

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

March 15, 2017

ADMINISTRATION

Minutes of the February 8, 2017 Meeting of the Colorado River Board

A draft of the Minutes from the Board meeting held on February 8, 2017 has been circulated for review.

Resolution Acknowledging State Service of Ms. Tanya Trujillo

A proposed resolution acknowledging the nearly five years of state service performed by the Board's former Executive Director, Tanya M. Trujillo, has been included in the Board folder for consideration and adoption by Board members.

Statement of Economic Interest, FPPC Form 700

A reminder to Board members and alternates that the Statement of Economic Interest, Fair Political Practices Commission Form-700 is due on April 3rd. Please contact the Board's administrative staff if you have any questions or require additional information.

COLORADO RIVER BASIN WATER REPORT

As of March 6, 2017, the water level at Lake Mead was 1,089.46 feet with 10.81 million acre-feet of storage, or 41% of capacity. The water level at Lake Powell was 3,594.06 feet with 11.19 million acre-feet of storage, or 46% of capacity. As of March 5, 2017, the total system storage was 29.58 million acre-feet, which is 50% of capacity, and is about 457,000 acre-feet more than this time last year. As of March 6, 2017, the Upper Colorado River basin reservoirs other than Lake Powell ranged from 51% of capacity at Fontenelle in Wyoming, and 82% of capacity at Flaming Gorge in Wyoming and Utah, 86% of capacity at Morrow Point and 68% of capacity at Blue Mesa in Colorado, and 79% of capacity at Navajo in New Mexico.

The Colorado Basin River Forecast Center (CBRFC) held a webinar on March 7, 2017 to review the water supply conditions and forecast. Over the past three months, the Colorado River Basin has experienced one of the wettest periods in the historical record. Data from the Natural Resources Conservation Service indicates that many SNOTEL sites were ranked in the top three in terms of precipitation. Areas with significant snowpack include the Upper Green River Basin in Wyoming and Duschene River Basin in Utah.

Snowpack conditions throughout the Upper Colorado River Basin (Upper Basin) remained well above average as of early March, with many areas having conditions between 150 to 200% of

average. The projected April – July runoff forecasts continue to be above average throughout the Upper Basin, with some forecasts having increased substantially from those issued in early February. The April–July unregulated inflow forecast for Lake Powell is at 10.40 million acre-feet, or 145% of average. The next water supply webinar will be held on April 6th.

The CBRFC also hosted a Peak Flow webinar on March 10. Peak flow forecasts may be used to determine areas where potential flooding may occur due to snowmelt during the runoff season (April through July). Factors that may impact forecasts include existing snowpack and areas with saturated soils, which would enhance runoff due to rain or snowmelt. The peak flow forecasts are dynamic and will continue to evolve throughout the spring, and will be updated twice a month. The next peak flow webinar will be scheduled sometime in April.

The Bureau of Reclamation (Reclamation) is currently in the process of preparing the water use accounting report for Calendar-Year 2016. The first draft containing specific water use pertaining to each Lower Basin state is expected to be released by April 7th. Following a brief review period, the second draft containing the combined reports of all three Lower Basin states will be released by April 28th and a final CY-2016 report will be issued in mid-May.

On February 13, 2017, Reclamation presented an overview of the latest modeling projections for system operations over the next five years. The probabilities against a Lower Basin shortage have improved since the last run was presented in August 2016. In the January 2017 run, Reclamation projected no chance of shortage in 2017, and 34%, 30%, 29%, and 33% in 2018, 2019, 2020, and 2021, respectively. In accordance with the 2007 Interim Guidelines, the shortage determination will be based on the August projection of the following January’s elevation at Lake Mead. Reclamation also projected the probability of equalization, which would increase releases from Lake Powell to more than 9 million acre-feet, to be 34%, 38%, 37%, 34%, and 33% over the next 5 years. Finally, on February 27th, Reclamation hosted a Stakeholder Modeling Work Group webinar to review the modeling approach that was used for the January 2017 run, to explain improvements made in both the MTOM and CRSS models, and to describe upcoming modeling work.

STATUS OF COLORADO RIVER BASIN PROGRAMS & ACTIVITIES

Basin States Drought Contingency Planning

Discussions continue within each of the Lower Basin States to review the concepts developed among the Lower Basin States and Reclamation for a Lower Basin Drought Contingency Plan (LB DCP) to encourage more water savings and storage in Lake Mead to decrease the likelihood that Lake Mead will drop below elevation 1,020 feet and to add flexibility and certainty for operations at lower reservoir levels. The LB DCP is intended to supplement the existing 2007 Interim Guidelines for the Coordinated Operation of Lake Mead and Lake Powell through 2026. The LB DCP will provide clear rules for the storage and release of Intentionally Created Surplus water when Lake Mead reaches elevations below 1,075 feet and the shortage triggers in the 2007 Interim Guidelines kick in.

