

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

February 13, 2007

ADMINISTRATION

Approval of Board Meeting Minutes – January 10, 2007

Included in the Board folder is a copy of the January 10, 2007, Board meeting minutes. Based upon Board member's review and comment, I am asking for approval and adoption of these meeting minutes.

Senate and Assembly Budget Hearings

Hearings have been scheduled in both the Senate and the Assembly on the Colorado River Board's Fiscal Year 2007-2008 Budget. The hearing schedule is as follows: on the Senate side, the pre-hearing on the Board's Fiscal Year 2007-2008 Budget in the Senate Budget Subcommittee #2 is on March 6th and the hearing is on March 12th; and on the Assembly side, the pre-hearing on the Board's Fiscal Year 2007-2008 Budget in the Assembly Budget Subcommittee #3 is on February 23rd and the hearing is on March 7th. To date, I am not aware of any issues associated with the Board's budget.

PROTECTION OF EXISTING RIGHTS

Colorado River Water Report

As of February 1, 2007, storage in the major Upper Basin reservoirs decreased by 489,700 acre-feet and storage in the Lower Basin reservoirs increased by 223,500 acre-feet during January 2007. Total System active storage as of February 7th was 33.651 million acre-feet (maf), or 56 percent of capacity, which is 0.478 maf less than one year ago (Upper Basin reservoirs increased by 544,000 acre-feet and Lower Basin reservoirs decreased 1.022 maf).

January releases from Hoover, Davis, and Parker Dams averaged 10,390, 8,800, and 5,950 cubic feet per second (cfs), respectively. Planned releases from those three dams for the month of February 2007 are 10,400, 9,800, and 7,300 cfs, respectively. The February releases represent those needed to meet downstream water requirements including those caused by reduced operation of Senator Wash Reservoir.

As of January 10th, taking into account both measured and unmeasured return flows, the Lower Division States' consumptive use of Colorado River water for calendar year 2007, as forecasted by Reclamation, totals 7.380 maf and is described as follows: Arizona, 2.783 maf;

California, 4.298 maf; and Nevada, 0.300 maf. The Central Arizona Project (CAP) will divert 1.555 maf, of which 0.249 maf are planned to be delivered to the Arizona Water Bank. The Metropolitan Water District of Southern California (MWD) will use about 0.636 maf, which is 3,000 acre-feet more than its 2006 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 3.680 maf. This estimate is based on the collective use, through December 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

Final Environmental Impact Statement Wellton-Mohawk Irrigation & Drainage District Title Transfer Process

In December 2006, Reclamation released the final environmental impact statement (EIS) associated with the transfer of works, facilities, and certain federally-owned lands from the United States to the Wellton-Mohawk Division of the Gila Project. The Record of Decision associated with the final EIS is awaiting the approval and signature of the Secretary of the Department of the Interior. Copies of the final EIS are available from Reclamation's Lower Colorado River Regional office's webpage at www.usbr.gov/lc. The proposed transfer would have the effect of consolidating management responsibility within the Wellton-Mohawk Irrigation and Drainage District, potentially limit development encroachment on productive agricultural lands, and consolidate ownership of lands and facilities to protect the Gila River Flood Channel. A copy of Reclamation's letter announcing release of the final EIS, and a copy of the final EIS Executive Summary have been included in the Board folder.

Presence of Quagga Mussel in the Lower Colorado River System

As most of you are probably aware, the invasive Quagga mussel was recently found in Lake Mead, near one of the marinas, as well as on the intake towers at Hoover Dam on the Nevada side. Reclamation divers are continuing to survey other intake structures at the dam to determine the presence of the Quagga mussel. Additionally, The Metropolitan Water District of Southern California (MWD) has reported the presence of this non-native species at its Whitsett intake facility in Lake Havasu. The Quagga mussel is closely related to the non-native Zebra mussel, and both are indigenous to central Asia. These mussels typically attach themselves to hard-surfaced substrates within water bodies, and are prolific breeders. Eradication is considered difficult if not impossible. Included in the Board folder are several news articles documenting the recent findings of Quagga mussels at various locations along the Lower Colorado River, as well as several reports related to the biology of Quagga mussel.

