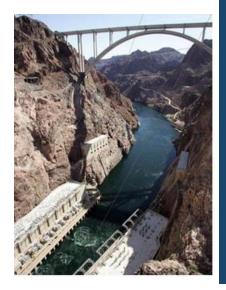
2014 Colorado River Water Users Association Annual Conference December 11, 2014



To Kill a Shortage: Targeting Augmentation and Conservation

Gregory J. Walch General Counsel Southern Nevada Water Authority



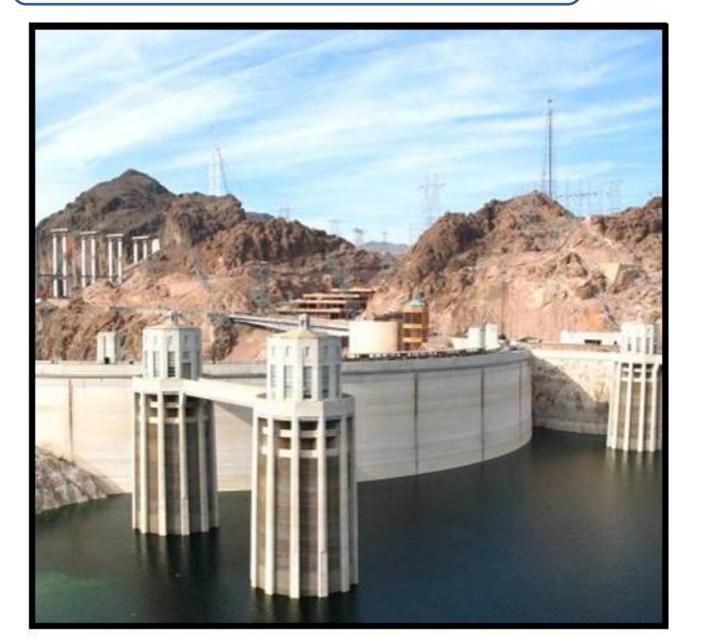
Southern Nevada relies on Colorado River resources to meet 90 percent of its water demands.

The drought has had devastating impacts on Lake Mead's water elevations.

Janu 201 8000

Elevation: 1,084 ft.

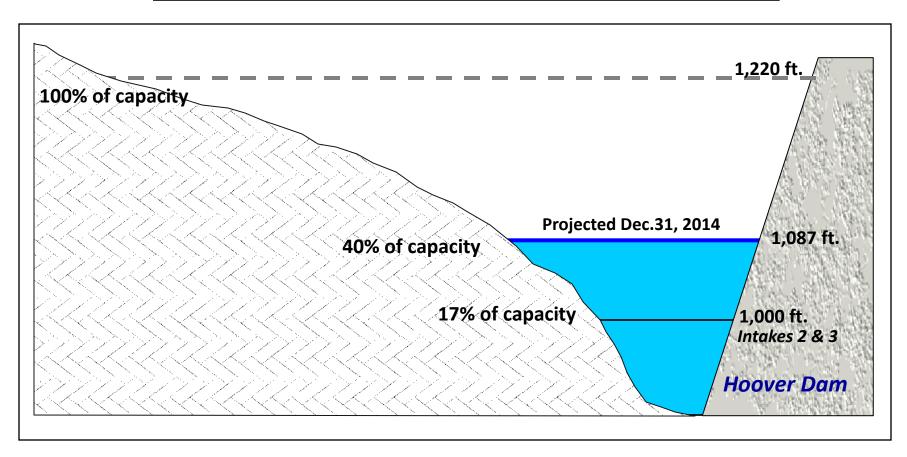
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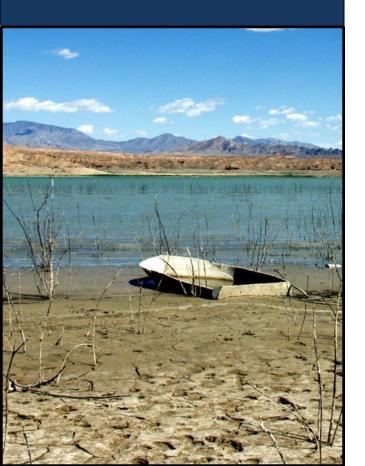
Hoover Dam, 2009

Drought Update

Lake Mead Capacity – Projected (Dec. 31, 2014)



How do low Lake Mead elevations impact Southern Nevada?



