

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

January 13, 2009

ADMINISTRATION

Approval of Board Meeting Minutes – December 15th

A copy of the December 15th 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.

State of California Proposal for Employee Furloughs and Layoffs

On December 19th, Governor Schwarzenegger issued a proposal intended to aid in closing the estimated \$42 billion state budget deficit. The Governor's proposal would furlough each California state employee two days per month (i.e., 10% reduction). Additionally, the Governor proposes to issue layoff notices to employees in the bottom 20% in seniority in state service. Based upon the Governor's proposal, the California Department of Personal Administration (DPA) has drawn up a plan to shut-down state government on the first and third Friday of each month, beginning February 6th. The Governor's letter to state employees has been included in the Board folder and a news article and the DPA memorandum has been included in the handout material.

Agency Managers' Meeting

On December 30th the Agency Managers' held a brief conference call to discuss the proposed pilot project operation of the Yuma Desalting Plant, and potential issues of concern to California agencies or the Basin states. This issue will be discussed in more detail in the Basin States section of the Executive Director's Report.

PROTECTION OF EXISTING RIGHTS

Colorado River Water Report

As of January 1, 2009, storage in the major Upper Basin reservoirs decreased by 514,210 acre-feet and storage in the Lower Basin reservoirs increased by 415,700 acre-feet during December 2008. Total System active storage as of January 4th was 33.304 million acre-feet (maf), or 56 percent of capacity, which is 1.771 maf more than one year ago (Upper Basin reservoirs increased by 2.103 maf and Lower Basin reservoirs decreased 0.332 maf).

December releases from Hoover, Davis, and Parker Dams averaged 7,370, 5,510, and 3,840 cubic feet per second (cfs), respectively. Planned releases from those three dams for the month of January 2009 are 11,400, 9,600, and 5,600 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 7th, 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 7.553 maf and is described as follows: Arizona, 2.780 maf; California, 4.506 maf; and Nevada, 0.267 maf. The Central Arizona Project (CAP) will divert 1.562 maf, of which 0.186 maf are planned to be delivered to the Arizona Water Bank. The Metropolitan Water District of Southern California (MWD) will use about 0.906 maf, which is 193,000 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 3.663 maf. This estimate is based on the collective use, through November 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

As we discussed at previous Board meetings, the final consultation meeting of the Colorado River Management Work Group was held on October 24th in Las Vegas, Nevada to finalize the 2009 Annual Operating Plan for the Colorado River System Reservoirs (2009 AOP). Following that consultation meeting, Reclamation finalized the recommended 2009 AOP and forwarded it to Secretary Kempthorne for approval and transmittal to the Governors of the Colorado River Basin states. On December 15th, Secretary Kempthorne approved the final 2009 AOP.

The final 2009 AOP provides for the following:

- Glen Canyon Dam releases – Glen Canyon Dam will be operated in the Upper Balancing Tier with a release of 8.23 maf, unless the April 2009, 24-month study projects water surface elevation of Lake Powell to be above equalization trigger (3,639 feet) by the end of the water year. Then Glen Canyon Dam will be operated to equalize the storage contents in Lakes Powell and Mead by the end of the water year or by the end of the water year Lake Powell will fall to water surface elevation 3,619 feet or Lake Mead will rise to 1,105 feet, whichever occurs first.
- Hoover Dam releases – Hoover Dam will be operated under an Intentionally Created Surplus (ICS) condition to meet the basic demands along the mainstream in the

Lower Basin of 7.5 maf plus allow entities who have created ICS during 2009 or in a previous year to receive the requested ICS water during calendar year 2009.

- Apportioned, but unused water – The Secretary of the Interior will make water apportioned to one Lower Division state, but unused in that state during 2009, available to another Lower Division state.
- Mexico delivery – Mexico will be allowed to schedule the delivery of 1.5 maf of water during calendar year 2009.

A copy of the final 2009 AOP can be downloaded from Reclamation's Upper or Lower Colorado regional office webpages. A copy of the Secretary Kempthorne's transmittal letter to Governor Schwarzenegger accompanying the final 2009 AOP has been included in the Board folder.

Review of Colorado River Operations

At the request of the Upper Colorado River Basin states, on January 15th Reclamation will review the first year of reservoir operations under the 2007 Interim Guidelines for Coordinated Operations of Lake Powell and Lake Mead. During this meeting there will be a review of the operating tier criteria and the resulting reservoir operations during the year. The Upper Basin states have raised several concerns regarding the reservoir operations, which include the inadvertent overruns in the Lower Basin, equalization of the reservoirs by the end of the water year, the accuracy of the 24-Month Model in determining reservoir operations, how the error in the runoff forecast is used, the affect that operations at Davis and Parker Dams have on Glen Canyon Dam releases, etc.

