

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

January 11, 2011

ADMINISTRATION

Approval of Board Meeting Minutes – November 10th & December 15, 2010

A copy of the November 10th and December 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.

Proposed Colorado River Board Meeting for Calendar Year 2011

I am enclosing a copy of the proposed Board meeting schedule for Calendar Year 2011 in the Board folder for your final review and approval. I am respectfully asking for Board approval and adoption of the Calendar Year 2011 Board Calendar and Schedule of Meetings.

Governor Brown's Recent Cabinet Appointments

I am enclosing a short news article announcing several recent cabinet-level appointments made by Governor Brown as he begins assembling his administration. Governor Brown appointed John Laird as the Secretary of the Natural Resources Agency, and reappointed Mary Nichols to head the Air Resources Board. The Governor also made a number of high-level administrative staff appointments and other cabinet-level appointments. The news article has been included with the meeting materials as a handout item.

Resignation of Assistant Secretary of the Interior for Fish, Wildlife, and Parks, Tom Strickland

On January 10th, I received a copy of a press release announcing the resignation of Assistant Secretary of the Interior for Fish, Wildlife, and Parks, Tom Strickland. Mr. Strickland will be leaving his post within the Interior Department in February 2011, and anticipates returning to the private sector. It was also announced that Mr. Will Shafroth, the Principal Deputy Assistant Secretary for Fish, Wildlife and Parks, will serve as Acting Assistant Secretary for Fish and Wildlife and Parks until a new Assistant Secretary is confirmed. I am including a copy of the press release in the handout materials.

Agency Managers' Meeting

The Agency Managers have not met since the Colorado River Board meeting on November 10, 2010.

PROTECTION OF EXISTING RIGHTS

Colorado River Water Report

As of January 1, 2011, storage in the major Upper Basin reservoirs decreased by 452,600 acre-feet and storage in the Lower Basin reservoirs increased by 458,100 acre-feet during December 2010. Total System active storage as of January 9th was 32.300 million acre-feet (maf), or 54 percent of capacity, which is 0.758 maf less than one year ago (Upper Basin reservoirs increased by 0.004 maf and Lower Basin reservoirs decreased by 0.763 maf).

December releases from Hoover, Davis, and Parker Dams averaged 10,730, 8,990 and 4,720 cubic feet per second (cfs), respectively. Planned releases from those three dams for the month of January 2011, are 11,300, 9,400, and 5,900 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 4th, 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 7.399 maf and is described as follows: Arizona, 2.792 maf; California, 4.363 maf; and Nevada, 0.243 maf. The Central Arizona Project (CAP) will divert 1.653 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 3.436 maf. This estimate is based on the collective use, through November 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 January 9th, the water level at the Lake Mead was at 1,086.91 feet above the mean sea level, and the storage was 10.352 maf, 40.0 percent of capacity, while the water level at Lake Powell was at 3,624.88 feet above the mean sea level and the storage was 14.287 maf, 58.7 percent of capacity.

Colorado River Operations

Secretary Salazar's Speech to the Annual Colorado River Water Users Association Meeting in Las Vegas, Nevada, December 17, 2010

On December 17th, Secretary of the Interior Salazar addressed the Colorado River Water Users Association at its annual meeting in Las Vegas, Nevada. For those of you who did not attend the conference, the Secretary addressed management of the Colorado River system in light of the continuing drought conditions in the basin. Secretary Salazar also made a point of

highlighting the use of collaboration and consensus-driven processes in dealing with Colorado River issues, activities, and programs. The Secretary also highlighted accomplishments of the many on-going environmental programs in the basin, including the Lower Colorado River Multi-Species Conservation Program. Secretary Salazar also spent some time discussing the overall progress and challenges in the Glen Canyon Dam Adaptive Management Program, and that this is a program that continues to require a great deal of stakeholder involvement and collaboration. Finally, the Secretary touched on the continuing need for effective communication and dialog associated with addressing tribal needs in the basin and in the binational discussions involving the United States and Mexico. I have included a copy of Secretary Salazar's remarks in the Board folder.

