

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

July 14, 2009

ADMINISTRATION

Approval of Board Meeting Minutes – June 10th

A copy of the June 10th Board meeting minutes has been included in the Board folder for review and comment. I am respectfully asking for approval and adoption of these meeting minutes by Board members.

Agency Managers' Meeting

The Agency Managers have not met since the June Board meeting.

PROTECTION OF EXISTING RIGHTS

Colorado River Water Report

As of July 1, 2009, storage in the major Upper Basin reservoirs increased by 1,777,490 acre-feet and storage in the Lower Basin reservoirs decreased by 217,300 acre-feet during June 2009. Total System active storage as of July 5th was 35.666 million acre-feet (maf), or 60 percent of capacity, which is 0.743 maf more than one year ago (Upper Basin reservoirs increased by 1.659 maf and Lower Basin reservoirs decreased 0.916 maf).

June releases from Hoover, Davis, and Parker Dams averaged 12,600, 13,240 and 10,000 cubic feet per second (cfs), respectively. Planned releases from those three dams for the month of July 2009, are 13,400, 13,500, and 10,800 cfs, respectively. The July releases represent those needed to meet downstream water requirements including those caused by reduced operation of Senator Wash Reservoir.

As of July 9th, taking into account both measured and unmeasured return flows, the Lower Division states' consumptive use of Colorado River water for calendar year 2009, as forecasted by Reclamation, totals 7.384 maf and is described as follows: Arizona, 2.754 maf; California, 4.339 maf; and Nevada, 0.291 maf. The Central Arizona Project (CAP) will divert 1.511 maf, of which 0.134 maf are planned to be delivered to the Arizona Water Bank. The Metropolitan Water District of Southern California (MWD) will use about 0.893 maf, which is 13,000 acre-feet less than its 2008 use of mainstream water.

The preliminary end-of-year estimate by the Board staff for 2009 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 3.454 maf. This estimate is based on the collective use, through May 2009, 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 projected end-of-year agricultural use for the year.

Colorado River Operations

2010 Annual Operating Plan (AOP) for Colorado River System Reservoirs

The first consultation meeting of the Colorado River Management Work Group associated with development of the 2010 Annual Operating Plan (AOP) for the Colorado River System Reservoirs was held in Las Vegas, Nevada on June 25th. Currently, it is expected that the 2010 AOP will indicate that an 8.23 MAF delivery will be made from Upper Basin reservoirs to Lake Mead; and that downstream deliveries under a normal condition will control releases from Hoover Dam. No unused apportionment for calendar year 2010 is anticipated. Mexico will be allowed to schedule the delivery of 1.5 MAF during calendar year 2010.

In calendar year 2010, 6,000 acre-feet of intentionally created unused apportionment (ICUA) stored in Arizona is expected to be recovered for use in California by MWD. Additionally, IID anticipates creating 25,000 acre-feet of extraordinary conservation intentionally created surplus (EC ICS) credits in 2009 and 2010. MWD is also planning to take delivery of 32,000 acre-feet of system efficiency ICS credits created from the Drop 2 Storage Reservoir project. SNWA anticipates creating 30,000 acre-feet of tributary conservation ICS and taking delivery of 28,500 acre-feet in 2010. A copy of the draft 2010 AOP can be downloaded from Reclamation's webpage at www.usbr.gov/lc/region/g4000/AOP2010/AOP10_draft.pdf.

Reclamation's Letter Responding to Lake Mead Concessionaires Regarding Declining Water Surface Elevations

A group of concessionaires operating businesses in the Lake Mead National Recreation Area have become increasingly concerned about the falling water surface elevation of Lake Mead because of the drought. The concessionaires had recently written members of the Nevada congressional delegation asking that Reclamation take steps to stabilize Lake Mead water levels. Reclamation responded to these concerns in a letter, dated June 8th, to Nevada U.S. Senator Harry Reid. Reclamation described the current Lake Mead operating regime, pursuant to the Interim Guidelines; but committed to continue to utilize available management flexibility in operating Lake Mead to minimize potential impacts to concessionaires. A copy of Reclamation's letter to Senator Reid has been included in the Board folder.

