

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

October 14, 2014

ADMINISTRATION

Minutes of the September 10 2014 Meeting of the Colorado River Board

A copy of the draft Board meeting minutes from the meeting held on September 10, 2014 has been included in the Board packet for your review.

COLORADO RIVER BASIN WATER REPORT

Happy New (Water) Year! As of October 6, 2014, the water level at Lake Mead was at 1,081.66 feet with 10.15 million acre-feet (maf) of storage, or 39% of capacity. At Lake Powell, the water level was at 3,606 feet with 12.34 maf of storage, or 51% of capacity. The total System active storage as of October 6, 2014 was 30.01 maf, or 50% of capacity, which is 229,000 af more than one year ago with the System storage also at 50% of capacity. As of October 6, 2014, the Upper Colorado River Basin reservoirs other than Lake Powell ranged from 93% full (Fontenelle in Wyoming) to 64% full (Navajo in New Mexico). The unregulated inflow into Lake Powell for Water Year 2014, is forecast to total 10.38 maf, or 96% of average.

The monthly precipitation reports for August and September 2014 show that the majority of the Basin received above-average precipitation, but significant portions of the West (excluding Wyoming and Colorado) continue to experience drought conditions.

Update on Reclamation's Consumptive Uses and Losses Reporting Project

Pursuant to Section 601(b) of the 1968 Colorado River Basin Project Act (P.L. 90-537), Reclamation is required to prepare reports, in consultation with each of the Lower Basin States, that document annual consumptive uses and losses, and the quantities consumptively used from major tributaries that flow into the Colorado River. The last five-year Annual Consumptive Uses and Losses Report prepared by Reclamation covered the period 2000-2005. During the development of the Basin Study Supply and Demand Report, Reclamation committed to work collaboratively with the Basin States to resolve and correct methodological and data inconsistencies in the Annual Consumptive Uses and Losses reports, develop natural flows for the Little Colorado, Virgin, and Bill Williams Rivers and modify the CRSS Riverware model appropriately, and evaluate the feasibility of computing the natural flow of the Gila River system.

Reclamation is currently in the process of meeting with stakeholder groups in each of the Lower Basin States to discuss the proposed process and methodologies it will utilize in producing the improved Annual Consumptive Uses and Losses reports. Reclamation proposes to

use the Bill Williams River Basin as a pilot project for natural flow determinations, and will coordinate its data collection and analysis effort with the U.S. Geological Survey, with a goal of completing the pilot in 2016. Reclamation will initiate a working group process in 2015 to review and evaluate the methodologies to be utilized to develop accurate and consistent state-by-state datasets for each of the categories to be reported in subsequent Annual Consumptive Uses and Losses Reports.

CALIFORNIA DROUGHT UPDATE

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

The October 7, 2014 Drought Monitor map for California indicates that over 58% of the State continues to be in the "exceptional drought" category, which is the worst level of drought severity. The State reports that as of September 29, 2014, CAL FIRE has responded to over 5,038 wildfires across the state this year, which have burned over 90,700 acres, well above the average.

RESOLUTION IN SUPPORT OF PROPOSITION 1 – THE WATER QUALITY, SUPPLY AND INFRASTRUCTURE IMPROVEMENT ACT OF 2014

On August 13, 2014, Governor Brown signed the Water Quality, Supply and Infrastructure Improvement Act of 2014, a general obligation bond measure set for consideration on the November 4 ballot. If approved by the voters, the measure would provide over \$7.5 billion in funding for 7 categories of water projects within California, including \$2.7 billion for additional surface and groundwater storage, \$810 million for regional water reliability projects including storm water capture and conservation, \$520 million for drinking water system improvements, \$725 for water recycling projects, \$900 million for groundwater cleanup and management, \$1.5 billion for watershed protection, ecosystem restoration, State settlement obligations, including support for the Quantification Settlement Agreement and \$22.5 million for the benefit of the Colorado River Basin hydrologic region, and \$395 million for flood management projects throughout the State.

