

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

**June 13, 2006**

**RESOLUTION IN MEMORY OF  
LLOYD W. ALLEN**

Included in the Board folder is a proposed resolution honoring the many years of public service of the Board's Chairman, Lloyd W. Allen, who passed away on May 28, 2006 after a long illness. Lloyd served on the Colorado River Board either as the alternate member or member for nearly eighteen years. Lloyd served as the Board's Vice-Chairman from May 11, 1998, until May 8, 2002, when he was elected Chairman. In his role as Chairman, Lloyd also served as California's Colorado River Commissioner. I am sure that all of you join the Board's staff in offering our condolences to Lloyd's family, friends, and colleagues in the Imperial Valley and elsewhere in their time of grief. I also believe that it is important to recognize and acknowledge Lloyd's contributions in the development of numerous important Colorado River management programs over the past few years. As California's Colorado River Commissioner, his leadership and guidance resulted in the forging of a number of significant agreements that will benefit California's Colorado River entitlement holders for many years to come. I respectfully request that the Board adopt a resolution in memory and recognition of the services of our late Chairman, Lloyd W. Allen.

**ADMINISTRATION**

**Revised Board Meeting Schedule**

In order to coincide with the Urban Water Institute's annual meeting in San Diego, California, on August 27-29, 2006, it has become necessary to shift the August Board meeting date to Tuesday, August 29, 2006. A revised calendar is included in the Board folder for the Board's consideration.

**Fiscal Year 2006-2007 Budget**

As discussed at previous Board meetings, both the Assembly Subcommittee No. 3 on Natural Resources and Environmental Protection and the Senate Subcommittee No. 2 on Resources, Environmental Protection and Energy have approved the Board's budget as recommended by the Governor. The Board's FY 2006-07 Budget, which is funded 100 percent from reimbursements, totals \$1,393,000. A copy of the Board's proposed FY 2006-07 Budget was distributed at the May Board meeting.

At this meeting, the Board is asked to approve the Board's FY 2006-07 Budget, as well as Standard Agreement No. 39, which sets forth the financial arrangements between the Board

and the Six Agency Committee. Copies of both the Board's proposed FY 2006-07 Budget and the Standard Agreement No. 39 are included in the Board folder.

## **PROTECTION OF EXISTING RIGHTS**

### Colorado River Water Report

As of June 1, 2006, storage in the major Upper Basin reservoirs increased by 1,430,700 acre-feet and storage in the Lower Basin reservoirs decreased by 467,100 acre-feet during May 2006. Total System active storage as of June 7th was 34.852 million acre-feet (maf) or 59 percent of capacity, which is 0.451 maf more than one year ago.

May releases from Hoover, Davis, and Parker Dams averaged 17,420, 16,820 and 12,200 cubic feet per second (cfs), respectively. Planned releases from those three dams for the month of June 2006 are 18,200, 17,600, and 12,500 cfs, respectively. The June releases represent those needed to meet downstream water requirements including those caused by reduced operation of Senator Wash Reservoir.

As of June 8th, 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 7.458 maf and is described as follows: Arizona, 2.791 maf; California, 4.369 maf; and Nevada, 0.298 maf. The Central Arizona Project (CAP) will divert 1.588 maf, of which 0.178 maf are planned to be delivered to the Arizona Water Bank. The Metropolitan Water District of Southern California (MWD) will use about 0.686 maf, which is 211,000 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 3.717 maf. This estimate, by Board staff, is based on the collective use, through April 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 & MWD Sign an Agreement for "Intentionally Created Surplus" Water Demonstration Program at Lake Mead*

On June 1<sup>st</sup>, the Bureau of Reclamation and The Metropolitan Water District of Southern California signed an agreement for a demonstration program that will aid in determining if creating surplus water in Lake Mead can be utilized as a long-term water management tool on the Lower Colorado River. According to the agreement, MWD will leave water in Lake Mead during 2006 and 2007 that it would have otherwise diverted and used. During 2006, the "intentionally created surplus" (ICS) credits, totaling approximately 50,000 acre-feet, will be

created through the existing land management, crop rotation, and water supply program that MWD has with the Palo Verde Irrigation District (PVID). MWD proposes to create up to 200,000 acre-feet of ICS credits in 2007. The ICS credits created in 2007 are likely to come from a variety of different programs within California that will conserve Colorado River water through extraordinary conservation measures. A separate agreement will be required in order to permit MWD to withdraw and utilize the recovered ICS water in later years.

