

Minutes of Regular Meeting
COLORADO RIVER BOARD OF CALIFORNIA
Wednesday, October 12, 2005

A Regular Meeting of the Colorado River Board of California (Board) was held in Grand Ballroom Salon 4, at the Ontario Airport Marriott Hotel, 2200 East Holt Boulevard, Ontario, California, on October 12, 2005.

Board Members and Alternate Present

Lloyd W. Allen, Chairman
James H. Bond
D. Bart Fisher, Jr.
John V. Foley
Terese Marie Ghio
Henry M. Kuiper
James B. McDaniel

John W. McFadden
Cauh Nguyen, Alternate
Department of Fish and Game
Jeanine Jones, Designee
Department of Water Resources

Others Present

Mike Abatti
Steve Abbott
Kay Brothers
John Penn Carter
Dave Czamanski
William DeBois
Dave Fogerson
Doug Karafa
Jeffrey V. Kightlinger
Michael L. King
Russell Kitahara
William J. Hasencamp
Eric Hawkin
Gordon Hess
Jerry Muys
Jay W. Malinowski

Jan P. Matusak
Dan Parks
Glen D. Pererson
David Pettijohn
Randy Record
Steven B. Robbins
Ed Smith
William H. Swan
James J. Taylor
William Wright
William S. Abbey
Abbas Amir-Teymoori
J.C. Jay Chen
Chris Harris
Mark Van Vlack
Gerald R. Zimmerman

CALL TO ORDER

Chairman Allen, in the presence of a quorum, called the meeting to order at 10:09 a.m.

OPPORTUNITY FOR THE PUBLIC TO ADDRESS THE BOARD

Chairman Allen asked if there was anyone in the audience that wanted to address the Board on items on the agenda or matters related to the Board. Hearing none, Chairman Allen moved to the next agenda item.

INTRODUCTION OF NEW BOARD MEMBER

Mr. Bond introduced Ms. Terese Ghio, public member of the Board, attending her first regular Board meeting.

Chairman Allen Also introduced Mr. Henry Kuiper, another public member of the Board, to the Board.

ADMINISTRATION

Approval of Minutes

Mr. Zimmerman asked that the August 24th, 2005, meeting minutes be approved. Mr. Fisher, mentioned that he was not listed as being absent in attendance at the August 24th Board meeting and that neither he nor his alternate was there. With the correction of as noted Mr. Fisher motioned for the August 24th meeting minutes be approved.

MOTION: Upon the motion of Mr. Fisher, seconded by Mr. Bond, and unanimously carried, the Board approved the August 24th meeting minutes.

AGENCY MANAGERS MEETING

Mr. Zimmerman reported that the Agency Managers and attorneys had met earlier in the day. Most of the Agency Managers were in attendance. Discussions focused on the ongoing Basin states discussions. Tributary development in the Lower Basin states, Lake Mead banking, and the potential for a Lower Basin Compact were discussed.

PROTECTION OF EXISTING RIGHTS

Colorado River Water Report

Mr. Harris reported that as of October 6th, the storage in Lake Powell was 11.9 million acre-feet (maf) or 49 percent of capacity. The water surface elevation was 3,602 feet. The storage in Lake Mead is 15.2 maf, about 59 percent of capacity. The water surface elevation was 1, 138 feet. The total System storage is 34.88 maf, or 59 percent of capacity, whereas, last year this time, there was 29.83 maf in storage, or 50 percent of capacity.

Mr. Harris reported that precipitation in the Basin from October 1st through October 6th is 402 percent of normal. This value only indicates that an early storm event can skew the curve. High precipitation is not normal at the start of the water year. The Snowpack equivalent is 75 percent. Both values are based on average data from 116 sites in the Upper Basin. The unregulated flow into Lake Powell for the 2005 water year is about 105 percent of normal, or 12.65 maf. The observed 2005 April through July unregulated inflow is 8.81 maf or 111 percent of normal.

