

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

December 12, 2006

ADMINISTRATION

Calendar Year 2007 Board Meeting Schedule

Included in the Board folder is a copy of the 2007 meeting schedule for the Board. This schedule requires Board acceptance and approval prior to finalization. A copy of the final meeting schedule has been included in the Board folder.

PROTECTION OF EXISTING RIGHTS

Colorado River Water Report

As of December 1, 2006, storage in the major Upper Basin reservoirs decreased by 102,400 acre-feet and storage in the Lower Basin reservoirs increased by 78,700 acre-feet during November 2006. Total System active storage as of December 7th was 34.067 million acre-feet (maf), or 57 percent of capacity, which is 0.440 maf less than one year ago (the Upper Basin reservoirs increased by 0.513 maf and the Lower Basin reservoirs decreased 0.953 maf).

November releases from Hoover, Davis, and Parker Dams averaged 8,820, 8,220, and 6,080 cubic feet per second (cfs), respectively. Planned releases from those three dams for the month of December 2006 are 9,800, 8,100, and 5,600 cfs, respectively. The December releases represent those needed to meet downstream water requirements including those caused by reduced operation of Senator Wash Reservoir.

As of December 7th, taking into account both measured and unmeasured return flows, the Lower Division States' consumptive use of Colorado River water for calendar year 2006, as forecasted by Reclamation, totals 7.386 maf and is described as follows: Arizona, 2.804 maf; California, 4.278 maf; and Nevada, 0.303 maf. The Central Arizona Project (CAP) will divert 1.620 maf, of which 0.220 maf are planned to be delivered to the Arizona Water Bank. The Metropolitan Water District of Southern California (MWD) will use about 0.618 maf, which is 279,000 acre-feet less than its 2005 use of mainstream water.

The preliminary end-of-year estimate by the Board staff for 2006 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 3.695 maf. This estimate is based on the collective use, through October 2006, 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

Reclamation's 46th Annual Water Management Workshop, February 5-9, 2007, Denver, Colorado

The Bureau of Reclamation is sponsoring its 46th annual water management workshop in Denver, Colorado, on February 5-9, 2007. The purpose of the workshop is to assist water district managers in improving the management and operations associated with the delivery and utilization of scarce water resources. Copies of the letter from Reclamation's Lower Colorado Regional Office and the proposed agenda for the workshop are included in the Board folder.

House of Representatives H.R. 2720 – Salt Cedar and Russian Olive Control Demonstration Act

As has been discussed at previous Board meetings, the Congress was considering the development of proposed legislation creating a demonstration program addressing the control and eradication of non-native salt cedar and Russian olive trees. This legislation has recently passed the Congress and requires federal agencies to identify the extent of infestation, potential methods for control and eradication, and establishes a grant program aimed at supporting on-the-ground pilot or demonstration projects leading to the removal of salt cedar and Russian olive trees. The legislation appropriates up to \$20 million during Fiscal Year 2006 and up to \$15 million annually from 2007 through 2010. A copy of the legislation, as passed by Congress, is included in the Board folder.

Advance Delivery of Lower Colorado Water Supply Project Water

As reported at previous Board meetings, applications have been received for about 2,000 acre feet of Lower Colorado River Water Supply Project water. A majority of the applicants have reserved the water for future use. Consequently, most of the Project's authorized capacity (10,000 AF/YR) will not be used by the direct beneficiaries of the Project for many years into the future. Since there is a potential for degradation of the Project's water quality and a reduction in the quantity of water in the future, I had reported that there have been efforts to find a solution to ensure the long-term viability of the Project. The use of the available capacity to deliver water to another customer was determined to be the best option available; and MWD has indicated a willingness to receive water from the unused capacity of the Project. However, the negotiation between Reclamation, MWD and the City of Needles were halted due to the need for a legislative amendment to the Project's authorizing legislation to allow the delivery of the water to other than the Project beneficiaries identified in the legislation. The authorizing legislation was amended early this year; and negotiations have resumed. I am pleased to report that there is a final draft contract for MWD to receive water from the Project and a final draft of the trust-fund agreement to allow banking the revenues for the benefit of the Project beneficiaries. With the execution of these documents, there will be the ability to pump the Project at its maximum capacity and to deliver water from the unused capacity to MWD. It is my understanding that approval of the contract and trust fund agreement will be on MWD's Board agenda in February 2007. With the execution of the contract, the funds received from MWD would be

deposited in a trust fund account to be used for either maintaining the water quality from the existing water source or to develop an alternative water supply to serve the Project's beneficiaries with water well into the future.

