

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

**September 9, 2008**

**ADMINISTRATION**

**Approval of Board Meeting Minutes – August 13<sup>th</sup>**

A copy of the August 13<sup>th</sup> 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.

**AGENCY MANAGERS' MEETING**

An Agency Managers' meeting was held on August 27, 2008, at the headquarters building of The Metropolitan Water District of Southern California in Los Angeles. The main purpose of the meeting was to discuss the recent proposed rule published in the *Federal Register* by the U.S. Bureau of Reclamation (Reclamation) regarding the regulation of the use of mainstream water in the Lower Colorado River Basin without an entitlement. Additional topics discussed during the course of the meeting included the following: The International Boundary and Water Commission's Bi-National Projects process, and the proposal from some of the U.S. participants; Yuma Desalting Plant Pilot Project proposal; Lake Powell Pipeline; Navajo-Gallup Water Supply Project Pipeline; and the draft 2009 Annual Operating Plan development process.

Reclamation's proposed Rule was discussed in detail and it was agreed that the Agencies would provide comments to Board staff to be incorporated into the Board's comment letter. A final draft letter has been prepared by Board staff incorporating comments received from The Metropolitan Water District of Southern California (MWD), Imperial Irrigation District (IID), and the San Diego County Water Authority (SDCWA). A copy of the Board's proposed comment has been included in the handout materials. As the comments are due on September 15<sup>th</sup>, I am requesting Board approval and authorization to finalize and send the letter to Reclamation.

**PROTECTION OF EXISTING RIGHTS**

**Colorado River Water Report**

As of September 1, 2008, storage in the major Upper Basin reservoirs decreased by 516,040 acre-feet and storage in the Lower Basin reservoirs increased by 58,400 acre-feet during August 2008. Total System active storage as of September 2<sup>nd</sup> was 34.535 million acre-feet

(maf), or 58 percent of capacity, which is 1.893 maf more than one year ago (Upper Basin reservoirs increased by 2.535 maf and Lower Basin reservoirs decreased 0.642 maf).

August releases from Hoover, Davis, and Parker Dams averaged 13,080, 12,980, and 10,340 cubic feet per second (cfs), respectively. Planned releases from those three dams for the month of September 2008, are 12,000, 13,300, and 9,500 cfs, respectively. The September releases represent those needed to meet downstream water requirements including those caused by reduced operation of Senator Wash Reservoir.

As of September 2<sup>nd</sup>, 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 7.602 maf and is described as follows: Arizona, 2.817 maf; California, 4.505 maf; and Nevada, 0.280 maf. The Central Arizona Project (CAP) will divert 1.547 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 0.793 maf, which is 80,000 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 3.765 maf. This estimate is based on the collective use, through July 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

### *2009 Annual Operating Plan Development*

On August 26<sup>th</sup>, the second consultation meeting of the Colorado River Management Work Group was held to continue development of the 2009 Annual Operating Plan for the Colorado River System Reservoirs (2009 AOP). During the meeting the Work Group reviewed the draft of the 2009 AOP that was prepared by Reclamation and posted on Reclamation's website.

Based upon the expected runoff and reservoir conditions, the draft 2009 AOP calls for: 1) Lake Powell to be operated in the Upper Balancing Tier with a release from Glen Canyon Dam of 8.23 maf, unless the April 2009 24-Month study projects Lake Powell's water surface elevation to be above the equalization trigger by the end of the water year; 2) Lake Mead is to be operated under the Intentionally Created Surplus (ICS) condition with releases from Hoover Dam to satisfy mainstream consumptive use demands in the Lower Basin of 7.5 maf plus the delivery of ICS water that is requested; 3) although no unused apportionment is anticipated to be available in 2009, if it becomes available it will be apportioned in accordance with Article II(B)(6) of the Consolidated Decree in *Arizona v. California*; 4) Mexico to be able to schedule the delivery of 1.5 maf of water during calendar year 2009.

