

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

March 14, 2006

ADMINISTRATION

Retirement of Lloyd W. Allen

As many of you are probably aware, our Board's Chairman, Mr. Lloyd W. Allen, recently announced his intention to retire after forty-four years of public service. Lloyd has indicated that he plans to retire following the expiration of his current term on the Imperial Irrigation District Board of Directors in December 2006. I am sure that all Board members will join me in wishing Lloyd and his family the best in this next phase of his life, and that we look forward to continuing to work with Lloyd over the next few months of his remaining service. A press release from the Imperial Irrigation District describing Lloyd's upcoming retirement has been included in the Board folder.

Retirement of D. Larry Anderson

Additionally, the Director of the Utah Division of Water Resources, Mr. D. Larry Anderson, has indicated that he is planning to retire from state service effective March 15th. I know that many of you have worked closely with Larry and his staff on the many Colorado River issues over the past years, and his knowledge and graciousness will be missed by all. Larry retires after thirty-four years of public service with the State of Utah. Larry has served for many years on the Colorado River Basin Salinity Control Forum and Advisory Council, as Utah's Commissioner to the Upper Colorado River Commission, and as Utah's Colorado River Basin State representative. I have included a copy of a proposed resolution acknowledging Larry's service in the Board folder and request that the Board authorize execution of the resolution and delivery of it to Larry and his family.

Resignation of Secretary of the Interior, Gale A. Norton

On March 10th, Secretary of the Interior, Gale A. Norton, announced her indication to resign from the President's Cabinet on March 31st. She leaves the Interior Department after five years as Secretary. She indicated, in her letter of resignation, that she wishes to return to private practice in the western United States. There is no word yet, from the Administration, as to who may be nominated to replace her at the Department of the Interior. Several news articles reporting her resignation are included as handout materials.

PROTECTION OF EXISTING RIGHTS

Colorado River Water Report

As of March 1, 2006, storage in the major Upper Basin reservoirs decreased by 447,600 acre-feet and storage in the Lower Basin reservoirs increased by 164,400 acre-feet during February. Total System active storage as of March 8th was 33.815 million acre-feet (maf) or 57 percent of capacity, which is 2.782 maf more than one year ago.

February releases from Hoover, Davis, and Parker Dams averaged 11,000, 10,790 and 8,030 cubic feet per second (cfs), respectively. Planned releases from those three dams for the month of March 2006 are 14,500, 13,000, and 10,500 cfs, respectively. The March releases represent those needed to meet downstream water requirements including those caused by reduced operation of Senator Wash Reservoir.

As of March 9th, 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 7.524 maf and is described as follows: Arizona, 2.853 maf; California, 4.368 maf; and Nevada, 0.304 maf. The Central Arizona Project (CAP) will divert 1.629 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 0.649 maf, which are 248,000 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 3.713 maf. This estimate, by Board staff, is based on the collective use through January 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

Status of the On-going All-American Canal Lining Project Litigation

As was reported at the February 15th Board meeting, U.S. District Court Judge Philip M. Pro issued an order on February 8th dismissing seven of the eight counts contained in the original complaint regarding the All-American Canal Lining Project that was filed by several non-governmental organizations. The judge dismissed counts 1-4, which dealt with water rights-related issues; and counts 6-8 which alleged violations of the All-American Canal Lining Project Act, Endangered Species Act (ESA), and Migratory Bird Treaty Act. The remaining count, Count 5, focused on alleged violations of the National Environmental Policy Act (NEPA) and the federal Administrative Procedures Act.

On February 23rd, the plaintiffs submitted an amended complaint reasserting the original eight counts. Apparently, the plaintiffs are asserting that the suit is better represented as a class

action, and that the plaintiffs believe that the class includes thousands of individuals. A copy of the plaintiff's amended complaint is included in the Board folder.

On March 3rd, District Court Judge Pro held a status conference for the case in Las Vegas, Nevada. Representatives of the California Attorney General's Office and others attended the status conference. At the conference, Judge Pro indicated the following:

1. The plaintiffs would be permitted to amend the complaint;
2. Despite changes to the complaint, the Court will permit the plaintiffs to move forward with their Preliminary Injunction motion that was filed previously;
3. The opposition of the United States to the Preliminary Injunction was due on March 10th;
4. Opposition to the Preliminary Injunction by the Defendants or interveners is due by March 17th;
5. Motions to dismiss were due on March 13th;
6. The plaintiff's opposition to supplemental motions to dismiss are due on March 23rd;
7. Plaintiff's reply to oppositions to their Preliminary Injunction motion and Defendants' reply to plaintiff's opposition to supplemental motions to dismiss are due on March 31st; and
8. A hearing on the Preliminary Injunction motion (and if necessary on dismissal motions) is currently scheduled for April 24, 2006, at 1:30 p.m. in the District Court in Las Vegas.