Mr. Harris added that the estimated consumptive use within the Lower Basin states predicted by Reclamation for 2005 is 296,000 acre-feet for Nevada, 2.47 maf for Arizona, and 4.2 maf for California. Total consumptive use for the Lower Basin states predicted by Reclamation is 6.973 maf

for 2005.

State and Local Water Reports

Mr. Mark Stuart, of the California Department of Water Resources, reported that the year end numbers for water year 2005 show that southern California had a very wet year. The State Water Project (SWP) reservoirs in the north of the state were up to 2.97 maf or 81 percent of capacity and in the southern part of the state storage for the SWP was up to 1.58 maf or 87 percent of capacity. Total storage for the state water project at the close of water year 2005 was 4.55 maf or 83 percent of capacity. At the close of water year 2004 the storage in the SWP was 3.02 maf or 55 percent of capacity.

Mr. Foley of the Metropolitan Water District (MWD), reported that Diamond Valley Lake is at 773,000 acre-feet or 94 percent of capacity. Lake Mathews is 138,000 acre-feet or 76 percent of capacity, and Lake Skinner was 42,000 acre-feet or 94 percent of capacity. As of January of this year, storage in the MWD reservoirs has increased by 114,000 acre-feet.

Mr. Foley introduced to the Board, Mr. Randy Record, who is one of the directors at MWD and oversees the Diamond Valley Lake.

Mr. McDaniel of the Los Angeles Department of Water and Power, reported that there is not enough information yet to project the 2006 water year. However, the Eastern Sierra provided about 60 percent of the water supply for Los Angeles. That was the first time in seven years that the water supply from the Los Angeles Aqueduct has been greater than 50 percent for the city of Los Angeles. Diversions from the Los Angeles Aqueduct primarily in support of environmental projects have reduced the supply to the City.

Arizona v. California

William Abbey, Deputy Attorney General for the State of California, reported that the Supreme Court has asked the parties to prepare a Final Comprehensive Decree, which will include the substantive provisions of the previous decrees entered in this action as well as the terms of the settlement of the reserved water rights claim for the Fort Yuma Indian Reservation as set forth in the Proposed Supplemental Decree submitted with the Special Master's Report. Mr. Steve Abbott, attorney for the Coachella Valley Water District, reported on his efforts to draft this consolidated decree, and stated that he hoped to distribute a draft to the attorneys for the parties sometime next week.

Colorado River Operations

Final Consultation meeting of the 2006 Annual Operating Plan Development

Mr. Zimmerman reported that on September 19th in Las Vegas, Reclamation held the final consultation meeting for the 2006 Annual Operating Plan (AOP). In the draft AOP the Secretary made several determinations: 1) The criteria for releases from Glen Canyon Dam will be governed by a Partial Domestic Surplus. 2) The minimum objective release from Glen Canyon Dam will most likely be 8.23 maf. 3) Mexico can schedule the delivery of 1.5 maf. 4) No unused apportionment is expected to be available in 2006. Included in the draft AOP was language that if the combined storage of both Lakes Mead and Powell was below that of 2004, that a mid-year review could be made by the Secretary.

On September 27th, the Upper Basin States submitted a letter to Secretary Norton in support of a mid-year review. They believe the Secretary has the authority to reduce the releases through Glen Canyon Dam below 8.23 maf. They also support the language in the draft 2006 AOP, however, they believe the trigger be based solely on the storage in Lake Powell. A copy of the letter was included in the Board handout materials.

MWD's Letter Regarding Storage on Unused Nevada Apportionment in California under the Storage and Interstate Release Agreement

Mr. Zimmerman reported that the Board folder contains a letter MWD sent to Reclamation, Arizona, and Nevada accounting for the water that was stored within the MWD system on behalf of the State of Nevada. Starting from a zero balance 10,000 acre-feet was stored in 2004.

Miscellaneous News Articles and Press Releases

Mr. Zimmerman reported that Nevada and the Central Arizona Water Conservation District filed motions to intervene in the All American Canal Lining Project lawsuit. Both motion were granted. There was some discussion regarding the status of the lawsuit and potential positions by agencies and states potential effected by the lawsuit.