During the Board meeting, there will be reports from Reclamation and MWD representatives on their agency's efforts to identify the extent of the Quagga mussel invasion and their efforts to control the impacts associated with the Quagga mussel invasion.

Miscellaneous News Items of Interest

There are several items that I felt may be of interest to Board members, including the following: (1) a recent California appellate court ruling regarding the fees charged by the State Water Resources Control Board associated with water rights; (2) a recent court ruling on a lawsuit recently filed seeking to halt the All-American Canal Lining Project; (3) a symposium on the Colorado River Compact at the University of Utah in Salt Lake City, Utah; (4) the scheduled tour of the Colorado River Delta in Mexico with the Water Education Foundation; and (5) the recent release of the United Nations Intergovernmental Panel on Climate Change report. Each of these items is briefly discussed below.

In January 2007, California's Third District Appellate Court overturned the water rights fees that the State Water Resources Control Board had been charging water rights holders, even if the water was not being put to beneficial use. The appeals court deemed that the fees were unconstitutional and ordered the Water Resources Control Board to repay all of the fees submitted to date. It is estimated that the fees collected amounted to several million dollars. A copy of news article describing the recent court decision has been included in the Board folder.

Recently a federal judge in Sacramento dismissed a lawsuit brought by Mr. Jim Abatti, a farmer in the Imperial Valley, seeking to halt the All-American Canal Lining Project. This lawsuit is not connected in any fashion to the existing lawsuit pending in the United States Ninth Circuit Court of Appeals. Mr. Abatti's lawsuit sought to halt the canal-lining project on the basis that the Imperial Irrigation District (IID) had violated the environmental documentation process, a claim that IID denies. A copy of news article from the Imperial Valley Press has been included in the Board folder.

On March 2-3, 2007, a symposium is scheduled to be held on the campus of the University of Utah in Salt Lake City, Utah, regarding the Colorado River Compact in the 21st Century. I have been invited to attend and provide the perspective of the Lower Basin states regarding management of the Colorado River System as we move forward into the next century. Several other Basin states representatives have been invited to speak, as well as numerous members of the legal, academic, and environmental professions. Generally, the conference will address the current status of the on-going Basin states negotiations, issues associated with paleoclimate conditions and potential future global climate change; current and anticipated environmental issues; and the potential legal framework associated with interpretation of the 1922 Colorado River Compact in the future. A copy of the agenda for this symposium has been included in the Board folder.

On March 7-9, 2007, the Water Education Foundation (WEF) is hosting another tour of the Colorado River Delta region, with much of the tour taking place in the delta region in Mexico. On-site tours of the Yuma Desalting Plant, All-American Canal Lining Project, Morelos Dam, Mexicali Wastewater Treatment Plant, Rio Hardy Restoration Project, Upper Gulf

of California Biosphere Reserve, and Cienega de Santa Clara will be offered over the three-day tour period. A copy of the proposed tour itinerary and registration form has been included in the Board folder. Because of the cost and the lack of sponsorships, this tour probably will not be held next year.

Finally, on February 5th, the United Nations' Intergovernmental Panel on Climate Change released its report, "Climate Change 2007: The Physical Science Basis." This executive summary report for policy makers summarizes a significant amount of information and data associated with the global climate changes expected over the next 100 years. Based upon the increases of global atmospheric concentrations of carbon dioxide, methane, and nitrous oxide since 1750, the forecast is that it is *very likely* that there will be quantifiable increases in overall global temperatures of up to several degrees Celsius, increases in overall sea-surface temperatures, decreases in annual precipitation in major regions of the globe, increases in frequency and severity of tropical cyclonic storms, potentially significant increases in sea level elevation, decreases in seasonal snow cover and reduced land-surface area of permafrost, and reductions in surface area of the icepacks in the polar regions. The report concludes that even if greenhouse gas concentrations could be stabilized, or even reduced, that global warming and sea level rise would continue to increase for centuries due to the timescales associated with climate processes. A copy of the executive summary of this report is included in the Board folder.