Some key terms of the agreement include the following:

- If conditions change during the year because of unforeseen circumstances, MWD may request a modification of its water order to reduce the amount of ICS credits that are created;
- If Reclamation must release water from Hoover Dam for flood control purposes, ICS credits will be the first water to be released; and
- ICS credits are subject to an annual evaporation loss.

The full text of the agreement can be found on Reclamation's webpage at [www.usbr.gov/lc/riverops.html](http://www.usbr.gov/lc/riverops.html)

Included in the Board folder for your information are copies of a recent news release from The Metropolitan Water District, as well as, a copy of the actual signed letter agreement between MWD and Reclamation.

#### *Miscellaneous News Articles of Interest*

Included in the Board folder are a series of miscellaneous news articles that may be of interest. These articles include the following:

- Rapid urbanization in the southwestern corner of Utah, particularly in the St. George region, through the auctioning off of up to 25,000 acres of land held by the Bureau of Land Management. The proceeds from the sale could be used to develop the proposed Lake Powell-St. George pipeline. Additionally, these proposed land acquisitions could facilitate the establishment of right-of-way, easements, and the ability to construct reservoirs, storage sites, and pump stations on 14 square miles of public land, free of charge.
- On May 26<sup>th</sup>, Idaho Governor Dirk Kempthorne was confirmed by the United States Senate as the nation's 49<sup>th</sup> Secretary of the Interior.
- On May 16<sup>th</sup>, the Pacific Institute released a report describing the potential short- and long-term impacts to the Imperial and Coachella Valleys if a meaningful restoration plan for the Salton Sea is not implemented. The report states that without a comprehensive restoration plan the sea will drop an additional 20 feet. Increasing salinity will mean the loss of nearly all fish life; the shrinking sea will expose more than 130 square miles of dusty lakebed to desert winds; and in approximately sixty years, the sea will be nothing more than a "shallow algal/bacterial soup."

## Basin States Discussions

### *Seven Basin States Representatives Meetings*

Discussions among representatives of the Colorado River Basin states are continuing. Since the May Board meeting, the discussions have focused among representatives of the Lower Basin states and the Basin States Technical Committee. The primary topics of discussion have been the Intentionally Created Surplus (ICS) Demonstration Program for 2006 and 2007, the Drop 2 Reservoir, alternatives to be considered in Reclamation's process for development of Guidelines for the Coordinated Operations of Lakes Powell and Mead and for Shortage Determinations in the Lower Basin, and Reclamation's proposed System Conservation Program.

For the 2006 and 2007 ICS Demonstration Program, as discussed in the Colorado River Operations section, MWD has entered into an Agreement to create up to 50,000 acre-feet of ICS credits in 2006 from the Palo Verde Irrigation District Land Management, Crop Rotation, and Water Supply Program and up to 200,000 acre-feet of ICS credits in 2007 that could come from a number of programs that create water through implementation of extraordinary conservation measures. It is anticipated the IID will also participate in the 2006 and 2007 ICS Demonstration Program. Through this program, IID may create up to 5,000 acre-feet of ICS credits in 2006 and 25,000 acre-feet of ICS credits in 2007. For the 2007 program, the California agencies are discussing the possibility of having a California program whereby CVWD and SDCWA, as well as, MWD and IID would participate to create a total of 200,000 acre-feet of ICS credits.

Representatives from the Lower Basin states have been meeting on the proposed construction of the Drop 2 Reservoir. Those discussions have focused upon schedule for construction and the potential impacts that operation of this reservoir may have on the mainstream of the Colorado River, especially in the Limitrophe section. The Basin States Technical Committee has concluded that there will be insignificant, if any, impacts on the riparian vegetation in the Limitrophe section of the River below Morelos Dam.