MWD's Request for Article II(B)(6) Water

Like Nevada's request, which was discussed at last month's Board meeting, MWD has made a similar request of Reclamation to account for approximately 15,000 acre-feet of Colorado River mainstream water that it consumptively used in 2005 as water that was apportioned to, but unused water by, Arizona. This request is based upon a preliminary MWD determination that in 2005 MWD diverted approximately 15,000 acre-feet more than the volume available to California entitlement holders from its 4.4 million acre-foot basic apportionment. However, in 2005, Arizona did not consumptively use about 290,000 acre-feet of water that was apportioned to it.

During a conference call held among representatives of the Lower Basin states and Reclamation held on December 11th, no objections were voiced regarding Reclamation's approval of this request. A copy of MWD's letter to Reclamation regarding this request has been included in the Board folder.

Status of the All-American Canal Lining Lawsuit

A three-judge panel of the United States Ninth Circuit of Appeals heard oral arguments in the All-American canal-lining lawsuit on December 4th in San Francisco, California. The temporary injunction was not lifted by the appellate panel at the hearing; and a ruling is expected sometime in 2007. Included in the Board folder are copies of two recent news articles regarding the December 4th hearing.

In a related matter, the Congress passed legislation that directs the Secretary of the Interior to complete the construction of the All-American Canal Lining Project without delay and notwithstanding any other provision of law. This language was included in H.R. 6111, a broader bill that extends tax breaks that would have expired at the end of 2006. The bill is now awaiting the President's signature. When signed by the President, it is felt that construction of the Project can proceed without further legal impediments. Copies of this section of H.R. 6111, a new release from the San Diego Water Authority, and two news articles will be distributed at the Board meeting.

Basin States Discussions

Seven Basin States Representatives Meetings

Although no official meeting of the Basin states representatives has been held since the last Board meeting, progress in those discussions is continuing. The Basin States draft Agreement that was transmitted to Secretary Norton on February 3, 2006, is being revised to be consistent with the ongoing discussions; Arizona has prepared a draft Lake Mead Intentionally Created Surplus Forbearance Agreement (Forbearance Agreement) that is being reviewed; the exhibits to the Forbearance Agreement are being reviewed, and as appropriate, revised; Arizona

and Nevada are continuing to revise their Shortage Sharing Agreement; the consultants are making progress in completing the Long-Term Augmentation Study being funded by the Southern Nevada Water Authority; and the contracts for funding the 2007 Weather Modification Demonstration Program with the states of Colorado, Utah, and Wyoming are being finalized.

The Lower Basin states will hold a meeting in Las Vegas, Nevada, on December 13, 2006, to attempt to further make progress in reaching agreement on each of the above mentioned items. However, at this time there appears to be significant issues that need to be worked out on each of these items, except for the Long-Term Augmentation Study. As discussed at previous Board meetings, before any of these documents or agreements is finalized, it will be brought to the Board for its consideration.

Regarding the February 3, 2006, Basin States draft Agreement, there has been discussion of the possibly adding additional sections that would incorporate provisions related to the recent discussions into the document. This could cover the Shortage Sharing Agreement between Arizona and Nevada, the treatment of Intentionally Created Surplus (ICS) credits, the desire of Arizona to expand the Central Arizona Project's system capacity, address the ability to recover and use previously stored water in Arizona, and others.

The initial draft of the Forbearance Agreement that has been prepared by Arizona was recently shared with the other Lower Basin states. During the Lower Basin states meeting on December 13th this Agreement will be discussed by representatives of the Basin states for the first time. From the initial reading of this Forbearance Agreement, there appears to be several areas that will require further discussion and a better understanding of the provisions, as they have been written. As written, the only California party that would sign this agreement is MWD; however, it is contingent upon MWD entering into an agreement with the other Section 5 contractors within California. The Agency Managers have indicated from the beginning that all of the California contractors need to sign this agreement. Also, there are provisions that seem to be inconsistent with the Basin's states preliminary proposal, as well as within the document itself.

