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

August 13, 2014

ADMINISTRATION

Minutes of the June 11, 2014 Meeting of the Colorado River Board

A copy of the draft Board meeting minutes from the meeting held on June 11, 2014 has been included in the Board packet for your review. There was no meeting of the Colorado River Board in July, 2014.

COLORADO RIVER BASIN WATER REPORT

As of August 4, 2014, the water level at Lake Mead was at 1,080.51 feet with 10.05 million acre-feet (maf) of storage, or 38% of capacity. In July, Lake Mead reached its lowest level since the filling of the reservoir over 70 years ago and each day a new "record" low has been established. At Lake Powell, the water level was at 3,608 feet with 12.53 maf of storage, or 52% of capacity. The total System active storage as of August 3, 2014 was 30.44 maf, or 51% of capacity, which is 200,000 af more than one year ago with the System storage also at 51% of capacity. As of August 3, 2014, the Upper Colorado River Basin reservoirs other than Lake Powell ranged from 100% full (Fontenelle in Wyoming) to 67% full (Navajo in New Mexico). The unregulated inflow into Lake Powell for Water Year 2014, is forecast to be 10.15 maf, or 94% of average. Precipitation for Water Year 2014 totaled 99% of average.

The monthly precipitation reports for June 2014 show that the majority of the Basin received less than 50% of average precipitation. Conditions improved during July, with most areas in the Basin receiving average or above-average precipitation. Significant portions of the West continue to experience drought conditions, with some relief being experienced in Wyoming and northern Colorado.

2015 Annual Operating Plan Draft

The Bureau of Reclamation (Reclamation) has issued the second draft of the Annual Operating Plan for WY 2015 and on July 31, 2014, the Bureau held its second consultation meeting regarding the plan. No significant controversies were raised during the meeting. Pursuant to the 2007 Guidelines for the Interim Operation of Lake Mead and Lake Powell, the Bureau's August 24-month study will be used to determine the release amount from Lake Powell, but indications based on the July study are that 9.0 million acre-feet will be released next year. Similarly, the current projections indicate that the Normal or ICS Surplus Condition is projected as the Lower Basin's operating tier, but the final determinations will not be made until September.

During the July consultation meeting, Reclamation presented updates regarding the Upper and Lower Basin hydrology and showed a hydrograph indicating that the Upper Basin snowpack peaked at 111% of average on April 7, 2014 which was a significant improvement over 2013. Similarly, the most probable forecasted unregulated inflow into Lake Powell in 2014 is 7.09 maf (99% of average), which is significantly higher than the amount of inflow received during the dry years of 2012 and 2013.

The next consultation meeting is scheduled for September 4 at McCarran Airport in Las Vegas, Nevada.

The latest version of the draft AOP and Reclamation's July 31, 2014 presentation can be found at:

http://www.usbr.gov/uc/water/rsvrs/ops/aop/AOP15_draft.pdf and
http://www.usbr.gov/uc/water/rsvrs/ops/aop/2ndConsultation_2015_AOP_07-28-14.pdf

CALIFORNIA DROUGHT UPDATE

The drought conditions within California have not improved and Governor Brown's April 25, 2014, and January 17, 2014 State of Emergency Proclamations continue to be in effect. The Department of Water Resources has continued to issue weekly Drought Briefs to provide updates on current conditions and key action items and drought response activities. Recent precipitation in southern California has not translated into any cessation of the drought.

The August 5, 2014 Drought Monitor map for California indicates that over 58% of the State has been classified as being in the "exceptional drought" category, which is the worst level of drought severity. 99.8% of the state is categorized as experiencing "severe drought" conditions. Record temperatures are exacerbating the dry conditions. The State reports that as of August 11, 2014, over 3,900 wildfires have burned over 55,000 acres of land.

