

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

October 12, 2010

ADMINISTRATION

Approval of Board Meeting Minutes – September 15, 2010

A copy of the September 15th 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.

Governor Schwarzenegger's Executive Order S-15-10 Regarding "Exempt Employee Pension Reforms and Personal Leave Program"

On October 7th, the Governor's Office issued an Executive Order modifying the exempt employee compensation plans, including the following:

- Employee monthly pension contributions will increase by 3% of pay;
- The three-days per month furlough is extended through October 2010, after which it will be replaced by a Personal Leave Program of one-day per month for one year; and
- An increase in the top-step salary ranges by 3% in July 2013.

A copy of the Governor's Executive Order is included in the Board folder.

Agency Managers' Meeting

A number of conference calls and meetings have been held regarding the ongoing discussions with Mexico and the development of Minute 318. As we were nearing agreement on a Basin states position on the contents on Minute 318, the California Agency Managers held a conference call on October 7th to obtain any further input from an Agency Manager's perspective on the draft of Minute 318. The ongoing activities will be discussed later in this report and during the Board meeting.

PROTECTION OF EXISTING RIGHTS

Colorado River Water Report

As of October 1, 2010, storage in the major Upper Basin reservoirs decreased by 291,940 acre-feet and storage in the Lower Basin reservoirs decreased by 379,000 acre-feet during September 2010. Total System active storage as of October 4th was 33.010 million acre-feet (maf), or 55 percent of capacity, which is 1.132 maf less than one year ago (Upper Basin reservoirs decreased by 0.364 maf and Lower Basin reservoirs decreased 0.768 maf).

September releases from Hoover, Davis, and Parker Dams averaged 12,740, 14,000 and 9,800 cubic feet per second (cfs), respectively. Planned releases from those three dams for the month of October 2010, are 10,200, 12,300, and 7,700 cfs, respectively. The October releases represent those needed to meet downstream water requirements including those caused by reduced operation of Senator Wash Reservoir.

As of October 8th, taking into account both measured and unmeasured return flows, the Lower Division states' consumptive use of Colorado River water for calendar year 2010, as forecasted by Reclamation, totals 7.435 maf and is described as follows: Arizona, 2.804 maf; California, 4.361 maf; and Nevada, 0.270 maf. The Central Arizona Project (CAP) will divert 1.652 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 1.099 maf, which is 6,000 acre-feet less than its 2009 use of mainstream water.

The preliminary end-of-year estimate by the Board staff for 2010 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 3.398 maf. This estimate is based on the collective use, through August 2010, 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.

As of October 10th, the water level at the Lake Mead was at 1,083.64 feet above the mean sea level, and the storage was 10,078 maf, 39 percent of capacity, while the water level at Lake Powell was at 3,634.1 feet above the mean sea level and the storage was 15,345 maf, 63 percent of capacity.

Colorado River Operations

2011 Annual Operating Plan for the Colorado River System and Reservoirs

As we have discussed at previous Board meetings, several consultation meetings have been held during the development of the draft of the 2011 Annual Operating Plan for the Colorado River System Reservoirs (AOP). The most recent consultation meeting was held in Las Vegas, Nevada on September 24, 2010. During the meeting a number of comments were received by Reclamation on the previous draft of the 2011 AOP. There is still some concern among the representatives of the Basin states associated with the inclusion of specific language in the draft AOP regarding operations at Glen Canyon Dam. Reclamation has committed to re-evaluating the proposed language, based upon the Basin states' comments before 2011 AOP is finalized. The following are the Secretarial determinations contained in the latest draft of the 2011 AOP:

- Upper Basin Delivery – The annual release volume from Lake Powell during water year 2011 shall be consistent with Section 6.B (Upper Elevation Balancing Tier) of the Interim

Guidelines; and shall be 8.23 million acre-feet unless conditions cause Section 6.B.3 or Section 6.B.4 to apply;

The Interim Guidelines provide for adjustments to Glen Canyon Dam operations in April 2011 based upon the April 24-Month Study that would result in a water year release greater than 8.23 MAF. As such, current projections under the most probable inflow scenario are that the August 2010 24-Month Study would indicate that the operations of Glen Canyon Dam would begin the year under an 8.23 MAF release and that an April adjustment would occur and result in the Equalization Tier governing operations of Glen Canyon Dam for the remainder of the water year.

