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

November 13, 2012

ADMINISTRATION

Minutes of the October 10, 2012 Meeting of the Colorado River Board

A copy of the draft October 10th Board meeting minutes has been included in the Board folder for your review and consideration. I am respectfully requesting the Board's adoption and approval of the October 10th minutes at the regularly scheduled Board meeting on November 14th.

Proposed 2013 Colorado River Board Meeting Schedule

I have included a copy of the proposed 2013 meeting schedule for the Colorado River Board of California for your review. The 2013 Board meeting schedule will be acted upon at the special Board meeting being held in conjunction with the Colorado River Water Users' Association annual conference in Las Vegas, Nevada, on December 12th.

PROTECTION OF EXISTING RIGHTS

Colorado River Basin Water Report

In October 2012, storage in the major Upper Basin reservoirs decreased by 323,930 acre-feet and storage in the Lower Basin reservoirs decreased by 55,200 acre-feet. The total System active storage as of November 1st was 33.643 million acre-feet (maf), or 56 percent of capacity, which is 4.884 maf less than one year ago. (The Upper Basin reservoirs have decreased by a total of 4.659 maf and the Lower Basin reservoirs have decreased by a total of 0.225 maf since this time last year).

October releases from Hoover, Davis, and Parker Dams averaged 5,610, 9,040 and 7,840 cubic feet per second (cfs), respectively. Planned releases from those three dams for the month of November 2012 are 11,900, 8,500, and 6,300 cfs, respectively. The November releases represent those needed to meet downstream water requirements including those caused by reduced operation of Senator Wash Reservoir and storage in the Warren H. Brock (Drop 2) Reservoir.

As of November 5th, taking into account both measured and unmeasured return flows, the Lower Division states' consumptive use of Colorado River water for calendar year 2012 is forecasted by Reclamation to total 7.475 maf and is described as follows: Arizona, 2.809 maf; California, 4.409 maf; and Nevada, 0.256 maf. The Central Arizona Project (CAP) is projected

to divert 1.621 maf. The Metropolitan Water District of Southern California (MWD) is projected to use about 0.730 maf.

As of November 5th, the preliminary end-of-year estimate for California's agricultural consumptive use of Colorado River water is 3.641 maf. This estimate includes the collective uses, through October 2012, by the Palo Verde Irrigation District, the Yuma Project-Reservation Division (YPRD), the Imperial Irrigation District, and the Coachella Valley Water District.

As of October 31, the water level at Lake Mead was at 1,116.5 feet above the mean sea level, and the storage was 13.263 maf, which is 51 percent of capacity. The water level at Lake Powell was at 3,619.5 feet above the mean sea level and the storage was 13.706 maf, which is 56 percent of capacity.

COLORADO RIVER OPERATIONS

Revised Schedule of Calendar-Year 2012 Water Deliveries to Mexico

In an October 16th letter, Reclamation's Lower Colorado Regional Office acknowledged recent changes associated with the water delivery schedule for mainstream Colorado River water deliveries to Mexico. The most recent schedule provides for a total delivery of 1,367,771 acre-feet, consisting of 1,228,328 acre-feet delivered at Northerly International Boundary (i.e., Morelos Dam), 139,443 acre-feet delivered at the Southerly International Boundary, and that no water will be delivered to Tijuana via the Colorado River Aqueduct. Additionally, the revised water delivery schedule reflects 132,229 acre-feet of deferred delivery pursuant to Minute 318. A copy of Reclamation's letter to the United States Section of the International Boundary and Water Commission and a table identifying the revised delivery schedule has been included in the Board folder.

Status of Reclamation's Process to Finalize the Inadvertent Overrun and Payback Policy and Procedures

Reclamation has continued to work toward finalizing the procedures associated with implementation of the Inadvertent Overrun and Payback Policy (IOPP). A meeting to continue the discussions regarding the IOPP Procedures was held on October 19th at the McCarran International Airport in Las Vegas, Nevada. The next meeting is scheduled for November 20th, also in Las Vegas.

U.S. Bureau of Reclamation WaterSMART Funding Opportunities

On October 11, 2012, the Department of the Interior issued its three-year progress report for the WaterSMART program which is available online at http://www.usbr.gov/WaterSMART. The WaterSMART program has been in place since 2010, and includes grant programs and the basin study program. Several California projects are featured in the progress report. The Department of the Interior estimates that the program, along with other conservation activities, is expected to save nearly 590,000 acre-feet water annually. Interior's goal is to conserve 730,000 acre-feet per year by 2013.

