

The meeting was held at 10:00 a.m. on Tuesday, October 11, 2005, at the Clark County Commission Chambers, 500 South Grand Central Parkway, Las Vegas, Nevada.

COMMISSIONERS IN ATTENDANCE

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| Chairman | Richard W. Bunker |
| Vice Chairman | Jay D. Bingham |
| Commissioner | Andrea Anderson |
| Commissioner | Marybel Batjer |
| Commissioner | Ace I. Robison |
| Commissioner | Myrna Williams |

COMMISSIONERS NOT IN ATTENDANCE

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| Commissioner | Shari Buck |
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DEPUTY ATTORNEYS GENERAL

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| Senior Deputy Attorney General | Gerald A. López |
| Senior Deputy Attorney General | Jennifer T. Crandell |

COMMISSION STAFF IN ATTENDANCE

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| Executive Director | George M. Caan |
| Energy Services Group Manager | Gail A. Bates |
| Manager of Regulatory & Intergovernmental Affairs | James D. Salo |
| Assistant Director of Engineering and Operations | Robert Reese |
| Senior Energy Accountant | Gail Benton |
| Environmental Program Manager | Phillip S. Lehr |
| Natural Resources Technician | Anthony J. Miller |
| Division Chief, Water | James H. Davenport |
| Natural Resource Specialist | McClain Peterson |
| Natural Resource Specialist | Nicole Everett |
| Manager of Information Systems & Technology | Joe Dabrowski |
| Hydropower Program Manager | Craig Pyper |
| Program Officer II | Jason Thiriot |
| Program Officer III | Kaleb Hall |
| Office Manager | Deanna Bruno |
| Administrative Assistant II | Lisa M. Ray |
| Administrative Assistant II | Janet L. Nuszbaum |

OTHERS PRESENT; REPRESENTING

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| American Pacific Corporation | Jack Stonehocker |
| Bunker & Associates | Melissa Trammell |
| Kummer, Kaempfer, Bonner, and Renshaw, Ltd. | Mark Alvarez |
| Overton Power District No. 5 | Delmar Leatham |

**COLORADO RIVER COMMISSION
OF NEVADA
MEETING OF OCTOBER 11, 2005**

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The Colorado River Commission meeting was called to order by Chairman Bunker at 10:03 a.m. followed by the pledge of allegiance.

A. Conformance to Open Meeting Law.

Executive Director George Caan confirmed that the meeting was in compliance with the Open Meeting Law.

B. Approval of the minutes of the September 13, 2005, meeting.

Commissioner Williams moved for approval of the minutes of the September 13, 2005, meeting as written, and the motion was approved by a unanimous vote.

C. Consideration of and possible action on an amendment to an agreement with EcoPlan Associates, Inc., to provide environmental and economic consulting services.

Executive Director George Caan stated that on August 20, 1997, the Commission and EcoPlan Associates, Inc., ("Consultant") entered into an agreement under which EcoPlan provides environmental and economic consulting services to the Commission. The Commission subsequently amended this agreement on December 13, 2000, to extend the 1997 agreement until December 31, 2005. In order for the consultant, Bill Davis, to continue to provide these needed services to the Commission, the agreement must be amended again to extend the term of the agreement as well as provide additional funding associated with the extension. The extension is for an additional five years, so the agreement will terminate December 31, 2010, unless terminated earlier. The funding has been included in the current and pending budgets and provides an additional \$300,000 for the extended term of the agreement. The original agreement and the first amendatory agreement together provided \$600,000, of which approximately \$510,000 has been expended. Mr. Caan added that Mr. Davis has substantial and detailed knowledge about the Commission's interests and the work that the MSCP has been undertaking. He also stated that Mr. Davis has done a great job for us.

Commissioner Anderson moved for approval of the extension of the agreement with EcoPlan Associates, Inc., and it was approved by a unanimous vote.