The exhibits to the Forbearance Agreement are also being discussed and include how ICS water will be handled for extraordinary conservation, tributary conservation, system efficiency, and non-Colorado River imports. Each of these will be items of discussion during the Lower Basin states meeting on December 13th. Progress is being made; however, there are still issues that need to be resolved. The Arizona representatives intend to seek legislative approval of this Forbearance Agreement through a Joint Resolution. Thus, it will need to be finalized soon.

Arizona and Nevada are continuing to revise their Shortage Sharing Agreement. At this time, both Arizona and Nevada seem to be suggesting that the Secretary of the Interior has significant discretion in allocating water among the Lower Basin states during shortage conditions. It has been California's position that the "Law of the River" has established a priority system and thus, dictates how shortages will be distributed among the Lower Basin states and Colorado River mainstream water users. Also, the way the Shortage Sharing Agreement is currently written, if for some reason Mexico does not take 17 percent of the shortages allocated to the Lower Basin, the interim Agreement among the Basin states, through 2025, could be in jeopardy.

The consultants for the Colorado River Long-Term Augmentation Options Project are finalizing the white papers associated with potential options or projects that the Basin states have identified that deserve further consideration. A progress report will be given by the consultants during the Colorado River Water Users Association's annual conference. The project is still on schedule and is anticipated to be completed in late-February 2007.

Representatives of the Colorado River Basin states will meet on December 15th, following the Colorado River Water Users Association's annual conference. The major topics of discussion will be the same as those to be discussed during the Lower Basin states' December 13th meeting.

Drop 2 Storage Reservoir Project Draft Environmental Assessment

On November 30th, Reclamation released a draft environmental assessment (EA) associated with the proposed Drop 2 reservoir storage project. The project described and analyzed in the draft EA includes the construction of an 8,000 acre-foot storage and regulating reservoir, and inlet/outlet canals connecting the reservoir with the Coachella Branch of the All-American Canal and the All-American Canal, respectively. Public comments on the draft EA are being accepted by Reclamation's Yuma Area Office through January 15, 2007. A copy of the cover letter that accompanied the draft EA is included in the Board folder.

H.R. 6111 that is awaiting the President's signature contains a provision that directs the Department of the Interior to complete construction of the Drop 2 Reservoir without delay and notwithstanding any other provision of law. This language is the same as was also included in H.R. 6111 calling for the immediate construction of the All-American Canal Lining Project.

Colorado River Environmental Activities

Status of the Glen Canyon Dam Adaptive Management Work Group

The Glen Canyon Dam Adaptive Management Work Group (AMWG) held a two-day meeting in Phoenix, Arizona, on December 5-6, 2006. At this meeting, the AMWG addressed several issues, including the following recommendations to the Secretary of the Interior regarding: (1) the Grand Canyon Monitoring and Research Center's (GCMRC) Long-Term Experimental Plan; (2) a Beach-Habitat Building Flow (BHBF) during water year 2007; (3) the development of a Lower Colorado River recovery implementation plan for the humpback chub; and (4) the development of a humpback chub refugia. Also a number of other matters were discussed during the meeting.

Regarding the GMRC's Long-Term Experimental Plan, the Assistant Secretary Limbaugh indicated that the NEPA/EIS process associated with the Long-Term Experimental Plan for the Grand Canyon has been initiated and that two public meetings will be held in January 2007. One of the public meetings will be held on January 4th in Phoenix, Arizona, and the other one on January 5th in Salt Lake City, Utah. Comments on the scope of the experimental plan will be received through February 2007. This effort will be completed over a two year period at an estimated cost of \$1.0 million. At this time, Assistant Secretary Limbaugh would not say whether this experimental plan is a scientific or a management plan.

