

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

November 13, 2007

ADMINISTRATION

Approval of Board Meeting Minutes – August 22, 2007

Included in the Board folder is a copy of the August 22nd Board meeting minutes. Based upon Board member's review and comment, I am asking for approval and adoption of these meeting minutes.

Proposed Board Meeting Schedule – Calendar Year 2008

Included in the Board folder is a copy of the proposed Board meeting schedule for Calendar Year 2008. I am asking that Board members and Agency Managers review the proposed meeting schedule, let me know if there are any conflicts, and be ready to approve the final meeting schedule at the December Board meeting in Las Vegas, Nevada.

PROTECTION OF EXISTING RIGHTS

Colorado River Water Report

As of November 1, 2007, storage in the major Upper Basin reservoirs decreased by 184,800 acre-feet and storage in the Lower Basin reservoirs decreased by 99,600 acre-feet during October 2007. Total System active storage as of November 8th was 31.802 million acre-feet (maf), or 53 percent of capacity, which is 2.399 maf less than one year ago (Upper Basin reservoirs decreased by 0.922 maf and Lower Basin reservoirs decreased 1.477 maf).

October releases from Hoover, Davis, and Parker Dams averaged 9,270, 10,330, and 7,400 cubic feet per second (cfs), respectively. Planned releases from those three dams for the month of November 2007, are 10,200, 9,100, and 6,300 cfs, respectively. The November releases represent those needed to meet downstream water requirements including those caused by reduced operation of Senator Wash Reservoir.

As of November 8th, 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 7.492 maf and is described as follows: Arizona, 2.785 maf; California, 4.411 maf; and Nevada, 0.296 maf. The Central Arizona Project (CAP) will divert 1.578 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 0.694 maf, which is 61,000 acre-feet more than its 2006 use of mainstream water.

The preliminary end-of-year estimate by the Board staff for 2007 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 3.831 maf. This estimate is based on the collective use, through October 2007, 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 Commissioner Johnson Appoints New Regional Directors for Upper & Lower Colorado Regions

On September 4th, Reclamation Commissioner, Robert Johnson, announced the appointments of Ms. Lorri Gray, and Mr. Larry Walkoviak, as Regional Directors for Reclamation's Lower and Upper Colorado Regions, respectively. I look forward to working with both Ms. Gray and Mr. Walkoviak, as they have both been heavily involved in Colorado River issues for most of their careers with Reclamation. I hope that you'll join with me in congratulating them on their recent appointments and continued success in their careers. I have included, in the Board folder, a copy of the press release from the Commissioner's Office announcing the appointments.

Projected 2007 Lower Division States Colorado River Water Use and Possible Overrun

On September 5th Reclamation sent letters to several Colorado River contract and entitlement holders in the Lower Division States projecting consumptive use of mainstream water and that those projections indicated the possibility of an inadvertent overrun occurring. The agencies that received the notification letters included the following: Coachella Valley Water District; Imperial Irrigation District; Gila Monster Farms; Wellton-Mohawk Irrigation and Drainage District; Colorado River Commission of Nevada; and the Fort Mojave Indian Tribe. Each of the letters indicated that Reclamation's projections showed that the 2007 diversions may exceed the approved 2007 schedule. Additionally, Reclamation indicated that the agencies notified could review Reclamation's projections at the following webpage address: www.usbr.gov/lc/region/g4000/hourly/forecast07.pdf. I have included copies of each of the letters in the Board folder.

2008 Annual Operating Plan (AOP)

On September 27th, Reclamation released the final draft 2008 Annual Operating Plan (AOP) for the operations of the Colorado River reservoir system. Currently, the objective minimum release criterion will govern releases from Glen Canyon Dam, i.e., 8.23 million acre-feet. Under the most probable inflow scenario, downstream deliveries are expected to control releases from Hoover Dam; and the normal condition is the criterion governing the operation of Lake Mead. Also, at this time there is not expected to be any unused apportionment available for release or consumptive use. Reclamation also reported that during 2007, approximately 0.017

million acre-feet of Intentionally Created Unused Apportionment water stored in Arizona was projected to be recovered by California. Finally, the draft AOP projects that a volume of 1.5 million acre-feet of mainstream water will be available to be scheduled for delivery to Mexico during 2008.