The final consultation meeting on the 2009 AOP will be held on October 7<sup>th</sup> in Las Vegas, Nevada. When finalized by Reclamation and approved by the Secretary of the Interior, it will be sent to the Governors of each of the Colorado River Basin states. This is expected to occur prior to the end of the year.

#### *Yuma Desalting Plant Proposed Pilot Project Operations*

As we have discussed at previous Board meetings, the Central Arizona Water Conservation District (CAWCD), Southern Nevada Water Authority (SNWA), and MWD are participating in discussions with Reclamation to implement a pilot project to run the Yuma Desalting Plant (YDP) up to one-third capacity until about 30,000 acre-feet of blended water (YDP product water and Wellton-Mohawk Irrigation and Drainage District return flow) has been returned to the Colorado River. The non-federal partners have tentatively agreed to fund the non-federal costs as follows: MWD 60%; SNWA 30%; and CAP 10%. An amount of water equal to a portion of the blended water which is returned to the Colorado River would be credited to the non-federal funding partners as System Efficiency ICS, based upon the December 2007 Interim Guidelines. ICS water would be credited to each partner's ICS account based upon the amount of funding provided.

The non-federal funding partners have also tentatively agreed to fund environmental impact monitoring in the Limitrophe and Cienega de Santa Clara during the term of the pilot project. Research will also be conducted to evaluate future operation of YDP. Final implementation of the proposed pilot project will require the following agreements to be executed: (1) A contributed funds agreement between Reclamation and funding partners; (2) Water delivery agreements between Reclamation and each non-federal partner; (3) A forbearance exhibit between all parties to the December 2007 Forebearance Agreement; and (4) An Environmental monitoring funding agreement between all of the non-federal funding partners. The intent is to have all of the agreements executed prior to the end of the calendar year.

#### *Reclamation's Proposed Rule-Making Process for Regulating the Use of Lower Colorado River Water Without an Entitlement*

On July 16<sup>th</sup>, Reclamation published a proposed rule in the *Federal Register* (73 FR 137, 40916-40932, July 16, 2008) regarding the regulation of the use of Lower Colorado River water without a valid entitlement. The proposed rule would establish procedures that Reclamation will follow in making determinations of unlawful use of Lower Colorado River water. The proposed rule also includes notice and appeal procedures for those persons or entities whose use of Lower Colorado River water is identified as unlawful. A copy of Reclamation's news release concerning the proposed rule has been included in the Board folder. Reclamation is seeking comments on the proposed rule; and those comments are due on September 15, 2008.

Reclamation held a series of public informational meetings along the Lower Colorado River in Laughlin, Nevada; Parker, and Yuma, Arizona; and in Blythe, California. The purpose of the informational meetings was not to solicit comments, but to provide interested parties with more information about the proposed rule and answer questions. Board staff attended the

informational meetings in Parker, Arizona and Blythe, California. While there was a relatively heavy turnout at the informational meeting in Laughlin, Nevada; there was very light turnout at the meetings in Parker, and Yuma, Arizona; and in Blythe, California.

Board staff recently prepared a draft letter containing the Board's preliminary assessment and comments on the proposed rule and rule-making process. These comments were developed as a result of staff analysis of the proposed rule, the discussions at the Agency Managers' meeting held on August 27<sup>th</sup>, and comments received from the agencies. The Board's staff believes that the proposed rule needs to: 1) Specifically address not only water pumped from wells within the accounting surface, but also water pumped directly from the Colorado River or water bodies fed by the Colorado River; 2) Address more fully pumpers of water via wells within the accounting surface or directly from the Colorado River within established service areas with existing Section 5 contract entitlement holders; 3) Include a requirement that all users, using Colorado River water, comply with Article V reporting requirements; and 4) Recognize unique hydrologic circumstances that merit an exception to the accounting area identified by the U.S. Geological Survey. A copy of the Board's proposed comment letter was sent out prior to the Board meeting for the Board's review. I am asking for the Board's approval to finalize the letter and submit it to Reclamation on or before the comment deadline of September 15<sup>th</sup>.