On July 29, 2014, the State Water Board's mandatory conservation measures went into effect for water users throughout the state. The new requirements restrict outdoor water use and require water suppliers to implement water shortage contingency plans. Local water suppliers have authority to seek fines of up to $500 per day for violations and the State Water Board may issue penalties against a water supply agency of up to $10,000 per day for failure to comply with a State Water Board enforcement order. The state and local agencies have engaged in a "Save our Water" campaign to encourage water conservation and discourage waste. More information can be found at saveourwater.com. USGS's California Water Science Center's website contains several links to drought information at: http://ca.water.usgs.gov/data/drought/

Groundwater resources have received significant media attention recently and some projects have highlighted Colorado River Basin issues. Within California, the recharge ponds at the Coachella Valley Water District (CVWD) were utilized as an example of good management

practices in a recent project announcement by Stanford University's Water in the West program -- http://news.stanford.edu/news/2014/july/groundwater-lane-woods-073114.html.

PROGRESS REPORT REGARDING IMPLEMENTATION OF CALIFORNIA'S COLORADO RIVER WATER USE PLAN

In accordance with the 2007 Interim Guidelines for the Coordinated Operation of Lake Mead and Lake Powell, during the July 31 Annual Operating Plan consultation meeting, California reported on the progress of meeting the Interim Surplus Guidelines benchmark and otherwise implementing California's Colorado River Water Use Plan. As a reminder, the Colorado River Board developed a draft Colorado River Water Use Plan in 2000 and the plan has served as a guide for maintaining California's Colorado River water uses at or below the basic apportionment amount of 4.4 million acre-feet and has led to the development of programs such as the Quantification Settlement Agreement. The Colorado River Water Use Plan outlined a flexible framework of programs and projects that would allow California to satisfy its annual water supply needs within its annual basic apportionment of Colorado River water. The plan was developed, in part, in response to concerns from other States and the US that California had grown dependent on the lawful use of unused apportionment from the other Lower Basin States. The plan was expected to change over time as conditions and experiences dictate.

Since 2003, California's water uses have continued to remain within California's basic apportionment of 4.4 million acre-feet per year, and have been adjusted by the amount of Extraordinary Conservation Intentionally Created Surplus (ICS) created or delivered in each year. Other factors that affect California's total uses on an annual basis include recovery of long term storage credits from Arizona, unused Nevada apportionment stored in California, and inadvertent overruns.

The Quantification Settlement Agreement (QSA) and related agreements were carefully crafted among water users within California to help achieve the goals of the plan. The QSA quantified certain rights and provided a framework for transfers of water from agricultural to urban uses. Additional programs such as the Interim Surplus Guidelines, the Inadvertent Overrun and Payback Policy, and the 2007 Coordinated Operations Guidelines help support continued implementation of the QSA and other Colorado River Water Use Plan elements.

Since 2003, the California agencies (IID, MWD, CVWD, SDCWA) and the State of California have made significant progress in implementing the QSA. All conservation and transfers required by the QSA have been implemented and documented through Reclamation's annual AZ v. CA Decree Accounting Report. Close to three million acre-feet of water has been conserved and transferred from agricultural users to municipal users within California since 2003. The transfer amounts will continue to increase over the next few decades in accordance with the QSA agreements.

In addition to the QSA, other successful programs within California include the 2004 long-term fallowing agreement between MWD and PVID that provides for fallowing of between 13,250 and 26,500 acres of land per year in accordance with the terms of the agreement. As of 2013, the program has produced approximately 900,000 acre-feet of water savings.

The conservation, transfers and additional fallowing agreements have enabled California to meet the 2012 "Benchmark" of required agricultural use reductions as shown in Section 5.C. of the 2007 Interim Guidelines. The Guidelines tie California's agricultural water uses to the legal availability of "surplus" water if the hydrologic conditions warrant a surplus determination. In 2013, as documented through Reclamation's 2013 Decree Accounting Report, California's agricultural water uses were 56,000 acre-feet below the 2012 Benchmark level. As a result, if conditions warrant a surplus determination in the future, California's achievement of the Benchmark level of agricultural use reductions provides a benefit to each of the Lower Division states.

