

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

June 10, 2008

ADMINISTRATION

Approval of Board Meeting Minutes – April 16th

A copy of the April 16th Board meeting minutes has been included in the Board folder for review and comment. I am asking for approval and adoption of these meeting minutes by Board members.

Fiscal Year 2008-2009 Budget Approval

Both the Senate Subcommittee No. 2 on Resources, Environmental Protection, and Energy and the Assembly Resources Subcommittee No. 3 on Natural Resources and Environmental Protection approved the Board's budget for Fiscal Year 2008-09, as proposed in the Governor's Budget. For 2008-09 the Board will not receive any State funds. The Board's FY 2008-09 Budget, which is funded 100 percent from reimbursements from the agencies on the Colorado River Board, totals \$1,614,000.

Included in the Board folder is a copy of the Board's proposed FY 2008-09 Budget and Standard Agreement No. 41 between the Board and the Six Agency Committee and a Resolution authorizing execution of the Standard Agreement for the Board members' approval.

Governor Schwarzenegger's Drought Executive Order

On June 4th, Governor Schwarzenegger issued an Executive Order proclaiming a condition of statewide drought. The Executive Order directed the Department of Water Resources to take immediate action to address the drought conditions and water delivery limitations that currently exist and that are anticipated in the future. The actions to be taken include: expedite existing grant programs for new or ongoing water conservation and water use reduction programs and projects; facilitate water transfers in 2008 and prepare to operate a dry-year water purchasing program in 2009; conduct an aggressive water conservation and outreach campaign; convene the Climate Variability Advisory Committee to prioritize and expedite drought-related research; provide technical assistance to local water agencies and districts for drought response; and other actions including cooperating with other state agencies, the U.S. Bureau of Reclamation (Reclamation), and others.

PROTECTION OF EXISTING RIGHTS

Colorado River Water Report

As of June 1, 2008, storage in the major Upper Basin reservoirs increased by 1,803,010 acre-feet and storage in the Lower Basin reservoirs decreased by 225,500 acre-feet during May 2008. Total System active storage as of June 2nd was 32.585 million acre-feet (maf), or 55 percent of capacity, which is 1.108 maf less than one year ago (Upper Basin reservoirs decreased by 0.285 maf and Lower Basin reservoirs decreased 0.823 maf).

May releases from Hoover, Davis, and Parker Dams averaged 18,100, 16,150, and 11,120 cubic feet per second (cfs), respectively. Planned releases from those three dams for the month of June 2008, are 15,600, 15,400, and 11,400 cfs, respectively. The June releases represent those needed to meet downstream water requirements including those caused by reduced operation of Senator Wash Reservoir.

As of June 2nd, taking into account both measured and unmeasured return flows, the Lower Division states' consumptive use of Colorado River water for calendar year 2008, as forecasted by Reclamation, totals 7.622 maf and is described as follows: Arizona, 2.850 maf; California, 4.488 maf; and Nevada, 0.284 maf. The Central Arizona Project (CAP) will divert 1.576 maf, of which 0.188 maf are planned to be delivered to the Arizona Water Bank. The Metropolitan Water District of Southern California (MWD) will use about 0.797 maf, which is 84,000 acre-feet more than its 2007 use of mainstream water.

The preliminary end-of-year estimate by the Board staff for 2008 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 3.724 maf. This estimate is based on the collective use, through April 2008, 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 Approves MWD Storage of Nevada Unused Apportionment

On May 14th, Reclamation's Regional Director approved Nevada's request to have MWD store 15,000 acre-feet of Nevada's unused apportionment in MWD's system. MWD will submit a revised diversion schedule reflecting the diversion and storage of this water on behalf of Nevada.

In a related vein, Reclamation also approved Nevada's revised diversion estimate for Calendar Year 2008. Nevada will divert 510,000 acre-feet instead of 525,000 acre-feet. The remaining 15,000 acre-feet will be diverted by MWD and stored on behalf of Nevada. Both approval letters from Reclamation have been included in the Board folder.