In a related vein, on August 19<sup>th</sup>, the Upper Colorado River Commission submitted a letter to Reclamation supporting the timely promulgation and implementation of the proposed rule. The Upper Colorado River Commission supports the identification and curtailment of unauthorized uses of mainstream water as it may have negative impacts on reservoir storage and releases, and could affect Upper Basin water users. A copy of the Commission's comment letter has been included in the Board folder. In discussions with the Lower Basin states, both Arizona and Nevada plan to submit comments on the proposed rule.

#### *Status of the Drop-2 Reservoir Storage Project*

On August 21<sup>st</sup>, Secretary of the Interior, Dirk Kempthorne, announced the award of a \$98.3 million contract to Ames Construction, Inc. and Coffman Specialties, Inc. to construct the water reservoir and delivery project along the All-American Canal near the Drop-2 structure. The completed project will include an 8,000 acre-foot reservoir, and will be capable of handling flows up to 1,800 cubic feet per second. Work on the project is expected to be completed by August 31, 2010. Included in the Board folder is a copy of the Department of the Interior's press release announcing the contract award.

On September 2, 2008, Reclamation responded to a June 4, 2008, letter from the Pacific Institute raising a number of questions and concerns regarding the delivery of water and cost issues associated with the Drop-2 Funding Agreement. Specifically, the Pacific Institute questioned allowing water to be diverted by the funding parties prior to the construction of the Drop-2 reservoir, allowing more than one-half of the ICS credits to be diverted before an accounting is completed by Reclamation identifying the water that has been conserved by the Project, and the uncertainty regarding the funding to complete the Project if the cost exceeds \$206 million. Included in the Board's handout material are copies of the letters from both Reclamation and the Pacific Institute.

## Basin States Discussions

### *Basin States Discussions*

Meetings among the Colorado River Basin states have now been scheduled. The meeting of the Lower Basin states has been scheduled for September 23<sup>rd</sup> in Las Vegas, Nevada; and the seven Basin states meeting has been scheduled for October 2<sup>nd</sup> in Los Angeles, California.

Agenda items for these meeting will include: 1) the progress and status of IBWC/states/federal discussions with Mexico; 2) the Yuma Desalting Plant pilot operations; 3) the status of Lake Powell Pipeline planning effort; 4) an update on the All-American Canal Lining Project and the construction of the Drop-2 Reservoir; 5) the status of the Navajo-Gallup Water Supply Project legislation; and 6) Reclamation's Proposed Rule, Regulating the Use of Lower Colorado River Water Without an Entitlement.

### *Senator McCain's Letter to Senator Wayne Allard Regarding the 1922 Colorado River Compact*

Apparently presidential candidate Senator John McCain recently made some references to "renegotiating" the Colorado River Compact while being interviewed in Pueblo, Colorado. Understandably, this received a significant amount of attention from members of Colorado's water community. In an effort to clarify the candidate's position on Colorado River issues, the McCain campaign released a letter that was sent to U.S. Senator Wayne Allard. In the campaign's letter, Senator McCain explained that he understood the sensitivities and importance that the seven Colorado River Basin states place on the 1922 Compact; and that he understood that the Basin states had recently reached a long-term agreement to better and more efficiently manage Colorado River water and the reservoir system. A copy of Senator McCain's letter to Senator Allard is included in the Board folder. Also, included in the Board folder is a copy of a letter from several of Colorado's water users to U.S. Senator Ken Salazar expressing concern about Senator McCain's comments.

### *Status of the Navajo-Gallup Water Supply Project Legislation*

On June 25<sup>th</sup>, Senate Bill 1171, The Northwestern New Mexico Rural Water Projects Act, was reported on in the Senate. This version of the draft legislation is the version that has been intensively discussed and worked over by the Basin states over the past couple of months. Based upon these discussions and some lingering concerns among some of the states, the seven Basin states sent a letter, along with specific modifications to Senate Bills 1171 and 3213, to New Mexico U.S. Senators Bingaman and Domenici detailing the states proposed changes to the bills. The proposed modifications suggested by the Basin states address water use accounting issues and state that nothing in the Act establishes any precedent for future transfers or expands the Department of the Interior's role in management of the Colorado River. Based upon the Basin states letter and suggested language modifications to the bills, it is anticipated that when the bills are heard on the floor of the Senate that the suggested changes will be incorporated into the bills. A copy of the seven Basin states letter has been included in the Board folder.