Mr. Czamanski asked for clarification regarding a statement attributed to Governor Schwarzenegger during a meeting with the Governor of the Mexican State of Baja California in Mexico. Ms. Jeanine Jones responded that Governor Schwarzenegger's remarks were not well summarized in the news media. The details of economic studies are yet to be resolved.

There were additional discussions regarding some local media campaigns regarding the All-American Canal Lining Project

Mr. Zimmerman reported that an article regarding Reclamation's Commissioner Keys submitted an editorial letter stating that management of Lakes Mead and Powel is critical to water users in the Basin. The Living Rivers issued a press release in response to Key's editorial and maintained that Lake Powell is not important and that more efficient water management can be achieved through conservation and groundwater storage programs.

Mr. Zimmerman added that the last article reported that after thirteen years Mexico had cleared its remaining Rio Grand Water debt by transferring 717,000 acre-feet to the United States by September 30th.

Bypass Flow Replacement Process Initiated

Mr. Zimmerman reported that, on September 22nd, Reclamation published a notice in the *Federal Register* initiating a public process to identify options for recovering or replacing the Bypass flow to the Cienega de Santa Clara. Public meetings were held in Yuma and Phoenix, Arizona on October 5th. Reclamation presented all previously identified options including forbearance agreements and groundwater pumping in the Yuma area. Written comments or recommendations were requested by November 15th.

Basin States Discussion

Mr. Zimmerman reported that the process initiated by Reclamation on June 15th to develop

Lower Basin shortage guidelines and guidelines for the management of Lakes Powell and Mead under low reservoir conditions is continuing. The Basin states submitted two joint statements to Secretary Norton. The first is to support the process and commit to work with the other Basin states and to cooperate with Reclamation. Two objectives were outlined: 1) to delay the onset and minimize the extent and duration of shortages in the Lower Basin; and 2) maximize the protection afforded to the Upper Basin by system storage and thereby avoid to the extent possible avoid a call by the Lower Basin to curtail uses in the Upper Basin. Both the Upper and Lower Basin states agree that Mexico should proportionally share in any shortages.

Mr. Zimmerman continued that the second joint letter by the Seven Basin states was released on August 25th. Included in the letter was suggestions that the guidelines be, limited to an interim period, coordinated between Upper and Lower Basins, and that shortages be shared proportionally between users in the U.S. and Mexico. In addition, the Basin States will continue to work together with Reclamation to implement: 1) system efficiency and management initiatives including regulator storage and vegetation management. 2) Water supply augmentation initiatives including precipitation management and desalination.

Mr. Zimmerman added that enhancements such as completion of Drop 2 reservoir along the All American Canal, dredging behind Laguna Dam and Senator wash as well as off-stream storage in the Wellton-Mohawk area was included in the letter.

Colorado River Technical Committee Meeting

Mr. Zimmerman reported that the Technical Committee that was established among the Basin states is focusing on three operational alternatives: 1) stepped releases from Lake Powell where the rate and duration is based on the surface elevations in Lake Powell; 2) balancing Reservoir contents in Lakes Powell and Mead; 3) a combination of alternatives one and two where the releases from Lake Powell are stepped based on predetermined surface elevations of Lake Powell and balanced at other predetermined elevations in Lakes Powell and Mead.

Mr. Zimmerman continued that the evaluations of alternatives are being refined to best meet the objectives and minimize the extent and duration of a shortage, as well as avoid a “Compact Call” requiring a curtailment of uses in the Upper Basin.

Lower Basin States Discussions

Mr. Zimmerman reported that in the context of the “Law of the River” and the possible event of a shortage, operational mechanisms must be explored beforehand. These mechanisms would be the guidelines to effectively deal with a real shortage. In this exploration options to operationally absorbed shortage and what losses would be endured and what recovery options are available. There was some discussions regarding possible stepped shortages and logistical diversion limitations for Nevada and Arizona triggered by low surface elevations in Lake Mead. The Technical Committee is evaluating strategies to minimize such shortages with the various coordinated reservoir management strategies.