Final Environmental Impact Statement for Colorado River under Low Reservoir Conditions Released

On November 2nd, Reclamation announced the release of the final environmental impact statement (FEIS) for Colorado River Interim Guidelines for Lower Basin Shortages and Coordinated Operations of Lakes Powell and Mead (Guidelines). As has been discussed at previous Board meetings, the FEIS analyzes the potential impacts associated with the implementation of the interim shortage guidelines and coordinated operations of Lakes Powell and Mead. The FEIS analyzed six alternatives, including a No Action Alternative and a Preferred Alternative.

The Preferred Alternative proposes that:

- Specific water levels in Lake Mead be used to determine when a shortage condition (the availability of less than 7.5 million acre-feet of water) would be declared in the lower Colorado River basin, and how that shortage would be shared by the three Lower Division States;
- Specific reservoir conditions at Lakes Powell and Mead be used to determine the annual operation of these reservoirs, in a manner that would minimize shortages in the Lower Basin and avoid the risk of curtailment of consumptive uses in the Upper Basin;
- A mechanism be implemented to encourage and account for augmentation and conservation of water supplies in Lake Mead to minimize the likelihood and severity of potential future shortages and to provide additional flexibility to meet water use needs, particularly under low reservoir conditions; and
- The Interim Surplus Guidelines established in 2001 be modified and extended through 2026.

An electronic copy of the Final EIS is available on Reclamation's webpage at www.usbr.gov/lc/region/programs/strategies.html. I have included copies of the press release, as well as the *Federal Register* notice announcing the release of the FEIS in the Board folder.

Fiftieth Anniversary Celebration and Rededication of the Palo Verde Diversion Dam, Blythe, California, November 19, 2007

I would like to report that the Palo Verde Irrigation District is holding a 50th anniversary and rededication ceremony associated with the construction of the Palo Verde Diversion Dam just north of Blythe, California. The ceremony will start at 1:00 p.m. with a tour of the dam facility. The tour is scheduled to conclude by 3:30 p.m.; and will be followed by a dinner at the Colorado River Fairgrounds, Blythe, California, and will begin at 5:00 p.m. I have included a copy of PVID's announcement and celebration information in the Board handout materials.

Basin States Discussions

Status of the Colorado River Interim Guidelines for Lower Basin Shortages and Coordinated Operations of Lakes Powell and Mead

As we have been discussing over the past few months, Reclamation, in consultation the Basin states, continues to refine the draft interim guidelines associated with Colorado River Interim Guidelines for Lower Basin Shortages and Coordinated Operations of Lakes Powell and Mead. The draft guidelines have evolved, over time, from the Basin states' proposed guidelines submitted to Reclamation nearly a year ago, to the draft included in the FEIS that were distributed at the Basin states meeting in Salt Lake City, Utah, in October 2007. Currently, Reclamation expects to release the final draft of the proposed Interim Guidelines later this week. It is my understanding that the Guidelines will be posted to Reclamation's Upper and Lower Colorado Region webpages.

The Basin states and Reclamation have met several times since the last Board meeting, in order to work on the proposed Interim Guidelines and related documents. I can report that there is still one significant area of disagreement among the Basin states related to the Guidelines. This concern is associated with the interpretation of Lake Powell's equalization tier included in the draft Guidelines. As we have discussed at previous meetings, when Reclamation prepared modeling analyses for the DEIS, it utilized assumptions associated with the 602(a) equalization criteria that protected a minimum power pool within Lake Powell. Arizona and the other Lower Basin states are concerned that the continued use of this algorithm and the protection of a minimum power pool in Lake Powell are inconsistent with the agreement that was reached among the states. The Upper Basin states are taking the opposite position. While a consensus-based agreement on this issue could not be achieved during subsequent Basin states' principals and technical representatives meetings, Reclamation has indicated that it fully understands the various positions and would endeavor to craft Guidelines that addressed this issue.

Also, related to the impending release of the final Guidelines, the Lower Basin states plan to meet on November 16th in Las Vegas, Nevada, to review the Interim Guidelines and ensure that the associated documents and agreements are consistent with the final version of the Guidelines. The other documents that are being worked on concurrently with the Guidelines include the following: (1) various water delivery agreements; and (2) the Forbearance Agreement, including exhibits to the Forbearance Agreement.