The Imperial Irrigation District has been successfully implementing its water use allocation system and has successful fallowing programs in place to enable it to complete its transfer obligations and remain ahead of schedule on repayment of the overruns IID incurred in 2011 and 2012. In 2013, IID repaid 93,057 acre-feet of overrun (almost 30,000 acre-feet more than was required by its approved Inadvertent Overrun Payback Policy (IOPP) Payback Plan) and is on track to repay approximately 117,000 acre-feet of overrun in 2014, at which point its overrun account balance will be zero. IID's overruns have been within the limits allowed by the IOPP and IID's current allocation system should help reduce the potential for large overruns in the future. In addition, through a series of letters exchanged between IID and Reclamation in 2013, IID has committed to "repay" the advanced release in 2010 of 46,546 acre-feet of mitigation water to the Salton Sea through fallowing efforts in 2015 and 2016. As of 2014, IID's fallowing programs have involved over 2,000 contracted fields, over 200,000 fallowed acres and payments in excess of $90 million.

Other positive achievements reported to the Secretary by California through the AOP process included the July 31, 2013 judicial decision from the California Superior Court confirming that the QSA agreements are valid and otherwise rejecting the arguments that environmental review for the agreements was insufficient or that the QSA agreements should otherwise not stay intact.

Similarly, on May 19, 2014, the 9th Circuit Court of Appeals affirmed the Federal District Court's April 2012 decision that claims by Imperial County and the Imperial County Air Pollution Control District should be dismissed because no NEPA violations had occurred. No legal challenges to the QSA are currently pending in State or Federal Court.

Other significant progress includes efforts to address mitigation needs at the Salton Sea. The QSA Joint Powers Authority water agencies consisting of the SDCWA, IID, and CVWD agreed to pay $133 million in 2003 dollars ($375 million over the life of the QSA) for environmental mitigation associated with the QSA water transfers. As of June 2014, the JPA agencies have spent more than $55 million on mitigation activities including over $32 million for mitigation water to offset reduced inflows caused by the QSA transfers. Other major JPA projects include the construction of the second phase of the three-phased Managed Marsh habitat complex, as well as implementation of an air quality monitoring program around the Salton Sea.

COLORADO RIVER BASIN PROGRAM REPORTS

Update regarding the Basin States' drought contingency planning efforts

Fourteen years of extensive drought conditions within the Basin and the current low elevations at Lake Mead are continued reminders to the Basin States and key water users that additional coordination efforts should be developed to help protect and strengthen the 2007 Interim Guidelines and help avoid conflicts that may develop under increasing stressful circumstances. Accordingly, the Lower Basin states and water agencies have been working to develop additional tools to lessen the impacts of continued drought and decrease the likelihood that Lake Mead will drop to critically low elevations.

On July 30, MWD, SNWA, CAP, Denver Water and the US finalized a System Conservation Pilot Program agreement and have agreed to fund up to $11 million in conservation programs within the Basin that will create "system" water. Reclamation is expected to begin implementation of the program in the Lower Basin in the near future and will seek contributions of water for the program through a similar process used during the System Conservation Demonstration Program Reclamation implemented in the Lower Basin in 2006.

The Basin States will continue to develop additional agreements over the next several months and have been coordinately closely with Reclamation on potential options for improved water management and additional conservation opportunities. Additional augmentation projects may be investigated to help address the longer-term needs within the Basin. As contemplated by the 2007 Interim Guidelines, the Basin States will continue discussions of additional management options no later than 2020.

Colorado River Basin Water Supply and Demand Study

Consistent with the overview presented during the last Coordination Team meeting on May 19, the first drafts of the Phase 1 reports from the Environmental and Recreational Flows and Agricultural, Conservation and Transfers workgroups were released during the first week of August.

The Agricultural Conservation, Productivity and Water Transfers report includes a detailed overview of agricultural water use in the Colorado River Basin as well as an analysis of the various water conservation programs and practices used in the Basin, some of which were detailed in case studies included in the appendix of the draft report. The case studies feature programs in both the Upper and Lower Basin, and include programs for conveyance systems and on-farm efficiency improvements as well as consumptive use reduction, and water quality improvements. The draft report concludes with an evaluation of the opportunities and challenges of expanding successful conservation and transfer programs in the Basin and includes a summary table identifying opportunities for potential future action. The draft report notes that potential actions to expand successful conservation programs may be limited by lack of funding or the need for legislation to facilitate more flexible water management, but encourages the development of partnerships to enhance funding opportunities and develop support for additional

successful programs.

