

Minutes of Regular Meeting
COLORADO RIVER BOARD OF CALIFORNIA
Wednesday, April 12, 2006

A Regular Meeting of the Colorado River Board of California (Board) was held in the Grand Ballroom Salon 4, at the Ontario Airport Marriott Hotel, 2200 East Holt Boulevard, Ontario, California, on April 12, 2006.

Board Members and Alternate Present

John V. Foley, Vice-Chairman
James H. Bond
Terese Marie Ghio
Henry Merle Kuiper
John W. McFadden
Charles Van Dyke

Jeanine Jones, Designee
Department of Water Resources

Christopher G. Hayes, Designee
Department of Fish and Games

Board Members and Alternates Absent

Lloyd W. Allen, Chairman
Thomas M. Erb
Dana Bart Fisher, Jr.

James B. McDaniel
John Pierre Menvielle

Others Present

Steven B. Abbott
John Penn Carter
William I. DuBois
Tanya Emershay
William J. Hasencamp
Gordon A. Hess
Michael L. King
Russell Kitahara
George Loveland
Dirk S. Marks
Jan P. Matusak
Dan Parks
McClain Peterson

David R. Pettijohn
Steven B. Robbins
John L. Scott
Mark Stuart
James J. Taylor
Joseph A. Vanderhorst
Loralee "Lee" Willer
Bill D. Wright

William S. Abbey
J.C. Jay Chen
Gerald R. Zimmerman

CALL TO ORDER

Vice-Chairman Foley, in the presence of a quorum, called the meeting to order at 10:10 a.m.

OPPORTUNITY FOR THE PUBLIC TO ADDRESS THE BOARD

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

ADMINISTRATION

Approval of Minutes

Vice-Chairman Foley asked if there was a motion to approve the March 15, 2006, meeting minutes. Mr. McFadden moved approval of the March 15th meeting minutes.

MOTION: Upon the motion of Mr. McFadden, seconded by Mr. Bond, and unanimously carried, the Board approved the March 15th meeting minutes.

AGENCY MANAGERS MEETINGS

Mr. Zimmerman reported that the Agency Managers and attorneys met and held conference calls regarding ongoing Basin states discussions. The topics included: refinements of items in the pending Basin States Agreement on Shortage Criteria and Conjunctive Management of Lakes Powell and Mead; a pilot program to create "Intentionally Created Surplus" (ICS) water in 2006 and 2007; identified agencies that would be interested in participating in the pilot program; and forbearance agreements to facilitate application of the ICS program. Mr. Zimmerman added that there were no action items related to the Basin states discussions to be brought to the Board for its consideration.

CONSENT ITEMS

Mr. Zimmerman reported that there were more applications for Lower Colorado River Water Supply Project (LCRWSP) water. These applications are the eighth submittal for LCRWSP water use. Included in the Board folder is a table listing the eight applications and parcels of land for seven (7) acre-feet of current use and four (4) acre-feet of future use; and a total of eleven (11) acre-feet per year. There are now 574 applicants, totaling 5,482 acre-feet for LCRWSP water. Current use is 540 acre-feet per year and 4,942 acre-feet per year is for future use. Mr. Zimmerman asked the Board to approve Resolution 2006-1 indicating that the applicants are eligible to receive LCRWSP water and recommending that Reclamation contact the City of Needles to offer subcontracts to the applicants. Mr. Bond moved that the Resolution be adopted.

MOTION: Upon the motion of Mr. Bond, seconded by Mr. Van Dyke, and unanimously carried, the Board approved Resolution 2006-1 to recommend the approval of the eight applicants for LCRWSP water.

PROTECTION OF EXISTING RIGHTS

Colorado River Water Report

Mr. Zimmerman reported that as of April 5th, the storage in Lake Powell was 10.7 million acre-feet (maf), or 44 percent of capacity. The water surface elevation was 3,588.8 feet. The storage in Lake Mead was about 15.3 maf, or about 59 percent of capacity. The water surface elevation was 1,138.7 feet. The total System storage was 33.6 maf, or 56 percent of capacity. Last year, at this time, there was 31.16 maf in storage, or 52 percent of capacity. That's about 2.4 maf more in storage than this time last year.