Finally, I want to report that the seven Basin states have prepared a draft letter to Secretary of the Interior, Dirk Kempthorne, regarding the Final EIS and the proposed Interim Guidelines. In the letter, the states describe their general acceptance of the Guidelines and the Preferred Alternative analyzed in the FEIS; as well as the existing disagreement regarding the equalization tier and Lake Powell contents issue. The letter goes on to state that, while individual states may disagree with portions of the Guidelines, the states will not oppose the adoption of the draft Guidelines in the Secretary's anticipated Record of Decision. I am asking for Board approval to sign this letter, on behalf of the Board, as soon as the letter can be

finalized. A copy of the latest version of the draft Basin states letter has been included in the handout materials for your review and consideration.

Joint United States/Mexico Statement on Lower Colorado River Issues

As was reported during the August Board meeting, on August 13th, Secretary of the Interior Kempthorne released an announcement that the governments of Mexico and the United States have renewed their commitment to cooperate and collaborate on Colorado River issues. The two governments will work together to address issues that affect the environment, and agricultural and urban water uses. The two countries pledged to evaluate methods for improving water use efficiencies, coastal desalination, delta and riparian habitat restoration needs, water supply augmentation, climate change impacts, and improving water delivery efficiencies.

In a related vein, a meeting was scheduled for September 5th, in Washington, D.C., for Basin states representatives to meet with representatives of the Departments of the Interior and State to discuss U.S./Mexico issues, particularly those related to the release of the final EIS, Preferred Alternative, and the proposed Guidelines. One of the primary goals of the meeting was to help the Department of State develop a working strategy and framework for addressing Colorado River issues with Mexico as the final EIS is released and as the proposed Guidelines are implemented. Additionally, during the meeting there was some discussion associated with the status of binational meetings addressing water use and environmental issues related to the All-American Canal Lining Project and the Drop-2 Reservoir Project. I attended the September 5th meeting in Washington, D. C. on behalf of the Board.

Finally, I attended a meeting of representatives of the Lower Division States, Reclamation, and the International Boundary and Water Commission (IBWC) to review the steps taken by the Departments of State and Interior since the September 5th meeting; and to hear a report on binational discussions between the American and Mexican Sections of IBWC. I will report the status of this meeting, orally, during the Board meeting on November 14th.

Grand Canyon Trust 60-Day Notice Letter for Violations of the Endangered Species Act Concerning Glen Canyon Dam Operations

On September 12th, the Grand Canyon Trust (GCT) sent a sixty-day notice of intent to sue letter to the Secretary of the Department of the Interior, the Commissioner of Reclamation, Director of the U.S. Fish and Wildlife Service (USFWS), and Reclamation's Upper Colorado Regional Director regarding alleged violations of the Endangered Species Act (ESA) associated with Glen Canyon Dam operations. Generally, the letter alleges that Reclamation and the USFWS have failed to implement elements of the Reasonable and Prudent Alternative contained in the 1994 Biological Opinion for Glen Canyon Dam operations. The GCT alleges that Reclamation's operations continue to jeopardize the endangered Humpback chub; and that Reclamation should have reconsulted under ESA Section 7 based upon non-compliance with the 1994 Biological Opinion; that Reclamation should have initiated a program to implement the Seasonally Adjusted Steady Flows alternative called for in the biological opinion; and that because of these alleged failures to implement the biological opinion, an ESA Section take of endangered species continues to occur. Finally, the GCT alleges that Reclamation must begin to consult, pursuant to ESA Section 7, on the preparation of the Annual Operating Plan (AOP) for

the operation of the Colorado River reservoir system. It is my understanding that the Department of the Interior's Solicitor's Office is reviewing the letter and developing an appropriate response strategy. I have included a copy of the Grand Canyon Trust's sixty-day notice letter in the Board folder.

Lower Colorado River Multi-Species Conservation Program Act (H.R. 2515 and S. 300)

As was reported at the Board meetings on July 24th and August 3rd respectively, I provided testimony before the House Subcommittee on Water and Power of the House Natural Resources Committee considering H.R. 2515, and the Senate Subcommittee on Water and Power considering S. 300 (Lower Colorado River Multi-Species Conservation Program Act). A representative of Central Arizona Water Conservation District (CAWCD), and Nevada's Colorado River Commission (CRC) also provided testimony in support of the legislation. Representative Grace Napolitano followed up the hearing with several written questions that were addressed by CAWCD, the CRC of Nevada, and me. As was discussed at the previous Board meetings, this proposed federal legislation has not been modified from the earlier version.