The Environmental and Recreational Flows draft report provides a detailed description of ecological, recreational, and hydropower resources in the Basin. The report also provides a detailed assessment of four focus reaches, which include the Upper Colorado River between the Gunnison and the Green Rivers, the White River below Taylor Draw Dam in Utah, the Bill Williams River below Alamo Dam in Arizona and the Henry's Fork headwater reach downstream of Flaming Gorge Reservoir in Utah. For each focus reach, the evaluation details the environmental and recreation attributes, existing programs and management strategies, and a discussion on data gaps and scientific uncertainties that require additional evaluation. The draft report also evaluates existing ecological and recreational flow programs, such as conservation and species recovery plans, and evaluates the opportunities and challenges for expanding these programs.

The draft Phase 1 report from the Municipal and Industrial workgroup is still under development. It is anticipated that the report will include a discussion of current conservation efforts within the Basin, a description of additional planned conservation and reuse programs and projects and discussion of some "case studies". Initial discussions have shown that on average per capita water use rates within the Basin have declined by over 20% since the 1990s.

The status of the draft reports will be discussed at the upcoming Basin Study Coordination Team meeting scheduled for Friday, August 15th, in San Diego, CA, which will also include a discussion of possible Phase 2 activities.

Minute 319 Implementation

Several bi-national workgroups met during June and July to continue progress toward implementation of Minute 319. The environmental flows group met on June 26 to review the progress of the pulse flow (conducted between March through May) and to hear initial results from the scientific investigations conducted as contemplated by the Minute. Bi-national monitoring efforts will continue to evaluate the operational, hydrologic and ecological conditions created as a result of the pulse flow. The Environmental Pulse Flow Delivery Plan contemplates delivery of a base flow of approximately 52,000 acre-feet of water between 2014 and 2017 to maintain active and passive restoration areas and the workgroup heard an overview of the results of the water acquisition progress and the initial base flow delivery plans. A bi-national team of scientists from government agencies, universities and NGOs will continue their data collection efforts and an initial progress report is anticipated later this summer. A more formal report will be presented to the Principal Engineers and the Environmental Workgroup in 2016 and a final report will be prepared by 2018.

Two meetings of the Rosarito Desalination project workgroup have occurred since June. To date, the discussions have centered around possible options for construction of a desalination plant within Mexico with potential direct delivery and/or water exchange options for uses within the US. Additional meetings are planned for the week of August 18.

Additional workgroup meetings included the basin conditions and hydrology group, which met on July 16, and an additional meeting is planned for August 22.

Colorado River Basin Salinity Control Program

The Salinity Control Forum and Advisory Council held their most recent meetings on June 12-13 in Jackson, Wyoming. Highlights of the meetings included a presentation commemorating the 40th anniversary of the establishment of the Forum and a review of the status of the potential for underfunding as a result of insufficient funds from the Lower Basin Development Fund to support the program. A workgroup of Salinity Forum members has continued to develop potential strategies to address the existing funding shortfall issues that the program is facing and to ensure the continued fiscal integrity of the Lower Basin Fund in maintaining an adequate revenue stream for implementation of the Salinity Control Program. During the June meeting, the Forum heard updates regarding the status of the federal agencies' funding requests and updates from each Federal Agency involved in the program on the status of their various projects. One Forum agenda item included a discussion of the potential connection between the Forum and the recently developed system conservation program developed by MWD, SNWA, CAP, Denver Water and the US.

The Salinity Control Forum Work Group met in Salt Lake City, Utah, on July 28-29, 2014, and continued to finalize the draft Triennial Review of Water Quality Standards for Salinity (Review) for the period 2014 through 2017. The Review includes a Plan of Implementation that guides salinity control efforts in the Upper Basin, and for this Review period the Plan of Implementation would control an additional 67,000 tons of salt by 2017. Based upon this level of control, Reclamation's modeling projects that there is less than a 4% probability that the numeric criteria will be exceeded during the Review period. To date, it is estimated that the Salinity Control Program has reduced salt-loading in the Colorado River by approximately 1,330,000 tons per year. This Review also includes a recommendation from the Forum that the numeric criteria at the three stations (i.e., below Hoover Dam, below Parker Dam, and at Imperial Dam) not be changed. While the main body of the Review is currently being circulated for review and comment, the Work Group continues to work with Reclamation on completing data and information to be included in technical appendices to the Review. The Review is expected to be posted on the Forum's webpage and broadly disseminated in each of the Basin States for public review and comment in late-August 2014.