Chairman Bunker asked the Commissioners if they all understood what LCRMSCP, the Lower Colorado River Multi-Species Conservation Program, was, and inquired if they were all familiar with what that entails. They indicated yes.

Commissioner Bingham then asked Mr. Caan how long the program had been going on.

Mr. Caan responded that the development of the program began in 1994, and this year the documents were signed to implement the program, with the implementation actually beginning this month.

Commissioner Bingham inquired if at its inception it was thought that in five years development of the program would be done.

Mr. Caan stated that we are now in the eighth or ninth year of what was originally a five-year development program. It has taken extra time because there are many species and lots of concerns. But finally they have come up with something that we could be happy with.

Chairman Bunker asked how much money was involved.

Mr. Caan stated that about \$10 million was spent in the development of the LCRMSCP program, and the program implementation will be approximately \$626 million over 50 years, split 50/50 by the federal government and the states.

D. Consideration of and possible action on an appointment to fill a vacancy on the Commission's Land Management Subcommittee.

Chairman Bunker stated that Councilwoman Andrea Anderson of Boulder City has agreed to accept the appointment. He added that she would be serving with Commissioners Williams and Bingham and that her participation was greatly appreciated.

E. Update on the status of discussions regarding shortages criteria and other developments on the Colorado River.

Water Division Chief Jim Davenport reported on water supply. As of August this year, Nevada has returned 131,000 acre-feet of water to the river as a return flow credit, which gives the state a consumptive use through August of 202,000 acre-feet. Nevada is basically in the same position as a year ago at this time with respect to water consumption. The Southern Nevada Water Authority ("SNWA") is on track to bank 10,000 acre-feet in California this year.

Commissioner Robison asked Mr. Davenport was that water banked in California or Arizona.

Mr. Davenport replied that the water was banked in California. We have two agreements: one with Arizona and one with California. Under the Arizona agreement, we can bank Arizona water or Nevada water; this year we will bank Arizona water. Under the California arrangement, we bank Nevada water.

Mr. Davenport added that we look better on the drought map this year than last year. With major storms in the Rockies, there should be a better water year this year. The reservoirs are about 59% of capacity as of now, whereas a year ago they were at 49%-50% capacity. So we are better in a storage condition as of this time of year than we were a year ago as well.

The seven basin states met in San Diego on August 25th and put together a letter, in which all the states agreed, to the Secretary in response to the Secretary's request for the position of the states going into scoping of its environmental impact statement on shortage criteria. That letter contained basically three general categories of matters: a two-tiered shortage strategy protecting the Nevada intakes; a comprehensive approach to coordinated reservoir management and some Nevada-specific and system-wide supply enhancement issues. That letter said that these were subjects that the states were going to discuss. It didn't say how they were going to discuss them or what the outcome was going to be. It just basically laid the issues on the table.

The states met for the first time following that on the 27th of September in Albuquerque. It was the first meeting to begin to try to take those issues which were in that seven basin state letter and bring them to discussable topics that could be defined more exactly and agreed upon. In that meeting, the Nevada-specific issues were explained by Nevada's delegation. Nevada was quite clear in expressing to the other states that Nevada is in a situation that has a significant growth expectation, that there is likely to be a greater demand for water in the future, that the in-state water development is ongoing and will be pursued, but that that does not diminish Nevada's continued need to look at the Colorado River for additional resources.

Several days later, September 30th, the Bureau of Reclamation published its notice of the preparation of an environmental impact statement. The Bureau intends to prepare an environmental impact statement to support a decision on a shortage regulation, which would be adopted sometime near the end of this administration, probably in November or December 2007. This is a process that begins with open meetings where public comments are accepted. The one in Nevada will be on the November 8, 2005.

Last week, there was a meeting of the lower basin states at which the issues Nevada had raised at the seven basin states meeting were again discussed. Arizona and California requested that these issues, particularly as they affect issues of relevance to the decree in *Arizona v. California*, be discussed between the lower basin states before addressing them with the upper basin states.