Basin States Discussions

Scripps Institution Response to Board's Letter Regarding the "When will Lake Mead go dry?" Article in Journal of Water Resources Research

On April 24th I received a detailed response from the Scripps Institution of Oceanography regarding its recent article, "When will Lake Mead go dry?", published in the Journal of Water Resources Research. The article's authors claimed repeatedly that Reclamation would not respond to requests for information or a peer review of the article. The authors provided a point-by-point response to many of the issues identified in the Board's Letter. A copy of the Scripps' letters and the final copy of the article included in the Journal of Water Resources Research have been included in the Board folder for your information.

Long-Term Water Supply Augmentation Report Status

As has been discussed at previous Board meetings, the long-term water supply augmentation report was submitted to Secretary Kempthorne by the Basin states on March 21st. On May 6th I received a letter from the Commissioner of Reclamation acknowledging receipt of the report. The Commissioner's Office commended the Basin states for preparation of the report and the forward-looking vision that it contained. Also, Reclamation designated Mr. Steve Hvinden, from the Lower Colorado Regional Office, as Reclamation's liaison with the Basin states for the initiative. A copy of the letter from the Commissioner's Office has been included in the Board folder.

Salt Cedar and Russian Olive Control Demonstration Act (P.L. 109-320)

On June 4th, representatives of the seven Colorado River Basin states sent letters to Senators Dorgan and Domenici requesting continued support and funding for the Salt Cedar and Russian Olive Control Demonstration program contained in the FY 2009 Energy and Water Development Appropriations Bill. The states recommended that \$300,000 be appropriated to complete the assessments and that \$2.0 million be appropriated to begin the implementation of demonstration projects. The letter signed by Chairman Fisher, along with the other Basin states representatives, is included in the handout materials.

MWD Letters of Support for S. 1807 and H.R. 3445

MWD recently sent identical letters to the Senate Committee on Commerce, Science and Transportation, and the House Committee on Science and Technology regarding two similar pieces of legislation moving through the Senate and House. Both pieces of proposed legislation address a federal role in the assistance with applied research and practical technology transfer programs. Passage of S. 1807 and H.R. 3445 would complement the Basin states' long-term water supply augmentation effort; as well as the cooperative weather modification demonstration programs currently underway in the Upper Basin states. Copies of both MWD letters have been included in the Board folder. Letters from the Colorado River Board and the Central Arizona Water Conservation District supporting passage of this legislation have been included in previous Board folders.

Million Conservation Resource Group “Regional Watershed Supply Project”

I was recently made aware of a proposed project in the Upper Basin that would divert between 250,000 acre-feet and 175,000 acre-feet from Flaming Gorge Reservoir and conveyed east along the I-80 corridor to the I-25 corridor to Colorado’s Front Range. Eric Kuhn, General Manager of the Colorado River Water Conservation District, recently prepared a detailed memorandum to the District’s Board of Directors recommending opposition to the project for the time being. The District’s concerns include not knowing how much water is actually available for Colorado to develop under the terms of the 1922 and 1948 Compacts; the current Colorado River Basin Roundtables planning processes are not yet completed; several significant water rights administration and priority issues associated with the project that need to be addressed; and finally, the issue related to the priority of use for the Colorado River Storage Project system. In fact, Mr. Kuhn states that the Colorado River Storage Project reservoirs really serve a dual role: (1) aiding the Upper Division states in meeting their compact obligations to the Lower Division; and (2) assisting the individual Upper Division states in developing their compact apportionments.

Mr. Kuhn recommends that the Board of Directors for the River District oppose any further consideration of the project until Colorado’s legislatively-mandated water availability study has been completed. Additionally, he recommends that the River District urge the Colorado River Basin Roundtables, Colorado Department of Natural Resources, and other impacted Colorado water users join the River District in opposing the project.

Copies of the River District’s memorandum to its Board of Directors, as well as a power-point presentation prepared by the Million Conservation Resource Group and delivered to the River District’s Board of Directors at a recent meeting have been included in the Board folder.