- Lower Basin Delivery – Taking into account (1) the existing water storage conditions in the basin, (2) the most probable near-term water supply conditions in the basin, and (3) Section 2.B.5 of the Interim Guidelines, the Intentionally Created Surplus (ICS) Surplus Condition is the criterion governing the operation of Hoover Dam for calendar year 2011 in accordance with Article III(3)(b) of the Operating Criteria and Article II(B)(2) of the Consolidated Decree;
- No unused apportionment for calendar year 2011 is anticipated. If any unused apportionment becomes available after adoption of the 2011 AOP, Reclamation shall allocate any such unused apportionment in accordance with Article II(B)(6) of the Consolidated Decree;
- Colorado River water may be stored off-stream pursuant to individual Storage and Interstate Release Agreements (SIRAs) and 43 CFR Part 414 within the Lower Division States. The Secretary shall make Intentionally Created Unused Apportionment (ICUA) available to contractors in the Lower Division States pursuant to SIRAs and 43 CFR Part 414;
- The Inadvertent Overrun and Payback Policy will be in effect during calendar year 2011;
- The Interim Guidelines adopted the ICS mechanism that encourages the efficient use and management of Colorado River water in the Lower Basin. ICS may be created and delivered in 2011 pursuant to the Interim Guidelines and appropriate delivery and forbearance agreements; and
- U.S.-Mexico Water Treaty Delivery – A volume of 1.5 MAF will be available to be scheduled for delivery to Mexico during calendar year 2011 in accordance with Article 15 of the 1944 United States-Mexico Water Treaty and Minutes 242 and 314 of the International Boundary and Water Commission (IBWC).

Reclamation is now finalizing its recommended 2011 AOP, which will be sent to the Secretary of the Department of the Interior for his approval and transmittal to the Governors of the Colorado River Basin states. When finalized the 2011 AOP can be down-loaded from Reclamation's website at http://www.usbr.gov/uc/water/rsvrs/ops/aop/AOP11_draft.pdf.

Since the final consultation meeting was held, because of the persistence of the drought conditions throughout the Colorado River Basin, the most probable release conditions from Glen Canyon Dam will remain in the Upper Balancing Tier instead of moving into the equalization Tier. As a result, the most probable release from Glen Canyon Dam during water year 2011 will be 9.0 maf instead of 11.0 maf as contained in the draft 2011 AOP.

Seventy-Fifth Anniversary of the Dedication of Hoover Dam, September 30th

On September 30th, the U.S. Bureau of Reclamation held a ceremony celebrating the 75th anniversary of the dedication of Hoover Dam. The Board's Chairman, Mr. Bart Fisher, represented the Board and was California's designated representative at this dedication. A number of other representatives from the Southern California agencies were also present at this ceremony.

Las Vegas Sun News Article "Hoover Dam Bypass Bridge Dedication"

On October 14th the U.S. Secretary of the Department of Transportation, Ray LaHood will dedicate the new Mike O'Callaghan-Pat Tillman Memorial Bridge over the Colorado River below Hoover Dam. This new single-span concrete arch bridge is intended to re-route traffic off of Hoover Dam, improve public safety at Hoover Dam, and improve traffic flow between Las Vegas and Phoenix on U.S. 93. A copy of the news article has been included in the Board folder.

Status of Solar Millennium's Blythe Solar Power Project

On September 20th the Board received a letter from Solar Millennium, the company promoting the Blythe Solar Power Project, which seemed to reflect several misconceptions associated with the Board's September 14th letter to the California Energy Commission (CEC). Much of Solar Millennium's comments were associated with its interpretation of Reclamation's utilization of the U.S. Geological Survey's water accounting surface boundary, and its formulation of a new proposed rule for well pumping along the Lower Colorado River. Board staff prepared a response to Solar Millennium's letter that is currently being circulated among the agencies for review and comment. I am proposing to send this letter as soon as I receive comments from the Agency managers.

In a related vein, I am also including, in the Board folder, a copy of a letter recently sent to the CEC and the Bureau of Land Management (BLM) on September 19th by MWD that provided comments on the final environmental impact statement (FEIS) for the Blythe Solar Power Project. Primarily MWD's comments expressed concerns associated with Project's source and use of a water supply and potential impacts upon Colorado River water supplies.

U. S. Geological Survey's News Release "Dust Hastens Colorado River Snowmelt, Cuts Flow"

On September 20th, the USGS issued a news release announcing that a recently completed NASA/USGS study has revealed that increases in airborne dust loads and deposition of more dust on snow fields in high-elevation mountainous areas may be leading to an increase in solar energy absorption and a shifting of peak spring runoffs to earlier in the year. The study looked at the hydrologic effects of human-produced dust deposits on mountain snowpack in the Upper Colorado River Basin between 1915 and 2003.

2010 Water & Climate Change Adaptation Symposium, October 19-20, 2010, Long Beach, California

The California Department of Water Resources and the Water Education Foundation are co-sponsoring a water supply and climate change adaptation symposium in Long Beach, California on October 19th and 20th. There are a number of very knowledgeable speakers, including Ms. Jeanine Jones, and interesting panel discussions that have been scheduled for the symposium. I believe that you can still register for the symposium by going to the Water Education Foundation's webpage at www.watereducation.org/. I have included an announcement for the symposium and the draft agenda in the Board folder.