## Environmental Programs

### *Status of the Glen Canyon Dam Lawsuit*

On August 29th, a hearing was held in the United States District Court in Phoenix, Arizona, before Judge David G. Campbell. Based upon the hearing, Judge Campbell has requested that the parties to the lawsuit address several specific questions regarding Glen Canyon Dam operations. For example, the Court wants to know what the permissible maximum and minimum releases, in acre-feet, are pursuant to the 1996 Record of Decision; do these releases allow for Reclamation to make seasonally adjusted steady flow (SASF) releases from the Spring through the Fall and are there other limitations that prevent Reclamation from making SASF releases from the Spring through the Fall? The Court has asked that responses to the questions, totaling not more than ten pages, be received by the Court by September 10<sup>th</sup>. A copy of the Court's questions has been included in the Board folder. Additionally, a copy of a memorandum prepared by the Central Arizona Water Conservation District addressing the Court's first four questions has been included in the handout materials.

## **WATER QUALITY**

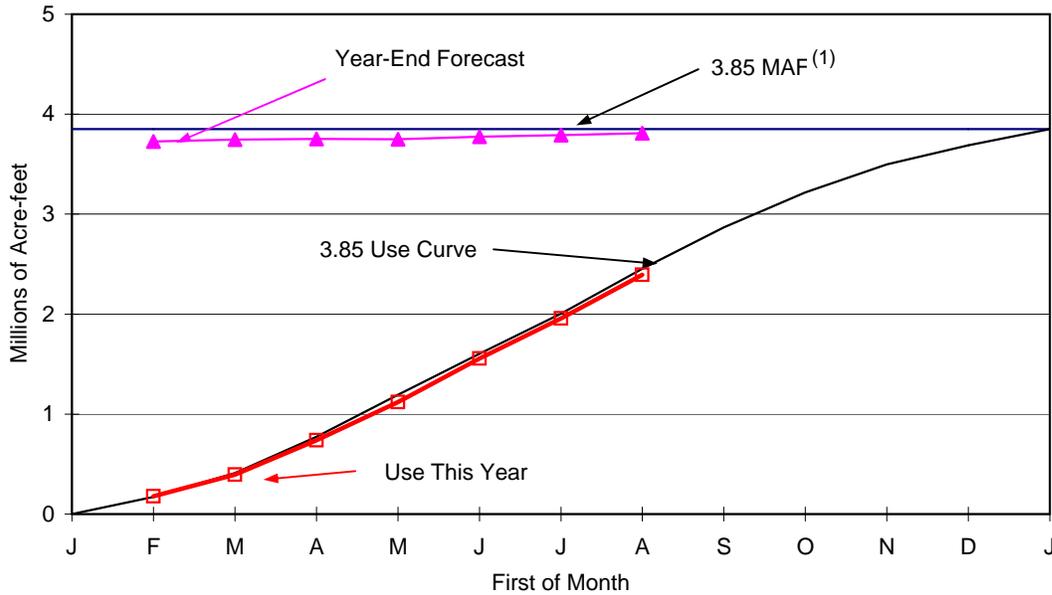
### Status Report on the Pacific Gas & Electric Topock Station Hexavalent Chromium Contamination Remediation Project

A brief PowerPoint presentation by Board staff will be made to the Board providing a report and status update regarding the PG&E Topock site chromium VI remediation activities.



Gerald R. Zimmerman  
Executive Director

**FIGURE 1**  
**SEPTEMBER 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	-0.020
Mar	0.396	3.746	-0.040
Apr	0.738	3.751	-0.045
May	1.121	3.750	-0.044
Jun	1.556	3.775	-0.069
Jul	1.956	3.789	-0.083
Aug	2.393	3.809	-0.103
Sep			
Oct			
Nov			
Dec			
Jan			

(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.