have been some exciting developments over the past year.

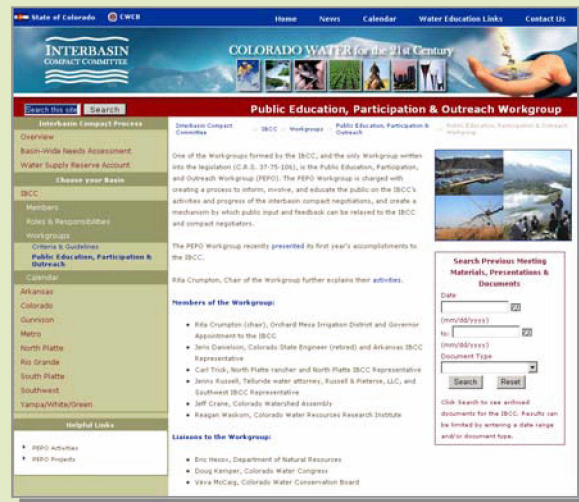
- The leadership of the South Platte and Yampa/White/Green BRTs met to share perspectives on the major water issues in each basin and to discuss a proposed Yampa Project.

Public Education and Outreach

Water is one of our most precious resources in Colorado. It is the lifeblood of the state and essential to our state's agricultural and tourism industries, to the environment, and to the millions of people that call Colorado home. It is also a scarce resource, and few issues are as important to our quality of life and to our future as ensuring a secure water future. Because water touches virtually all aspects of life in Colorado, it is essential that the public is informed about and engaged in our ongoing dialogue on the state's water future.

When the Colorado legislature passed the Colorado Water for the 21st Century Act in 2005 and established the IBCC, it also made public outreach and participation in the process a priority. Since then, much has been accomplished, thanks in large part to the work of the Public Education, Participation, and Outreach (PEPO) Work Group that was created as part of the IBCC. Thanks to the leadership of the volunteers who comprise this work group, the following has been accomplished.

- The IBCC website (www.ibcc.state.co.us) has been redesigned for greater clarity and ease of navigation. It features detailed but understandable information on each of the state's nine BRTs and the IBCC, a calendar of upcoming meetings and events, and relevant news and links. It is a great starting point for anyone who is interested in learning more about water in Colorado or about the latest IBCC and BRT activities.
- Each BRT has established an education liaison to help further our public education and outreach efforts.
- We have created and distributed a wide range of materials, including this quarterly newsletter and fact sheets, to better communicate the activities of the IBCC and BRTs.
- The PEPO Work Group is helping interested roundtable and IBCC members develop a deeper understanding of Colorado water issues by providing scholarships to various conferences and workshops throughout the state.



Literally hundreds of stakeholders across Colorado are actively participating in this process, but more can be done. We have developed and are in the first steps of implementing a strategic communications plan and in the coming year, increasing outreach to the public will be a major focus. As such, you will likely see more from our communications activities. For example, we will be holding town hall meetings in different parts of the state to educate the public about the Interbasin Compact Process. We will be making a significant outreach to media around the state, helping them understand the significance of the activities of the IBCC and BRTs. We have developed a database of thousands of business and civic groups and leaders across the state and will be reaching out to them to inform and engage them in our activities. Finally, we will be producing "A Sip of Colorado Water Law" in cooperation with Justice Hobbs to educate roundtable members and the public on the basics of our state's water law system.

Face-to-face communication is the most powerful form of communication. As we continue to make significant efforts to increase public awareness about the activities of the IBCC and BRTs, we encourage you to talk with others in your community about this important process. It is through dialogue that we will reach a shared understanding and common vision on Colorado's water supply future.



- The Colorado and the Yampa/White BRTs have been working together in a joint effort to better understand the impact of energy development on water supply needs in both basins.
- The four roundtables who comprise the Colorado River system have been meeting to discuss issues on the Colorado River.
- The Arkansas, South Platte and Metro BRTs have been meeting to share their water needs and discuss potential solutions to their challenges.
- Each Roundtable has the opportunity to present their major water issues and challenges to the IBCC. These presentations provide an informational foundation for cross-basin dialogue.

These are just the beginning, and a major focus of our efforts going forward will be to increase this dialogue between basins as this is critical to ensuring a secure water future.

The Path Forward

Our progress will continue over the coming months. Our objectives in 2008 are to complete the basin needs assessments, create more inter-basin dialogue, move forward on the Colorado River supply availability study and increase public engagement. Together, these activities will help further the fundamental premise upon which The Colorado Water for the 21st Century Act was based: that Coloradans must work together to address our state's water needs. Our future calls for nothing less.