One of Nevada's specific ideas is the concept of full consumptive use. This is something that we have proposed to the other states. With Colorado River water, when we take it out of the river and use it and put it back in as a return flow credit, we get to take it out again, because we have gotten credit for it. The effect of taking the water out again is basically turning the 300,000 acre-feet of consumptive use into about 468,000 acre-feet of diversion. We are looking at applying this concept to other water which the SNWA develops, uses, and ultimately returns to the Colorado River. Actually that water augments the river as additional water. Nevada is hoping to advocate to the other states and to the Bureau that we could take that water to full consumptive use, that is, to take it back out again as a repeat diversion so as to get the ultimate benefit of the development of in-state resources. That is an idea that Nevada has proposed to the other states and it is under consideration now. We will be putting that in more specific form in some written documents to submit probably over the next weeks or months.

Commissioner Bingham asked if that would relate to tributaries.

Mr. Davenport stated that it would relate to tributaries. It is new water added to the river and first we want to get credit for it going to the river. In addition to that, Nevada would like to be able to get full consumptive use of the water by being able to take that water back out again and use it in the Las Vegas system.

Commissioner Bingham said he thought what Mr. Davenport said was with the return flow credits we have now, we have 468,000 acre-feet of diversions. If you take it out and then put it back in again, are you going to get more credit for those returns?

Mr. Davenport stated that that is the object.

Commissioner Bingham asked if that was included in the 468,000 acre-feet of diversions?

Mr. Davenport said no, it was not.

Commissioner Bingham asked how much of the 468,000 is southern Nevada now using.

Mr. Davenport stated all of it is being used, or all of it can be used. In the last couple of years it has been in the 270,000 or 280,000 consumptive use range and if you multiply that by 1.7, the ratio between the two numbers, you get about 460,000 acre-feet.

Commissioner Bingham asked how much new water are we hoping to bring in from the northern part of the state?

Chairman Bunker stated approximately 100,000 or 125,000 acre-feet.

Mr. Davenport added that if you could multiply that 125,000 by 1.7, the same ratio, you can see that it would enhance that supply. But Nevada does not have that consented to by the other states at this point.

Commissioner Bingham asked if the other resource was the Arizona banking.

Chairman Bunker stated for the future, out of 1,200,000 acre-feet that can be banked, we can draw out 40,000 acre-feet a year. That's a bridge for us.

Commissioner Bingham asked what was beyond that.

Chairman Bunker replied additional work on the Colorado, trying to add additional resources as weather augmentation, better management of the reservoirs; desalination is also out there.

Mr. Davenport stated that another idea that we are suggesting is that parties ought to be able to make capital investments and system improvements on the river.

Commissioner Bingham asked like the canals in California?

Mr. Davenport replied yes, a formative idea again, not an agreed-to idea.

Commissioner Robison asked if examples of new water would include east-central Nevada water, Muddy River water, Virgin River water, or others.

Mr. Davenport stated yes.

Chairman Bunker added that any spring water would include water that SNWA bought, and then anything that would be coming in from Lincoln County and/or White Pine County in the event that there are agreements with those counties. Plus in other filings that the SNWA has in northern Clark County that they talked about. Mr. Bunker said he believed one thing that needs to be acknowledged, particularly to the two elected officials, is the tremendous support given by amending the water conservation ordinances and by what we are doing here in the valley, and by those who are in business here in southern Nevada. Certainly, the citizens and the businesses deserve to be commended for the way they have responded to the conservation programs. Interestingly enough, the elected officials probably see it at the SNWA meetings, that even though Las Vegas has been growing over the past three years at this still tremendous rate, the use of water has gone down every year. This reflects really well on our elected officials, on our citizenry, and our businesses here in southern Nevada that they have responded. Certainly, as we go in to negotiate, the ability to tell people what we are doing by way of conservation has been a big help to us in establishing our credibility, that we recognize what we are doing here in the desert and to know that we have these kinds of challenges.