On October 17, 2012 Reclamation issued a notice of the availability of $4 million of funding for existing, authorized Title XVI projects. Proposals must be submitted by December 12, 2012. On October 30, 2012, Reclamation issued a notice of funding availability through its Water and Energy Efficiency Grant program for grants for "small" projects under $300,000 or larger, phased projects under $1.5 million. Proposals for those grants are due by January 17, 2013.

COLORADO RIVER ENVIRONMENTAL ISSUES

Proposed Glen Canyon Dam High-Flow Experiment begins on November 19, 2012

Reclamation plans to conduct a High-Flow Experimental (HFE) release from Glen Canyon Dam to begin on November 19, 2012. This HFE release would be conducted pursuant to the HFE Protocol that was adopted in 2011. This HFE release is intended to redistribute between 500,000 and 700,000 metric tons of sediment that has accumulated in the Marble Canyon reach of the Colorado River below Glen Canyon Dam. This sediment appears to have largely accumulated in this reach of the Colorado River between July 1st and October 1st, and was the result of summer monsoonal precipitation events in the Paria River watershed.

The HFE will include a 24-hour release of water from Glen Canyon Dam of 42,300 cubic-feet-per-second (cfs) preceded and followed by a fluctuating flow of 7,000 to 9,000 cfs for a total November monthly release of 724,000 acre feet. To accomplish the HFE experiment, approximately 80,000 acre-feet of water will have to bypass Glen Canyon Dam power generating facilities and ramping rates are planned to be adjusted up and down to 1,500 cfs/hour. Besides sediment redistribution, ancillary purposes of this experiment are to examine the effects of such releases on sediment accumulation and transport, the aquatic foodbase, rainbow trout, and the impacts and effects upon riparian vegetation. Reclamation and the Grand Canyon Monitoring and Research Center plan to focus specific monitoring activities on these resources during the HFE release and for several months following the HFE release.

Status of the Lower Colorado River Multi-Species Conservation Program

The Steering Committee of the Lower Colorado River Multi-Species Conservation Program (LCR MSCP) met in Las Vegas, Nevada, on October 24th. The primary purpose of the meeting was to approve the budget and proposed Work Plan for Fiscal-Year 2013. The FY-2013 budget associated with LCR MSCP implementation is $34,452,540. The FY-2013 Work Plan includes activities that continue the establishment and maintenance of native riparian, marsh and aquatic habitats, species monitoring, and stocking of endangered razorback suckers and bonytail chub in mainstream aquatic habitats. The Steering Committee received detailed overviews of the proposed budget and work plan from Reclamation staff, and then unanimously approved both the budget and work plan.

The Steering Committee also received an overview of the proposed LCR MSCP Five-Year Research and Monitoring Report (2013-2017). This is the second five-year research and monitoring report completed since LCR MSCP implementation began in 2005. This document is an important element that provides the underpinnings for the adaptive management component and science strategy guiding implementation of the LCR MSCP. The report describes the current knowledge for LCR MSCP covered species, identifies priorities for research and

monitoring to provide additional information needed over each ensuing five-year period, and identifies any potential challenges that may inhibit successful implementation of scientifically-valid conservation measures. The report utilizes a four-step process for identifying the five-year priorities for research and monitoring, including: (1) identifying current knowledge and data gaps; (2) ranking of data needs; (3) reviewing the initial data rankings and proposing research and monitoring priorities; and (4) determining final data need priorities.

Finally, Reclamation reported to the Steering Committee that three LCR MSCP Conservation Measure tasks have been completed and signed off on by the U.S. Fish and Wildlife Service (USFWS). The tasks that were completed included (1) riparian habitat (i.e., cottonwood/willow) monitoring below Parker Dam associated with the 2001 Biological Opinion for LCR operations; (2) acquisition and protection of 240 acres of flat-tailed horned lizard habitat; and (3) completion of the rerouting and construction of the Topock Marsh inlet canal (aka Firebreak Canal) and pump station project on Havasu National Wildlife Refuge. These are significant achievements, and the USFWS commended the LCR MSCP partnership for the timely accomplishment of these tasks.