Basin States Discussions

Basin States Representatives Meetings

Representatives of the Colorado River Basin states are continuing to meet. The Technical Committee on the Colorado River Long-Term Augmentation Studies held a meeting on February 6, 2007, in Las Vegas, Nevada. During the meeting the consultants for this study discussed the Technical Memorandum that has been developed on potential options for augmenting the Colorado River's water supply. The water augmentation options that were discussed in the Technical Memorandum included:

- Brackish Water leaving the United States
- Conjunctive Use and Water Banking in the Lower Basin
- Ocean Desalinization in the United States and Mexico
- Stormwater Runoff (Gila River/Painted Rock Reservoir)
- Colorado River Imports
- Vegetation Management

The Technical Memorandum concluded that:

- Brackish and ocean water desalinization have similar costs for most projects ranging from \$1,070 to \$1,900 per acre-foot. The Yuma Desalting Plant option has an advantage because the facility has already been constructed and thus, the cost would be about \$360 per acre-foot. The larger projects tend to achieve an economy of scale and thus have a lower unit cost for the water produced.

- Stormwater storage in Painted Rock Reservoir would not produce additional water for the Colorado River System.
- The cost of Colorado River imports through transbasin diversions from the projects that were investigated and include the Snake River, Clarks Fork, and Bear River in Wyoming and the Mississippi River in Missouri ranged from \$590 to \$1,370 per acre-foot.
- Of the projects that were evaluated, the cost of water through conjunctive use and water banking ranges from \$350 to \$460 per acre-foot. It was further concluded that the water to conjunctively manage and bank is only available in “wet” years. Thus, it would not be available to augment the water supply of the Colorado River during a prolonged drought.
- Vegetation management is the least costly option with the estimated cost ranging from \$25 to \$100 per acre-foot of water produced. However, as with weather modification, any water produced would benefit the entire Colorado River System, as a whole, and would not directly be available to the entity that funded the project. Also, because of the annual and seasonal variations in stream flow and weather patterns it will be difficult to quantify the amount of water produced.

Members of the Technical Committee are further reviewing the Technical Memorandum and will provide their comments to the consultants by February 20, 2007. The consultants will take these comments and prepare a final draft Report by March 15, 2007. The final draft Report will include a discussion of the process that was utilized by the consultants and include the options that were evaluated to augment the available water supply of the Colorado River System, including the options discussed in the White Papers and the latest Technical Memorandum. The consultants will provide the Basin states representatives a briefing on the final report at the Basin states next meeting, which is scheduled for March 23, 2007.

As reported at the January Board meeting, general agreement among representatives of the Lower Basin states has been reached on the content of the draft Forbearance Agreement; however, it will not be finalized and executed by the signatory parties until the Record of Decision (ROD) for the Development of Lower Basin Shortage Guidelines and Coordinated Management Strategies for Lake Powell and Lake Mead Under Low Reservoir Conditions is issued and signed by the Secretary of the Interior, which is expected to occur December 2007.

It was also reported at the January Board meeting that a key document that must be prepared is the Water Delivery Agreement. The Water Delivery Agreement is the document that describes the details regarding the schedule, accounting, and delivery of the Intentionally Created Surplus (ICS) water. The Forbearance Agreement deals with the types of ICS water, its creation and release, and the forbearance by others who may otherwise be entitled to its use. The Secretary of the Interior, although not a party to the Forbearance Agreement, would be a party to the Water Delivery Agreement and would be expected to deliver ICS water in accordance with both the Forbearance Agreement and the Water Delivery Agreement. The California parties are preparing the initial draft of the Water Delivery Agreement. It is anticipated that the initial draft will soon be available for review by the Agency Managers in California and then by the other Lower Basin states. The intent is to have Water Delivery Agreement executed concurrent with the ROD and the Forbearance Agreement in December 2007.

