

**EXECUTIVE DIRECTOR'S MONTHLY REPORT
TO THE
COLORADO RIVER BOARD OF CALIFORNIA**

July 13, 2004

AGENCY MANAGERS MEETING

The Agency Managers met, again, on June 21st, in Ontario, California to continue the discussions regarding the formula for funding for the Six Agencies' support of the Colorado River Board's budget and how it should be revised. To date, it has been agreed that it would be desirable to have a five-year transition period. Also, five of the agencies have agreed to the proposed formula during the transition period. Further discussion of the funding formula will occur during two teleconference calls that have been scheduled prior to the Board meeting. I will report on the results of the conference calls at the July Board meeting.

ADMINISTRATION

August 25th Board Meeting

As we have discussed at previous meetings, the date for the regularly scheduled August Board meeting has been shifted to August 25th. This will allow the Board to meet in San Diego, California, in conjunction with the 11th annual meeting of the Urban Water Institute. The meeting will be held at the Hyatt Regency Islandia on Mission Bay in San Diego.

California Performance Review

Included in the Board folder is a memorandum recently released by the Association of California Water Agencies (ACWA) regarding the Governor's California Performance Review process. The memorandum indicates that the Governor proposes to release the Performance Review report and recommendations shortly after the FY 2004/2005 budget is finalized.

According to the ACWA memorandum, the Performance Review report will recommend broad and sweeping changes to California State government. This includes elimination of most of the existing boards and commissions and major reorganization of the cabinet-level agencies and departments. The ACWA memorandum points out that these recommendations are based upon conversations with individuals close to the Performance Review process. Apparently, once the report is formally released, it will be provided to the Little Hoover Commission for review and recommendations. The Governor also plans to take the report on the road in a series of public meetings to solicit comment and input. I will keep you posted as more information becomes available.

PROTECTION OF EXISTING RIGHTS

Colorado River Water Report

As of July 1, 2004, storage in the major Upper Basin reservoirs increased by 148,860 acre-feet and storage in the Lower Basin reservoirs decreased by 314,200 acre-feet during June. Total System active storage as of July 8th was 31.384 million acre-feet (maf) or 53 percent of capacity, which is 4.350 maf less than one year ago.

June releases from Hoover, Davis, and Parker Dams averaged 16,720, 16,860 and 12,400 cubic feet per second (cfs), respectively. Planned releases from those three dams for the month of July 2004 are 14,900, 14,800, and 12,400 cfs, respectively. The July releases represent those needed to meet downstream water requirements including those caused by reduced operation of Senator Wash Reservoir.

The final July 6, 2004, projected April through July 2004 unregulated inflow into Lake Powell was 3.475 maf, which is 44 percent of the 30-year average for the period 1961-1990. The final July 6, 2004, projected unregulated inflow into Lake Powell for the 2004-05 water year was 6.164 maf, or 51 percent of the 30-year average.

As of July 8th, taking into account both measured and unmeasured return flows, the Lower Division States' consumptive use of Colorado River water for calendar year 2004, as forecasted by Reclamation, totals 7.538 maf and is described as follows: Arizona, 2.869 maf; California, 4.373 maf; and Nevada, 0.296 maf. The Central Arizona Project (CAP) will divert 1.661 maf, of which 0.308 maf are planned to be delivered to the Arizona Water Bank. The Metropolitan Water District of Southern California (MWD) will use about 0.576 maf, which is 0.108 maf less than its actual use of mainstream water in 2003.

The preliminary end-of-year estimate by the Board staff for 2004 California agricultural consumptive use of Colorado River water under the first three priorities and the sixth priority of the 1931 *California Seven Party Agreement* is 3.691 maf. This estimate by the Board staff is based on the collective use, through May 2004, by the Palo Verde Irrigation District, the Yuma Project-Reservation Division (YPRD), the Imperial Irrigation District, and the Coachella Valley Water District. Figure 1, found at the end of this report, depicts the historic projected end-of-year agricultural use for the year.