Mr. Zimmerman reported that to meet its short-term and long-term water supply needs, Nevada has proposed that full return flow credit be applied to water used and reused by the City of Las Vegas. Essentially full consumptive use of the present diverted water from the Colorado River. This proposal would include non-system groundwater development, and the retirement of agricultural lands on the Muddy and Virgin Rivers. There was also a proposal to store the water in the Muddy and Virgin

River watershed and convey that water through Lake Mead.

Mr. Zimmerman continued that the water development on the Muddy and Virgin River has been controversial and during the draft EIS that was prepared for the project, the States of Colorado, New Mexico and Wyoming had written letters questioning whether the development should move forward. Those detractors suggested that Nevada defer the development of the Virgin River and explore alternatives to develop the same quantity of water from other sources.

Nevada is willing to consider to defer the Muddy and Virgin River project by including the following options: 1) funding Lower Basin regulatory storage construction, potentially outside the state of Nevada.; 2) off-stream banking; 3) Lake Mead banking; 4) land fallowing and forbearance agreements; 5) amendments to the Interim Surplus Guidelines; 6) funding the operation of the Yuma Desalting Plant; and 7) Temporary use of Virgin River water rights and conveyance of that water through Lake Mead.

Department of Interior's Formal National Environmental Policy Act Process

Mr. Zimmerman reported that on September 30th Secretary Norton initiated a formal National Environmental Policy Act (NEPA) process. The process is to facilitate the development of shortage guidelines for the Lower Basin and coordinated management of Lakes Powell and Mead under low reservoir conditions. The preparation of an Environmental Impact Statement (EIS) and the solicitation of public comments on alternatives to be considered in the EIS are the expected results of the NEPA process. Scoping meetings are to be held November 1st in Salt Lake City, Utah; November 2nd in Denver, Colorado; November 3rd in Phoenix, Arizona; and lastly November 8th in Henderson, Nevada. Written comments will be received through November 30th.

Colorado Conservation Organization Rock the Earth Submitted Comments Regarding the NEPA Process

Mr. Zimmerman showed a slide summarizing the comments submitted by the "Rock the Earth" organization. Their submission was included in the Board folder.

Miscellaneous News Articles of Interest

Mr. Zimmerman reported that several articles were included in the Board folder pertinent to the Colorado River and the Basin states discussions.

Colorado River Environmental Activities

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

Mr. Harris reported that in the first year of the implementation of the LCR MSCP Reclamation has assigned staff. Several projects up and down the river are in the design phase. Mr. Harris added that the first payment due on October 1st was made on September 30th. Originally a trust fund was set up to collect funds annually from the California parties but the process was cumbersome. The California Joint Payment Agreement has been amended to reflect that contributors will make their payments directly to Reclamation.

Glen Canyon Dam Adaptive Management Program (GCD AMP)

Mr. Harris reported that the GCD AMP initiated a late-fall experimental flow release program in the Grand Canyon. Historically, young-of-year humpback chub have a high mortality rate due to the low temperature of the releases from Glen Canyon Dam. With the low reservoir levels higher temperatures have been available. Experimental flows were timed to assist the young-of-year humpback chub. Fishery biologist made observations at the confluence of the Little Colorado and the Mainstream of the Colorado River to gauge how the young-of-year humpback chub fared during the experimental flow period.

WATER QUALITY

Colorado River Basin Salinity Control Program

Mr. Amir-Teymoori, reported that Colorado River Basin Salinity Control Forum (Forum) Work Group (Work Group) met in Salt Lake City, Utah on August 29-31, and again October 3rd. Several projects were covered in the meetings. The first project, the Eden Lateral Project in Wyoming is jointly funded by the State of Wyoming. The main issue was the availability of the discretionary Funds for cost sharing and more importantly the availability of the fund in timely manner to accommodate the implementation of the project. All parties involved, confirmed that to move on with the project implementation, a commitment by the Forum to provide approximately \$1.6 million, within a year is needed. The Work Group concluded that \$600,000 is available this year from 2004 and balance to be funded from 2005 which will be available by the end of the year. The Forum recommend the approval of this project.