Reclamation Appoints Ms. Jennifer McCloskey as Yuma Area Office Manager

In mid-December 2008, Reclamation's Lower Colorado Regional Director, Ms. Lorri Gray, appointed Ms. Jennifer McCloskey as the new Yuma Area Office Manager. Ms. McCloskey replaces Mr. Jim Cherry who recently retired. Ms. McCloskey had been serving as the Yuma Area Office's Deputy Area Manager since 2005. A copy of a recent news article describing McCloskey's appointment has been included in the Board folder.

United States Senate Bill 22 Omnibus Public Land Management Act of 2009

The United States Senate recently moved S. 22 in a special session yesterday and voted cloture on the Omnibus Public Land Management Act of 2009. This bill has combined several pieces of legislation that did not move in the last Congress, including the authorizing legislation for the implementation and funding of the federal share of the Lower Colorado River Multi-Species Conservation Program (LCR MSCP). The LCR MSCP portion of the bill is included in Subtitle E of Title IX, beginning with section 9401. There have been some minor changes from the last version that was advanced by the non-federal LCR MSCP participants that was advanced to Arizona U.S. Senator Jon Kyl's office. At this juncture it does not appear that the changes affect the substance of the bill.

Additionally, separate sections of the bill (beginning at section 10401) amend the 1956 Colorado River Storage Project Act related to the Navajo-Gallup Water Supply Project. As has been discussed at previous Board meetings the Navajo-Gallup Water Supply Project is intended to authorize the construction and operation of the project, allocate San Juan River water supplies to the Navajo Nation, the City of Gallup, and the Jicarilla Apache Nation. Board staff can provide copies of the relevant titles from the omnibus legislation to interested parties upon request. The entire legislation is 1,294 pages in length.

Basin States Discussions

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As has been reported at previous Board meetings, representatives of the Basin states and others have been meeting to develop a discussion document that identifies the projects and programs that may have binational interest in the United States and Mexico in augmenting the water supplies of the Colorado River. Following an October 2nd Basin states meeting, where a draft discussion paper outlining potential projects that may have binational interest was discussed, a small group of Basin states representatives was formed to further develop a document that could be supported by all of the Basin states in discussions with Mexican counterparts. That small group prepared a document that was discussed at the Basin states meeting on December 17th. Based upon the Basin states' approval and recommendation to forward the final letter and document to IBWC's American Section Commissioner Mr. Bill Ruth, the letter was signed by the Basin states representatives on December 17th. Included in the Board folder are copies of the final transmittal letter and accompanying final discussion document.

Pilot Operation of the Yuma Desalting Plant

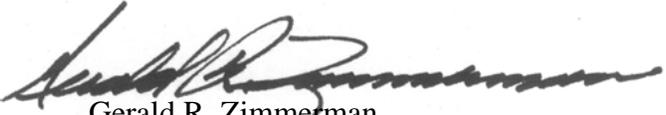
As has been discussed at previous Board meetings, Reclamation and the non-federal funding entities (SNWA, MWD, and CAP) continue to advance the development of the Yuma Desalting Plant Proposed Pilot Project operation. Reclamation, through the International Boundary and Water Commission (IBWC), is consulting with Mexico on the proposed pilot project operations; Reclamation is also working with the Arizona Department of Environmental Quality to receive the necessary state permits for plant operation. Finally, Reclamation is completing the necessary NEPA and environment compliance for the pilot project; and Reclamation is working with the non-federal parties who, if the pilot project is undertaken, will be providing funding for the operation of the YDP.

It has been determined that additional information is needed before a decision on the long-term operation of YDP can be made. Operation of the YDP for one year at about 1/3 capacity will provide the needed information regarding the performance and cost of operations, as well as any corrective actions in the plant's design or equipment that are desirable for long-term operations. Through the pilot project about 30,000 acre-feet of water will be returned to the Colorado River at an estimated cost of \$23 million.

The Central Arizona Project (CAP), Southern Nevada Water Authority (SNWA), and The Metropolitan Water District of Southern California (MWD) are participating in discussions

with Reclamation on providing non-federal funding for operations of the YDP during the pilot project. These non-federal parties have tentatively agreed to the following funding percentages: MWD 60%; SNWA 30%; and CAP 10%. The quantity of the blended water, which is returned to the Colorado River, would be credited to the non-federal funding parties as System Efficiency ICS in accordance with the December 2007 Interim Guidelines. This System Efficiency ICS water would be credited to each party's ICS account based upon the portion of funding provided by each party for operations of the YDP.

A letter is being prepared by the non-federal funding entities that will be sent to Reclamation's Lower Colorado Regional Director, Ms. Lorri Gray. The primary purpose of the letter is to describe the overall goals and objectives of the proposed pilot project from the non-federal parties' perspective and to urge Reclamation to move forward with the proposed Pilot Project.



Gerald R. Zimmerman
Executive Director