The schedule for completing the development of the NEPA/EIS process associated with the long-term experimental plan is as follows:

- Public scoping meetings in January 2007
- Comment on the scope of the EIS in February 2007
- Interior's scoping report in May 2007
- Preparation of the impact analysis from April 2007 to December 2007
- Release of the DEIS in April 2008
- Receive public comment on the DEIS from May 2008 to June 2008
- Release of the FEIS in October 2008
- Issuance of the Record of Decision in December 2008

During the AMWG meeting, the group voted to recommend to the Secretary of the Interior that the scope of the alternatives for the Long-Term Experimental Plan EIS should maintain a balance of all the resources while focusing on the humpback chub and sediment resources. Insofar as these are consistent with this balance and focus, the elements of the alternatives should:

- Include a range of flow events, patterns, and timing
- Include non-flow experiments
- Be based upon credible science planning
- Maximize hydropower capacity and flexibility to the extent possible
- Address the cultural resources

The experiments in the plan should be of adequate duration to allow the determination of actions that are needed to sustain, and where possible, improve the key resources and the balance of benefits to all of the resources. It was noted that the reason that there needs to be a focus on the humpback chub and sediment resources is because the science has indicated that both of these resources have responded poorly to Modified Low-Fluctuating Flows (MLFF) that was the preferred alternative contained in the 1995 Glen Canyon Dam Operations EIS.

In addition to commenting on the scope of the alternatives in the EIS, AMWG forwarded the four options that it had developed to the Secretary of the Interior for consideration in the EIS process to show the range of flow and non-flow experiments that have been debated within the AMWG. These were the range of options that were discussed during the November Board meeting.

There was a lot of discussion regarding the potential Beach Habitat Building Flow (BHBF) in 2007. The Grand Canyon Monitoring and Research Center (GCMRC) scientists have reported that a significant amount of sediment was recently discharged into the mainstream of the Colorado River near the confluence with the Paria River. This deposition of sediment is the result of monsoonal storms in the region during the summer and fall months. Without a BHBF, this sediment is likely to slowly migrate down the main channel of the river without increasing the size of beaches or improving backwater habitats. The GCMRC staff has advocated conducting some form of short-term "spike-flow" release to move much of this sediment up onto

beaches and deposit new mud and sand in backwaters along the mainstream through the Grand Canyon.

During the meeting the focus of the discussion was on where the available funding for this experiment would come from, the lack of analysis of the data from the 2004 BHBF, the lack of an experimental and monitoring plan for this proposed BHBF, and the lack of sufficient time to prepare a credible scientific experiment this winter. It was decided to have the GMRC staff work with the Technical Work Group to develop the scientific plan and to report back to the AMWG for its consideration. It was the sense of the AMWG that such a plan was needed whether or not a BHBF was conducted in 2007.

Because of the lack of a recovery plan for the humpback chub is impeding the progress of the Glen Canyon Dam Adaptive Management Program, AMWG recommended to the Secretary of the Interior that a Lower Colorado River fish recovery implementation program to include the humpback chub in Marble and Grand Canyons be developed by the end of 2008. This effort should be led by the U.S. Fish and Wildlife Service and involve participation by state game and fish agencies, other Department of the Interior agencies, and others.

Also, during the meeting the AMWG recommended that the Secretary of the Interior aggressively pursue the development of refugia to assist in the conservation of the Grand and Marble populations of humpback chub. Further, that the development and operation of the refuge be under the auspices of a Grand and Marble Canyons recovery implementation program. There was a lot of discussion on how this would be funded since this type of effort seems to be outside the charge of the AMWG. In the end, it was suggested that the Lower Colorado River Multi-Species Conservation Program's (LCR MSCP) contribution of \$10,000 per year to the Glen Canyon Dam Monitoring and Research effort might be a source of funding. As a result, the GMRC staff was requested to contact LCR MSCP staff and determine if a mutually acceptable arrangement could be worked out to fund this effort.

Draft Programmatic Environmental Impact Report – Salton Sea Ecosystem Restoration Program

On October 19th the Departments of Fish and Game and Water Resources released the draft Programmatic Environmental Impact Report (PEIR) related to the proposed Salton Sea Ecosystem Restoration Program. The draft PEIR describes eight alternatives and compares these to existing conditions and two No Action alternatives. In association with public review and comment on the draft PEIR, three public workshops were held on November 14-16, 2006 and on December 4th and 6th, respectively. The comment period on the draft PEIR began on October 19th and closes on January 16, 2007. Copies of the draft PEIR can be obtained from the Department of Water Resources. Copies of the Departments of Fish and Game and Water Resources announcement of release of the draft PEIR and December's proposed public meeting schedule are included in the Board folder.


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