Lake Powell Pipeline Project Status

The U.S. Department of Energy’s Federal Energy Regulatory Commission (FERC) recently published a notice in the *Federal Register* of a Notice of Intent to File License Application, and Filing of Pre-Application Document, and Issues Scoping for the Project. The *Federal Register* Notice was published on May 12th. FERC has indicated that it has designated the Utah Department of Water Resources as FERC’s non-federal representative for informal consultation with the U.S. Fish and Wildlife Service and regarding the National Historic Preservation Act.

FERC is initiating a scoping of environmental issues process pursuant to the National Environmental Policy Act (NEPA) related to the proposed 180 mile pipeline project for Lake Powell to the St. George, Utah region. FERC plans to hold three scoping meetings on June 10-12, 2008, respectively in St. George, Cedar City, and Kanab, Utah. Copies of the Federal Register notice, FERC’s memorandum to interested parties, and the proposed NEPA Scoping Issues document have been included in the Board folder. I proposed that the Board send a letter to FERC indicating that it is interested in following the progress of this project; and wishes to receive all information regarding the scoping and NEPA processes, and may provide comments, as appropriate, throughout the process.

Assessment of the Options for the Reactivation and Operation of the Yuma Desalting Plant

As discussed during previous Board meetings, efforts have been underway to evaluate the reactivation and operation of the Yuma Desalting Plant. A plan of study was prepared by an Advisory Committee composed of representatives from 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. Three Work Groups were established to gather information and provide the needed analyses to be able to provide recommendations to the Advisory Committee on how to proceed. These Work Groups included: 1) an Engineering and Operations Work Group; 2) an Environmental Work Group; and 3) a Legal/Regulatory Work Group. The Work Groups and Advisory Committee have been meeting since February 2008. The CRB staff has attended meetings of the Advisory Council and the Work Groups.

The identified goals for this effort were to: 1) reduce the impacts caused by the high groundwater tables in the Yuma Valley (i.e., within YCWUA service area); 2) provide additional water supplies to Arizona mainstream entitlement holders during periods of declared shortages; 3) provide for reclamation of, at least a portion, of the drainage water bypassed to the Cienega de Santa Clara; 4) provide long-term certainty for water releases to the Cienega de Santa Clara and Limitrophe-reach of the Colorado River mainstream; 5) provide interim water supplies to MWD and SNWA; 6) provide high quality water for agricultural and municipal water users in the Yuma area; and 7) aid in accomplishing the purposes of the Colorado River Basin Salinity Control Act.

A lot of discussion and analyses has occurred and there is a better understanding of what will be necessary to reactivate the operation of the Yuma Desalting Plant. However, there are still a number of unknowns and unanswered questions. As a result, there is interest in exploring operation of the Yuma Desalting Plant as a “pilot” or “demonstration” project for an extended period of time (one to two years). This effort would build upon the demonstration program that began in March 2007 when the plant was operated at 10 percent of capacity for 90 days. Limited information came out of the initial test run because of the limited time and capacity of operation. It is believed that operation of the plant for a longer time period and at 1/3 capacity will provide more information regarding operation of the plant, its operational costs, and impacts associated with its operation.

A small group has been formed to look a developing a funding agreement and other agreements necessary to move forward with a “demonstration” project. Water produced during the demonstration period could be considered System Conservation Intentionally Created Surplus (ICS) and an agreed upon quantity water could be made available to the entities that fund operation of the plant during the demonstration period. This program would work similar to the one that was implemented for funding the construction of the Drop 2 Reservoir. The small group will also identify the monitoring that needs to occur during the demonstration period, identify the permits and environmental compliance that are needed, and the estimated cost to start-up and operate the plant during the demonstration period. Following the initial efforts by the small group negotiations regarding the quantity of ICS water that will be made available and who the funding partners and beneficiaries would be will need to occur.

At this time, further efforts by the Yuma Desalting Plant Reactivation and Operation Advisory Committee are on hold. It was felt that as information and results come out of the “demonstration” project, the Advisory Committee may elect to again look at the long-term operation of the Yuma Desalting Plant.