IBWC & Mexico Execute Agreement in Response to April 2010 Mexicali Earthquake--Minute No. 318

As has been discussed at the November and December Board meetings, the discussions with Mexico have been focused on finalizing 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 through 2013 as a result of the damage to its infrastructure resulting from the April 2010 earthquake. Toward this end the United States announced on December 20th that it had reached agreement with Mexico to allow for a temporary delay in delivering water to Mexico allotted under the 1944 Water Treaty. Minute 318 allows Mexico to adjust its delivery schedule downward during the period from 2010 through 2013 by a total of up to 260,000 acre-feet. Any water not delivered would be retained in Lake Mead and would be made available to Mexico in subsequent years after repairs have been made to its delivery infrastructure in the Mexicali Valley.

Minute 318 acknowledges that 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. It is generally accepted that this effort will be the focus of binational discussions over the next year or so. The Board folder contains copies of news releases announcing the new Minute from both the Department of the Interior and IBWC, as well as a copy of the Minute itself, and a question and answer information handout from IBWC.

Reclamation's Approval of IID's and MWD's Plans for the Creation of Extraordinary Conservation Intentionally Created Surplus Water Supplies for Calendar Year 2011

I am enclosing, in the Board folder, copies of letters, both dated December 14th, from Reclamation's Lower Colorado Region Regional Director to the Imperial Irrigation District (IID) and to The Metropolitan Water District of Southern California (MWD) indicating approval of each agency's plan for the creation of extraordinary conservation intentionally created surplus (EC ICS) water supplies. In the case of the IID, Reclamation has approved IID's plan to create up to 25,000 acre-feet during 2011. In the case of the MWD, Reclamation has approved MWD's plan to create up to 200,000 acre-feet of EC ICS during 2011.

Reclamation's Approval of SNWA's Plan for the Creation of Tributary Conservation Intentionally Created Surplus Water Supplies for the Muddy and Virgin Rivers, and Imported ICS Calendar Year 2011

In a related vein, Reclamation notified the Southern Nevada Water Authority (SNWA) on December 14th that it had approved SNWA's plan to create up to 37,000 acre-feet of tributary conservation ICS during calendar year 2011, and up to 7,000 acre-feet of imported ICS for calendar year 2011. I have included a copy of Reclamation's letter to SNWA in the Board folder.

Reclamation's Response Letter Regarding the Genesis Solar Energy Project

On December 14th, Reclamation's Lower Colorado Region responded to a November 4th letter from the attorneys representing the California Union for Reliable Energy (CURE) regarding the Genesis Solar Energy Project and the project's potential use of Colorado River water. In its response letter to the CURE attorney's letter, Reclamation described the process it currently utilizes for accounting for diversions and uses of mainstream water pursuant to the Consolidated Decree in *Arizona v. California, et al.* and Article V of the 1922 Colorado River Compact. Additionally, Reclamation described the current accounting surface boundary defined by the U.S. Geological Survey and the two-part test used to determine if a well located outside of the Colorado River floodplain is, in fact, pumping water that would eventually be replaced by water from the Lower Colorado River. Of interest is the last full paragraph contained within Reclamation's letter—

"We understand that according to the information provided by Genesis Solar, LLC, to the California Energy Commission the projected groundwater levels of the Genesis Solar, LLC, wells over the life of the Genesis Project will remain above the accounting surface. If that is the case, the Genesis Solar, LLC, wells would not be considered to be pumping water that would be replaced by water from the lower Colorado River, and Genesis Solar, LLC, would not need an entitlement to divert Colorado River water for the Genesis Project."

I have included a copy of Reclamation's letter in the Board folder for your information and review. Finally, I have also included a copy of a January 3rd news article indicating that CURE has announced its intention to sue the Secretary of the Interior and the Bureau of Land Management claiming that the Genesis Project will pump too much groundwater from the Chuckwalla Basin (which is hydraulically connected to the Lower Colorado River).