Related to the hearing held this summer, on October 17th Senators Kyl (AZ), Feinstein (CA), Ensign (NV), and Reid (NV) sent a joint letter to Senators Bingaman (NM) and Domenici (NM), Chairman and Ranking Member, respectively, of the Senate Committee on Energy and Natural Resources, requesting that Senate Bill 300 be included in the Committee's next markup session. I have included a copy of the Senators' joint letter in the Board folder.

Colorado River Basin Salinity Control Forum and Advisory Council Meetings, October 29-30, 2007, Santa Fe, New Mexico

The Colorado River Basin Salinity Control Forum (Forum), the Advisory Council (AC) and the Forum's Work Group meetings were held from October 29 to October 31, 2007 in Santa Fe, NM. The main purpose of the Work Group meeting on October 29th was to review the AC and Forum meetings agenda and prepare to report to the Forum and review the recommendations to be made to the Forum. The AC meeting was held on October 30th and the Forum meeting was held on November 31st.

At the AC and Forum meetings, the federal agencies (USDA, BLM, USGS, and USBR) provided their reports (the USEPA representative was not present). The reports included the status of the FY 2008 budget, their projects and their efforts related to salinity control of the Colorado River Basin. Also, the IBWC Commissioner, Carlos Marin, provided a report to the Forum.

The important issues of the Forum and AC meetings are summarized as follows:

- Cost-share rate issue – NRCS reported that they have not yet adopted the AC cost-share rate committee recommendations (50% on the cost of the project's physical components and incentives for salt removal as well as timely implementation of the projects as a benefit to the Lower Basin states). Therefore, the old 75/25 cost-share rate would be applied until the time the NRCS finalizes its methodology. NRCS will provide its cost-

share rate alternative to the Work Group at its January 2008 meeting for review. NRCS is in the process of conducting a review of its salinity control program. The cost-share rate issue would be finalized as the program review is complete.

- Triennial Review - The Work Group updated the Forum on the schedule for preparation of the 2008 Triennial Review. The Forum will adopt the 2008 Review at its meeting in fall of 2008. The first draft of the 2008 Review will be presented to the Forum at its meeting in spring of 2008. The salinity model studies indicate that there is a low probability of exceeding the numeric criteria for the next 20 years. However, the Lower Basin states expressed their concern over the significant damages caused by the salinity of the Colorado River water and emphasized that the plan of implementation should include 1.8 million tons of salt removal per year and should focus on further reducing damages.
- Reclamation's Program Review - Reclamation updated the Forum on its Basin-wide Program Review (Review) status. Reclamation reported that the completion of the Review is delayed until the end of January, 2008. The objective of this Review is to document the current practices and seek input from Work Group and the Forum to make changes to the current program. Also, Reclamation intends to develop manuals and procedures for program implementation upon completion of this Review.
- Parallel Program – Reclamation had expressed earlier its concern over managing the parallel program due to lack of authority. Therefore, it had indicated that funding this program would be stopped after completion of the Review. Due to delay in finalizing the Review, Reclamation has extended funding the parallel program until the end of March, 2008 allocating only one-half of the funds. The Forum expressed its concern over the limited funding because it will affect implementing projects. Reclamation indicated that it will work on finding a solution to this issue.
- Amendments to the Salinity Control Act – Because Reclamation has indicated that it may not be able to continue to manage the parallel program funding due to lack of authority, legislation has been proposed by the Salinity Control Forum to address this issue. The parallel program has been a successful program and has been implemented for many years. The proposed legislation would amend the Act by including clarification language in the Farm Bill to provide the needed authority for Reclamation to continue managing the parallel program. The Senate Agriculture Committee has adopted the proposed language to the Bill, which was sent to the Senate in November.
- The AC approved and recommended to the Forum that the same level of funding as last year be requested from the federal agencies. The Forum approved the AC's recommendation regarding the request for the level of funding.

The next Forum and Advisory Council meeting is scheduled to be held, at a site to be determined, in western Colorado in the first week of June, 2008.

Status of Perchlorate Remediation Efforts in the Las Vegas Wash, Nevada

The Tronox Fluidized Bed Reactor treatment system continues to operate and perform as expected. According to the Nevada Department of Environmental Protection (NDEP), Tronox' focus is to continue to further optimize the operation of the overall system to capture more perchlorate load, and reduce the load to Las Vegas Wash.