Colorado River Environmental Activities

Initiative for Conservation and Sustainable Development – San Felipe Carranza Demonstration Project and Bird Monitoring Project (Phase II)

The Six Agency Committee and the Sonoran Institute are in the final negotiations for implementation of Phase II of the Initiative for Conservation and Sustainable Development – San Felipe Carranza Demonstration Project and Bird Monitoring Project. This project, which would be funded by the Six Agency Committee and implemented by the Sonoran Institute, would provide on the ground restoration of 10 acres of riparian habitat on the Hardy River. In addition, it would contain an extensive monitoring program to guide adaptive management, an outreach initiative involving the local community and an environmental education element. The total cost of this program would be \$65,000.

Department of Water Resources Letter Confirming Co-Sponsorship with the Sonoran Institute Regarding Colorado River Delta Habitat Restoration and Education Projects

The California Department of Water Resources recently wrote a letter to the Sonoran Institute indicating that it would provide \$35,000 for habitat restoration and education activities in the Colorado River Delta region in Mexico. The new project would include (1) creation of about five acres of riparian, wetland, and upland habitat; (2) installation of a stream-gauging station on the Rio Hardy River; (3) conduct bird monitoring; and (4) the preparation of environmental education materials in conjunction with the Water Education Foundation.

USFWS Five-Year Status Review of T&E Species in Arizona

On May 16th, the USFWS announced that it will be initiating a five-year review of the threatened and endangered species status for ten species in Arizona. Of interest to the Board, the USFWS will be reviewing the status of the endangered southwestern willow flycatcher. The USFWS is soliciting information from interested parties and agencies regarding the continued listing, down-listing, or de-listing of these species. The five-year review of species designations is mandated by the Endangered Species Act. A copy of the letter from the USFWS has been included in the Board folder.

Status of Grand Canyon Trust v. U.S. Bureau of Reclamation

On February 15th, the Grand Canyon Trust, the plaintiffs in the lawsuit in *Grand Canyon Trust v. U.S. Bureau of Reclamation*, filed a proposed memorandum in support of the plaintiff’s motion for summary judgment. The memorandum details the arguments that support the Grand Canyon Trust’s position that summary judgment should be granted by the U.S. District Court.

Generally, the Trust seeks to have Reclamation re-consult under ESA Section 7 regarding the continued use of modified low fluctuating flows, as well as Glen Canyon Dam operations and the preparation and implementation of Annual Operating Plans (AOP). The Trust also seeks to have Reclamation comply with NEPA regarding the preparation and implementation of Annual Operating Plans associated with Glen Canyon Dam operations. A copy of the Trust's detailed memorandum was included in the March Board folder.

On March 14th, the Grand Canyon Trust filed a supplemental complaint for declaratory and injunctive relief. The material difference between the original filing and the supplemental is that the supplemental brings in the U.S. Fish and Wildlife Service as one of the named defendants. A copy of the supplemental complaint was included in the April Board folder.

On March 17th, the U.S. Department of Justice filed a proposed memorandum in support of the government's motion to dismiss claims 1-5; and a memorandum in opposition to the Trust's motion for summary judgment on claims 4-5. In essence, the government argues that claims 1-3 are moot; as they concern compliance with the 1995 Glen Canyon Dam biological opinion, which has been superseded by a new biological opinion issued in early 2008. Claim 4, involving the potential need to consult on an AOP, is refuted by the government. The government believes AOPs are not an action that authorizes, funds, or carries out a particular activity requiring ESA Section 7 consultation. Claims 4-5 involve the allegation that AOP determinations regarding Glen Canyon Dam operations required NEPA analysis. On these remaining claims, the United States argues that the operation of Reclamation facilities due to changing hydrologic conditions does not constitute a major federal action requiring a NEPA assessment; and that the potential annual variation in projected flow releases fully conform to the alternatives analysis in the 1995 Final Environmental Impact Statement for Glen Canyon Dam operations. A copy of the government's memorandum was included in the April Board folder.