Mr. Zimmerman reported that precipitation in the Basin from October 1st through April 6th was about 103 percent of normal. The snowpack equivalent, which is based on 116 SNOTEL sites through out the Basin, is 101 percent of normal. The projected unregulated flow into Lake Powell for April through July 2006 is estimated to be 7.7 maf, or 97 percent of average. The estimated unregulated flow into Lake Powell for water year 2006 is about 11.34 maf, or 94 percent of average. The Basin hydrology is below that of last month by about 10 percent. There is slightly more precipitation than last month, however, the unregulated flow into Lake Powell has not increased at the rate that might be expected. There are still dry areas where the soil moisture deficit from previous dry years has not yet been filled, thereby reducing the amount of runoff that would be expected.

Mr. Zimmerman continued with the projected consumptive use through the end of 2006. The State of Nevada is expected to use its basic apportionment of 300,000 acre-feet; Arizona's use is slightly above its 2.8 maf apportionment; and California is projected to consumptively use about 4.344 maf. The total Lower Basin use is projected by Reclamation to be 7.456 maf.

State and Local Water Reports

Mr. Mark Stuart of the California Department of Water Resources reported that precipitation in the southern part of the state is below normal for this time of year. During the last month, precipitation has been about twice of normal. Prior to last month the precipitation levels in Los Angelus were about 92 percent of normal. Except for the Eastern Sierra, San Diego, and the Desert Areas precipitation levels are about normal for this time of year. Statewide precipitation is about 130 percent of normal, runoff is about 155 percent of normal. Statewide snowpack is currently at 155 percent of normal. Reservoir storage is up to 120 percent of normal and the Sacramento River Index is 18.0 inches, as of April 1st, which is 155 percent of normal.

Mr. Stuart reported on the status of the State Water Project (SWP). Lake Oroville has 2.9 maf in storage, or 82 percent of capacity. Total storage north of the Delta is about 3 maf, or 82 percent of capacity. There were 600,000 acre-feet more in storage than last year at this time. South of the Delta SWP storage is about 1.7 maf or about 94 percent of capacity. Most reservoirs are full except Lake Perris, which has seismic safety issues. Total SWP storage is 4.75 maf, or 86 percent of capacity. SWP deliveries for the rest of the year are 80 percent of entitlements.

Vice-Chairman Foley of The Metropolitan Water District of Southern California (MWD) reported that Diamond Valley Lake is at 98 percent of capacity, or 796,000 acre-feet. Lake Mathews is at 83 percent of capacity, or 151,000 acre-feet, and Lake Skinner is at 89 percent of capacity, or 39,000 acre-feet. Total storage is at 95 percent of capacity, or 986,000 acre-feet.

Mr. Pettijohn of the Los Angeles Department of Water and Power reported that, as of April 11th, the Eastern Sierra snow pack as represented by the Mammoth Pass station was 172 percent of average. There is another storm front coming, and it is turning out to be a wet year on the Eastern Sierra.

Arizona v. California

Mr. William Abbey of the Attorney General's Office reported that U.S. Supreme Court approved the Final Settlement Agreements, granted the Joint Motion for the Entry of Decree, and entered the Consolidated Decree. The Consolidated Decree brings together into one reference document or reference point all of the important substantive provisions of the various other decrees into one. This action represents the conclusion of 53 years of litigation.

There was some discussion of plans for a celebration in Phoenix, Arizona, sometime in the middle of May.

Colorado River Operations

U.S. Bureau of Reclamation Announces Availability of a Scoping Summary Report on Colorado River Management Strategies

Mr. Zimmerman reported that on March 31st Reclamation released its Scoping Report. The report describes the strategies associated with development of shortage guidelines and the coordinated management of Lakes Mead and Powell. The entire Scoping Report is available online. Included in the Board folder are news releases as well as the *Federal Register* Notice announcing the release of the Scoping Report. The summary of the Scoping Report and a listing of the document, appendices, and specific comments leading to preparation of the Scoping Report are also included in the Board folder. The documents are on the Bureau of Reclamation's (Reclamation) website at: www.usbr.gov/lc/region/programs/strategies.html

Mr. Zimmerman added that the comments regarding the scope of the NEPA process have suggested that Reclamation include more than they originally anticipated, and thereby, not limit it to looking at shortage guidelines and coordinated management. There were other areas that commenters had suggested Reclamation incorporate into the NEPA process and draft EIS. Additional comments are being allowed on what Reclamation now believes should be the scope of the process. These comments are due May 1st.