Update on Consumptive Uses Needs Assessments

The Consumptive Work Group is tasked with assisting the Basin Roundtable in developing their needs assessments. The Work Group was asked to complete a survey to focus their efforts. This short survey was sent the Consumptive Use Work Group and Basin Roundtable Chairs on October 11, 2007. The survey will gather information on which technical elements should be the focus of the consumptive Work Group. The survey consisted of eleven questions focusing on the Work Group's potential tasks: These tasks include:

- Quantifying M&I Demands to 2050
- Status of Identified Projects and Processes
- Identify Conservation Opportunities
- Addressing Agricultural Needs
- Alternative agricultural water Transfer Methods for Water Supply
- Assessing the Effects of Climate Variability on Colorado's Consumptive Use Needs
- Non-tributary Groundwater and Water Use Sustainability
- Recalculate the Gap

Participants were also asked how the Consumptive Work Group could best be utilized. Results of the survey will be communicated to the Basin Roundtables and the Consumptive Use Work Group and will be summarized in the next quarterly newsletter.



Update on Nonconsumptive Use Needs Assessments

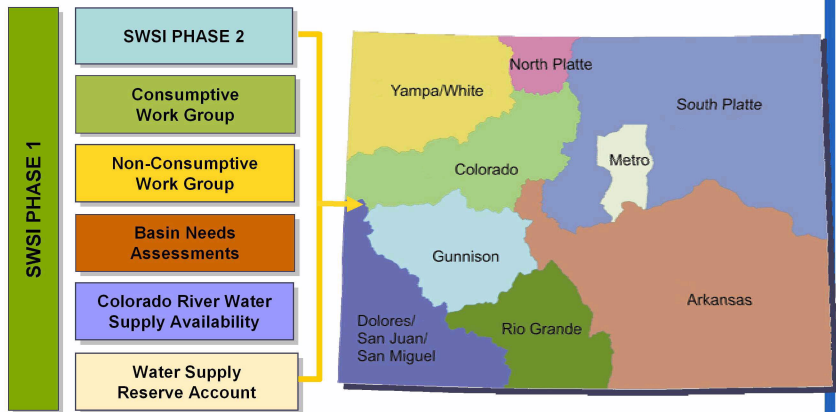
The methodology being utilized by the Basin Roundtables to complete their nonconsumptive needs assessments is focusing on three steps—building upon existing attributes, prioritization, and quantification. Over the last 3 months, each Basin Roundtable has reviewed and commented on the GIS coverages of the environmental and recreational attributes compiled during SWSI Phase 2. Each of the Basin Roundtables has met at least once to provide input on additional attributes they would like mapped and have begun the process of considering priorities in each of their basins. It is anticipated that there will be a February meeting with the Nonconsumptive Work Group to review each Basins' additional GIS attributes and to discuss environmental and recreational priorities.

Several of the Roundtables have requested further information on the quantification methodologies that were covered in general at the May meeting. On Monday, December 17, 2007 at 10:00 a.m. in Glenwood Springs at the Community Center, we will have a presentation by the technical experts from the technical support team covering these methodologies. There will be a presentation on site-specific quantification techniques as well as a flow evaluation tool that has been developed by The Nature Conservancy to evaluate environmental and recreation flow needs on a broader scale than the site-specific approaches. All work group members or basin roundtable members with an interest in learning more about these quantification techniques are encouraged to attend the December Meeting.

Update on Water Availability Study of Colorado River and Tributaries

On October 22, the IBCC approved a revised scope of work for the Colorado River Supply Availability Study taking into account feedback from the BRTs. Since mid-September roundtable members have had an opportunity to provide comments on the scope of work. Feedback/ comments were provided in various ways:

1. Roundtable members could contact any IBCC representative about the development of the scope.
2. Any individual or entity could submit written comments and questions to the study team.
3. A meeting was held with representatives from west slope basin roundtables in Glenwood Springs on September 24th. Members of the IBCC and the study team were available to answer questions and receive feedback.
4. Several roundtables discussed the scope of work and submitted comments as a roundtable.



All of the comments received and responses to those comments were summarized in matrix form. The IBCC reviewed these comments and changes to the scope of work and recommended moving forward with the process.

Water Supply Reserve Account and Technical Assistance Task Orders Requested by Basin Roundtables

The following tables summarize Water Supply Reserve Account funding requests and the status of the 1400 Task Orders.