As discussed at the April Board meeting, the seven Basin states filed a motion to intervene on May 2nd. Based upon the seven Basin states proposed intervention, the Board moved and unanimously approved a recommendation that the California Attorney General join in the Basin states intervention. In support of the Basin states motion to intervene, three water districts (MWD, CAWCD, and IID) and CREDA also filed motions to intervene.

On May 30th, the plaintiffs file a motion opposing the intervention of the Basin states, the water districts and CREDA. The plaintiffs indicated that if the Court does allow intervention by the Basin states or others it should be limited to remedy phase.

I can report that the states and agencies motions to intervene in the lawsuit were granted on June 3rd by the District Court. The Court's Order requested that the states work through a single point-of-contact; and that the water agencies also utilize single point-of-contact. CREDA's motion to intervene was also accepted by the District Court. Copies of the Court's Order granting the intervention has been included in the Board folder.

Systems Conveyance and Operations Program (SCOP) Environmental Assessment

Based upon several proposed changes to the overall Systems Conveyance and Operations Program (SCOP) wastewater conveyance project, Reclamation has released a draft Environmental Assessment, supplementing the 2007 SCOP EIS and Record of Decision. The proposed changes to the SCOP project involve the use of cut-and-cover instead of tunneling for a reach of the system; widening of a construction area; addition of a temporary power-line; and the realignment of 16,000 feet of a tunnel to avoid private property. A copy of Reclamation's notice of the draft EA and proposed project changes is included in the Board folder.

WATER QUALITY

Colorado River Basin Salinity Control Program

The Colorado River Basin Salinity Control Forum (Forum), the Advisory Council (AC) and the Forum's Work Group meetings were held from May 28 to May 30, 2008, in Montrose, Colorado. In conjunction with the Forum meeting, a tour of the salinity control projects in the Lower Gunnison Area was held on May 29th.

At the Forum meeting, the federal agencies (USDA, BLM, USGS, and USBR) provided their report to the Forum (the USEPA representative was not present). The reports included the agencies' efforts related to Colorado River Basin salinity control and the status of their projects.

The main purpose of this special AC meeting was to discuss the issues related to the new Farm Bill. Language was included in the Farm Bill to amend the Colorado River Salinity Control Act. The amendment creates a Basin States Program and affirms Reclamation's authority to manage the Basin States Program. This is the same program that was called the "parallel program" and that cost shares with USDA to fund on-farm salinity control projects. In the past, Reclamation has questioned its authority to manage and provide funding for the "parallel program."

The amendments to the Farm Bill require that a report be submitted to Congress on the program and no funds can be expended for this program before 30 days after the report has been submitted to the Congress. In other words, the funding is dependent on submitting this report to Congress. To expedite the process for timely submittal of the report to Congress and consequently timely funding, AC formed an *ad hoc* committee to work with Reclamation and USDA to facilitate the preparation of the report. It is the intent to have this report to Congress by November 30, 2008.

Also, the AC held the election of new officers. The AC elected Pat Tyrrell of Wyoming as the new chair, and Dennis Strong of Utah as the new vice chair. During the Forum meeting this same slate of officers was elected.

Other items that were discussed at the Forum or AC meetings included:

- 2008 Triennial Review – The Forum discussed the draft 2008 Review that the Work Group had submitted to Forum members. The Forum directed the Work Group to provide the information on the availability of the draft Review to the public via an announcement and posting of the draft Review on the Forum’s website as well as the individual state’s websites for review and comment. Following the public review period, the Forum anticipates adopting the 2008 Review at its fall 2008 meeting.
- Paradox Project – The USBR has completed a study to evaluate alternatives to the Paradox Project. Reclamation indicated that this study will be finalized by mid-June and will be available for review by Forum. The Forum directed the Work Group to work with Reclamation on this study to provide comments on alternatives.
- Basin-wide Program Review - Reclamation reported to the Forum that it had finalized its Review. The objective of this Review was to document the current practices and make changes and develop manuals and procedures for program implementation upon completion of this Review.
- New Farm Bill and amendments to the Salinity Control Act and report to Congress – Based on the AC’s decision to form an *ad hoc* committee to speed up the process for preparation of the report to Congress; and the Forum, being concerned with timely funding of the projects, instructed the work Group to work with the *ad hoc* committee, Reclamation, and USDA to assist in preparation of the report.
- USDA Review Report – USDA (Natural Resources Conservation Services, NRCS) has prepared its internal review report and has provided it to the Forum for review and comments. The Forum instructed Work Group to review this report and provide comments to NRCS.
- Additional Work Group assignments – The Forum directed the Work Group to be involved in the following additional issues and report back to the Forum whenever necessary:
 - Tamarisk issues
 - The Forum’s justification report
 - USBR Accounting report
 - USDA high-cost salinity control areas