Proposition 1 has received support from a variety of organizations, including certain Colorado River Board member agencies. Included in the Board packet is a draft Resolution in support of Proposition 1.

WATER SUPPLY PROJECT APPLICATIONS

The Board packet includes a proposed Resolution regarding potential applications for Lower Colorado Water Supply Project water allocations. The Resolution covers an application

submitted by San Bernardino County relating to the County's proposal to expand and upgrade existing RV campsites and planned recreational facilities at Moabi Regional Park in San Bernardino County. The Application covers Phases 1 and 2 of the proposed expansion, which concentrates on the riverfront campsites. Phases 3 through 6 will include development of inland and upland campsites/cabins, and additional recreational areas.

The Moabi Regional Park is co-located on Federal and State lands and includes 4 parcels within the County's indexing system. In 2010, the State Lands Commission performed a survey to determine the boundary between the Federal and State property, and the purpose of the County's Water Supply Project application is to properly account for water uses on the property. Water is currently supplied from three existing wells; two of which are located on Federal land and the third on State land. The County's expansion plan will include the installation of meters on the wells to be able to allocate water uses between State and Federal lands. The County is seeking an allocation of 37 acre-feet per year from the Project for use on the State lands. Future development will be the subject of subsequent applications.

The second application to be considered by the Board was submitted by an individual, Mr. Paul Page, for domestic use in Imperial County. Mr. Page owns a 74 acre-parcel south of Blythe that falls within the Colorado River floodplain. His application requests an allocation of 1 acre-foot of water per year for current uses and 3 acre-feet of water per year for future uses. Both applications meet the requirements of the Project and staff recommends that the Board approve the Resolution.

COLORADO RIVER BASIN PROGRAM REPORTS

Basin States Drought Contingency Planning Efforts

Based on concerns relating to the continuation of the drought in the Colorado River Basin and the declining elevation at Lake Mead, the Basin States have continued to discuss potential strategies that can be developed to encourage additional storage of water in Lake Mead. On October 8, 2014 the Bureau of Reclamation sent a letter to Section 5 contractors in the Lower Basin announcing a "Funding Opportunity for Voluntary Participation in a Pilot System Water Conservation Program". Reclamation's proposal stems from Reclamation's July 30, 2014 agreement with MWD, SNWA, CAP and Denver Water to conduct a pilot project over the next two-years to create system water through a conservation program. Reclamation's funding announcement asks interested contractors to submit proposals by November 17, 2014, for water conservation activities that would be funded through the program. \$8.25 million is available to fund conservation actions in the Lower Basin and specific criteria for the program will be developed in connection with evaluation of the proposals that Reclamation receives. Additional agreements will continue to be developed among the States and local agencies over the next few months, with the goal in the Lower Basin of creating additional storage volumes in Lake Mead.

Colorado River Basin Water Supply and Demand Study

On October 1, 2014, the Basin Study Coordination Team met in Denver, Colorado to discuss the current status of the draft Phase 1 workgroup reports. The Team discussed the organization, development of key messages and roll-out of the consolidated report, anticipated in late November. The Team had the opportunity to review and discuss the Municipal and Industrial Conservation and Water Reuse, which was released in late September, as well as provide additional feedback for the Environmental and Recreational Flows and Agricultural Conservation, Productivity and Water Transfers reports which are currently in the second round of review. On October 8, the Environmental and Recreational Flows workgroup conducted a conference call to review the latest comments received. The Agricultural Conservation, Productivity and Water Transfers workgroup has scheduled a conference call on October 23. “Key Findings” sections will be developed for the each of the reports, and webinars will be scheduled in late October to update workgroup members on the final drafts of the reports.

The Agricultural Conservation, Productivity and Water Transfers report includes an 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. The Environmental and Recreational Flows draft report provides a detailed description of ecological, recreational, and hydropower resources in the Basin. The report also provides an 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.