It is anticipated that the draft Environmental Impact Statement (DEIS) on the Development of Lower Basin Shortage Guidelines and Coordinated Management Strategies for Lake Powell and Lake Mead Under Low Reservoir Conditions will be released by Reclamation by the end of February 2007. In anticipation of its release, a two day meeting of the Basin States Technical Committee has been scheduled for March 15th and 16th to begin development of the Basin states comments on the DEIS. Representatives of the Basin states will then meet on March 23rd to further consider a consolidated seven state comment letter on the DEIS.

Miscellaneous News Articles

Included in the Board folder are two recent news articles regarding the current draft of the Lower Basin's Forbearance Agreement and related Basin states' activities. The first article generally describes the terms of the "shortage-sharing" agreement that has been developed between Arizona and Nevada. This agreement, in times of a Secretarial-declared shortage, would require Nevada and Arizona to cut their use of water by four percent and 96 percent from their respective Colorado River mainstream "basic" apportionments. In return for Arizona taking a larger share of the shortage, Nevada will pay the Arizona Water Banking Authority (AWBA) \$8 million to help the AWBA secure and store additional water supplies. As we have discussed previously, under the terms of the proposed agreement, Arizona would waive any rights to excess water supplies developed and stored by the State of Nevada.

The second article describes the recent Arizona Legislative resolution that, when passed by the Legislature and signed by the Governor, will authorize the Director of the Arizona Department of Water Resources to approve the Forebearance Agreement establishing the mechanism for the creation, storage, and release of "intentionally created surplus" water supplies. The Arizona House Resolution (HJR 2001) was moved out of committee on February 1st, with its companion in the Arizona Senate (SJR 1001) scheduled for a committee hearing in the near future.

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 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.

At the December 2006, meeting I reported that the negotiations between Reclamation, MWD, and Needles resulted in development of a near final draft contract and a near final trust fund agreement among parties to move forward to pump from the Project to its maximum capacity and deliver water pumped from the unused capacity to MWD. The parties have been fine-tuning the contract and the trust fund agreement and these documents are ready to be signed

by the parties. Reclamation requested that CRB send a letter to Reclamation indicating its support for the execution of the proposed contract among MWD, Needles and Reclamation. The CRB has been involved with the development of the contract and have worked to make the Project financially viable. This action will ensure a water supply for the Project's beneficiaries into the future. Therefore, I am requesting the Board's approval to send a letter to Reclamation supporting the execution of the contract and the trust agreement among the parties.

Colorado River Environmental Activities

Status of the Glen Canyon Dam Adaptive Management Work Group

On February 2, 2007, Assistant Secretary of the Interior, Mark Limbaugh, released a memorandum describing the decision of the Department of the Interior regarding the scheduling of a beach-habitat building flow (BHBF) during the January-March 2007 timeframe. Assistant Secretary Limbaugh indicated that, at this juncture, it would not be in the best interests of the Adaptive Management Program to schedule a BHBF. The Assistant Secretary believes that the Grand Canyon Monitoring and Research Center (GCMRC) must focus on the continued development of the Long-Term Experimental Plan and specific peer-reviewed science plans addressing future BHBFs. Another concern expressed by the Assistant Secretary was the lack of adequate planning and implementation funding in the FY-2007 budget for the GCMRC for a BHBF in the January-March 2007 timeframe. A copy of Assistant Secretary Limbaugh's memorandum is included in the Board folder.