Basin States Discussions

Status of Bi-National Projects and Programs with Mexico

As discussed at the September Board meeting, the discussions with Mexico have been refocused on developing a minute to the 1944 Mexican Water Treaty that only addresses the water that Mexico would like to delay the delivery of during calendar years 2010 and 2011 as a result of the damage to its infrastructure resulting from the April 2010 earthquake. With this refocus of the discussions, several meetings and conference calls have been held among representatives of the Basin states and their technical and legal representatives to develop a response to the new focus of the discussions and the new draft of Minute 318 proposed by Mexico. The primary reason for this refocus of direction resulted from the limited time available to address all of the technical and legal issues associated with the comprehensive deal and to allow Mexico to delay the delivery of its apportioned water this year and to take delivery of it in a future year. It is still the intent of both countries to develop a comprehensive deal in a subsequent minute that addresses the creation and delivery of Intentionally Created Mexican Apportionment (ICMA), the conversion of ICMA to Intentionally Created Surplus (ICS), surplus and shortage sharing, and pursuit of new water and environmental projects. This effort will begin once agreement on Minute 318 is reached.

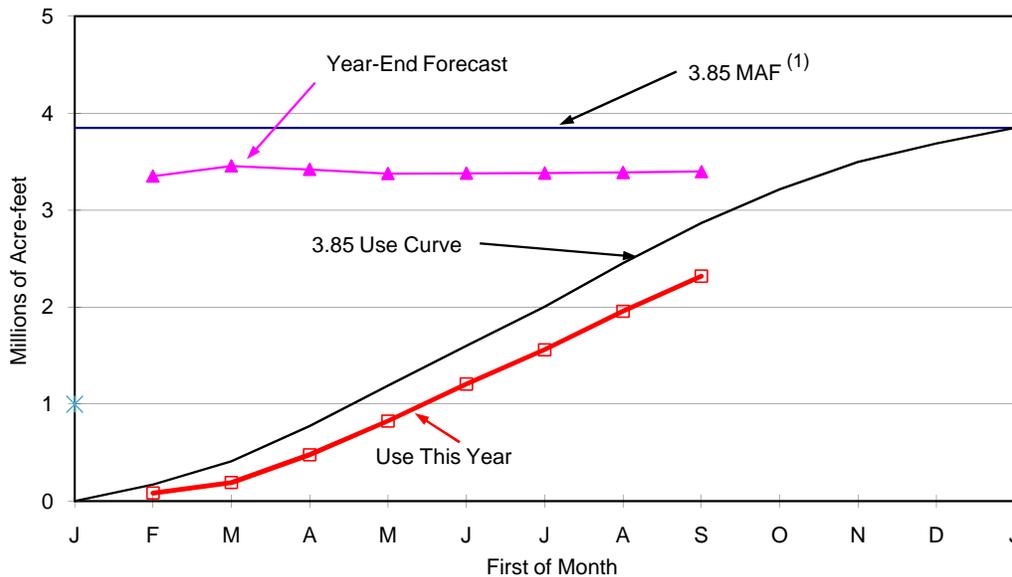
As a result of the various conference calls and meetings, general agreement has been reached among the U.S. parties on the contents of the new draft of Minute 318 dealing with delayed delivery of water to Mexico in 2010 and 2011. The International Boundary and Water Commission, the Department of the Interior, and Reclamation representatives will have further discussions with their counterparts from Mexico on the contents of Minute 318 on October 12th. Based on the results of that meeting, it is hoped that a new draft of Minute 318 can be prepared

and considered by both countries. A more detailed report on these discussions will be provided at the Board meeting.

/S/Gerald R. Zimmerman

Gerald R. Zimmerman
Acting Executive Director

FIGURE 1
OCTOBER 1, 2010 FORECAST OF 2010 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	0.084	3.352	0.191
Mar	0.192	3.456	0.087
Apr	0.479	3.421	0.122
May	0.826	3.378	0.165
Jun	1.208	3.381	0.162
Jul	1.561	3.382	0.161
Aug	1.958	3.389	0.154
Sep	2.320	3.398	0.145
Oct			
Nov			
Dec			
Jan			

(1) The forecast of unused water is based on the availability of 3.543 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; 70,000 AF of conserved water available to SDCWA under the IID-SDCWA Transfer Agreement as amended being diverted by MWD; an estimated 28,500 AF of conserved water available to SDCWA and MWD as a result of the Coachella Canal Lining Project; 67,700 AF of water 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 a portion of Indian and miscellaneous present perfected rights use of Indian and miscellaneous present perfected rights use. As USBR is charging disputed uses by Yuma island pumpers to priority 2, the amount of unused water has been reduced by those uses - 6,470 af. The CRB does not concur with USBR's viewpoint on this matter.