Mr. Zimmerman reported that Reclamation has identified four areas that they plan to focus on in completing the NEPA and EIS processes: 1) the adoption of shortage guidelines for the Lower Basin; 2) Adoption of guidelines for the coordinated operations of Glen Canyon and Hoover Dams; 3) Adoptions of guidelines for the storage and delivery of non-Colorado River System water, water exchanges, and water conserved through extraordinary conservation; and 4) modification and extension of the 2001 interim surplus guidelines. These areas are generally

consistent with the Basin states suggestions.

Mr. Zimmerman reported that with Reclamation having indicated that it plan to expand the scope of the NEPA process, environmental interests have asked Reclamation to expand the EIS even further to include the entire Basin. How Reclamation treats that request may be important.

Mr. Zimmerman reported that to complete the EIS, Reclamation has identified five cooperating federal agencies: the Bureau of Indian Affairs, the National Park Service, the Fish and Wildlife Service, the Western Area Power Administration, and the U.S. Section of the International Boundary and Water Commission. These agencies will assist Reclamation in completing the NEPA and EIS processes.

Ms. Jeanine Jones of the California Department of Water Resources added that the Scoping Report, required by the NEPA process, released by Reclamation, is essentially a summary of comments that have been received. Reclamation's direction will be clearer after its Summary of Alternatives is released, which is scheduled to be released in approximately one month.

Resignation of Reclamation Commissioner John Keys, III

Mr. Zimmerman reported that included in the Board folder is an announcement that Reclamation Commissioner John Keys, III, of the Department of the Interior has signaled his intent to retire effective April 15th. Mr. Keys has completed nearly 40 years of federal service with Reclamation. Secretary Norton wrote a number of accolades regarding his career with Reclamation.

Miscellaneous News Articles

Mr. Zimmerman reported that several articles have been included in the Board folder. Two of them are about the nomination of Dirk Kempthorne to replace Secretary Norton as the next Secretary of the Interior. An article is on a drought declaration in Arizona, another on the status of the Hoover Dam bypass bridge between Arizona and Nevada, and lastly one on water conservation efforts related to the lining of the Coachella Canal.

Lower Colorado River Review

Mr. Zimmerman reported that twice a year, once in the spring and another time in the fall, Reclamation conducts a river inspection tour for stakeholders along the River. The purpose of the tour is to provide information regarding the status of ongoing operations, such as maintenance and environmental activities. The tour is primarily by boat and starts in the Yuma area and goes upstream and usually ends at Laughlin, Nevada. The tour will visit sites where activities related to the frontwork and levee system are occurring and places where non-native vegetation is being removed and replanted with native vegetation. Reclamation has expressed a willingness to provide a trip for Board members and selected agency staff. Chris Harris will work with Jim Cherry, the Area Manager in Yuma Area Office of Reclamation, to schedule the tour for those Board members and selected agency staff that would be interested in the tour.

Basin States Discussion

Mr. Zimmerman reported that the Basin states have met a number of times to discuss various aspects associated with the Basin states “Preliminary Proposal” that was submitted to Reclamation by the Basin states. Areas that have been discussed include: 1) long-term augmentation of the Colorado River; 2) refinements to the Basin states “Preliminary Proposal”; 3) the 2006 and 2007 “Intentionally Created Surplus (ICS)” Pilot Program; 4) the Interim ICS Program; and 5) required forbearance agreements.

Mr. Zimmerman reported that, over several Basin states meetings, consultants were interviewed to conduct a long-term water supply augmentation study. The consultant that was chosen is a joint venture of CH2M Hill/Black & Veatch. The Southern Nevada Water Authority (SNWA), which is funding the study, is negotiating the scope of the work with the consultants. Once the scope is developed, and after consulting with the Basin states, then the consultants will begin the work of looking at alternatives for augmenting the supply of the Colorado River. The schedule to complete the study is within nine months. The study is to compile a list of viable alternatives to augment the Colorado River System. As the consultants are developing those alternatives, interaction between the consultants and the Basin states representatives is expected to occur. Alternatives that warrant further study will be identified and further analysis will be conducted on these alternatives. Though a specific quantity of water has not identified, as a goal, the states would be looking at development of at least 75,000 acre-feet annually by the year 2020.

Mr. Zimmerman reported that the Lower Basin states have identified a few areas in the “Preliminary Proposal” where word changes were warranted. During the Lower Basin states meeting, the representatives also identified four areas that the Technical Committee should analyze. These include: 1) equalization of Lakes Powell and Mead on December 31st rather than on September 30th, 2) the assumption that all ICS credits are stored in Lake Mead, 3) the ability to avoid shortage declarations under certain conditions, and 4) modeling assumptions to be used by Reclamation to evaluate the alternatives.

