

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

August 8, 2016

ADMINISTRATION

Minutes of the June 15, 2016 Meeting of the Colorado River Board

A draft of the Minutes from the Board meeting held on June 15, 2016 has been circulated for review.

COLORADO RIVER BASIN WATER REPORT

As of August 1, 2016, the water level at Lake Mead was at 1072.75 feet with 9.42 million acre-feet of storage, or 36% of capacity. On July 24, 2016, Lake Mead hit its lowest recorded elevation at 1,072.2 feet, but is expected to gain elevation through the end of the calendar year. Recent projections by Reclamation estimate that Lake Mead's elevation will be 4 feet above the shortage trigger level of 1,075 feet on January 1, 2017. As of August 1, the water level at Lake Powell was at 3,618.22 feet with 13.58 million acre-feet of storage, or 56% of capacity. As of July 31, 2016, the total system storage was at 31.18 million acre-feet, or 52% of capacity, which is about 174,000 acre-feet less than where the system storage was at this time last year. As of August 2, 2016, the Upper Colorado River basin reservoirs other than Lake Powell ranged from 96% of capacity at Morrow Point in Colorado to 88% of capacity at Flaming Gorge and 86% at Fontenelle in Wyoming. As of August 1, the preliminary observed April-July runoff forecast for the Upper Colorado River basin is estimated to be 92% of average. As of August 1, 2016 the forecasted unregulated inflow into Lake Powell for WY 2016 is 9.78 million acre-feet, or 90% of normal.

On Monday, August 15, 2016, Reclamation will hold a webinar to discuss the results of the August 24-Month Study, which will be utilized in the Annual Operating Plan process to determine the operating tier for Lake Mead during 2017 pursuant to the 2007 Interim Guidelines for the Coordinated Operation of Lakes Mead and Powell. Reclamation's projections from the April and July 2016 24-Month Study inflow scenarios indicate that Lake Mead's elevation is projected to be 1,079.3 feet at the end of 2016. At the end of 2017, Lake Mead's elevation is projected to be at 1,074.7 feet, which is slightly below the shortage trigger of 1,075 feet. Under the terms of Minute 319, which was finalized in 2012, Mexico agreed to share in shortages when the Lower Basin is experiencing shortages, however Minute 319 expires in 2017. Currently, Mexico and the United States are in negotiations to develop a successor Minute, which may include similar shortage sharing provisions.

The second consultation for the 2017 Colorado River Annual Operating Plan (AOP) was held in Las Vegas, NV on July 28, 2016. Reclamation reported that precipitation in the Upper Basin was average at the start of the year, increasing at the end of 2015 and then dropping to below average through March. Precipitation increased after March, with the seasonal snowpack peaking on April 2 at 94% of average. Recent projections for 2017 indicate that the most probable

operating scenario for Lake Powell will be the Upper Elevation Balancing tier with a release of 9.0 million acre-feet, and a Normal or ICS condition for Lake Mead, with no Lower Basin shortages required. As previously mentioned, the official operating tiers for 2017 will be set using the August 24-Month Study results. During the July 28 meeting, Executive Director Trujillo provided an update on the status of California's implementation of the Quantified Settlement Agreement and other strategies in place to ensure California can meet its water needs and by relying primarily on its normal Colorado River allocation of 4.4 million acre-feet of water per year. This update satisfied the requirement in Section 5 of the 2007 Interim Guidelines for California to report to the Secretary on its progress in implementing the Colorado River Water Use Plan.

COLORADO RIVER BASIN PROGRAM REPORTS

Basin States Drought Contingency Planning

The Lower Basin States have continued to work with Reclamation to develop a Drought Contingency Plan as a follow up to the December 2014 Memorandum of Understanding among the Lower Basin States and major water users. The goals of the plan are to encourage more water savings in Lake Mead in order to decrease the likelihood that Lake Mead will drop below elevation 1,020 and to provide increased flexibility for water users during low reservoir conditions. No agreements have been finalized among the States and discussions are expected to continue throughout the end of the year. Additional details will be presented in parallel with updates provided by the major Section 5 Contractors within California as they move forward with any potential agreements.

