

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

February 13, 2013

ADMINISTRATION

Minutes of the December 12, 2012 Meeting of the Colorado River Board

A copy of the draft December 12th Board meeting minutes is included in the Board material for your review and consideration. I am respectfully requesting the Board's adoption and approval of the December 12th minutes at the regularly scheduled Board meeting on February 13th.

New Board Members and Board Meeting Information Distribution

A few new Board members and/or Alternates recently have been designated by certain member agencies. Upon appointment by the Governor or the expiration of the time for appointment, new Board members and alternates will receive information from the Board's staff to get set up as Board members. We look forward to getting the new Board members and alternates in place as quickly as possible.

In addition to welcoming the new Board members, we are in the process of updating our mailing lists and email lists and we have asked for updated information from member agency staff. Our general procedures are to mail and email a copy of the meeting notice and initial agenda to Board members, alternates and designated member agency staff approximately ten days in advance of a Board meeting and to post this information on the CRB website. On the Friday before a Wednesday Board meeting, our normal procedure is to mail a copy of the background material for the Board meeting to Board members and alternates and to post this information on the CRB website. Approximately two days before a meeting, we will email the Executive Director's report to the Board members, alternates and designated member agency staff and post the report on the CRB website. If there are any adjustments to this process that Board members would find helpful, please let me know.

Meetings in Sacramento on February 5-6, 2013

During February 5-6, 2013, Chairman Fisher and I were in Sacramento for a series of meetings with the Secretary for Natural Resources, John Laird, Department of Fish and Wildlife Director, Chuck Bonham, the Governor's deputy legislative secretary for Environment, Energy, Water, and Agriculture, Martha Guzman-Aceves, several representatives of Senate and Assembly legislative staff, and representatives of the Board's member agencies. The Chairman and I provided background information regarding the Board and answered questions on various subjects, but the primary purpose of the trip was to introduce me as the new Executive Director to officials in Sacramento who we may be interacting with from time to time. We received positive receptions in all of the meetings.

PROTECTION OF EXISTING RIGHTS

Colorado River Basin Water Report

As of February 1, 2013, the water level at Lake Mead was at 1,122.3 feet above the mean sea level, and the storage was 13.828 maf, or 53 percent of capacity, while the water level at Lake Powell was at 3,604.4 feet above the mean sea level and the storage was 12.177 maf, or 50 percent of capacity. The total System active storage was 32.777 million acre-feet (maf), or 55 percent of capacity, which is 5.546 maf less than one year ago (Upper Basin reservoirs decreased by 4.400 maf and Lower Basin reservoirs decreased by 1.146 maf). January releases from Hoover, Davis, and Parker Dams averaged 9,900, 8,300 and 5,720 cubic feet per second (cfs), respectively. Planned releases from those three dams for the month of February 2013 are 11,900, 11,400, and 8,300 cfs, respectively.

As of January 2, 2013, taking into account both measured and unmeasured return flows, the Lower Division states' consumptive use of Colorado River water for calendar year 2012, as forecasted by Reclamation, totals 7.452 maf and is described as follows: Arizona, 2.796 maf; California, 4.420 maf; and Nevada, 0.236 maf.

As of January 2, 2013, the preliminary end-of-year forecast by the Bureau of Reclamation for 2012 for California's agricultural consumptive use of Colorado River water under the first three priorities and the sixth priority of the 1931 *California Seven Party Agreement* is 3.652 maf. This estimate is based on the collective use by the Palo Verde Irrigation District, the Yuma Project-Reservation Division, Yuma Island pumpers, the Imperial Irrigation District, and the Coachella Valley Water District. The Metropolitan Water District of Southern California is forecasted to use about 0.735 maf.

COLORADO RIVER OPERATIONS

Resignation of Interior Secretary Ken Salazar and Nomination of Ms. Sally Jewell as Secretary of the Department of the Interior

On January 16, 2013, the Secretary of the Department of the Interior, Ken Salazar, announced his resignation effective at the end of March 2013. Secretary Salazar served as President Obama's Secretary of the Interior for four years. I have included a copy of a news release announcing Secretary Salazar's resignation in the Board materials.

On February 6, President Obama announced his intention to nominate Ms. Sally Jewell to replace Secretary Salazar as the Secretary of the Department of the Interior. Ms. Jewell has served since 2005 as the Chief Executive Officer of Recreational Equipment, Inc., the outdoor retailer headquartered in Kent, Washington. Prior to joining REI in 2005, Ms. Jewell began her professional career as a petroleum engineer with Mobil Oil Corporation and worked in oilfields in Oklahoma and Colorado, but worked for the majority of her career in the commercial banking industry.