Senate Bill 300 – Lower Colorado River Multi-Species Conservation Program Act

On January 16th, Arizona U.S. Senator Jon Kyl reintroduced legislation supporting the funding and implementation of the Lower Colorado River Multi-Species Conservation Program (LCR MSCP). The intent of the legislation (S. 300) is to ensure adequate long-term federal funding for the LCR MSCP, and directs the Secretary of Interior the to enter into a water use accounting agreement with the Lower Basin states. It also provides a waiver of sovereign immunity in the event that non-federal Program participants would be able to hold the federal government accountable for its obligations in court, if necessary; however, this is without money damages. The proposed legislation is co-sponsored by Senators Reid (NV), Feinstein (CA), and Ensign (NV). In the Board folder, A copy of Senator Kyl's press release, as well as a briefing book prepared by the non-federal LCR MSCP participants are included in the Board folder. A copy of the proposed legislation is provided as one of the appendices within the briefing book. I plan to notify the Agency Managers if letters of support, or if agency testimony for committee or subcommittee hearings are needed. On the House side, the LCR MSCP participants are still seeking a lead sponsor for this bill.

WATER QUALITY

Colorado River Basin Salinity Control Program

On January 31st, and February 1-2, 2007, the Work Group of the Advisory Council's Cost-Sharing Committee and the Work Group of the Colorado River Basin Salinity Control Forum held meetings in Salt Lake City, Utah. On January 31st, the Working Group of Advisory Council's Cost-Share Rate Committee met. The goal of the Work Group's meeting was to reach a consensus on development of an alternative to the existing 75/25 cost-share rate between the Natural Resource Conservation Service (NRCS) and the participants in on-farm salinity control projects. After discussing several proposed alternatives and hearing the NRCS concerns, the Work Group reached a consensus on the following proposed alternative:

1. The NRCS would pay 50% of the physical structural costs of the project based upon its own estimated average costs (not the participant's cost estimate); and
2. Then up to 25% of the costs would be paid as incentives to the participants. The focus of the incentives would be on the amount of salt removal or retention.

The Work Group and NRCS will be working on this proposed alternative to prepare and finalize the first draft of this process, which will be submitted to the Advisory Council's Cost-Share Rate Committee for its approval. Additionally, it is intended that the proposed process be brought to the Forum for its consideration at its June 2007 meeting.

At the Colorado River Basin Salinity Control Forum Work Group meeting held on February 1st and 2nd, the following issues were discussed:

1. The USBR issues included: Paradox Plan of Study, Model updates, Program review, Huntington-Cleveland Project, and Science Team report. The two important issues brought up at the October 2006, Forum meeting, i.e., Huntington-Cleveland Project, and the Program review, were still the main discussion topics at the Work Group meeting. There will be more discussion of these topics at the next Work Group meeting. Also, at the next Work Group meeting the Paradox Study Report will be reviewed. This study will provide the procedure for evaluation alternatives for the deep well injection associated with the Paradox Project.
2. The NRCS issues which included: an update of the status of various on-farm salinity control projects and an update and review of the Special Projects Funding. The Special Projects Funding is associated with the use of the states discretionary funding for projects that do not qualify for funding from other sources; however, they are associated with implementation of projects that produce cost effective salt reduction or the study of projects that have the potential for cost effective salt reduction.