Colorado River Operations

Drought Condition Information

As you are aware water supply conditions within the Colorado River Basin are still classified as in a drought condition. Included in the Board folder are a number of newspaper articles and an informational report from the U.S. Geological Survey (USGS) regarding the current drought condition in the Colorado River Basin. The USGS report

indicates that this current drought may be one of the worst in the last 500 years. This assessment is based upon an analysis and evaluation of existing hydrologic information and dendrochronology, or the study of tree-rings.

Electrical Generation at Glen Canyon Dam – Living Rivers Article

The environmental organization Living Rivers issued a news release on July 6th stating that the Denver Post had published an article indicating that the capacity to generate electrical energy at Glen Canyon Dam has been reduced by approximately 30% because of the reduced storage in Lake Powell (currently at 43% of capacity). Living Rivers continues to advocate that Glen Canyon Dam should be decommissioned and removed, thus restoring Glen Canyon to predevelopment conditions. A copy of the news release is included in the Board folder as an informational item.

California's Colorado River Water Use Plan

To date, comments on the revised Draft of California's Colorado River Water Use Plan (Plan) from Coachella Valley Water District, San Diego County Water Authority, and the Imperial Irrigation District. I would appreciate receiving any additional comments from the agencies as soon as possible. Mr. Malinowski is ready to revise the Draft Plan and finalize it for distribution and posting on the Board's webpage.

Additionally, I can report that both Imperial Irrigation District and the San Diego County Water Authority have submitted draft Incidental Take Authorization (ITA) applications to the California Department of Fish and Game. The ITA application is associated with the All-American Canal lining project. The ITA applications are required under the current Fish and Game Code, and are intended to identify any potential impacts to state-listed species and define the appropriate environmental mitigation to ensure that the project can proceed and comply with the California Endangered Species Act.

Basin States/Tribes Discussions

Basin States Meetings of June 17th

As has been reported at previous Board meetings, representatives from the Colorado River Basin states are continuing to meet to discuss managing the Colorado River System during times of low runoff conditions, especially focusing on the next 24 to 36 months. The technical committee that was formed is: 1) conducting model studies to analyze possible future water supply conditions and impact that those conditions will have on the reservoir system storage and the ability of the system reservoirs to meet future water supply demands and 2) identifying potential projects, programs and actions that could avoid, or at least reduce, the impacts associated with drought and shortage conditions.

A number of model runs have been run by the technical committee looking at a worst-case scenario in terms potential future runoff conditions as well as looking at

various potential operating scenarios based on the historical hydrology. These model runs are continuing to be analyzed. Another meeting has been scheduled for July 22nd and 23rd in Salt Lake City, Utah, to review additional model studies and further identify potential actions that could be taken in the near term to lessen the impacts associated with a continued drought.

Letter from Environmental Defense – June 22, 2004

The environmental organization, Environmental Defense, recently sent a letter to Assistant Secretary of the Interior, Bennett Raley, regarding formal participation in the meetings of the Colorado River Basin States. Environmental Defense is concerned that management activities and decision-making associated with the Colorado River system and its reservoirs does not involve all of the appropriate stakeholders. Specifically, the letter encourages the Department of the Interior and the Seven Basin States to include the environmental organizations, Native American Tribes, and other interested stakeholders.

Colorado River Environmental Activities

Status of the Lower Colorado River Multi-Species Conservation Program (LCR MSCP)

With respect to the continuing negotiations and discussions related to finalization of the Lower Colorado River Multi-Species Conservation Program (LCR MSCP) implementation agreements, the federal government has yet to respond to the proposals developed by the non-federal LCR MSCP participants. It is my understanding that Assistant Secretary of the Interior, Bennett Raley, will be meeting with representatives of Reclamation and the USFWS in the near future to discuss the proposals and develop an appropriate federal response.

With the release of the public review drafts of the LCR MSCP Habitat Conservation Plan (HCP) and the Environmental Impact Statement/Report (EIS/R) in mid-June, the LCR MSCP participants will hold a series of public meetings on July 20th, 21st, and 22nd in Henderson, Nevada; Blythe, California; and Phoenix, Arizona, respectively. The purpose of the public meetings is to solicit input from interested stakeholders regarding information provided in the documents.