Long-Term Experimental and Management Program and Glen Canyon Dam Adaptive Management Program

On February 8, 2013, representatives of the Basin States met with representatives of the Department of the Interior to continue technical discussions relating to the Resource Targeted Condition-Dependent Alternative submitted by the Basin States in connection with the Long-Term Experimental and Management Plan, (LTEMP), Environmental Impact Statement that is being co-led by Reclamation and the National Park Service. The goal of the LTEMP is to develop tool to guide Glen Canyon Dam operations for the next few decades. Discussions will continue with DOI as they develop the draft Environmental Assessment. DOI anticipates it will hold a science workshop this summer and plans to have a draft Environmental Impact Statement prepared by the end of 2013.

The Glen Canyon Dam Adaptive Management Program's Technical Work Group met on January 22-24 for its Annual Reporting Meeting to review presentations on the status and trends of native and nonnative fish, review the results of the November 2012 High Flow Experimental Release and discuss other topics relative to the program. The Adaptive Management Work Group is scheduled to meet on February 20-21, 2013 in Phoenix, Arizona. The meeting will include an extensive discussion of the LTEMP EIS process and will include a tour of the Central Arizona Project facilities for meeting participants.

Revised Schedule of Calendar-Year 2012 Water Deliveries to Mexico

On December 26, 2012, Reclamation's Lower Colorado Regional Office notified the American Section of the International Boundary and Water Commission that a revision to the schedule of water deliveries to Mexico had been approved. On November 7, 2012, Mexico's National Water Commission requested an additional downward delivery adjustment of 748.7 acre-feet for the month of December 2012, pursuant to the provisions of Minute 318. Consequently, in Calendar-Year 2012 a total of 1.228 million acre-feet was delivered at the Northerly International Boundary (i.e., Morelos Dam) and 0.139 maf was delivered at the Southerly International Boundary. The total water delivery to Mexico during CY-2012 was 1.367 maf, with the downward delivery adjustment amount of 0.133 maf, pursuant to Minute 318, making up the full 1.5 maf delivery required by the 1944 Water Treaty. A copy of Reclamation's letter to the IBWC, including a table describing the disposition of CY-2012 water deliveries to Mexico, has been included in the Board materials.

Minute 319 Updates and Next Steps

Since Minute 319 was signed in San Diego on November 20, 2012, Reclamation and the International Boundary Water Commission, (IBWC), have worked to develop a plan for implementation. On February 5, 2012, Reclamation hosted an initial meeting to review the commitments contained in Minute 319 and to suggest the development of several small implementation teams consisting of representatives from the U.S. and Mexico to work on topic-specific areas such as water accounting and operations and individual projects such as the Reforma Canal Lining. Reclamation and IBWC will coordinate the implementation with input and participation from the Basin States and member agencies. The Principal Engineers from

Reclamation and IBWC will continue to refine the recommended implementation plans and consult with the interested non-federal parties on the next steps. Initial small team meetings may occur during the week of February 25. Reclamation has appointed Chris Cutler, an engineer from the Lower Colorado Region as the Principal Engineer for Minute 319 implementation.

Colorado River Basin Water Supply and Demand Study Report Next Steps

On December 12, 2012, Secretary Salazar announced the release of the “Colorado River Basin Water Supply and Demand Study Report” (Basin Study). The Basin Study is a comprehensive effort developed jointly between the Basin States and the Bureau of Reclamation to quantify and address future water supply and demand imbalances in the Colorado River Basin. The Basin Study considered four different water supply scenarios and six different demand scenarios that result in a broad range of potential outcomes. An analysis of the median of the results of the scenarios presents a potential Basin-wide imbalance of demands versus supplies of 3.2 million acre-feet per year by 2060.

Section 10 of the Basin Study Report (“Future Considerations and Next Steps”), identifies several areas of additional efforts that can take place to begin to address the water supply and demand uncertainties. As an initial step, the Basin States and Reclamation anticipate the need for additional educational workshops to help provide more information and clarification regarding the technical complexity and comprehensiveness of the Basin Study. The educational workshops will likely be held in Salt Lake City, Utah, and Las Vegas, Nevada. In addition, small work groups will be formed to concentrate on the areas of “Municipal Conservation and Reuse” and “Agricultural Conservation and Transfers”, both of which have the potential to yield additional supplies or generate water savings. The Basin States will continue to evaluate the feasibility of augmentation projects, and the Upper Basin States will continue to evaluate the potential of the establishment of an Upper Basin Water Bank.