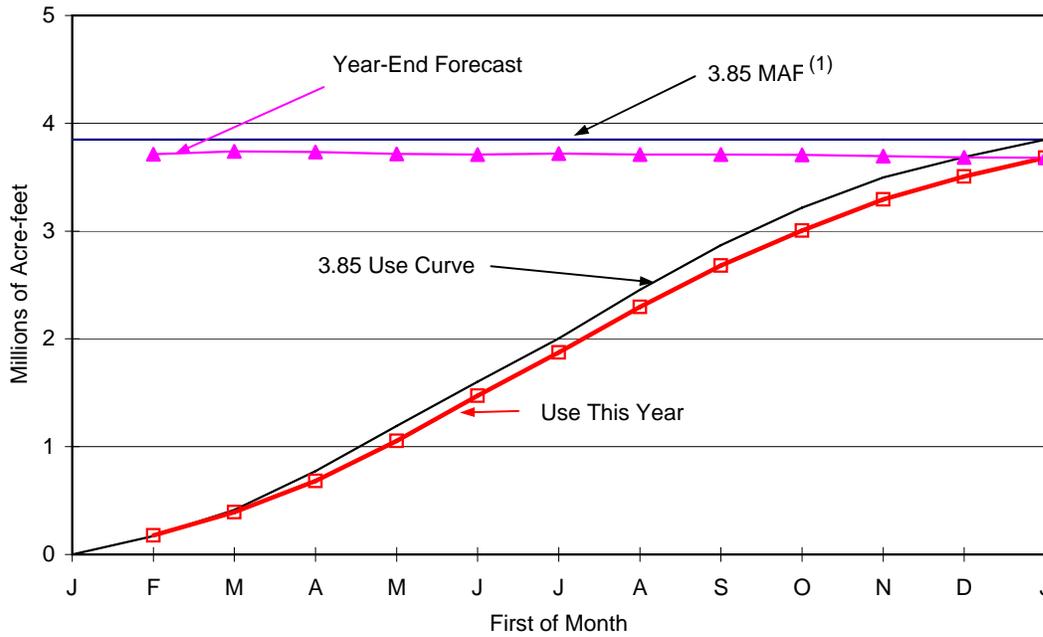
Moab Uranium Mill-Tailings Site Cleanup Effort

Recently, the Secretary of the Department of Energy (DOE), Samuel Bodman, announced that the schedule for cleanup of the 2.5 million tons of uranium mill tailings near moab, Utah, will not be completed for approximately 21 years. Originally, DOE had estimated that the removal and transfer of the tailings from the Moab site to the new disposal site would be completed by 2011, now the DOE estimates that the cleanup will likely not be completed until 2028. Additionally, DOE estimates that the groundwater remediation activities at the Moab site will require approximately 75 years of effort. The Bush Administration has announced that it has budgeted \$23 million for the cleanup activities in the next fiscal year.



Gerald R. Zimmerman
Executive Director

FIGURE 1
FEBRUARY 1 FORECAST FOR 2006 YEAR-END COLORADO RIVER WATER USE
BY THE CALIFORNIA AGRICULTURAL AGENCIES



Forecast of Colorado River Water Use by the California Agricultural Agencies (Millions of Acre-feet)			
Month	Use as of First of Month	Forecast of Year End Use	Forecast of Unused Water (1)
Jan	0.000	-----	-----
Feb	0.178	3.713	-0.007
Mar	0.394	3.741	-0.035
Apr	0.683	3.733	-0.027
May	1.055	3.717	-0.011
Jun	1.473	3.710	-0.004
Jul	1.873	3.720	-0.014
Aug	2.295	3.711	-0.005
Sep	2.680	3.709	-0.003
Oct	3.005	3.708	-0.002
Nov	3.295	3.695	0.011
Dec	3.506	3.684	0.022
Jan	3.680	3.680	0.026

(1) The forecast of unused water is based on the availability of 3.657 MAF under the first three priorities of the water delivery contracts. This accounts for the: 81,940 af of conserved water available to MWD under the 1988 IID-MWD Conserv. agreement and the 1989 IID-MWD-CVWD-PVID Agreement as amended; 60,000 af of conserved water available to SDCWA under the IID-SDCWA Transfer agreement as amended; 14,500 af of water IID and CVWD are forbearing to permit the Secretary of the Interior to satisfy a portion of Indian and Miscellaneous present perfected rights use; 35,450 af of water IID is forbearing to pay back Colorado River Water Delivery Agreement Exhibit C overruns; 1,000 af of water IID is conserving to create Intentionally Created Surplus in Lake Mead. As USBR is charging disputed uses by Yuma Island pumpers to Priority 2, the amount of unused water has been reduced by those uses --0.008 maf. The CRB does not concur with USBR's viewpoint on this matter.