The Work Group also received an update associated with Reclamation's preparation of the Paradox Valley Unit Replacement Solution Environmental Impact Statement (EIS). The U.S. Geological Survey is currently working on a three-dimensional numerical model of the groundwater flow and transport in the Paradox Valley. This model is being used to test selected water management alternatives that could affect the concentration of total dissolved solids in the Dolores River. The modeling results are intended to help inform the development and refinement of potential alternatives to analyze in the EIS. Based upon the current EIS-development schedule, a Record of Decision for the Final Paradox Valley Unit EIS is expected during the winter of 2017/2018.

A subcommittee of the Work Group has been tasked with working closely with Reclamation's Lower Colorado Region and the Temecula Area Office in developing a more accurate model that can be utilized to better quantify economic damages related to Colorado River water salinity affecting water users in the three Lower Division States. The intent is to create a model that can be integrated into Reclamation's current Colorado River System Simulation on the Riverware platform. When completed, the model would be able to quantify potential economic damages to water users in the agricultural and municipal/industrial sectors based upon the TDS of Colorado River water moving through the system and would take into account salinity control projects in place in the Upper Basin.

The Work Group is scheduled to continue its work at a meeting in Salt Lake City, Utah, on September 24-25, 2014. The Forum and Advisory Council will hold their fall meetings in Santa Fe, New Mexico, on October 28-29, 2014.

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

The Technical Work Group (TWG) of the Glen Canyon Dam Adaptive Management Work Group (AMWG) met, via webinar, on August 4, 2014, to review the final draft of the triennial budget associated with implementation of the Glen Canyon Dam Adaptive Management Program by Reclamation and the Grand Canyon Monitoring and Research Center (GCMRC). The proposed triennial budget covers the period of Fiscal-Years 2015 through 2017. In FY-2014, the total budget for the AMP was $10.4 million. For FY-2015, the proposed budget is $9.5 million; and for FY-2016 and FY-2017, the budgets are proposed to be $9.8 million in each year.

The next AMWG meeting is in Flagstaff, Arizona, on August 27-28, 2014. The AMWG will receive updates regarding basinwide hydrology, science updates, and a report from the TWG. Additionally, the AMWG is scheduled to approve a proposed Water-Year 2015 Hydrograph for Glen Canyon Dam that conforms with the annual release volume contained in the 2015 Annual Operating Plan. The AMWG is also scheduled to review and potentially adopt the triennial AMP budget for the period 2015-2017. Other briefings scheduled include the status of the Minute 319 Pulse Flow, the appearance of razorback sucker in the Grand Canyon, the status of the LTEMP EIS, and planning for a potential Fall 2014 High Flow Experiment.

The Basin States and their science advisors continue to work with the Department of the Interior (DOI) in the development of a hybrid alternative for evaluation in the Long-Term Experimental and Management Plan EIS process. This proposed hybrid alternative is intended to incorporate characteristics of the Condition-Dependent Adaptive Strategy (CDAS) Alternative developed by DOI and the Resource-Targeted Condition-Dependent (RTCD) Alternative developed by the Basin States in July 2012. Currently, the Basin States' science advisors are completing a thorough review and evaluation of the proposed hybrid alternative with a particular emphasis on the experimental design aspects of the alternative. Experimental design is a core element in the Basin States' RTCD alternative. DOI has stated that it would like to have a draft LTEMP EIS prepared by the end of the year.

Review Status of the Lower Colorado River Multi-Species Conservation Program

Update regarding Hualapai Tribe Water Rights Settlement/Planet Ranch acquisition

On June 19, 2014, Arizona Senators Flake and McCain introduced S. 2503, the Bill Williams River Water Rights Settlement Act of 2014. (H.R. 4924 was also introduced in the House.) On July 9, 2014, the Senate Committee on Indian Affairs held a hearing on S. 2503 but the bill has not yet moved out of the committee.