Colorado River Basin Salinity Control Program

Reclamation continues to work on the modeling for the 2017 Triennial review and the first draft of the modeling results will be presented to the Forum during its next meeting on October 26-27 in Moab, Utah. A tour and celebration of the 20th Anniversary of the Paradox Valley Unit injection well will be held in conjunction with the Forum meetings. The Work Group is scheduled to meet on August 30-September 1 in Cheyenne, WY. A draft video describing the Colorado River Basin Salinity Control Program, the causes of salt load increases in the River, the impacts of high salinity levels, and the success and continuing need for the program is under development. The video includes photos of salinity damages to agriculture, municipal/industrial uses, and the environment in both the Upper Basin and the Lower Basin.

Status of the implementation of Minute 319 and negotiation of Minute 32x

The bi-national negotiating group that is evaluating options for the potential successor to Minute 319 met on June 16-17, July 4-7, and August 3-4 to continue discussion of potential items to include in the next Minute. Mexico's participation in drought contingency planning efforts to increase and protect Lake Mead's elevation levels has continued to be a topic of the bi-national discussions. Elements under discussion include whether to extend or expand the current provisions of Minute 319 through 2026 so that the new Minute would coincide with the timeline of the 2007 Interim Guidelines. The goal of the bi-national negotiating group is to have a set of key terms developed by the end of August and a draft Minute prepared by the end of September. The new Minute will build off of the elements of Minute 319 and no major modifications are anticipated.

Status of the Glen Canyon Dam Adaptive Management Program

The Technical Work Group of the Glen Canyon Dam Adaptive Management Program held a meeting on June 14-15 in Salt Lake City, UT to approve the FY17 budget and work plan, as well as the FY17 hydrograph, which follows the same guidelines as the FY16 hydrograph. Seth Shanahan of the Southern Nevada Water Authority was elected as the new Chair of the Technical Work Group. The group has also begun discussions on the FY18-20 triennial budget for the program, which will be finalized and approved in FY17. Work on the Long-Term Experimental and Management Plan EIS continues, with a final EIS and ROD expected in September. The Department of the Interior received approximately 3,000 comments on the draft document and is currently working to incorporate them into the final version of the management plan.

The Adaptive Management Work Group will meet August 24-25 in Flagstaff, AZ, and the Technical Work Group will meet again on October 18-19. On July 8, 2016, Jennifer Gimbel announced her departure from the Department of the Interior as Principal Deputy Assistant Secretary for Water and Science and issued a memo regarding continuity and strategic direction for the program in anticipation of a new federal Administration taking over in 2017. The memo emphasized a continued commitment to an efficient triennial workplan and budget process for the program, enhancing Tribal involvement within the program, integration of the forthcoming LTEMP into the program, and incorporation of input from the Science Advisors Program.

Status of the Lower Colorado River Multi-Species Conservation Program

The Lower Colorado River Multi-Species Conservation Program (LCR MSCP) Steering Committee held a conference call on June 22 to approve the Final Implementation Report, FY2017 Work Plan and Budget, and FY2015 Accomplishment Report, which reports on the group's past accomplishments and future plans. The group also discussed the upcoming meeting schedule. The Work Group will meet on September 29 and the Steering Committee will meet October 26, both in Las Vegas, NV.

On August 8, 2016, Colorado River Board staff submitted the CESA 2081 Annual Status Report and associated Mitigation Monitoring and Reporting Program table for LCR MSCP implementation in FY-2014. These reports were updated to reflect the status of fiscal contributions, habitat creation, monitoring, and habitat impacts during FY-14 pursuant to the terms and conditions of the 2081 permit.

ANNOUNCEMENTS

(a) On July 13, 2016, the Senate Energy and Natural Resources Committee held a Business Meeting to report out several bills, including S. 2902, introduced by Senators Flake, Barrasso, McCain, Risch, Heller, and Daines. As was previously reported to the Board, S. 2902 contained an objectionable provision that would have restricted the Secretary of the Interior's ability to allocate water among the Lower Basin States. Colorado River Board staff submitted a comment for the record objecting to the provision as being an unnecessary interference with the current practice regarding Colorado River Basin operations. The objectionable provision in S.