Chairman Bunker then commended Commissioners Anderson and Williams and stated he knew that was not easy when they started implementing water conservation, but it would appear that the community has really bought into them and are doing a good job in the conservation battle.

Commissioner Anderson added that that was extremely important, that we can grow at the rate that we are growing yet use less water.

Commissioner Bingham asked if this board was on record on the northern implementation program.

Chairman Bunker stated that the Commission has never made a formal presentation or made a formal document and forwarded it to the SNWA. When the Citizens Advisory Committee was established about 14-15 months ago, as the CRC Chairman, he was appointed as an ex-officio member. Mr. Bunker reported that he has attended every meeting and the advisory committee certainly has understood that he was representing the Commission and that the CRC definitely is supportive in doing everything to help.

Commissioner Bingham stated that maybe the Commission ought to take a look at having a presentation on the northern water issues.

Chairman Bunker stated that was a good idea. The SNWA will be making presentations to each of the municipalities seeking support for the northern water implementation program. If the Commission would like to do that, we can certainly put that on our next agenda and formally adopt a letter that supports the program.

Commissioner Bingham stated that he would like to be convinced about this program.

Commissioner Robison said that he agreed with Commissioner Bingham and he would like to be convinced. Going out and meeting in Henderson, Boulder City, and other local places may be tantamount to preaching to the choir. People that are most concerned are not the consumers, but those who perceive themselves to be the losers. When you look at this in a strategic picture, in a large picture format, what is happening, what has been happening, and what is going to be happening must be in the best interest of all concerned. He thinks that it is important that this Commission make sure that it is in the interests of all concerned insofar as it is appropriate and possible, and then that all concerned understand and are briefed so that they do sufficiently understand that it is in their interests as well, that they are not losers.

Chairman Bunker stated that we have made every attempt that we possibly can in the development of the strategic plan. The SNWA adopted this, 24-25 people from around the state and there were representatives for White Pine County, Nye County, and Lincoln County that were involved. Everyone, particularly in those three counties, were given every opportunity and were encouraged to make whatever presentations they cared to make. In many instances, the representative from White Pine County, many of the things that he talked about were adopted by the Citizen's Committee that looked at this issue. He stated that he agreed with Commissioner Robison, but added that he thought that the record needed to be clear. For example, Lincoln County has already signed an agreement with the SNWA and is now in the process of implementing that agreement. The SNWA, as an indication of their reliability, honesty, and other things has actually signed over some of its water rights, or some of the filings that they have had in White Pine County and Lincoln County to those respective county governments. So we have tried in every way possible to show people clearly what we are doing. He stated that he would just underscore for this Commission's information that one of things that we are going to have to be able to show in addition to the conservation effort, is that we have explored and tried to figure out every resource for water within the state of Nevada before we can go out on the river and say we need some additional help off of the river. Everything that has been said by the commissioners he agrees with and requested that staff schedule a presentation.

Commissioner Batjer stated she particularly would like to be briefed on not only the findings or the scope of this citizens group, but any other information about our limited resources and our effort to look for other resources. She thinks conservation should

always be the first goal, but other resources in this state, which are themselves so very limited, may need to be explored.

Chairman Bunker stated that at present that White Pine and Lincoln counties are the only places where the SNWA has additional filings.

Chairman Bunker asked if Mr. Caan could follow through and contact the SNWA regarding a presentation.

Mr. Caan stated that he would take care of that.

Chairman Bunker stated that Commissioner Robison knows, having lived in the area, that for several years the SNWA has been buying both Muddy River and Virgin River rights, and those are those prior perfected rights before the Compact was ever signed. There is a historical value of those because as we talk about water, the Compact only deals with the water after the Compact. Those pre-Compact rights, you have a lot of ability to move those things around, at least we hope we do.