WATER QUALITY

Colorado River Basin Salinity Control Forum & Advisory Council Meetings, November 7-9, 2012, Phoenix, Arizona

The Colorado River Basin Salinity Control Forum, Advisory Council and Workgroup met on November 7-9, 2012, in Phoenix, Arizona. Highlights of the meetings included continued discussion of the need for the Department of the Interior to prioritize its decision-making processes to determine alternatives that could be used to replace the injection well operations within the Paradox Valley Unit and to prioritize funding accordingly. Forum members expressed their disappointment with Interior's September 17, 2012 response to the Advisory Council's July 13, 2012 letter requesting more immediate action from the Secretary. There was also extensive discussion regarding the general budgeting processes of the NRCS, Reclamation and BLM and a specific report from Reclamation regarding its schedule for awarding funding for the next round of Upper Basin projects. The next Workgroup meeting is scheduled for February 11-13, 2013 in San Diego, California. The next Forum and Advisory Council meetings are scheduled for May 16-17 in Grand Junction, Colorado.

Status of the Moab Uranium Mill Tailings Remedial Action Project

Situated on the west bank of the Colorado River at the confluence with Moab Wash, the Moab Uranium Mill-Tailings Remedial Action Project (UMTRA) site is located approximately three miles northwest of Moab in Grand Valley, Utah, and includes the former Atlas Minerals Corporation uranium-ore processing facility. The UMTRA site encompasses approximately 480 acres, of which about 130 acres is covered by a uranium mill tailings pile. Uranium mill tailings are radioactive sand-like and clay material that remains after the ore has been processed.

To date, the U.S. Department of Energy (DOE) has completed the removal and relocation of about 35% (or 5.6 million tons) of radioactive mill-tailings of the estimated total of 16 million tons from along the banks of the Colorado River. The material has been relocated to a designated repository at an engineered permanent disposal site 30 miles north, near Crescent Junction, Utah.

As you may recall from previous updates, the UMTRA Project received American Recovery and Reinvestment Act (ARRA) funding, which facilitated the relocation of 2.6 million tons of mill-tailings. The ARRA funding accelerated the estimated project end date by three years from fiscal-year 2028 to fiscal-year 2025 and reduced the total project cost estimate by approximately $100 million. Overall, the removal and relocation work over the past five years has been was completed for about $8 million less than originally budgeted. Unfortunately, due to funding constraints, the DOE has prioritized funding for remediation sites with high-level contamination over those with low-level contamination such as the Moab Project. As a result, the tailings shipments will be suspended from December to February for each of the next four winters unless project funding is increased. An increase of $5 million per year, for a total of $35 million per year, is needed to allow year-round tailings shipments. The remediation effort is scheduled to be completed between 2025 and 2029, depending on future funding. The total project cost is estimated to be between $1 billion and $1.05 billion to relocate the entire 16 million tons of tailings.

BASIN STATES DISCUSSIONS

Status of the Colorado River Basin Water Supply and Demand Study Report

Members of the Project Team met via conference call on October 22nd, 2012, to discuss any potential 'fatal flaws' associated with Technical Memo F – Development of Options and Strategies. Comments from the Project Team members on the call are currently being incorporated.

Members of the Project Team met via webinar on November 2nd, 2012, to walk through the main structure of the Technical Report G – System Reliability Analysis and Evaluation of Options and Strategies, in preparation for the review by the Project Team members in the week of November 5th. This report discusses the reliability of the Colorado River system to meet future water supply and demand scenarios and the effectiveness of options and strategies at improving that reliability.

In coordination with the release of the final report, the Basin States are preparing a document that outlines several "Next Steps" the States will take to address projected supply and demand imbalances.

Status of the Binational Discussions/Negotiations with Mexico

Negotiations between the U.S. and Mexico continued in Tijuana, Mexico on October 24-26 and resulted in a tentative agreement regarding a proposed Minute 319 to the 1944 Treaty. As has been reported previously, Minute 319 would provide benefits to both the U.S. and Mexico

that will include sharing shortages and surpluses under specifically defined conditions. Minute 319 also includes development of a pilot project that will enable the U.S. to fund water conservation projects in Mexico that will result in additional water being made available for use in the U.S., improve water infrastructure in Mexico, and allow Mexico to provide water for environmental flows in the delta.

Several domestic agreements will be executed in connection with Minute 319, including a Memorandum of Agreement between the U.S. International Boundary Water Commission, the Department of the Interior, the Basin States and various water agencies that will ensure that the U.S. will continue to involve the Basin States in future negotiations with Mexico regarding Colorado River operations and will implement Minute 319 in accordance with the water management parameters agreed to by the States. An Operating Agreement, Forbearance Agreement, Funding Agreement and Delivery Agreements will ensure that the participating U.S. entities will receive the benefits they are expecting in connection with Minute 319.

Although Minute 319 would only be in effect for an interim five-year period, it is designed to foster additional water management cooperation with Mexico and contemplates the exploration of additional binational water conservation projects that can be developed in the future.

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Executive Director