In a related vein, several recent news articles about the All-American Canal Lining Project, the litigation, and the concerns being voiced by Mexican government and business officials in Baja California are included in the Board folder.

Water Supply Augmentation for Barona Indian Tribe

On February 23rd, Congressman Duncan Hunter wrote a letter to the Barona Indian Tribe and the Old Barona Road Association suggesting that the two parties work together to develop solutions regarding the Tribe's need for additional water supplies. Congressman Hunter has indicated that once a common solution has been identified that he will work with state and federal legislators to pursue viable legislative options. Congressman Hunter has also offered the services of a professional mediator or facilitator if the parties believe it would be helpful to reaching a consensus-based decision. A press release and the letter from Congressman Hunter's office are included in the Board folder.

Basin States Discussions

Status of Seven Basin States Discussions

As reported at the February Board meeting, after three days of intense discussions during the end of January, the Basin states' representatives agreed on the language contained in three documents regarding the scope of the Department of the Interior's process for development of Shortage Guidelines for the Lower Basin and Conjunctive Management of Lakes Powell and Mead. These three documents were transmitted to Secretary Norton on February 3, 2006, and

included: 1) a transmittal letter to Secretary Norton, 2) a Seven Basin states' Preliminary Proposal Regarding Colorado River Interim Operations, and 3) a draft Basin states agreement.

Since those documents were sent to Secretary Norton, the focus of the Basin states efforts has been on obtaining consulting services to look at opportunities to augment the water supply of the Colorado River. A meeting with potential consultants was held on February 17th in Las Vegas, Nevada. The purpose of this meeting was to allow the consultants to ask questions regarding the scope of the services that the states desired. Following that meeting, five consulting firms have submitted statements of qualifications. Representatives of the Basin states will meet on March 16th to review the statements of qualifications and select a consulting firm to conduct the work associated with this effort.

Meetings of the Basin states' representatives are scheduled in March and April to further refine and add more detail to the agreement reached among the Basin states, as well as, to evaluate the need to have additional documents that implement the agreement reached among the Basin states. The California entities will meet on March 20th. That meeting will be followed by a meeting among the Lower Basin states' representatives on March 27th and a Basin states meeting on April 13th.

By the end of March, it is anticipated that the Department of the Interior and the Bureau of Reclamation will release a scoping document that describes the comments that were received by the Department of the Interior and the scope of the NEPA process to be undertaken by the Department of the Interior as it moves forward to develop shortage guidelines for the Lower Basin and guidelines for the coordinated management of Lakes Powell and Mead. Currently, this NEPA process is scheduled to end in December 2007 with the issuance of the Department of the Interior's Record of Decision regarding operations of the Colorado River System reservoirs.

Weather Modification

During the Six Agency Committee's meeting last month, funding was authorized to continue a small pilot program associated with weather modification in southwestern Colorado in the San Juan River Basin. The funding provided by the Central Arizona Water Conservation District, Southern Nevada Water Authority, and the Six Agency Committee will be administered by the Southwestern Water Conservation District. I have included a recent news article regarding the arrangement in the Board folder.

In a related matter, on February 22nd I transmitted a letter to Congressman Ken Calvert and other members of California's House delegation regarding the Board's support for H.R. 2995, the Weather Modification Research and Technology Transfer Authorization Act of 2005. A copy of the letter is included in the Board folder.

Colorado River Environmental Activities

Glen Canyon Dam Litigation

On February 15th a coalition of environmental organizations sued the United States regarding operations of Glen Canyon Dam and alleged impacts to endangered species. The lawsuit stems from a report prepared by the U.S. Geological Survey (USGS) in October 2005 that described impacts to native endangered fish related to dam operations. The USGS report stated that the Glen Canyon Dam Environmental Impact Statement preferred alternative, identified in 1994, modified low fluctuating flows, has not benefited the native fish. The lawsuit states that Reclamation should prepare a new National Environmental Policy Act analysis and that ESA Section 7 consultation should be reinitiated forthwith. A copy of the plaintiff's complaint and several news articles and press releases describing the impending litigation are included in the Board folder.