The Basin States Technical Committee met on May 22<sup>nd</sup> and June 7<sup>th</sup> to discuss the potential alternatives to be included in Reclamation's NEPA process for development of guidelines for the coordinated operations of Lakes Powell and Mead and for the determination of shortages in the Lower Basin. At this time, there may be at least five alternatives considered in the NEPA/EIS process. These alternatives include: the No Action alternative, the Basin States Preliminary Alternative, the Conservation before Shortage alternative proposed by the environmental community, a Water Supply alternative, and a Reservoir Conservation alternative being suggested by the federal Cooperating Agencies in the NEPA/EIS process. For these alternatives, the Technical Committee has been discussing how the deposit and withdrawal of ICS credits should be modeled. The next meeting of the Basin States Technical Committee will be held on June 16, 2006.

The next meeting of representatives of the Lower Basin states will be held on June 15<sup>th</sup> in Las Vegas, Nevada. The primary items of discussion will be status reports on: the 2006 ICS

Demonstration Program and Reclamation's System Conservation Demonstration Program, Southern Nevada Water Authority's System Augmentation Study, the Drop 2 Reservoir analysis, Reclamation's identification and development of alternatives for inclusion in the NEPA/EIS process regarding coordinated reservoir operations of Lakes Powell and Mead, and the Upper Basin's new Hydrologic Determination that has been prepared by Reclamation.

As discussed at previous Board meetings, Reclamation has proposed initiating a Demonstration Program for System Conservation of Colorado River Water. This demonstration program would be used to offset water that is currently lost to the Colorado River System through releases of Wellton-Mohawk drainage water to the Cienega de Santa Clara in the Bypass Drain. Through this demonstration program, Reclamation has proposed implementation of a land fallowing program within the Lower Basin that would begin in calendar year 2006 and continue through December 2008. To protect the rights of each of the states, Reclamation would limit the total conservation to no more than one-half of the total amount in either Arizona or California during the demonstration period.

At this time, the only interest that has been expressed in participation in this demonstration program has been by MWD and PVID through the Palo Verde Irrigation District Land Management, Crop Rotation, and Water Supply Program. Reclamation is desirous of beginning the demonstration program this year. Because of the desire by MWD, PVID, and Reclamation to begin the demonstration program this year, included in the Board folder is a draft resolution that provides the Board's consent to have more than one-half of the total conservation occur in California for the period from August 1, 2006, through July 31, 2007. This action would allow Reclamation to begin the System Conservation Demonstration Program this year by paying for the conservation of 10,000 acre-feet of water in California and to expand participation in the program to Arizona next year. Approval of this resolution does not endorse a disproportionate quantity of water being conserved in California during the demonstration period or the conservation that may occur next year and throughout the demonstration period that ends in August 2008.

The Reclamation and the Upper Basin states have updated the 1988 Hydrologic Determination of the available yield in the Upper Basin. The 1988 Hydrologic Determination indicated that the Upper Basin could consumptively use 6.0 maf of water and continue to meet its Compact delivery requirements to the Lower Basin. The new draft May 2006 Hydrologic Determination, with the updated natural flow record and revised evaporation numbers for the assumed critical period, indicates a slight increase in the yield for Upper Basin development. Once this new Hydrologic Determination is received, the Board's staff will review it, and as appropriate provide comments. A copy of a Resolution adopted by the Upper Colorado River Commission regarding Reclamation's draft May 2006 Hydrologic Determination will be distributed and discussed at the Board meeting.

The next meeting of the Colorado River Basin states will be held on July 14<sup>th</sup> in Denver, Colorado.

*Environmental Coalition Discussion Paper – Taking ICS to Mexico: International Opportunities in the Seven States Agreement*

Recently, the coalition of environmental/conservation organizations that prepared the “Conservation Before Shortage” proposal released a white paper entitled, “Taking ICS to Mexico: International Opportunities in the Seven States Agreement.” This white paper lays out the premise that Mexico could participate in the development of ICS credits, through a variety of mechanisms, and that some of those ICS credits could then be applied toward restoration and maintenance of important delta habitats. For example, the paper envisions that Mexico could implement system efficiency projects within Mexican agricultural areas, as well as, potentially participate in the implementation of binational water exchanges. These potential programs and projects could result in the creation of ICS credits that Mexico could then store for some period of time in the Colorado River reservoir system, subject to the same conditions as water users in the United States (i.e., 5% system tax, evaporation losses, and loss of credits during spills, etc.).