Approved Water Supply Reserve Account Applications by the CWCB Board

Name of Water Activity	Basin Account	Statewide Account	Total Request
Arkansas Basin Total Request	\$265,000	\$250,000	\$515,000
Arkansas Valley Conduit		\$200,000	
Tamarisk		\$50,000	
Upper Black Squirrel Creek Aquifer Recharge Investigation	\$70,000		
Round Mountain Water and Sanitation District Water Systems Improvements Project	\$120,000		
Fountain Creek Vision Task Force	\$75,000		
Colorado Basin Total Request	\$145,000	\$2,100,000	\$2,245,000
Bull Creek Reservoir No. 5 Spillway Adequacy Analysis	\$50,000		
Missouri Heights	\$25,000		
Acquisition of Vail Ditch by Grand County Interests		\$1,500,000	
Energy Development Water Needs Assessment		\$150,000	\$300,000 Joint App. (See Yampa)
Enlargement of Eagle Park Reservoir		\$250,000	
Upper Colorado Endangered Fish Recovery Alternatives Analysis		\$200,000 Joint App. With Colorado, S. Platte and Metro	
Grand County Streamflow Management Plan	\$30,000		
Roaring Fork Watershed Assessment	\$40,000		



Approved Water Supply Reserve Account Applications by the CWCB Board

Name of Water Activity	Basin Account	Statewide Account	Total Request
Gunnison Basin Total Request	\$338,700	\$1,320,700	\$1,659,400
Off-System Raw Water Storage Project 7 Water Authority/Uncompahgre Valley Water Users Association	\$56,700		
Paonia-Feldman Diversion Reconstruction; North Fork of the Gunnison River (Part 1)	\$48,000		
Paonia-Feldman Diversion Reconstruction; North Fork of the Gunnison River (Part 2)		\$62,700	
Sedimentation Management Study for Paonia Reservoir - North Fork of the Gunnison	\$79,000	\$230,000	
Orchard City Reservoir Project (\$60,000 awarded to applicant from Basin funds in May 2007)		\$480,000	
Overland Reservoir Dam Expansion/Restoration		\$68,000	
Lake San Cristobal Controlled Outlet Structure	\$35,000		
Safety and Serviceability Needs Inventory for Reservoirs in the Lerou Creek Drainage Basin	\$60,000		
Orchard City Water Reservoir Project	\$60,000	\$480,000	
Metro Basin Total Request	\$453,000	\$200,000	\$653,000
Parker Water and Sanitation and Colorado State University Joint Project on the Rural/Urban Farm Model	\$150,000		
Zero Liquid Discharge Pilot Study	\$200,000	\$200,000	
Chatfield Reallocation EIS/FR	\$103,000		
North Platte Basin – None Requested			
Rio Grande Basin Total Request	\$184,950	\$392,000	\$576,950
Alamosa River Watershed Restoration Project		\$104,000	
Romero-Guadalupe Channel Rectification Project	\$83,700		
Alamosa River Instream Flow Project	\$864,500		
Preliminary Design Multi-use Rio Grande Reservoir Rehabilitation and Enlargement		\$288,000	
Rio Grande Conservation Reserve Enhancement Project	\$36,750		
South Platte Basin Total Request	\$255,000	\$278,476	\$533,476
Lower South Platte Wetland Initiative Phase 1 South Platte River, CO		\$278,476	
Ovid Reservoir Feasibility Study	\$176,000		
Chatfield Reallocation EIS/FR	\$27,000		
Clear Creek Water Bank/High Altitude Storage	\$52,000		
Southwest Basin Total Request	\$107,700	\$1,260,000	\$1,367,700
Goodman Point Phase 2	\$20,000	\$240,000	
Jackson Gulch		\$20,000	
Dry Gulch Reservoir/San Juan Reservoir Land Acquisition		\$1,000,000	
Goodman Point Water Association Pipeline Environmental Assessment	\$7,700		
Jackson Gulch Reservoir Expansion	\$80,000		
Yampa/White/Green Basin Total Request	\$49,500	\$150,000	\$199,500
Energy Development Water Needs Assessment		\$150,000	\$300,000 Joint App. (See Colorado)
Morrison Creek Reservoir Feasibility Study	\$49,500		