Basin States Discussions

Arizona Water Banking Authority's Letter to SNWA Regarding the Second Amended Agreement for Interstate Banking

On December 8th, the Arizona Water Banking Authority (AWBA) and the Southern Nevada Water Authority (SNWA) entered into an agreement to forego additional banking of Colorado River water, on behalf of SNWA through calendar year 2014, and that SNWA will

forego the creation of any additional Intentionally Created Unused Apportionment (ICUA) during the same period. These efforts are being taken due to the expectation of continued drought conditions in the Colorado River basin and the declining water surface elevations of Lake Mead. AWBA acknowledges that implementing these operational adjustments and actions will impact the projected payment disbursement schedule that exists between the two entities. I have included a copy of the final executed agreement between the AWBA and SNWA in the Board folder.

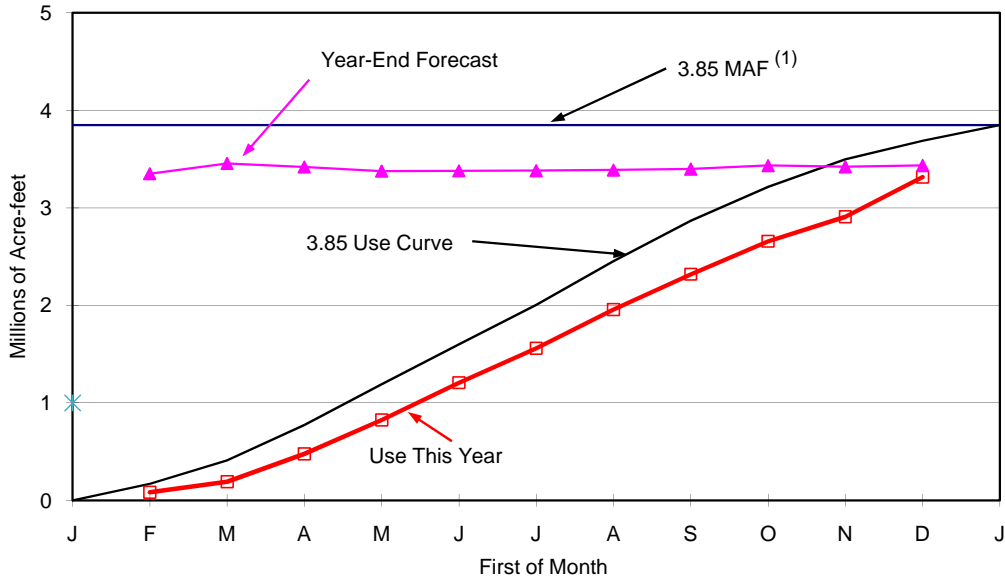
Meeting Among Seven Basin States and Reclamation on December 17, 2010 at CRWUA, Las Vegas, Nevada

On December 17, 2010, representatives from the Basin states met with Department of the Interior Regional Directors. Specifically, the meeting was with Regional Directors, or their representatives, from the Upper and Lower Colorado Regions of the Bureau of Reclamation, the National Park Service, U.S. Geological Survey, and U.S. Fish and Wildlife Service. The meeting was to further develop the lines of communication between the Basin states and the Department of the Interior agencies. Examples of where there is a need for improved communication in the Colorado River Basin discussed during the meeting related to the Annual Operating Plan processes (e.g. Glen Canyon Dam 2012 hydrograph), the High Flow Experiment Protocol and Non-native Mechanical Removal Environmental Assessments for below Glen Canyon Dam, and the Glen Canyon Dam Long Term Experimental and Management Plan. Based upon the December 17th meeting, a follow-up conference call is being scheduled for January 21st to further the lines of communication regarding the above mentioned topics.

/S/

Christopher S. Harris
Acting Executive Director

FIGURE 1
JANUARY 1, 2011 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	0.145
Mar	0.192	3.456	0.041
Apr	0.479	3.421	0.075
May	0.826	3.378	0.118
Jun	1.208	3.381	0.116
Jul	1.561	3.382	0.114
Aug	1.958	3.389	0.108
Sep	2.320	3.398	0.098
Oct	2.658	3.435	0.061
Nov	2.910	3.422	0.075
Dec	3.317	3.436	0.061
Jan			

(1) The forecast of unused water is based on the availability of 3.496 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 29,807 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 and 1,500 AF of water IID is conserved to create Extraordinary Conservation Intentionally Created Surplus. 78,503 AF has been subtracted for IID's Salton Sea Salinity Management. As USBR is charging 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.