On September 30, 2014, representatives of the Nature Conservancy, Environmental Defense Fund, the Family Farm Alliance and the Imperial Irrigation District sent a letter to the Secretary of the Department of the Interior and the Director of the Office of Management and Budget to encourage the Department to include additional funding in the FY 2016 budget for WaterSMART programs that may benefit the Colorado River Basin in furtherance of the analysis completed through the Basin Study. The letter encourages the Department to support pilot projects and long-term projects to reduce consumptive water uses within the Basin through voluntary agreements that include alternatives to transfers of water from agriculture to municipal uses.

As a related activity, the Basin States have committed to investigate the potential for augmentation projects within the Colorado River System to help address any potential imbalance between available supply and future demand. State and local agency representatives will continue to identify potential projects that can be supported for further development. A panel presentation on augmentation issues is planned during the Colorado River Water Users Association meeting in December. One of the benefits of a Basin-wide group working on augmentation issues is to develop political support for potential projects and access a potentially larger pool of financial contributions for the projects. The weather modification projects in Colorado, Utah and Wyoming and current examples of ongoing projects that will be highlighted during CRWUA.

Minute 319 Implementation

Certain Minute 319 bi-national workgroups met during September to continue progress toward implementation of Minute 319. The hydrology workgroup met on September 25 in San Ysidro, CA. The U.S. participants submitted responses to the Mexican proposals for additional methods of evaluating drought conditions and proposed teams to develop additional studies.

On September 26, the Pilot Project workgroup received an update from the Mexican participants regarding a proposal to utilize the U.S. investments committed through Minute 319 to line the Revolucion Canal. A more specific proposal is expected within the next few months. Pursuant to Minute 319, corresponding water allocations will be made available for the funding entities within the U.S., (MWD, IID, CAP and SNWA), no later than 2017. The U.S. participants provided background information regarding the System Conservation Program that is underway within the U.S., and a follow-up workshop is planned for October 28 in Mexicali to determine whether participation by entities within Mexico may be a possibility. The U.S. participants also received an update regarding the planning for a regulating reservoir to be constructed adjacent to the Alamo Canal, but no specific proposal has been received from the Mexican participants on this project.

The bi-national Desalination Plant Project workgroup met to review status of the proposal to jointly fund a desalination plant in the Rosarito area for potential deliveries of water directly to the San Diego area or through an exchange of Colorado River water to other U.S. water users. For the Colorado River exchanges, the goal would be to build upon the programs developed in Minute 319 for the creation of Intentionally Created Mexican Apportionment. The Mexican participants provided an overview of costs associated with other desalination plants, but did not make a specific proposal relating to the potential construction and operating costs for the Rosarito plant.

The Mexican participants presented an overview of the All American Canal bi-national turnout project. IID is still evaluating the potential to utilize the potential connection as a two-way connection to allow water to be delivered to the U.S. in addition to from the U.S. Mexico is evaluating how to define the “emergency” circumstances that would exist prior to utilizing the potential bi-national connection.

The environmental flows workgroup has drafted an initial report regarding the results of the spring pulse flow that is being reviewed by the U.S. and Mexican sections of the IBWC. Bi-national monitoring efforts are continuing and a formal report will be presented to the Principal Engineers and the Environmental Workgroup in 2016, with a final report on the pulse flow results to be completed by 2018.

Colorado River Basin Salinity Control Program

The Salinity Control Forum’s Work Group met in Salt Lake City, Utah, on September 24-25, 2014. The Work Group finalized the 2014 Triennial Review of the “Water Quality Standards for Salinity Colorado River System” (Review) for adoption at the Forum’s fall

meeting in Santa Fe, New Mexico, on October 29-30, 2014. The salinity control program has reduced salt-loading in the Colorado River by approximately 1,326,000 million tons and the 2014 Review describes a Plan of Implementation that would control an additional 67,000 tons of salt by the year 2017. A copy of the final 2014 Review has been included in the Board folder for review and information.

