

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

January 8, 2008

ADMINISTRATION

Approval of Board Meeting Minutes – December 12, 2007

Included in the Board folder is a copy of the December 12th Board meeting minutes. Based upon Board member's review and comment, I am asking for approval and adoption of these meeting minutes.

PROTECTION OF EXISTING RIGHTS

Colorado River Water Report

As of January 1, 2008, storage in the major Upper Basin reservoirs decreased by 441,550 acre-feet and storage in the Lower Basin reservoirs increased by 379,700 acre-feet during December 2007. Total System active storage as of January 2nd was 31.566 million acre-feet (maf), or 53 percent of capacity, which is 2.399 maf less than one year ago (Upper Basin reservoirs decreased by 1.041 maf and Lower Basin reservoirs decreased 1.358 maf).

December releases from Hoover, Davis, and Parker Dams averaged 7,760, 6,440, and 4,390 cubic feet per second (cfs), respectively. Planned releases from those three dams for the month of January 2008, are 11,200, 9,600, and 5,700 cfs, respectively. The January releases represent those needed to meet downstream water requirements including those caused by reduced operation of Senator Wash Reservoir.

As of January 2nd, 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 7.480 maf and is described as follows: Arizona, 2.798 maf; California, 4.374 maf; and Nevada, 0.308 maf. The Central Arizona Project will divert 1.611 maf, of which 0.251 maf are planned to be delivered to the Arizona Water Bank. The Metropolitan Water District of Southern California (MWD) will use about 0.713 maf, which is 80,000 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 3.752 maf. This estimate is based on the collective use, through December 2007, by the Palo Verde Irrigation District, the Yuma Project-Reservation Division, 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

Department of the Interior Approval of the Interim Shortage Guidelines and Coordinated Reservoir Operations Final EIS Record of Decision

As you are all aware, Secretary Kempthorne executed the Record of Decision (ROD) for the Final EIS on Thursday morning, December 13th during the annual meeting of the Colorado River Water Users Association (CRWUA) in Las Vegas, Nevada. Concurrent with Secretary Kempthorne's signing of the ROD, the Basin states signed a resolution recognizing the historic milestone that had been achieved toward management of the Colorado River in this consultative approach between the federal government and the states. Copies of the Department of the Interior's press release associated with signing the ROD, a copy of the ROD signature page, Secretary Kempthorne's comments at the CRWUA annual meeting, and a copy of the Basin States' resolution have been included in the Board folder.

2008 Annual Operating Plan (AOP)

On September 27th, the U.S. Bureau of Reclamation (Reclamation) released the final draft 2008 Annual Operating Plan (AOP) for operations of the Colorado River System reservoirs. 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. The final draft 2008 AOP projects that a volume of 1.5 million acre-feet of mainstream water will be made available to be scheduled for delivery to Mexico during 2008. It is expected that Secretary Kempthorne will sign the final 2008 AOP in early January of this year.

Reclamation Request for Voluntary Proposals for System Conservation of Colorado River Water Within Arizona

As we have discussed over the past couple of years, Reclamation has initiated a demonstration program among mainstream water users within the Lower Basin to implement voluntary water conservation, utilizing temporary land fallowing, to provide interim or supplementary water supplies to offset potential water supply impacts to storage in Lake Mead. As you may recall, the impacts to system storage in Lake Mead occur due to the bypass of drainage water from the Wellton-Mohawk Irrigation and Drainage District to the Cienega de Santa Clara in Mexico because the Yuma Desalting Plant (YDP) is not being operated at full capacity.

In 2006, MWD and the Palo Verde Irrigation District participated in the demonstration program to develop 10,000 acre-feet of conserved water, 3,000 acre-feet in 2006 and 7,000 acre-feet in 2007. Based upon Reclamation's policy for the creation of system conservation through the demonstration program, the intent is to have equal participation by both Arizona and California entities. Accordingly, Reclamation's current proposal is soliciting interest in participation in the demonstration program by mainstream water users in only Arizona. For this program in 2008, Reclamation is willing to pay \$80 per acre-foot for water conserved through temporary fallowing. According to Reclamation, the \$80 is intended to cover any and all costs incurred by entitlement holders as a result of land fallowing.

Included in the Board folder is a copy of a letter that was sent to the Chairman of the Fort Mojave Indian Tribe; while identical letters were sent to other Arizona mainstream water entitlement holders. Also included in the Board folder is a copy of the Reclamation policy related to the demonstration program. This policy was executed by former Regional Director Bob Johnson on May 5, 2006.