2902 was not included in the final version of the Bill that was reported out of the Committee on July 13. The Department of the Interior confirmed its existing practice of conferring among the Lower Basin States prior to allocating any unused apportionment in any accounting year through an exchange of correspondence with Senator Flake. A similar letter exchange occurred last year between the Central Arizona Project and the Bureau of Reclamation and both years' letters are consistent with Reclamation's Lower Colorado Region Policy for Apportioned but Unused Water - <http://www.usbr.gov/lc/region/g4000/UnusedWaterPolicy.pdf>.

(b) On June 22, 2016, Reclamation hosted a meeting regarding Phase 2 of the Basin Study's next steps process. The goal of Phase 2 will be to implement pilot projects to test innovative ways to address some of the water supply/demand imbalance challenges identified in the Basin Study and to look for ways to promote water supply sustainability and demonstrate a high degree of stakeholder partnerships. During the meeting the group reviewed the goals, objectives, and selection criteria for the proposed pilot projects. Reclamation is still evaluating the best way to allocate additional funding toward this effort, and additional funding contributions, will be requested at a later date.

(c) Colorado River Board staff participated in an organizational meeting of the Colorado River Traveling Exhibit Advisory Committee on June 23, 2016 in Las Vegas, Nevada. The goal of the meeting was to discuss the goals of the exhibition, content, and share ideas regarding the proposed user experience. The next Exhibit Advisory Committee meeting will be held on October 4-5, 2016 in Chicago, Illinois and will include a tour the Chicago Field Museum.

(d) On July 27, 2016, Southern Nevada Water Authority hosted a conference call to discuss the planning for a symposium and technical workshop that will present current and on-going climate science research in the Colorado River Basin. The goals of the symposium and technical workshop would be to facilitate a dialogue between Colorado River stakeholders and climate science researchers; share information on the latest research projects and findings; and inform and advance climate science research initiatives in the Colorado River Basin to support information and planning needs.

(e) The California Natural Resources Agency has been holding a series of public workshops in various southern California locations to discuss the State's current Salton Sea restoration activities and address public comments and questions relating to the Salton Sea Management Program. On, August 2, 2016, staff from Colorado River Board attended the workshop held in Los Angeles, California. During the workshop, Bruce Wilcox, Assistant Secretary for Salton Sea Policy, presented an overview of the current state of the Salton Sea, the history of the Salton Sea, its current condition and how past and on-going Colorado River policies, such as the Quantified Settlement Agreement affect the Salton Sea. Mr. Wilcox also described some of the State's current restoration activities such as the on-going construction at the Red Hill Bay project area and the use of dust control measures, similar to techniques used in Owens Valley. The State's budget includes \$80 million in funding for restoration activities.

Many of the public comments during the August 2 meeting focused on the potential increase in health issues associated with the recession of the Salton Sea. In addition, Mr. Wilcox responded to questions and comments regarding the potential for development of geothermal energy, the State's legal obligations and costs to restore the Salton Sea, as well as the importance of the Salton Sea to birds and other wildlife. Mr. Wilcox indicated that a Long Range Plan for the

Salton Sea may be completed by the end of 2016. The final public workshop is scheduled for August 11, 2016 in Mecca, California. More information regarding the Salton Sea Management Program can be found at: <http://resources.ca.gov/salton-sea/>.

(f) During the June 15 Colorado River Authority meeting, the Board asked for a review of the oral histories that have been obtained for people involved with Colorado River water and power issues within California. Colorado River Board staff has circulated a list of existing oral histories and has asked for input from the agencies regarding additional histories to obtain from new candidates. Please send any additional inquiries, comments or recommendations to Angela Rashid at arashid@crb.ca.gov. A report will be made during a subsequent meeting regarding the results of the input received from the agencies.

(g) Colorado River Board staff continues to monitor the ongoing permitting process for several solar energy projects within California that have the potential to impact Colorado River water rights. As described during the June 15 Board meeting, Board staff have submitted comments to the California Energy Commission and the Bureau of Land Management indicating that approvals of any new projects must include conditions to ensure that impacts to the Colorado River will be mitigated so as not to increase any depletions within the State.

(h) On June 23, the U.S. Departments of Interior and Agriculture announced the award of \$47 million to help water districts and agricultural producers with funding for 76 new water conservation projects. The funds involved included \$15 million from USDA's EQIP program grants and \$32.6 million from the Bureau of Reclamation for WaterSMART grants to improve water and energy efficiency and provide a strengthened federal response to drought conditions across the West.

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