Reclamation has withdrawn its formal request to initiate Section 7 consultation associated with federal activities described in the draft LCR MSCP Biological Assessment. As you will recall, a major attribute of the LCR MSCP is to provide long-term Endangered Species Act (ESA) compliance related to Reclamation's routine Colorado River operations and maintenance activities. These activities are currently covered by an existing biological opinion that is scheduled to expire on April 30, 2005. Reclamation proposes to initiate formal Section 7 consultation on the federal activities described in the Biological Assessment following the public review and comment phase, as public comments may lead to modifications to the draft documents.

I can report that the USFWS, by memorandum on June 9th, certified the HCP Incidental Take Authorization (ITA) application package as “complete.” Consequently, the USFWS Regional Office in Albuquerque and Washington Office will begin the formal review and processing of the ITA application. At this juncture the USFWS is satisfied that the implementation obligations and funding commitments are sufficiently identified to allow processing of the ITA application.

Spirit of the Sage Council, et al. vs. Gale A. Norton, et al.

In an order clarifying an earlier order of the Court, U.S. District Court Judge Emmet G. Sullivan has ordered the USFWS not issue any “No Surprises” assurances with incidental take authorizations under Section 10 of the ESA. The Court ruled on December 11, 2003, that the No Surprises and Assurances policy statements implemented by the previous Administration had violated elements of the federal Administrative Procedures Act (APA). Consequently, the USFWS is in the process of re-releasing the policy statements in the *Federal Register* and soliciting public review and comment. Once the formal public review and comment period has been concluded the policies can be reinstated by the USFWS and it will again begin issuing “assurances” and “No Surprises” with ITAs.

Status of the Glen Canyon Dam Adaptive Management Program

Mr. Chris Harris and I attended a special retreat of the Glen Canyon Dam Adaptive Management Work Group (AMWG) in Phoenix, Arizona, on June 28-29, 2004. The purpose of the retreat was to explore options for making the AMWG more effective in complying with the terms of the Grand Canyon Protection Act, and the Glen Canyon Dam EIS and Record of Decision. One of the major tasks of the retreat was to better clarify the roles and proposed interactions of the AMWG, the Technical Work Group (TWG), ad hoc subcommittees, Grand Canyon Monitoring and Research Center (GCMRC) as well as the various federal agencies with management and/or administrative responsibilities. The retreat was professionally facilitated, and the facilitators are in the process of developing a report describing the proposed options and recommendations identified during the retreat.

In a related matter, the Zuni Indian Tribe sent a letter to Secretary of the Interior, Gale Norton, on June 16th, expressing concern associated with potential “marginalization” of Native American interests in the Glen Canyon Dam Adaptive Management Program (AMP). Much of the tribal concern is associated with the annual federal funding to the Native American Tribes participating in the AMP. Currently, the funding to several tribes has been greatly reduced, or eliminated, and thus several tribes have had to reduce their involvement in the process. I have included a copy of the Zuni Tribe’s letter for your information.

Lower Colorado Water Supply Project (LCWSP)

The Pacific Gas and Electric Company (PG&E) has submitted an application for an additional 242 acre-feet per year of Lower Colorado Water Supply Project (LCWSP) water. The additional water supply would be utilized in conjunction with remedial action of the hexavalent chromium groundwater contamination plume at the Topock Gas Compressor Station located south of Needles, California. Included in the Board folder is a copy of PG&E's request letter attached with a page of Supplemental Information and other information related to the groundwater contamination plume profile, as well as PG&E's proposed pumping plan and facilities. Currently, PG&E has an executed subcontract through the City of Needles for an amount of 180 acre-feet per year of LCWSP water, in which 100 acre-feet is for the current use and 80 acre-feet for future use in groundwater clean-up operation. Based upon PG&E further groundwater model studies, PG&E determined that it needs a larger pumping rate at 200 gpm to create a reverse gradient to pull back the contamination plume.