Flaming Gorge Dam Final Environmental Impact Statement Record

On February 16th, Reclamation released its final Record of Decision associated with the Final Flaming Gorge Dam Environmental Impact Statement. Reclamation's operations at Flaming Gorge are expected to result in a refinement of flow and temperature recommendations regarding flow releases from the dam through an adaptive management process, similar to that underway at Glen Canyon Dam. A copy of the final Record of Decision can be obtained at www.usbr.gov/uc/.

Status of the Lower Colorado River Multi-Species Conservation Program

Reclamation's Lower Colorado River Multi-Species Conservation Program (LCR MSCP) Office is in the process of finalizing a land-use agreement with the California Department of Fish and Game for the Palo Verde Ecological Reserve lands north of Blythe, California. These lands are to be utilized for the creation and maintenance of approximately 1,300 acres of native riparian and wetland habitats in conjunction with the LCR MSCP. Reclamation anticipates establishment of a native plants nursery facility and the initiation of tree planting activities in 2006 on the Palo Verde Ecological Reserve lands, as well as, similar activities on the Cibola Valley Conservation Area lands further south on the Arizona side of the River.

WATER QUALITY

Colorado River Basin Salinity Control Forum

On March 1st, the Board submitted several letters of testimony in support of Fiscal Year 2007 federal funding for the Departments of the Interior and Agriculture Colorado River Basin Salinity Control Program activities. The letters request \$17.5 million for the Reclamation's salinity control activities, \$5.2 million for the Bureau of Land Management activities, and a minimum of \$20 million for the U.S. Department of Agriculture through the Environmental

Quality Incentives Program for basin-wide salinity control. Copies of the testimony and support letters have been included in the Board folder.

Perchlorate

Status of Perchlorate Remediation efforts at Las Vegas Wash

Kerr-McGee's (now Tronox) treatment system, Fluidized Bed Reactor (FBR), that began full operations in December 2004, continues to operate and perform as expected. The flow to FBR is about 1,000 gpm and the perchlorate concentration to the FBR system varies between 200 to 250 ppm. According to the Nevada Department of Environmental Protection (NDEP), the effluent concentration is consistently below the permit condition of 18 ppb, and is generally below 4 ppb.

According to NDEP, the perchlorate load to Las Vegas Wash is reduced to approximately 100-130 pounds per day. The perchlorate removal is 1,700-2,000 pounds per day. As of the first of March 2006, approximately 1,850 tons of perchlorate have been removed from the environment. The perchlorate concentration at the Willow Beach monitoring station is currently about 3-4 ppb; and the current perchlorate concentration in Lake Mead is less than 4 ppb. Further downstream, MWD data indicate that perchlorate concentrations are less than 2 ppb at its intake in Lake Havasu.

Tronox continues to make adjustments to its remediation system to further optimize it. A new well will be installed to capture more perchlorate and the FBR treatment system will be expanded for additional perchlorate removal (25% more). Also, it will construct a filtration system to reduce the turbidity of the water that enters the Wash (current turbidity meets the water quality standards; however, this added feature is more for esthetic purposes).

At the last update, I reported that AMPAC obtained a permit for its bioremediation system. There has been progress with the AMPAC remediation efforts. According to NDEP, AMPAC has constructed its first remediation system, which includes two extraction well fields and two injection well fields for the leading edge of the plume. The extraction and the injection wells are ready to start operation as soon the power is connected.

The AMPAC system is an in-situ bioremediation system, in which groundwater is extracted, filtered (5 micron filter), then a biocide (hypochlorite) is added, then transported about a mile to the injection well field where a donor (sodium benzoate) is added prior to injection. The tests from the pilot studies have indicated good results with this method. Also, monitoring with the addition of a tracer (sodium bromide) will be conducted to determine if the water from the injection wells (that are close to the Wash) enters the Wash. AMPAC has conducted an extended amount of modeling for optimum operation of the extraction and injection well fields.

Total flow of this system would be about 400-500 gpm (300-400 gpm for the first well field, and 50-100 gpm for the second well field). The system perchlorate load would be about 35 lbs/ day. A full scale remediation system would be operational after six months of operation of

the temporary system. Then the system would operate for one year to collect data and make any adjustments for optimization, and decide whether more wells are needed.



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