Chairman Bunker added that in Lincoln County, part of that agreement is that not only are they going to share in the resource itself, but by virtue of the agreement, they are also going to be able to use the facilities, pipes and things like that to help move their water, which is a huge benefit for them because nobody in Lincoln County would have the ability to afford any of that infrastructure.

Commissioner Robison noted that he was involved in the negotiations early on on behalf of Lincoln County. That reassurance, to those people who may feel that they are losers, coming from this Commission as a state agency, may be a very important element in all of this. They need reassurance that they will be better off, not worse off, and that needs to include the rural communities of Clark County, which sometimes we forget. We have those pre-compact rights that are tremendously important to the SNWA, and are also tremendously important to those communities. Reassurance, knowledge, and understanding, which is not sufficient yet, needs to be given.

Chairman Bunker stated that on the Citizen's Committee, as he suggested, all three areas we have talked about were included. Moapa Valley had a representative, the Moapa Valley Water District. The Virgin Valley Water District also had a representative. All of us recognize that southern Nevada has got to have some more water. But what we have in White Pine County is a very small, but very active and very vocal group of dissenters. If we could have a closed door session, he thought we would find that there are several people in White Pine County that want to sit down and see what can be worked out. It even went to the point that the SNWA – White Pine County is now under the direction of the state tax commission. They have had some financial problems up there and the state tax commission is pretty much overseeing their activities, but the SNWA asked them if they could use some pickups, some trucks up there. Evidently, the school district said "no" and the county said "we'll think about it," but it has reached that point. He added that he has spent a lot of time on the ranges in White Pine County this past summer with

these guys and it is a way of life with them and they are very concerned about that water, but he does think that more information is certainly more helpful than less. The more we can get out the better off we are. If this can be a starting place for some of it and let them know how we feel, that is probably a positive thing.

Chairman Bunker then asked Mr. Caan if he could get an agenda item ready for the Commission's next meeting, with a draft resolution or a letter from the Commission to the SNWA.

Mr. Caan stated that he would put together a draft resolution to follow a briefing on the issues so that the Commission has an opportunity to listen to the information and then comment on that.

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| F. Consideration of and possible action on Resolution 2005-03 commending Malvin R. Ware for his service to the Colorado River Commission. |
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Chairman Bunker stated Malvin Ware, who recently retired, was a very valuable employee to the Commission for many years.

Mr. Caan noted that Mr. Ware was in charge of the CRC's Hydropower Department and added that the sale of hydroelectric power is a core function of the CRC. For over 29 years, Mr. Ware handled the routine, ministerial functions of accounting, billing, and scheduling. These functions are critical and very important to CRC's customers. He added that in the 1980s, Mr. Ware helped Nevada to get its fair share of the federal power allocation. In the last five or six years, significant improvements in customer service with respect to accounting and scheduling for hydropower have been realized due to the leadership of Malvin Ware. He has basically taken the Commission into the 21st century, computerizing everything and establishing a highly competent staff and a solid relationship with the customers. Mr. Ware has been an extremely loyal and dedicated employee. Staff recommended the Commission adopt Resolution 2005-03.

Commissioner Williams moved for approval, and the motion was approved by a unanimous vote.

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| G. Comments and questions from the public. |
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There were no comments or questions from the public.

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| H. Comments and questions from the Commission members. |
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There were no comments or questions from the Commission members.

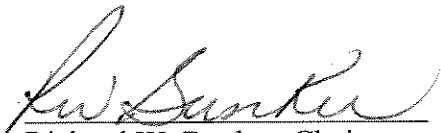
I. Next meeting date selection.

The next Commission meeting is tentatively scheduled for November 8, 2005, at the North Las Vegas Council Chambers.

The meeting adjourned at 10:43 a.m.


George M. Caan, Executive Director

APPROVED:


Richard W. Bunker, Chairman