The next Forum meeting will be held in California during the week of October 27, 2008.

Moab Uranium Mine Tailings

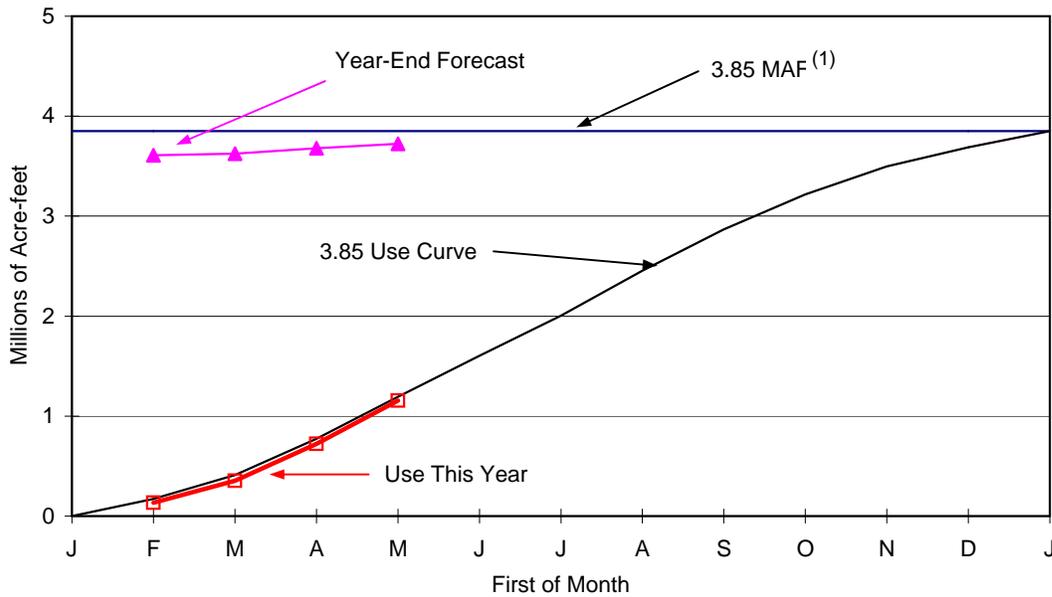
I have included in the handout materials two recent news articles from local Utah newspapers regarding the movement of the uranium mill-tailings near Moab. The U.S. Department of Energy is evaluating the safest method for actually relocating the tailings pile.

The two identified options include by trucks on the state highway system, or via railcar on a spur line to the new storage site. Regardless of the transport method chosen, it still looks as though the completion of the relocation effort could be as early as 2019, or as late as 2028.

A handwritten signature in black ink, appearing to read "Gerald R. Zimmerman". The signature is fluid and cursive, with a long horizontal stroke at the end.

Gerald R. Zimmerman
Executive Director

FIGURE 1
JUNE 1, 2008 FORECAST 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	0.134	3.610	0.016
Mar	0.352	3.625	0.001
Apr	0.722	3.680	-0.054
May	1.154	3.724	-0.098
Jun			
Jul			
Aug			
Sep			
Oct			
Nov			
Dec			
Jan			

(1) The forecast of unused water is based on the availability of 3.626 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; 27,625 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 --- 7,011 af. The CRB does not concur with USBR's viewpoint on this matter.