Status of 1400 Task Orders



Name of Water Activity	Status
Arkansas Basin	
<ul style="list-style-type: none"> Update the status of identified projects and processes (IP&Ps) from SWSI Articulate implementation status of conservation and reuse programs Evaluate potential opportunities for rotational fallowing and/or leasing agreements Evaluate groundwater sources that were not included in SWSI Phase I, especially designated basins. Examine the relationship between Colorado River Compact supplies, imports from the Colorado River Basin and exports of native water supplies from the basin. 	Consumptive tasks, as outlined, have been scoped and will be completed over the coming months.
Non-consumptive Needs	The Arkansas Roundtable Nonconsumptive Needs Assessment Committee has met three times to discuss additional attributes and will be focusing on priorities in the upcoming months.
Colorado Basin	
Consumptive Use Needs Assessment	A task order for this work is slated for development during the end of 2007 and beginning of 2008.
Energy Development Water Needs Assessment Scoping (Joint with Yampa Basin Roundtable)	A workplan was completed for this effort. The energy study is being implemented through at Water Supply Reserve Account Grant.
Non-consumptive Needs Assessment	The Colorado Roundtable Nonconsumptive Needs Assessment Committee has met several times to discuss the environmental and recreational priorities for the Colorado Basin.
Gunnison Basin	
<ul style="list-style-type: none"> Basinwide - Review, refine, and/or confirm the estimate of current and future water demands and supply for the smaller water providers Basinwide - Review and refine the estimate of current and future rural domestic demands and supply Basinwide - Identify vulnerabilities to water supply shortages for Gunnison Basin municipalities Sub-basin Specific: Upper Gunnison - Review, refine, and/or confirm the estimate of future snowmaking demands in the Upper Gunnison 	Technical work for this first task order will be completed over the coming months.
Non-consumptive Needs Assessment	The Gunnison Needs Assessment Committee has met one time to discuss additional attributes and priorities. The Needs Assessment Committee has started identifying additional attributes.
Metro Basin	
<ul style="list-style-type: none"> Analysis of where providers are looking at the same water as a future supply Update of unappropriated water in the South Platte Basin Impact of water administration changes on the availability of water Impact of reusable water not being available to downstream users Status of Conservation Status of IPPs 	Technical work for this first task order has been scoped and will be completed in the near term.
Non-consumptive Needs Assessment	The Metro/South Platte Nonconsumptive Needs Assessment Committee has met one time to discuss additional attributes and priorities. The committee has started identifying additional attributes.
North Platte Basin	
Town of Walden Water Supply Evaluation	Work on this task order is underway.
Water Supply Availability	The requested water supply availability task will be completed through Decision Support System modeling updates.
Non-consumptive Needs Assessment	The North Platte Nonconsumptive Needs Assessment Committee has met one time to discuss additional attributes and priorities. The committee has started identifying additional attributes.



Status of Technical Assistance Task Orders



Name of Water Activity	Status
Rio Grande Basin	
Implementation of well monitoring program south of the Rio Grande River and evaluation of the status of the hydraulic divide	Technical work for this first task order was completed. Stakeholders in the basin are reviewing the results.
Nonconsumptive Needs Assessment	The Rio Grande Wetland Committee has met one time to discuss additional attributes and priorities.
South Platte Basin	
<ul style="list-style-type: none"> • Analysis of where providers are looking at the same water as a future supply • Update of unappropriated water in the South Platte Basin • Impact of water administration changes on the availability of water • Impact of reusable water not being available to downstream users • Status of Conservation • Status of IPPs 	Technical work for this first task order has been scoped and will be completed in the near term.
Nonconsumptive Needs Assessment	The Metro/South Platte Nonconsumptive Needs Assessment Committee has met one time to discuss additional attributes and priorities. The committee has started identifying additional attributes.
Southwest Basin	
<ul style="list-style-type: none"> • Consumptive Use Needs Assessment • Alternatives to permanent Ag dry-up • Analysis and options for Water Conservation and Efficiency 	The Southwest Basin's Consumptive Use Needs Assessment update and associated task order is under consideration by a subcommittee. The committee has started identifying additional attributes.
Nonconsumptive Needs Assessment	The Southwest Nonconsumptive Needs Assessment Committee has met one time to discuss additional attributes and priorities.
Yampa Basin	
Energy Development Water Needs Assessment Scoping (Joint with Colorado Basin Roundtable)	A workplan was completed for this effort. The energy study is being implemented through at Water Supply Reserve Account Grant.
Evaluation of Agricultural Needs	A workplan for this evaluation has been drafted. Moffat County is developing a Water Supply Reserve Account Application to implement this study.
Non-consumptive Needs Assessment	The Yampa Nonconsumptive Needs Assessment Committee has met one time to discuss additional GIS attributes and priorities. The committee has started identifying additional attributes.

Further information regarding the Interbasin Compact Process accomplishments and support provided to the basin roundtables to further their basinwide needs assessments can be found at:

<http://ibcc.state.co.us>.

Information on the Water Supply Reserve Account and continuing SWSI activities is located on CWCB's webpage:

<http://cwcb.state.co.us/IWMD/>.

For more information, please contact:

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