Other “Next Steps” categories identified in Section 10 of the Basin Study Report would be addressed initially through a series of “white papers” that will summarize what has already been done in certain areas. In addition, Reclamation plans to initiate consultations with Native American Tribes within the Basin to address specific Tribal needs.

A Basin States’ Principals’ meeting is scheduled for March 4 that will include a discussion of the Basin Study’s Next Steps and other issues.

Status of the Lower Colorado Water Supply Project

Congress authorized the Lower Colorado Water Supply Project (“Project”) in 1986 to supply water for domestic, municipal, industrial, and recreational purposes. The project was originally created to provide water to entities whose lands or interests in lands are located adjacent to the Colorado River in the State of California and who do not hold rights to Colorado River water or whose rights are insufficient to meet their present or anticipated future needs. The project was expanded in 2005 to allow the Secretary of the Interior to contract with additional entities who hold Section 5 contracts for municipal and industrial uses within the

State of California. Stage I of the project was declared substantially completed on October 1, 1996 and has a capacity to provide 5,000 acre-feet of water per year. The City of Needles maintains a master contract with Reclamation for the Project and has administrative authority to subcontract with new entities in accordance with the terms of the project legislation. The Board serves as a “clearinghouse” for applicants who would like to obtain water through the Project and has developed procedures and an application process that allows the Board to review prospective applications in order to make recommendations to Reclamation as to whether to approve potential subcontracts. Upon concurrence by Reclamation regarding the Board’s recommendation, the City of Needles will be asked to contact a successful applicant and start the subcontracting process.

On January 24, 2013, Reclamation held a meeting in its Yuma Area Office to brief stakeholders on the planning status of Stage II of the Project. In conjunction with existing Project wells, Stage II of the Project consists of the addition of two wells sufficient to pump no more than the Project maximum of 10,000 acre-feet of water per year. The January meeting was a follow-up to a previous meeting held on July 18, 2012, during which Reclamation provided detailed information on its proposed well location sites, a project schedule, an estimate of current costs, a review of accomplishments, and a discussion of next steps. At the July meeting, two proposed well location sites (primary and alternate) were approved by the representative stakeholders which allowed the project team to move forward with planning activities and drill the exploratory pilot hole. The well sites were selected based on power supply costs, distance from existing wells, and cultural-sensitivity concerns among other considerations.

During the January meeting, Reclamation reported the completion of the following: (1) National Environmental Policy Act (NEPA) review; (2) consultation with the International Boundary and Water Commission; (3) Endangered Species Act compliance; (4) drilling of the exploratory pilot hole; and (5) preparation of construction and design cost estimates, and development of the Project schedule for Stage II of the Project.

Reclamation is also proposing to install a Supervisory Control and Data Acquisition (SCADA) system for monitoring groundwater data (i.e., groundwater depth and flow) associated with the existing wells (i.e., LCWSP-1 and 2). The SCADA system is expected to cost approximately \$90,000-\$120,000. Replacement of the submersible pumps on the two existing wells is estimated to cost approximately \$500,000-\$650,000. The estimated cost of drilling and readying for use the two new wells is estimated to be \$1.3-\$1.6 million. All three of these tasks are expected to be completed over the next two years, including obtaining all necessary permits. The next steps include completion of the final project design, development of a power supply plan, and completion of a project construction funding agreement. Construction activities will commence once the funding agreement is executed and funding is received.

During the January meeting, Reclamation reported that the contract with IID for the operation and maintenance of the existing two wells had been terminated with the concurrence of IID and that well-field administration, operation and maintenance responsibilities have been transferred to Reclamation’s Yuma Area Office. I have included, within the Board materials, a copy of Reclamation’s January 23, 2013 letter.

Lower Colorado Water Supply Project Applications

Pursuant to the Board's long-standing procedures for obtaining a subcontract for water under the Lower Colorado Water Supply Act of 1986, I am requesting Board approval of two applications for participation in the Lower Colorado Water Supply Project for a total of not more than four (4) acre-feet of water use per year. Included in the Board materials is a proposed Resolution supporting the applications and related data table identifying the relevant parcel locations and proposed water allocations.

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Tanya M. Trujillo
Executive Director