The second item, the Parallel Project there were concerns regarding the way the salt loading factor criteria and the cost-effectiveness of the project. Different methodologies had been used and it was suggested that no further canal lining projects be approved before the salt-loading factor issue is resolved. Mr. Jan Matusak mentioned that canal capacity hadn't been accounted for in the past and with this inclusion corrections are to be made.

Mr. Amir-Teymoori continued that the Environmental Quality Incentive Program (EQIP) are in the process of making recommendations for the distribution of the EQIP funds among the states, the projects are evaluated and ranked based on various factors; however, the primary factor is the cost-effectiveness. The Work Group concluded that it can recommend a 50/50 distribution of the available funding between Colorado and Utah, after any money needed by Wyoming is subtracted from the available funds.

Mr. Amir-Teymoori added that the 2005 Triennial Review Report received no comments during the review process. The report will be presented to the Forum at its October 26th meeting in Riverside, at which time approval will be sought to finalize the Triennial Review Report.

Mr. Amir-Teymoori reported that the next item at the Forum was an update on the Paradox project. There are several inter-related issues associated with Paradox Project; however, the main issue is the repayment schedule as it relates to the life of the Project. It is defined that the repayment schedule is based on the life of the Project, or 50 years, whichever comes first. Reclamation estimates that the existing well may be functional until 2013, which makes the life of the project to be 16 years. Consequently, the repayment would be approximately \$800,000 per year and the first payment would

be due in 2007. There is concern by the states that the Project has not functioned as it was intended; and thus, the states do not have any obligation to repay the associated costs of the Project. Mr. Jan Matusak added that the Paradox facility is a deep well injection facility that injects brine water 14,000 feet below the ground surface. The disposal method requires the fracturing of the rock at depth to dispose of the brine. However, the pressure to fracture the rock has been increasing and is expected to exceed the pressure of the Environmental Protection Agency Permit for underground injection. Thus the well field may only have a life extending to the year 2013. About ten years ago there were problems with the Paradox facilities startup and operations. Reclamation agreed to delay repayment for ten years. Consequently, there is concern whether the payments should occur based on the shorter project life and whether Reclamation has to collect for the past ten years. This issue was raised at the Forum regarding the repayment as scheduled to begin in 2007; however, if the studies are not complete by then, this situation raises a number of questions for the states. During the Forum meeting on October 3rd, Reclamation provided more financial data regarding the Project. However, there are still a number of issues that remain unresolved. The Work Group concluded that it needs to report the status of these discussions to the Forum at its October 26th meeting in Riverside, California, and to seek further direction from the Forum.

Mr. Amir-Teymoor reported on the status of the Economic Damage Study. The study was based on 2003 costs. The estimated damage above 500 mg/L salinity is approximately \$306 million per year. The breakdowns of the damages on different segments of the study are: \$148.3 million for agriculture, \$80.4 million for household, and \$22.3 million for commercial, \$13.7 million for utilities, \$15.9 million for industrial, and \$25.0 million for policy related. Also, the results of the model for scenarios with and without salinity control programs were presented. It was concluded that with the salinity control program, there is approximately \$76.5 million of savings, which equates to about \$187 per ton of salt removed.

Mr. Amir-Teymoori added that the next work group meeting is scheduled for October 24th in Riverside, California. The Advisory Council Meeting is scheduled for October 25th and the Forum meeting on October 26th. The National Resource Conservation Service (NRCS) has indicated they want to change the cost sharing formula. Mr. Jan Matusak mentioned that under the EQIP as sponsored by the Department of Agriculture farmers share in the cost of improvements that increase the efficiency of irrigation and reduce salinity in the runoff water. The cost share presently requires the farmer to fund 25 percent. There is concern that if the farmers share is increased that the program participation may decrease and how that will effect the Salinity Control Program. These issues will be discussed at the next Forum meeting.