Mr. Zimmerman indicated that regarding the 2006 through 2007 ICS Pilot Program, the ICS credits must be created through extraordinary conservation. The conservation must be verified and must also be approved by each of the Lower Division states. In addition, recovery of ICS credits can only occur if there is an adopted Interim ICS program and there are forbearance agreements in place. For the ICS Pilot Program, participating California agencies are MWD, Imperial Irrigation District (IID), and Coachella Valley Water District (CVWD). San Diego County Water Authority would participate through MWD. The allocation of California’s ICS credits are: 340,000 acre-feet for MWD, 50,000 acre-feet for IID, and 10,000 acre-feet for CVWD, for a total of 400,000 acre-feet for the duration of the Pilot Program. MWD has already prepared a draft ICS agreement with Reclamation. IID and CVWD will be preparing ICS agreements to participate in the Pilot Program.

Mr. Zimmerman reported that one of the conditions in the Preliminary Proposal from the Basin states was that an entity could not participate in the ICS program if there was an Inadvertent Overrun and Payback obligation at the time. However, for the ICS Pilot Program there has been interest in waiving that provision. Participants with an inadvertent payback obligation could place water into the ICS program, as there would be a benefit to the System.

There would be an agreement that there would be no recovery of ICS water if there is an outstanding payback obligation.

Mr. Zimmerman added that for the Interim ICS Program, four classes of water could be placed into the program. These include water obtained from: importation from non-System water, extraordinary conservation, system efficiencies, and water exchange programs. One issue that came up was a scenario where the State of Nevada could divert water above its basic apportionment during a shortage condition. Arizona's representatives have suggested that Nevada could assign its imported water to Arizona and then Arizona could forbear its use of the imported water and let Nevada take the water under Article II(B)6 of the Decree. The problem with that scenario was that Article II(B)6 deals with water apportioned to a state, but is unused by that state. If the water is apportioned outside the Decree, how can the Decree be used to distribute it? If the apportioned water is considered within the Decree, the proposed shortage guidelines make a specific apportionment of the available water to the Lower Basin. How can this additional water be apportioned and delivered?

Another concern is Arizona's characterization of Supplemental Shortage Water (SSW). How can it be said that this is ICS water if Lake Mead is at one elevation and SSW water if Lake Mead is at another elevation; if it is the same water, shouldn't it be treated consistently?

Mr. Zimmerman added that another problem with Arizona's approach is where Nevada would be recovering water from System efficiency programs and tributary conservation during a shortage. System efficiency water would not be available because it is mainstream water and the allocation of mainstream water is already apportioned. Recovery of Pre-Compact water from tributary conservation on the Virgin and Muddy Rivers would also not be available under the interim ICS program because it is also System water. However, this is not consistent with the Basin states' Preliminary Proposal.

Mr. Zimmerman reported that Arizona had proposed two forbearance agreements: the ICS forbearance agreement and the Supplemental Shortage Water (SSW) forbearance agreement. It is his opinion that these agreements need further discussion and refinement. The concepts need to be consistent with the Basin states agreement and all of the agreements need to be consistent. The Californians need to determine who should sign the agreements and who needs to sign these agreements in the other states.

Mr. Zimmerman reported that the next Basin states meeting is on April 13th. The items on the agenda are: Reclamation's response to the Basin states' Preliminary Proposal; Reclamation's Pilot Conservation Program; Arizona's forbearance Agreements; the upcoming Weather Modification workshop; and Reclamation's proposed Pilot Program to replace a portion of the water that is currently in the Bypass drain, which is going to the Cienega.

Mr. Zimmerman added that these topics would be discussed during the Agency Managers meeting on the afternoon of April 12th. The purpose of that meeting is to: prepare for the Basin states April 13th meeting; discuss the details of the Interim and Pilot ICS programs, each agency's participation in the programs, and the mechanism for these programs to work; and discuss the forbearance agreements, including California's proposed approach, the contents of the agreements and who is to sign the agreements.