Reclamation's Notification Letters of 2007 Inadvertent Overruns

On June 15th, Reclamation notified Lower Division entitlement holders of inadvertent overruns for calendar year 2007. These overruns were determined as a result of the completion

of the final water use accounting required by Article V of the consolidated decree in *Arizona v. California*. The Gila Monster Farm (Arizona) incurred a 905 acre-foot overrun. The SNWA incurred a 312 acre-foot overrun in 2007. Finally, Reclamation has determined that the Fort Mojave Indian Tribe incurred a 4,603 acre-foot overrun associated with its California entitlement. Each of these entities must develop and submit a payback plan for Reclamation approval that contains identified extraordinary conservation measures, which will be implemented in order to pay back to the system the amount of mainstream water overrun in 2007.

Basin States Discussions

Basin Study Program 2009

As has been reported at previous Board meetings, to build upon previous efforts of the Basin states, a study proposal was prepared and submitted to Reclamation Regional Directors Walkoviak and Gray-Lee (Upper and Lower Colorado Regions, respectively). This proposal requested Reclamation's participation and cooperation in developing a study to evaluate the current and projected water supply and demand throughout the Colorado River Basin and its service areas. On May 14th the Basin states received a letter from Reclamation indicating that the proposed seven Basin states' Colorado River Basin study had been selected for Step 2 of the evaluation process.

During the Step 2 phase, Reclamation's Upper and Lower Colorado Regional Offices worked with the seven Basin states to develop a short (i.e., up to ten pages) study proposal to more fully define the scope of the proposed study and its potential cost. The initial draft of the study proposal was distributed for review and discussion at the June Board meeting. The study is expected to cost \$2.0 million and would be cost-shared 50/50 between the states and Reclamation. During the Board meeting, there was an expression of interest by the Board to participate in this study.

On June 25th the Basin states' Basin Study proposal, endorsed by both Regional Directors, was forwarded to Reclamation's evaluation team for further review and analysis. The final study proposal will undergo review and consideration by the Reclamation-wide review committee. This review committee will select three to four studies that will be cost-shared by Reclamation. If the Basin states study proposal is selected during the evaluation process, a detailed plan of study will be developed that identifies the specific tasks to be completed during the study and the total cost to complete the study.

As part of the study proposal, the Basin states requested letters of support from stakeholders in the basin for this study. Approximately forty letters of support from basinwide stakeholders accompanied the final package that was transmitted to Reclamation's review committee. These letters of support for the study proposal were received from the Governor of Nevada, Indian Tribes, state and federal agencies, municipalities, and agricultural districts. Copies of the endorsement letter from Reclamation's Regional Directors, the study proposal itself, and each of the letters of support from stakeholders have been included in the Board folder.

Status of Binational Discussions with Mexico

As discussed at the June Board meeting, a meeting was held on June 1st among the Basin states, Reclamation, the International Boundary and Water Commission (IBWC) and Mexico to further the discussions on the Basin States' Discussion Document Concerning Bi-National Water Management (Discussion Document). During the June 1st meeting, the Basin states provided a PowerPoint presentation that described the Basin states' role regarding water management within the United States and explained more fully the concepts contained in the Basin states Discussions Document. The presentation also identified and gave examples of how implementation of the programs contained in the Discussion Document could work and benefit both nations.

During the meeting, the Basin states representatives suggested, and Mexico agreed, to hold a follow-up workshop to advance the discussion. It was agreed to hold this two-day workshop in August in San Diego, California. Also, both Mexico and the United States agreed to provide a list of questions that should be addressed during the two-day workshop. This list of questions was to provide the basis for the agenda for the workshop and was to be received by June 15th.

After receiving a comprehensive list of questions from Mexico, a Technical Group of representatives from the Basin states and Reclamation met on June 25th and 26th to develop a draft agenda for the August workshop and to develop recommendations for consideration by the Basin states principals regarding a response to questions raised by Mexico. On July 7th and 8th, the Basin states principals met to discuss the recommendations from the Technical Group and to further refine the proposed August workshop agenda.

Based upon the July 7th and 8th meeting, representatives from the United States indicated that they would like the discussions during the workshop to focus on the legal and policy framework that will allow for the storage of Mexico's water in the reservoir system within the United States and that provides for Colorado River operations during low reservoir conditions. As such, it is proposed that the August 4th and 5th workshop agenda focus on: Binational interim Colorado River operations; environmental issues; conservation and desalination projects; and the next steps. It is the expressed desire of the United States representatives to reach a recommendation on handling these legal and policy issues within eighteen months, or sooner if possible.