The bill seeks Congressional approval of a water rights settlement agreement for a portion of the rights of the Hualapai Indian Tribe in the Bill Williams River watershed in west-central Arizona. The bill also seeks approval of a lease of certain land and water rights associated with Planet Ranch on the Bill Williams River for the benefit of the Lower Colorado Multi-Species Conservation Program (LCR MSCP). The Bill Williams River is a tributary river that drains into Lake Havasu just above Parker Dam. The lower reach of the Bill Williams River flows through the Bill Williams River National Wildlife Refuge and contains one of the largest cottonwood gallery forests in the southwestern United States and is important habitat for yellow-billed cuckoos, one of the species being addressed through the LCR MSCP.

The proposed settlement contemplates that approximately 5,500 acre-feet of water would be leased to the LCR MSCP in exchange for $8.3 million provided by the LCR MSCP. Freeport will donate Planet Ranch (3,418 acres) to the Arizona Game and Fish Commission and a portion of the ranch lands will then be restored to include 550 acres of new LCR MSCP habitat (cottonwood-willow and marsh). US FWS would also credit the LCR MSCP with an additional 396 acres of habitat establishment for protecting the existing cottonwood-willow gallery forest habitat on the Bill Williams River National Wildlife Refuge.

Reclamation will provide a detailed briefing regarding the proposed transaction at the next LCR MSCP Work Group Meeting, scheduled for September 24th, at McCarran Airport. The LCR MSCP Steering Committee had previously approved a resolution supporting the negotiations for the Planet Ranch transaction in October 2008, and on October 22, 2014, the Steering Committee will consider a Program Decision Document recommending that Reclamation enter into the long-term lease with Freeport to secure the Planet Ranch property and associated water rights in furtherance of long-term implementation of the LCR MSCP.

Update regarding resolution of program underfunding issue

In February 2014 it was discovered that the Lower Colorado River Multi-Species Conservation Program (LCR MSCP) had been underfunded during the period Fiscal Years 2011 through 2014. During that period, one of the inflation factor indices--the Gross Domestic Product Implicit Price Deflator--that is used in determining the total amount of annual contributions due to the Program had been changed but inadvertently had not been incorporated into the LCR MSCP annual contributions amounts. Federal and non-federal contributors determined that the total amount of underfunding due the LCR MSCP is $7,601,040, which will be inflated to the appropriate amount in the year which it was originally due, rather than inflating

the repayments amounts using the FY-2015 inflation factor. Safeguards have been put in place to ensure that this type of oversight will not occur again going forward. In addition, there was no substantive impact to the program and during the period of underfunding, and all of the LCR MSCP Annual Work Plans during those shortfall years were fully funded and implemented.

The total amount of underfunding to be repaid by the California LCR MSCP contributing entities is $2,090,286 and the additional contributions for each of the California contributing entities can be allocated during FY 2015 pursuant to the California LCR MSCP Cost-Sharing Agreement (2005).

The LCR MSCP Steering Committee is working closely with the US FWS and Solicitor's Office to develop adequate documentation memorializing the decision-making associated with this issue to ensure that the regulatory aspects of the LCR MSCP Endangered Species Act incidental take authorization permits and biological opinion remain in place for the duration of the Program.

Additional species listing

On July 8, 2014, the US FWS issued a Final Rule in the *Federal Register* (79 FR 38678-38746, July 8, 2014) designating the northern Mexican gartersnake and narrow-headed gartersnake as threatened species pursuant to the Endangered Species Act. Both gartersnakes are highly aquatic species and utilize terrestrial habitats for hibernation, nesting, and dispersal. The US FWS has determined that the significant threats to these gartersnakes include non-native aquatic species, including fish, amphibians, and crayfish. Neither gartersnake currently occupies habitat along the Lower Colorado River. Currently, the northern Mexican gartersnake is only found in five known locations, all of which are in Arizona. A small population of northern Mexican gartersnake is found along the Bill Williams River and proposed habitat restoration activities to be implemented at Planet Ranch would likely benefit this species of gartersnake. The LCR MSCP Steering Committee will work with the US FWS to determine the appropriate levels of conservation and management required to protect and conserve this species and whether it should be formally added to the list of LCR MSCP "Covered Species".