The Work Group received an update on the operations and the status of the Paradox Valley Salinity Control Unit (PVU). Reclamation recently awarded a new contract for operations and management of the PVU. Reclamation reported that over the past twelve months the PVU has averaged an injection rate of 8,500 tons of salt per month; with an average injection rate of 200 gallons per minute and is currently using an 18-hour shut-down period each week versus two 20-day shut-down periods annually. Reclamation indicated that there were 44 seismic events over the past twelve months, with a maximum seismic event of 2.3 near the town of Paradox.

Meetings of the Salinity Control Forum, Advisory Council, and Work Group have been scheduled for October 27-30, 2014 in Santa Fe, New Mexico. Status of Program funding, Federal agency budgeting issues, and the status of the Upper and Lower Basin Development Funds will be discussed.

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

On October 7, 2014, Reclamation provided background information relating to a potential High Flow Experiment (HFE) at Glen Canyon Dam in mid-November 2014. Reclamation reported that since July 1, approximately 1.6 million metric tons of sediment has accumulated in the Colorado River bed near the confluence of the Paria River as a result of several summer monsoonal storm events in the Paria River watershed. Based upon the sediment load, Reclamation is currently planning a 96-hour HFE release with a magnitude of 37,500 cfs. Because of on-going turbine maintenance at Glen Canyon Dam, only seven of the eight turbines are available, which limits the power-plant capacity at 21,500 cfs. The remaining 16,000 cfs required for the HFE release will be discharged through the jet-tubes which bypass the power-plant. Reclamation will brief the AMWG Technical Work Group, via webinar, on October 17, and the Department of the Interior Leadership Team will make its decision about the final parameters of the HFE by October 20. Reclamation plans to hold an informational workshop in 2015 to review the results of the HFEs since the adoption of the HFE Protocol in May 2012.

On September 29, 2014, Assistant Secretary for Water and Science Anne Castle released a “Decision Memorandum for the Secretary” for approval of: (1) the FY 2015-2017 Triennial Budget and Work Plan from Reclamation and the Grand Canyon Monitoring and Research Center; and (2) the proposed Hydrograph for Water-Year 2015. The 2015 hydrograph release volumes are determined by the 2007 Interim Guidelines and were reviewed and adopted through the Annual Operating Plan process. A copy of the report and Secretarial concurrence has been included in the Board folder. A meeting of the Technical Work Group has been scheduled for

October 28-29, 2014, at the offices of the Arizona Department of Water Resources in Phoenix, Arizona.

DOI continues to develop the Long-Term Experimental and Management Plan EIS, and a public draft is scheduled to be released in January 2015. Additional evaluation continues regarding the potential impacts of the proposed operations on hydropower production, especially with respect to the potential for additional spring and fall HFEs. DOI is also conducting consultation meetings with Tribes that are potentially impacted by the proposed operations, including discussions relating to trout management flows and mechanical removal of trout.

Lower Colorado River Multi-Species Conservation Program

On October 3, 2014, the U.S. Fish and Wildlife Service (USFWS) published a Final Rule in the *Federal Register* (79 FR 59992-60038, October 3, 2014) listing the western distinct population of yellow-billed cuckoo (YBC) as a Threatened species, pursuant to the Endangered Species Act. The YBC has been one of the 26 “covered species” included in the Lower Colorado River Multi-Species Conservation Program (LCR MSCP) since implementation began in early-2005, and the change in its status with the USFWS does not affect the amount of habitat restoration planned or species conservation activities being implemented through the LCR MSCP. Through implementation of the LCR MSCP, 4,050 acres of Fremont cottonwood and Goodding’s willow is being restored and maintained along the Lower Colorado River for the YBC and endangered southwestern willow flycatcher.