Moab Mine Tailings Cleanup

Mr. Amir-Teymoori reported that the Department of Energy (DOE) has issued a News Release notifying that a Record of Decision (ROD) clearing the way for the removal of 11.9 million tons of radioactive uranium mill tailings from the banks of the Colorado River in Utah has been signed by the U.S. Secretary of Energy, Samuel W. Bodman. Under the Moab Uranium Mill Tailings Remedial Action Project Site ROD, the tailings will be moved, predominately by rail, the proposed Crescent Junction site, Utah, more than 30 miles from the Colorado River.

Mr. Amir-Teymorri added that shortly after the News Release to sign the ROD to move the Moab mine tailings, the DOE announced its plans to hold two public meetings on the Moab Uranium Mill Tailings Remedial Action Project: 1) Wednesday, October 5th in Moab, Utah; and 2) Thursday, October 6th in Thompson Springs, Utah. This is the first public meeting since the DOE released its ROD to move the tailings from the banks of the Colorado River. Both News Releases were included

in the Board folder.

Southern Nevada Systems Conveyance and Operations Program Project

Mr. Zimmerman introduced Ms. Kay Brothers, Deputy General Manager, of the Southern Nevada Water Authority and Mr. Douglas Karafa, Program Administrator, with the Clean Water Coalition of Southern Nevada. The Clean Water Coalition (CWC) represents three wastewater agencies that discharge water into Las Vegas Wash. The Southern Nevada Water Authority (SNWA) represents seven water agencies, three of them are waste water agencies that are also represented by the CWC.

Mr. Karafa described to the Board the System Conveyance and Operations Program (SCOP) project as a way to collect highly treated wastewater from the City of Las Vegas Water Pollution Control Facility, Clark County Water Reclamation District Wastewater Treatment Facility, and the City of Henderson Water Reclamation Facility at an effluent interceptor terminus and tunnel through the Boulder Mountains, generating hydro power with about a 400 foot drop in elevation and release the treated wastewater at a depth of about 200 feet below the lake surface near Boulder Island. A companion project includes the placement of a lower intake for SNWA. The elevation of the intake is about 860 feet near Black Island.

Mr. Karafa continued with, the causes that are bringing this project forward are: 1) the water quality in the Inner Bay of Las Vegas Bay and Las Vegas Wash as Las Vegas grows; 2) the relationship of effluent disposal area to drinking water intakes; 3) effects of drought, and lake levels as low as 1000 water surface elevation in Lake Mead; 4) continued protection of return flow credit; 5) National Park Service recreation values; and 6) downstream users.

Mr. Karafa then gave a brief history of the improvements over the years in wastewater treatment and the stringent requirements to discharge to a National Park. Further water quality models were engaged to assess the effects on water quality for outfall and intake locations and with lowering lake levels. The National Park Service has required that the project institute an Adaptive Management Plan, where the water quality is actively monitored and adaptations to operations and or treatment levels are made to ensure that the project goals are met.

Mr. Karafa added that the draft EIS has been published and that several public meetings were scheduled. Two of them in Southern California. One in San Diego on October 27th and the other in Palm Springs on October 28th. The comment period on the draft EIS is opened on October 7th and continues through December 7, 2005. The final EIS is expected to be published in the Spring of 2006.

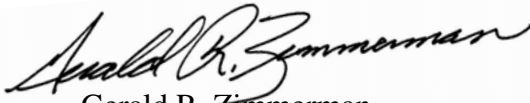
OTHER BUSINESS

Next Board Meeting

Chairman Allen announced that the next meeting of the Colorado River Board will be held on Wednesday, November 9, 2005, 10:00 a.m., at the Ontario Airport Marriott Hotel at 2200 E. Holt Boulevard in Ontario, California.

There being no further items to be brought before the Board, Mr. McFadden moved that the meeting be adjourned.

MOTION: Upon the motion of Mr. McFadden, seconded by Mr. Foley, and unanimously carried, the meeting was adjourned 12:08 p.m. on August 24, 2005.



Gerald R. Zimmerman
Executive Director