ANNOUNCEMENTS AND NOTICES

Judicial Decision in Navajo Nation v. Department of the Interior (AZ)

On July 22, 2014, the Federal District Court in Arizona issued an order dismissing the Navajo Nation's claims against the Department of the Interior alleging that the DOI had violated its trust obligation, NEPA and the Administrative Procedures Act by entering into various agreements affecting issues on the Colorado River, such as the Interim Surplus Criteria and the 2007 Interim Guidelines, without taking into consideration the Navajo Nation's water rights. IID, MWD, and CVWD had intervened in the case as Defendant-Intervenors along with entities in Arizona and Nevada, and had filed motions to dismiss consistent with the motion to dismiss filed by the US. The Court determined that it did not have jurisdiction over the claims because the Navajo Nation had not established an "injury in fact" and therefore did not have standing to

raise the NEPA claims, that the AZ v. CA Supreme Court Decree had not allocated water to the Navajo Nation and therefore the US had not breached a trust obligation and that the US had not otherwise waived its sovereign immunity to be sued for failing to determine the Navajo Nation's water rights. The Court dismissed the claims "without prejudice" and the Navajo Nation could re-file a complaint against the US at a later date if it can develop the basis to do so. The original lawsuit was filed over 10 years ago and had been stayed pending settlement discussions that were ultimately unsuccessful. The Navajo Nation's failure to approve the proposed settlement a few years ago led to the filing of an amended complaint and a re-opening of the litigation. The Navajo Nation's claims to water rights, including rights within the Colorado River Basin, within Arizona remain unresolved.

S.2530 – Protecting Lakes Against Quaggas Act of 2014

On June 25, 2014, Nevada's Senator Heller introduced S. 2530, the Protecting Lakes Against Quaggas Act of 2014, that seeks to expand the definition of invasive aquatic species to include quagga mussels and therefore prohibiting the interstate transport of the quaggas. The bill includes important protective language requested by California entities that would exempt transport of mussels through the "operation of a public water system or related water conveyance, storage, or distribution facility" so as to avoid an interpretation of the law that would restrict California's diversions of water across an interstate boundary such as the Colorado River. The bill has been assigned to the Senate Environment and Public Works Committee and is similar to other legislative initiatives and administrative efforts to help limit the spread of quagga mussels that can cause extensive damage to water systems if they are not controlled.

S.2771 – Water in the 21st Century Act (Feinstein/Boxer)

On July 31, 2014, Senators Feinstein and Boxer introduced the Water in the 21st Century Act, to expand EPA's existing WaterSense program, create new grant programs within EPA to improve efficiency at existing water systems and increase funding for water recycling, and water storage and conveyance infrastructure. The bill also includes a provision to require EPA to establish Drought Resilience Guidelines to assist with the coordination of drought relief programs in various federal agencies, including the USDA and the DOI. The bill has been assigned to the Senate Environment and Public Works Committee and a similar bill has been introduced in the House by Representative Grace Napolitano.

2015 ICS Creation Plans for MWD and IID

The Board Meeting packet includes copies of the 2015 plans for the creation of Extraordinary Intentionally Created Surplus by MWD and IID. In the normal course of the year, and in response to changing conditions within California and in the Colorado River Basin, the amounts of ICS created or withdrawn may vary.

Reclamation's Approval of CAWCD's 2014 Diversion

On June 27, 2014, Reclamation approved the Central Arizona Project's request to revise its diversion projections to account for 9,000 acre-feet of water in 2014 that is attributable to a

Pilot Fallowing Program between the Yuma Mesa Irrigation and Drainage District and CAP's Groundwater Replenishment District. CAP has agreed to leave the water in Lake Mead as system water to help minimize or avoid a shortage of water in the Lower Basin that would result in decreased diversions to Arizona and Nevada under the 2007 Interim Guidelines.

Economic Engines Report

Included in the Board Meeting packet is an excerpt of a report recently issued by Earth Economics, a non-profit organization based in Washington State that estimates the ecosystem value in the Colorado River Basin to be between $69.2 and $496.4 billion per year. The cite for the full report is:

http://www.eartheconomics.org/FileLibrary/file/Reports/Earth%20Economics%20Colorado%20River%20Basin%20ESV%20FINAL.pdf

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