On August 15, 2014, the USFWS published a Proposed Rule in the *Federal Register* (79 FR 48548-48652, August 15, 2014) designating critical habitat through the range of the YBC across much of the western United States, including most of the Lower Colorado River. Board staff submitted comments on the proposed rule requesting that the USFWS exclude the designation of critical habitat for the YBC within the entire planning area of the LCR MSCP, including the operational full pool of Lake Mead (elevation 1,221 feet above mean sea level), to the Southerly International Boundary with Mexico. Exclusion of the LCR MSCP planning area as YBC critical habitat would conform with the existing critical habitat designation for the southwestern willow flycatcher that was finalized in early-2013. A copy of the Board’s comment letter has been included in the Board folder for your information.

The LCR MSCP Work Group met on September 24, 2014 at the McCarran Airport in Las Vegas, Nevada, to discuss a draft resolution regarding the underfunding that occurred in Fiscal Years 2011-2014, a proposed Steering Committee Motion to approve the acquisition of the Planet Ranch land and water rights in conjunction with the proposed Hualapai Indian Water Rights Settlement, and the USFWS proposal to designate critical habitat for the western distinct population of the yellow-billed cuckoo. Consistent with the Board’s comments, Reclamation’s comment letter requests that LCR MSCP planning areas be excluded from critical habitat designation.

The LCR MSCP Steering Committee is scheduled to meet at the offices of the Southern Nevada Water Authority in Las Vegas, Nevada, on October 22, 2014. At this meeting it is

expected that the Steering Committee will approve the underfunding make-up strategy resolution, receive an update on the potential acquisition of Planet Ranch for LCR MSCP purposes and receive updates associated with the FY-2015 Work Plan. Reclamation has initiated planning for a tour and series of events associated with the tenth anniversary of LCR MSCP implementation. The tour, scheduled for April 7-9, 2015, will start in Yuma, Arizona, visit each of the conservation areas that have been restored as part of the Program since 2005, and will include a dedication of the Laguna Conservation Area.

ANNOUNCEMENTS AND NOTICES

Personnel Changes

Effective October 1, 2014, Jennifer Gimbel has taken the position of Principal Deputy Assistant Secretary for Water and Science, replacing Anne Castle, who resigned her position in late September. Jennifer Gimbel had been serving as the Deputy Commissioner for External and Intergovernmental Affairs at Reclamation. Prior to moving back to Washington D.C. in 2013, she had served as the Director of the Colorado Water Conservation Board.

Effective October 8, 2014, Estevan Lopez has taken the position of Principal Deputy Commissioner of the Bureau of Reclamation pending his confirmation by the Senate as Commissioner. In a message circulated to stakeholders, he has pledged to continue the practice of regular stakeholder meetings.

Larry Walkoviak, the Bureau of Reclamation's Upper Colorado Regional Director, retired effective October 3, 2014. Until a Regional Director is selected, a rotating group of Acting Regional Directors will be in place, including Jennifer McCloskey and David Palumbo from the Lower Colorado Region.

Events/Announcements

On September 23, 2014, the Department of the Interior and the State of California released a draft Renewable Energy Conservation Plan for public review and comment. The plan covers potential geothermal development at the Salton Sea, and additional solar development that may impact on Colorado River water supplies. Comments are due by January 9, 2014 and a copy of the plan is available at: <http://www.drecp.org>

On September 27, 2014, Secretary Jewell and others celebrated the 50th anniversary of power generation at Glen Canyon Dam. A recording of the event is available at: <http://new.livestream.com/usinterior/events/3421215>.

The National Water Resources Association (NWRA) Annual Conference is scheduled for November 12-14, 2014 at Coronado Island. The agenda for the conference is at: <http://www.nwra.org/2014-annual-conference.html>

The Association of California Water Agencies will hold its Fall Conference from December 2-5, 2014 in San Diego. The agenda for the conference is at: <http://www.acwa.com/sites/default/files/event/2013/02/fc14-brochure.pdf>

The Western Governors Association's Drought Forum met in Phoenix on October 7-8, 2014 with a focus on the impacts of drought on the manufacturing, mining and industrial sectors. The next meeting of the Drought Forum is scheduled for November 13-14 in Sacramento. A link for the Drought Forum is at: <http://www.westgov.org/drought-forum>

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