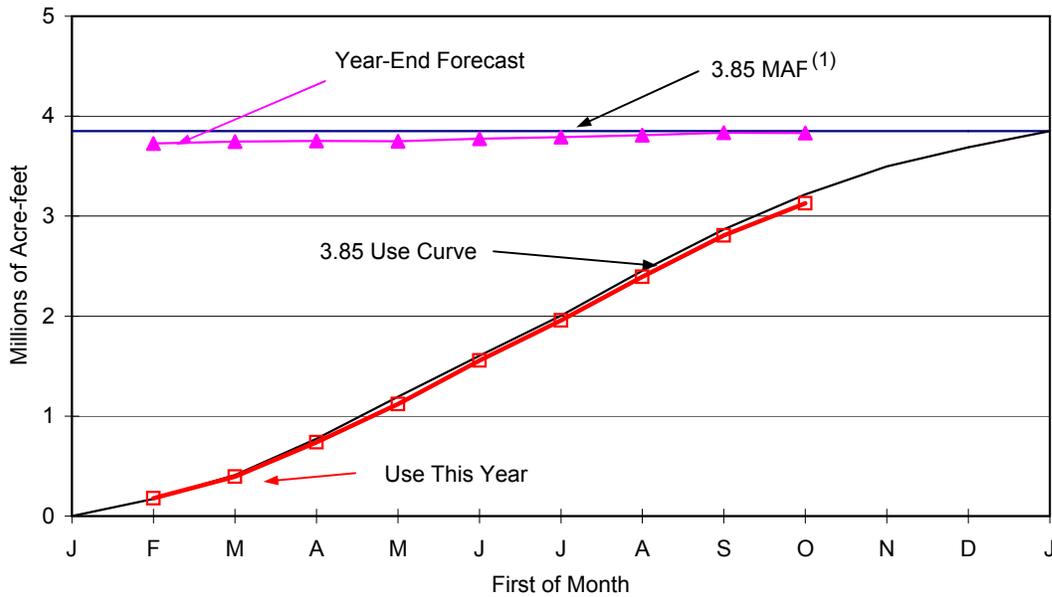
According to NDEP the perchlorate load to Las Vegas Wash is reduced to approximately 55 pounds per day. The goal was to reduce the load to less than 100 pounds per day. The perchlorate removal is about 2,000 pounds per day. As of August 1, 2007, approximately 2,330 tons of perchlorate has been removed from the environment. The perchlorate concentration at the Willow Beach monitoring station is now less than 2 parts per billion (ppb). As a consequence of the drop in the perchlorate load to Las Vegas Wash, it is expected that the perchlorate concentration at Willow Beach monitoring station to drop to about 1.0 ppb within a year considering the lag time.

At the last update, I reported that AMPAC switched to its permanent in-situ bioremediation system in December 2006. According to NDEP, the AMPAC system is working as expected. Total flow of the AMPAC system is about 225 gallons per minute (gpm) at this time. The system perchlorate load is about 34 pounds per day; and the goal is to increase it to approximately 50 pounds per day. AMPAC has conducted model studies to optimize the operations. Based upon the study, AMPAC has focused on pumping wells that capture more of the load, rather than increasing the flow.

On a related note, there is now a Maximum Contaminant Level (MCL) for perchlorate in California. In September, the California Department of Health Services adopted an MCL of 6 ppb and a detection limit, for reporting purposes, of 4 ppb for perchlorate. This detection limit became effective as of October 18, 2007.


Gerald R. Zimmerman
Executive Director

FIGURE 1
NOVEMBER 1 FORECAST FOR 2007 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	3.726	-0.090
Mar	0.396	3.746	-0.111
Apr	0.738	3.751	-0.115
May	1.121	3.750	-0.115
Jun	1.556	3.775	-0.139
Jul	1.956	3.789	-0.154
Aug	2.393	3.809	-0.174
Sep	2.807	3.836	-0.200
Oct	3.128	3.831	-0.196
Nov			
Dec			
Jan			

(1) The forecast of unused water is based on the availability of 3.636 MAF under the first three priorities of the water delivery contracts. This accounts for the: 85,000 af of conserved water available to MWD under the 1988 IID-MWD Conserv. agreement and the 1989 IID-MWD-CVWD-PVID Agreement as amended; 50,000 af of conserved water available to SDCWA under the IID-SDCWA Transfer agreement as amended; 26,000 af of conserved water available to SDCWA and MWD as a result of the Coachella Canal Lining Project; 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; 37,366 af of water IID and CVWD are forbearing to payback 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 ---7,304 af. The CRB does not concur with USBR's viewpoint on this matter.