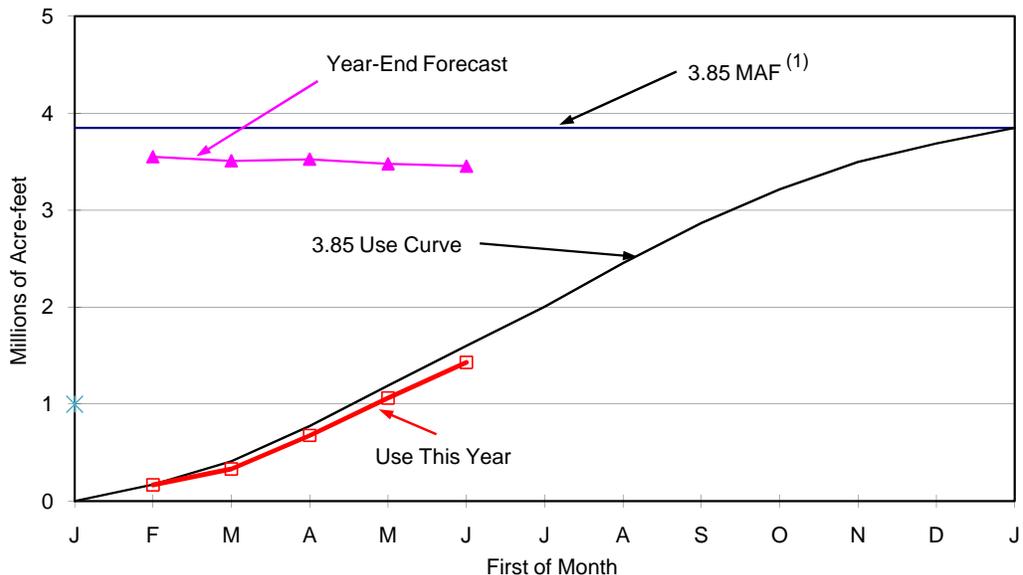
Also, during the August 4th and 5th workshop, a draft Conceptual Framework for U.S.-Mexico Discussions on Colorado River Cooperative Actions may be discussed. This Conceptual Framework would build upon the March 11, 2008, Terms of Reference that has been established for United States-Mexico Joint Cooperative Actions for Colorado River Users and recognize the need to establish a Legal and Policy Group for focused discussions on the legal and policy issues within the Joint Colorado River Cooperative Process. This Legal and Policy Group would be composed of representatives of each of the respective Governments and the Basin states to which the water has been allocated and have purview over its administration. Establishment of this Legal and Policy Group is consistent with the June 1st meeting with Mexico.

Arizona Water Banking Authority Final Verified Accounting of MWD's Interstate Account for CY-2008

On June 17th, the Arizona Water Banking Authority (AWBA) notified interested parties of the status of MWD's interstate account with the AWBA for calendar year 2008. A total of 28,442 acre-feet of Intentionally Created Unused Apportionment (ICUA) was created in calendar year 2008 for the benefit of MWD. The ICUA was created through both the recovery and credit exchange methods. Of the total 28,442 acre-feet of ICUA developed in 2008 from credits previously accrued on behalf of MWD, 27,442 acre-feet of long-term storage credits were recovered from wells within irrigation districts in Pinal County, Arizona. The remaining 1,000 acre-feet of ICUA was developed via a credit exchange between the Central Arizona Water Conservation District (CAWCD) and the Central Arizona Groundwater Replenishment District. A copy of the AWBA's letter to Reclamation, MWD, and CAWCD has been included in the Board folder.

Gerald R. Zimmerman
Executive Director

FIGURE 1
JULY 1, 2009 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	0.168	3.551	0.043
Mar	0.332	3.509	0.085
Apr	0.678	3.526	0.068
May	1.064	3.478	0.116
Jun	1.430	3.454	0.140
Jul			
Aug			
Sep			
Oct			
Nov			
Dec			
Jan			

(1) The forecast of unused water is based on the availability of 3.600 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 Conservation 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 being diverted by MWD; 26,000 af of conserved water available to SDCWA and MWD as a result of the Coachella Canal Lining Project; 59,670 af of water projected to be available to SDCWA and MWD as a result of the All-American Canal Lining Project; 14,500 af of water IID and CVWD are forbearing to permit the Secretary of the Interior to satisfy apportion of Indian and miscellaneous present perfected rights use; and 4,490 af of water IID and CVWD are forbearing to payback Colorado River Water Delivery Agreement Exhibit C and 2007 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 -6,136 af. The CRB does not concur with USBR's viewpoint on this matter.