- Limited access to water supplies
- Compromised water quality
- Additional treatment and power costs
- New facility or facility upgrade costs
- Supplemental resource costs



Our Response? CONSERVE

Development codes Landscape rebates Watering restrictions Fixture retrofit kits Water audits Car wash coupons Efficient irrigation programs Water Efficient Technologies Pool cover rebates Water Smart Contractor program Water Smart Home program Water Upon Request program Water Conservation Coalition Water Smart Innovations Conference **Conservation Helpline Demonstration Gardens** H2O University Water waste investigations



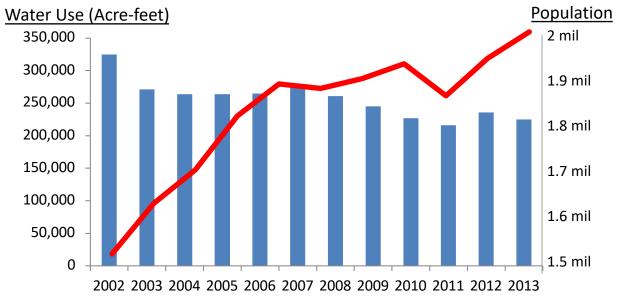
Since Water Smart Landscapes Program inception:

- \$205 million invested to date
- 78 billion gallons saved
- 170 million square feet of turf converted*

*Southern Nevada has removed enough grass for a roll of sod to extend 86 percent of earth's circumference. (Approximately 25,000 miles)

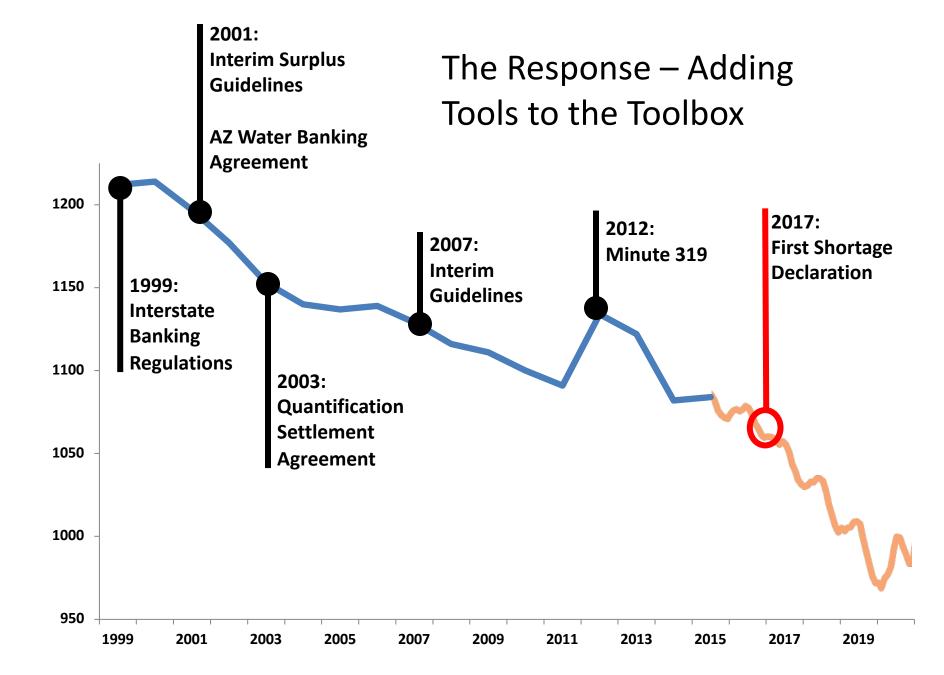


Southern Nevada consumptively used about <u>32 billion gallons</u> less water in 2013 than in 2002, despite annual population increases and millions of annual visitors.