Currently a small drafting group is working to develop an “operations and management agreement” related to implementing both the Lower Basin and Upper Basin DCPs. This agreement is largely analogous to both the April 23, 2007 agreement associated with the 2007 Interim Guidelines, as well as the 2012 interim operating agreement for Minute 319. This new agreement is

intended to provide the “rules of the road” for implementation of both DCPs as well as providing various reservations of rights for both basins. It is currently unclear who the signatories to this agreement would be, i.e., the Governor’s representatives, or all of the signatories to each of the DCPs and related agreements?

As reported at prior Board meetings, intra-state LB DCP implementation agreements are still being negotiated and developed within each of the three Lower Basin States. Additionally, it is likely that the Arizona Legislature will also take action to authorize the Director of the Arizona Department of Water Resources to execute the new agreements. For California to implement the LB DCP, there are a series of agreements contemplated among the Metropolitan Water District of Southern California (MWD), Imperial Irrigation District (IID), Palo Verde Irrigation District (PVID) and the Coachella Valley Water District (CVWD). In order to implement the LB DCP, the California parties are continuing their parallel efforts to resolve ongoing issues associated with both the California Water Fix and a roadmap for long-term management of the Salton Sea.

Technical representatives of Reclamation and the Basin States continue to evaluate modeling assumptions and results associated with both the LB DCP and Upper Basin Drought Operations Memorandum of Agreement (UB DCP, which also includes elements of weather modification and demand management). The modeling group intends to develop data and information that the Basin States can utilize in making decisions associated with implementation of both the UB and LB DCPs, as well as a Mexican Water Scarcity Contingency Plan (through Minute 32x). Reclamation is going to perform some additional sensitivity analyses with respect to frequency of annual release volumes from Lake Powell as well as impacts related to the minimum power-pool protection elevation of 3,525 feet in Lake Powell.

Regarding the UB DCP, Reclamation and the Upper Basin states are developing a “process” document which will provide more clarity with respect to specific operational decisions that would be made when implementing the Drought Operations MOA. This Upper Basin operational process document will be circulated for review and comment at some point in the near future.

Implementation of Minute 319 and Negotiation of Minute 32x

A near-final draft of Minute 32x (M32x) has been developed using input from binational workgroups on Hydrology, Salinity, Flow Variability, Environmental Flows, Binational Projects, and the All-American Canal Turnout. As the Board is aware, it was not possible to complete and execute the new Minute prior to the change in the new U.S. federal Administration on January 20, 2017, in part because implementation issues were still under discussion between the Upper Basin and Lower Basin and because the necessary domestic implementation agreements had not been finalized. Discussions among the Basin States and federal agencies regarding the elements of Minute 32x are expected to continue in 2017, but the positions of the new federal Administration and Mexico are still unclear.

Representatives of both the U.S. Section of the International Boundary and Water Commission (IBWC) and the Department of the Interior recently briefed the staff of the Senate Foreign Relations Committee regarding the status and intent of M32x. They provided an overview of the Minute-development process as well as an overview of the current draft of the Minute. This was followed by a question and answer session.

Finally, pursuant to a statutory provision in Arizona, the Arizona Legislature has recently taken action to authorize the Director of the Arizona Department of Water Resources to execute the domestic implementation agreements that would support Minute 32x. A copy of the ADWR press release and the House Joint Resolution can be accessed on-line at the following links: HJR 2002 <http://www.azleg.gov/legtext/53leg/1r/bills/hjr2002h.pdf>; and ADWR press release http://www.azwater.gov/AzDWR/PublicInformationOfficer/documents/HJR%202002%20Press%20Release%20-%20Gov%20Ducey_DRedits23%20DMedits.pdf. These documents will be distributed as hand-out materials at the Board meeting on March 15th.

As the Board will recall, the continued implementation of Minute 319 remains in effect through the end of 2017. It contains a series of elements that were incorporated into the planning for the new Minute 32x, but Minute 32x also includes the concept of a binational drought contingency plan to run in parallel with a domestic, Lower Basin drought contingency plan. The existing elements of Minute 319 are: (1) provisions that address operational issues such as shortages and surplus flows; (2) salinity calculations and delivery flow variability on a day by day basis; (3) the opportunity for U.S. investments in conservation projects to generate water savings in Mexico; and (4) a Mexican environmental flows program. The environmental flows program for Minute 319 also included the completion of the pulse flow experiment in 2014 and the continued delivery of water on an annual basis to designated habitat restoration areas within the Mexican Colorado River delta.

Seven Basin States Meeting—March 8, 2017, Phoenix, Arizona

Representatives of the seven Basin States met in Phoenix, Arizona, on March 8th at the Arizona Department of Water Resources. At the meeting, status updates were provided for the following topics: (1) Basinwide hydrologic conditions; (2) technical modeling group; (3) LB and UB DCPs; (4) Minute 32x; and (5) a seven Basin States letter to Secretary of the Interior Zinke. The status of Items 1-4 are described in previous sections of this report.