Weather Modification Conference, June 19-21, 2006, Boulder, Colorado

Ms. Jeanine Jones reported that the agenda, included in the Board folder, for the upcoming Weather Modification Conference has been superseded with one passed out as a handout. The purpose of the workshop is to present the state of knowledge and measurable effectiveness of precipitation augmentation through weather modification. The Basin states can then make informed decisions regarding the implementation of weather modification programs. The conference is to be held in Boulder, Colorado, where both the National Center for Atmospheric Research and the National Oceanic and Atmospheric Administration (NOAA) have research facilities. A number of speakers from both facilities are scheduled to make presentations at the conference. There will also be a tour of the NOAA lab.

Colorado River Environmental Activities

Status of the Lower Colorado River Multi-Species Conservation Plan

Mr. Zimmerman reported that while developing proposed LCR MSCP authorizing legislation, two issues have arisen regarding water use for LCR MSCP purposes; 1) Can water be salvaged through replacement of non-native vegetation with native vegetation and can that salvaged water be used at the same or a different location; and 2) Can Section 5 entitlement water be used for LCR MSCP purposes, to restore and maintain native riparian habitats. Discussions among the State and agency representatives will be ongoing to resolve these issues.

Mr. Zimmerman added that on April 7th Congressman J.D. Hayworth introduced MSCP authorization legislation. There are six co-sponsors: Congressman Renzi of Arizona, Congressmen Gibbons and Porter of Nevada, Calvert of California, and Kolbe from Arizona. The Bill primarily authorizes Reclamation to appropriate funds for the MSCP. A hearing regarding the Bill is anticipated later this year.

WATER QUALITY

Reclamation's Report to Congress

Mr. Zimmerman reported that included in the Board folder is a copy of a report the Department of the Interior submitted to Congress regarding the Yuma Desalting Plant (YDP) and the 1944 Mexican Water Treaty obligations. The report describes the status of the YDP and alternatives to operating the plant. Reclamation will continue to work with the stakeholders and the YDP/Cienega de Santa Clara work group in evaluating options and strategies for continuing to meet the Mexican Water Treaty obligations. The Executive Summary from the report is included in the Board packet.

Mr. Zimmerman added that the cost to maintain the YDP in ready reserve is about \$4.4 million dollars per year. Start up cost would be about \$27.8 million dollars. The start up cost would consist of \$1.6 million dollars for environmental compliance and \$2.2 million dollars for equipment repair and testing. This would extend over a four year period. Membrane replacement is estimated to cost \$9.0 million dollars. Reclamation has hired a consultant to look at the design of the plant and it was found that to correct design deficiencies would cost about

\$15.0 million dollars. Assuming that the YDP would then be operational, the annual cost of the running the plant at full capacity is expected to be \$28.8 million dollars per year, or \$482 dollars per acre-foot. The annual cost of running the YDP at two-thirds capacity is estimated to cost \$24.6 million dollars per year, or \$506 dollars per acre-foot. The annual coast of operating the YDP at one-third capacity is estimated to cost \$16.4 million dollars, or \$684 dollars per acre-foot.

Mr. Zimmerman reported that Reclamations action plan is to begin a public process to identify and evaluate options, including operating the YDP. Reclamation plans to continue to keep the YDP in ready reserve and to continue to correct the design deficiencies of the YDP. Reclamation is also planning to begin a demonstration forbearance program to replace the flow in the bypass drain. The demonstration program would use water from willing sellers to replace the water that is currently discharged through the bypass drain.

Colorado River Basin Salinity Control Forum Meeting

Mr. Zimmerman reported that the next Salinity Control Forum and Work Group are scheduled to meet in St. George, Utah, from May 2-4, 2006. A tour is scheduled for the Southern Utah, as well as Nevada and Northern Arizona. The tour will include the La Verkin Springs, in the Virgin River watershed, that is a natural salt loader to the Colorado River System. Reports are expected from each of the federal agencies involved within the salinity program on what each of those agencies is currently working on.

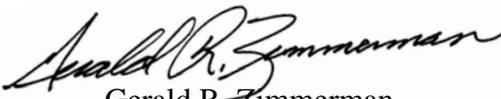
OTHER BUSINESS

Next Board Meeting

Vice-Chairman Foley announced that the next meeting of the Colorado River Board will be held on Wednesday, May 10, 2006, 3:00 p.m., in conjunction with the Association of California Water Agencies 2006 Spring Conference in Monterey, 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. Van Dyke, and unanimously carried, the meeting was adjourned 11:40 a.m. on April 12, 2006.


Gerald R. Zimmerman
Executive Director