*Miscellaneous News Articles*

Included in the Board folder are several miscellaneous news articles of interest. A couple of the more interesting articles cover the following topics:

- A recently released University of Arizona/U.S. Geological Survey tree-ring study that indicates that the last one-hundred years of hydrologic record may, in fact, have been one of the wettest periods in the last five-hundred years.
- The Colorado Attorney General, John Suthers, warns the Colorado Legislature that they may need to allocate funds to prepare for a potential lawsuit among some of the Colorado River Basin States regarding interpretations of the 1922 Colorado River Compact and potential impacts to Colorado and its water users.

Colorado River Environmental Activities

*Status of the Lower Colorado River Multi-Species Conservation Program*

The Lower Colorado River Multi-Species Conservation Program (LCR MSCP) Technical Work Group met in Boulder City, Nevada, on June 6-7, 2006. The purpose of the meeting was to discuss the draft Science Strategy that is being developed in association with long-term implementation of the LCR MSCP. Specifically, the Science Strategy describes the process for developing monitoring and research program activities and how data collected through monitoring and research cycles back in the adaptive management process and influences Program implementation and annual budget development. As currently contemplated, the Science Strategy would be reviewed, and modified as appropriate, every fifth year during the fifty-years of Program implementation. Reclamation expects to have this first iteration of the Science Strategy readied for Steering Committee review and approval at its meeting in August 2006. A copy of the draft Science Strategy is available at Reclamation’s Lower Colorado Region webpage at <http://www.usbr.gov/lc/lcrmscp/newdocs/DraftScienceStrategy.pdf>

*Center for Biological Diversity/Living Rivers Sixty-Day Notice Regarding Fish Stocking in the Grand Canyon*

On June 2<sup>nd</sup>, the Center for Biological Diversity and Living Rivers filed a sixty-day notice with the Arizona Game and Fish Department, U.S. Fish and Wildlife Service, Reclamation, and the National Park Service. The sixty-day notice alleges that further stocking of non-native trout in the mainstream below Glen Canyon Dam will continue to negatively affect humpback chub, razorback sucker, Colorado pikeminnow, bonytail, as well as the Grand Canyon itself. I have included a copy of a press release from Living Rivers and a copy of the actual sixty-day notice letter sent to the named parties in the Board folder.

## **WATER QUALITY**

### Santa Ana Regional Water Quality Control Board Hearing

Board staff attended the meeting of the Santa Ana Regional Water Quality Control Board (RWQCB) meeting on May 19<sup>th</sup>. RWQCB staff made a presentation on the issue of the proposed order establishing General Waste Discharge Requirements for the Injection/Percolation of Imported State Project Water, Colorado River Water or Imported Well Water to Recharge Groundwater Management Zones within the Santa Ana Region. The RWQCB originally intended to take action at its July meeting.

After the presentation, several individuals, either representing an agency or as a citizen, were given time to speak. All who spoke either objected to the proposed order and requested that it be taken off the agenda, or indicated that this issue needed more time for studies and/or additional coordination among stakeholders.

Some of the issues raised by speakers are as follows:

- RWQCB has the authority on regulating “waste discharge”, this is not a “waste.” Therefore, the RWQCB does not have legal authority on this issue.
- If RWQCB wants to take any actions, a full EIR is needed.
- The order restricts the use of State Project water. For example, during a drought period, the salinity of the State Project water would be more than the groundwater salinity.
- The order practically says that the RWQCB can “regulate use of State Project water.” We spend a lot of money on this water and never thought that its use would be restricted. The reason for this restriction is that during the wet years the water quality is good; but the water cannot be recharged because the groundwater level is high. When the groundwater level is low, recharge is possible and needed, but if the TDS of the State Project water is higher than the TDS of the groundwater, the State Project water could not be recharged based on this order.

- This is an abuse of CEQA.
- As much time as necessary needs to be given to this process so that everybody can become better informed.
- Form a task force to coordinate discussions and studies. Santa Ana Watershed Authority could facilitate the process.

Based upon the discussions and concerns raised by the speakers, the RWQCB concluded that it should give this process more time. Therefore, it would not be on the July meeting agenda for consideration. Instead, the Santa Ana Watershed Authority would coordinate the discussions among the stakeholders and would present a plan and a timetable for the process to the RWQCB at the July meeting.



Gerald R. Zimmerman  
Executive Director