Memorandum of Understanding Regarding the Assessment of Options for the Reactivation and Operation of the Yuma Desalting Plant

On January 7th, I received a copy of a proposed Memorandum of Agreement (MOA) regarding the creation of a working group evaluating potential options related to the activation and operation of the Yuma Desalting Plant (YDP). Currently, the parties to the MOA include the following: Arizona Department of Water Resources (ADWR); Central Arizona Water Conservation District (CAWCD); City of Yuma; Environmental Defense; MWD; Southern Nevada Water Authority (SNWA); Yuma County Water Users Association (YCWUA); and Reclamation. I have included a copy of the proposed MOA in the handout materials.

The MOA's stated purpose is to assist in meeting the parties multiple goals, including: (1) reduction in impacts caused by high groundwater tables in the Yuma Valley (i.e., within YCWUA service area); (2) providing additional water supplies to Arizona mainstream entitlement holders during periods of shortage; (3) reclamation of at least a portion of the drainage water bypassed to the Cienega de Santa Clara; (4) provide long-term certainty for flow releases to the Cienega de Santa Clara and Limitrophe reach of the mainstream; (5) provide interim water supplies to MWD and SNWA; (6) provide high quality water for agricultural and municipal water use in the Yuma region; and (7) aid in accomplishing the purposes of the Colorado River Basin Salinity Control Act. The MOA, if implemented, would also establish a YDP Advisory Committee and three working groups, including: (1) Engineering and Operations Work Group; (2) Environmental Work Group; and (3) Legal/Regulatory Work Group. The MOA schedule projects that a final report detailing proposed recommendations will be made to the Advisory Group by April 15, 2008.

Basin States Discussions

Status of the Final EIS for Colorado River Interim Guidelines for Lower Basin Shortages and Coordinated Operations of Lakes Powell and Mead, Record of Decision, and Related Agreements

As discussed above, on December 13, 2007, Secretary Kempthorne signed the Record of Decision for the Interim Shortage Guidelines and Coordinated Reservoir Operations Final EIS. Concurrent with execution of the ROD, the Basin States and applicable Colorado River water using agencies executed a number of related agreements, including the following:

- Lower Colorado River Basin Intentionally Created Surplus Forebearance Agreement;
- Intentionally Created Surplus Project Exhibits (currently, project exhibits have been received from Southern Nevada Water Authority, Imperial Irrigation District, and The Metropolitan Water District of Southern California);
- California Agreement for the Creation and Delivery of Extraordinary Conservation Intentionally Created Surplus (this agreement is among Palo Verde Irrigation District, Imperial Irrigation District, Coachella Valley Water District, The Metropolitan Water District of Southern California, and the City of Needles);
- All-American Canal Drop 2 Reservoir Funding Agreement (involves the United States, Southern Nevada Water Authority, and the Colorado River Commission of Nevada; and interested entities, including The Metropolitan Water District of Southern California, and the Central Arizona Water Conservation District);
- Intentionally Created Surplus Water Delivery Agreement between the United States and the Southern Nevada Water Authority and the Colorado River Commission of Nevada;
- Intentionally Created Surplus Water Delivery Agreement between the United States and The Metropolitan Water District of Southern California; and
- Intentionally Created Surplus Water Delivery Agreement between the United States and the Imperial Irrigation District.

Copies of the ROD, the Basin States' Resolution, and all of the associated implementing agreements are posted on Reclamation's Lower Colorado Region website.

Basin States' Letter to Secretary Kempthorne Regarding the Study of Long-Term Augmentation Options for the Water Supply of the Colorado River System Final Report

As you will recall, one of the primary elements in the Basin States' February 3, 2006, letter to Secretary Norton and as part of the Basin States' Preliminary Proposal, was the identification of options for augmenting water supplies of the Colorado River System. Options could include conservation and efficiency projects within the basin, as well as importation of additional water supplies from outside of the Colorado River basin. Toward this end, the Basin States' Technical Committee recently completed a final report identifying numerous options and proposed projects that could, over the long-term, effect the creation and utilization of additional water supplies for users within the Colorado River basin.

I am asking for Board approval for the Chairman to sign a joint Basin States' letter to Secretary Kempthorne transmitting a copy of the Final Report describing the proposed Long-Term Augmentation Options. A copy of the draft letter has been included as part of the handout materials for your review and discussion.