The City of Needles (Needles) is continuing to execute subcontracts with the Lower Colorado Water Supply Project (Project) beneficiaries to receive Project water. As of July 12th, over 476 subcontracts in the amount of 3,243 (479 for current use and 2,764 for future use) acre-feet of water per year for current and for future use have been forwarded to potential applicants for execution. To date, 346 or 72.7 percent, of the subcontracts have been executed and returned to Needles.

WATER QUALITY

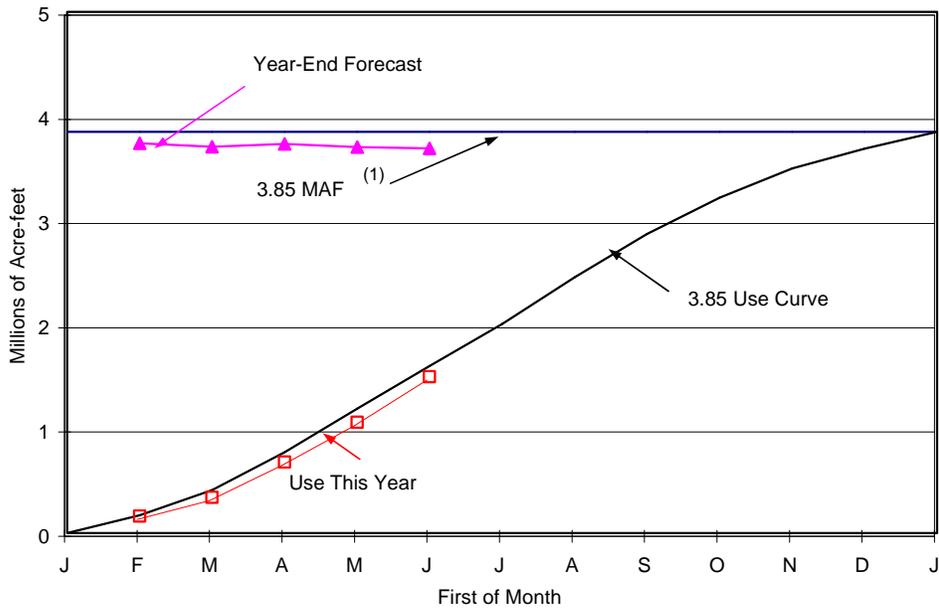
Colorado River Basin Water Quality Issues

Perchlorate

As indicated on the agenda for the meeting, Dr. Krieger of the University of California – Riverside is scheduled to provide the Board with an overview of perchlorate contamination and associated health issues.

Gerald R. Zimmerman
Executive Director

**FIGURE 1
JULY 1 FORECAST OF 2004 YEAR-END COLORADO RIVER WATER USE
BY THE CALIFORNIA AGRICULTURAL AGENCIES**



Forecast of Colorado River Water Use by the California Agricultural Agencies (Millions of Acre-feet)			
Month	Use as of First of Month	Forecast of Year End Use	Forecast of Unused Water (1)
Jan	0.000	-----	-----
Feb	0.162	3.738	-0.032
Mar	0.343	3.707	-0.001
Apr	0.680	3.733	-0.027
May	1.063	3.702	0.004
Jun	1.499	3.691	0.015
Jul			
Aug			
Sep			
Oct			
Nov			
Dec			
Jan			

(1) The forecast of unused water is based on the availability of 3.713 MAF under the first three priorities of the water delivery contracts. This accounts for the 101,900 acre-feet of conserved water available to MWD during 2003 in accordance with the 1988 IID-MWD Conservation Agreement and the 1989 IID-MWD-CVWD-PVID Agreement, as amended; and 35,000 AF of conserved water available to SDCWA in accordance with the IID-SDCWA Transfer Agreement, as amended. As USBR is charging disputed uses by Yuma Island pumpers to priority 2, the amount of unused water has been reduced by those uses - - 0.007 maf. The CRB does not concur with the USBR's viewpoint on this matter.