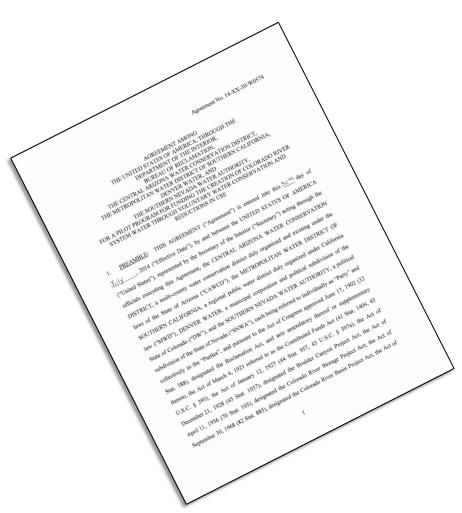


In Good Company...

- **Phoenix** reduced use by 35% since 1980
- All of Scottsdale's reclaimed water is reused for turf irrigation or recharge
- Ag and urban conservation efforts by water agencies in MWD's service territory have reduced CO River water use by 20% since 2002
- Southern California imports less water today than it did 20 years ago despite significant increases in population
- Denver Water has reduced overall use by 20 percent and saved more than 1 million acre-feet of water since 2002, while serving an ever-increasing population



July 2014 Pilot System Conservation Agreement



- Two year pilot funded by BOR, Denver, MWD, CAP, and SNWA
- \$11 million (\$2.75 million in Upper Basin) – real money, but baby steps
- Evaluate feasibility of mitigating drought impacts through compensated voluntary reductions in use or loss
- Protection of critical elevations in both Powell and Mead
- Benefits of reductions inure to system as a whole and NOT to any one entitlement holder



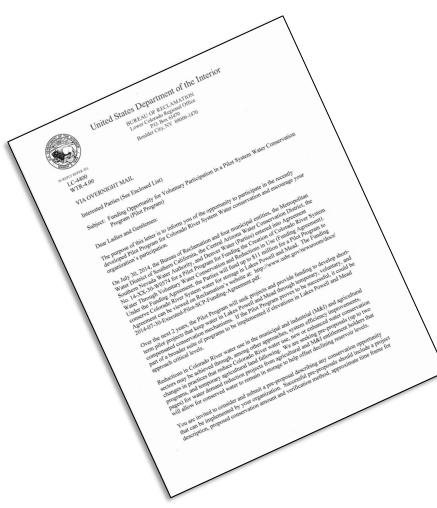
Selection Criteria – Program Goals

- Sector diversity
- Geographic diversity
- Cost/acre-foot of conserved water
- Relative size of project
- Comparative ease of administering contract with user and confirming reduction in use
- Project timing
- Required compliance
- Third party impacts
- Downstream "juniors" or need for forbearance
- Relative measurability of benefits to system
- Ability to leverage other money
- WaterSMART program evaluation criteria

System Conservation Status: Upper Basin

- Concerns/Outreach
 - Movement of water into Powell, below upper basin agriculture
 - Sheparding water to Powell
 - (mis)perception that lower basin interests are buying up water in the upper basin to fix long term supply/demand imbalance
- Yesterday, Upper Colorado River Commission passed resolution to "Support pilot programs such as those contemplated under the July 30, 2014 System Conservation Agreement"
 - Can cast SCA as evaluation of demand management in UB
 - Ideally suited to do outreach relating to benefits of maintaining Powell elevations

System Conservation Status: Lower Basin



- BOR is administering the program in the lower basin
- Sent pre-proposal solicitation October 5
- Received 14 pre-proposals
- Geographically diverse
- Sector diverse tribes, municipalities, irrigation districts
- Include efficiency, conveyance loss reduction, fallowing, reuse, and landscape conversions
- Price diverse (\$100 \$1000/af)
- Don't have sufficient funds for all

Lower Basin Next Steps

- Completer review of pre-proposals
- Goal to contact all applicants prior to February 1, 2015
- Implementation in 2015



SOUTHERN NEVADA WATER AUTHORITY®