Glen Canyon Adaptive Management Program

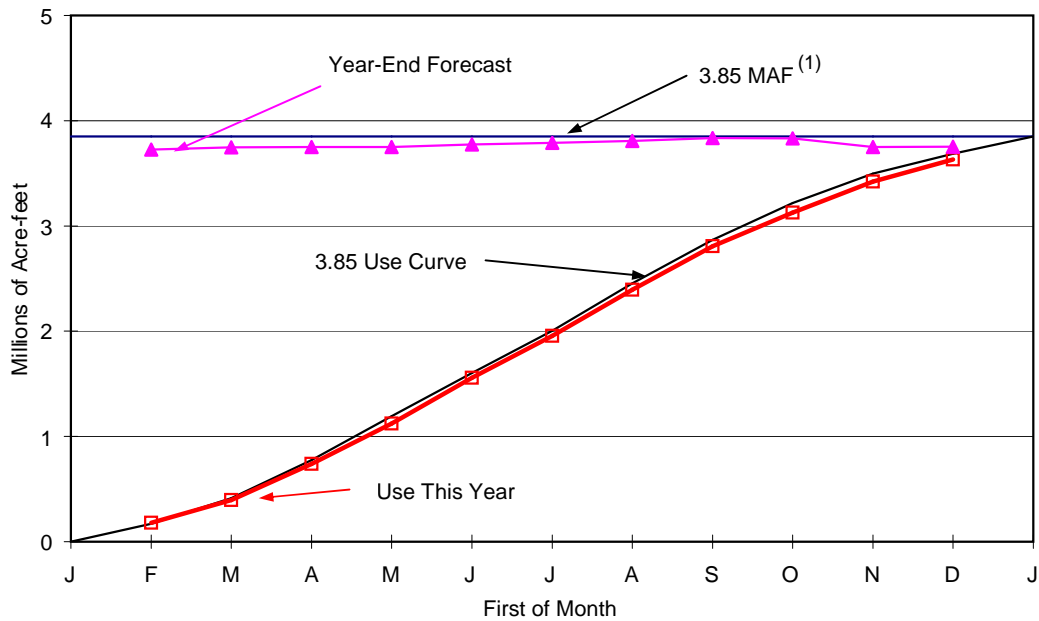
Status and Recommendations for a Potential Spring 2008 Glen Canyon Dam High-Flow Test

On December 20, 2007, Deputy Assistant Secretary for Water and Science, Ms. Brenda Burman, released a memorandum regarding the Department of the Interior's considerations regarding conducting a potential high-flow test release from Glen Canyon Dam. In preparing the memorandum, Ms. Burman contacted members of the Glen Canyon Dam Adaptive Management Work Group (AMWG) for their input and recommendations. Ms. Burman indicated, in the memorandum, that the proposed high-flow test was being considered due to sediment-enriched conditions in the Grand Canyon as a result of several intense runoff storm events over the past eighteen months.

Ms. Burman indicated that the Department of the Interior Glen Canyon Dam Policy Group also recently met to consider Interior's overall approach to the potential high-flow test. The Policy Group developed three recommendations: (1) Interior agencies should actively proceed with environmental activities (e.g., NEPA and ESA) for a potential test; (2) that the Grand Canyon Monitoring and Research Center (GCMRC) should actively work to prepare a test, although the GCMRC should recognize that the test is a proposal only at this stage, and that a final decision is still to be made; and (3) that Interior should seek to identify approaches that could minimize potential adverse impacts as a result of the potential high-flow test. The memorandum does not indicate when a final decision regarding the high-flow test will be made by the Department of the Interior; however, a conference call among the Adaptive Management Work Group members has been scheduled for January 17th and this is one of two topics to be discussed. A copy of the memorandum has been included in the Board folder.


Gerald R. Zimmerman
Executive Director

FIGURE 1
JANUARY 1, 2008 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	-0.110
Apr	0.738	3.751	-0.115
May	1.121	3.750	-0.114
Jun	1.556	3.775	-0.139
Jul	1.956	3.789	-0.153
Aug	2.393	3.809	-0.173
Sep	2.807	3.836	-0.200
Oct	3.128	3.831	-0.195
Nov	3.422	3.751	-0.115
Dec	3.630	3.752	-0.116
Jan			

(1) The forecast of unused water is based on the availability of 3.629 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; 46,119 af of water IID and CVWD are forbearing to payback Colorado River Water Delivery Agreement Exhibit C and 2006 overruns. 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.