At the meeting, the seven Basin States representatives finalized a letter to the new Secretary of the Department of the Interior, Ryan Zinke. The purpose of the letter is to briefly describe the status and importance of continuing the efforts related to completing both Minute 32x and the LB and UB DCPs; and request the continued involvement of the Secretary, his incoming senior leadership team as well as key career employees; and reinforce the desire and expectation of the key role of the seven Basin States in these important processes. Finally, a request was made to schedule a meeting with the Secretary and his team to go over these issues and identify goals and objectives for next six months or more. A copy of the seven Basin States letter to Secretary Zinke has been included in the Board folder.

The Basin States also discussed the timing and sequencing of completion and execution of both the DCPs and M32x. Ultimately, it was suggested that the strategy going forward in 2017 should be to continue working on advancing the near-final draft of M32x and development of all of the related domestic and operating agreements with goal of executing M32x prior to the expiration of Minute 319 on December 31st. Additionally, the states committed to continuing work on the DCPs and related agreements, recognizing that there are still significant intra-state hurdles to get over in both Arizona and California.

Colorado River Basin Salinity Control Program

The Salinity Control Forum's Work Group is continuing its effort to update the 2017 Triennial Review (Review). At the recent Work Group meetings on February 7-9 in San Diego, Reclamation presented the modeling results of four salinity control scenarios that included no action beyond 2017, a scenario based on current funding levels, a maximum funding level effort and a scenario between the maximum and current funding levels. A recommended plan of implementation based on current funding levels has been proposed for this Review and would remove approximately 1.4 million tons of salt per year by 2019. The numeric criteria at the three stations (i.e., below Hoover, below Parker and at Imperial Dam) remain unchanged for this Review. The Work Group plans to complete the final draft in the next couple of months, and have Forum members approve the document at the June Forum meeting. The Review will then go out for a public review and comment period, and then be submitted to EPA for adoption by the end of 2017.

Reclamation also updated the Work Group on the status of the Salinity Economic Impact Model (SEIM). New data from the states, including population, non-agricultural water use, irrigated acres and crop distribution, have been incorporated into the model. All of the price indices have been updated to 2014 dollars. The model now includes new subareas for non-MWD mainstem California and non-CAP mainstem Arizona. A contractor will be brought on board in the next couple of months to look at new damage functions and review existing damage formulas used in the SEIM. The contractor is expected to complete this work by 2018.

The Work Group discussed the Studies, Investigations and Research (SIR) projects that were recommended by the Science Team for funding this year. One of the recommended SIR projects is to collect information at Pah Tempe Springs by drilling test wells and conducting pump tests. Pah Tempe Springs discharge is one of the largest point sources of salinity load to the Colorado River. Previous studies have indicated the salt load reduction that would result from mitigating Pah Tempe Springs salt discharge was approximately 72,000 – 91,000 tons per year. The U.S. Geological Survey is working with the local water district, Washington County Water Conservancy District, to complete this phase of the study.

Reclamation is planning to schedule the next Paradox Valley Unit EIS Cooperating Agencies meeting on April 12 to give an update on the EIS progress. As one of the cooperating agencies, Board staff will provide the Board with the update at a subsequent meeting.

The next Work Group meetings will be in Salt Lake City, Utah, on April 19-20. The Forum and the Advisory Council will meet on June 8-9 at the Jackson Lake Lodge in Wyoming, with the Work Group meeting the day prior.

Glen Canyon Dam Adaptive Management Program

The Glen Canyon Dam Adaptive Management Work Group (AMWG) met February 15-16 in Tempe, Arizona. The group approved several motions, including a recommendation on the updated charter and a proposal to hold a workshop on the management options available to deal with the increasing population of nonnative brown trout in Glen and Marble Canyons. The AMWG also approved a budget process which will guide the development of the FY18-20 Triennial Budget and Work Plan. This work plan will be completed by August, 2017 and will be the subject of multiple stakeholder meetings over the next several months.

Additionally, stakeholders received updates on the Annual Reporting Meeting held in January 2017, a non-use value study conducted to determine the public's willingness to pay for changes or continuity at Glen Canyon Dam, and the AMWG's ongoing administrative history program. Finally, stakeholders heard a presentation from University of Utah professor, Dr. Jack Schmidt, on a scientific evaluation of the "Fill Mead First" proposal, which concluded that preferentially filling Lake Mead first would not save a significant amount of water, would not restore pre-dam flow patterns to the Grand Canyon, and would be technically infeasible. However, the study was limited by a lack of evaporation data at Lake Powell; evaporation at the reservoir has not been measured since the 1970s. A link to this recent study, including both an executive summary and the full report, is provided here https://qcnr.usu.edu/wats/colorado_river_studies/.

Finally, the Technical Work Group (TWG) will meet April 20-21 in Phoenix, Arizona, and the AMWG will meet, via webinar, on May 24, 2017.

Lower Colorado River Multi-Species Conservation Program

The Lower Colorado River Multi-Species Conservation Program (LCR MSCP) met, via teleconference, on March 2 for a Financial Work Group meeting. LCR MSCP staff provided an overview of the FY16 budget accounting. FY16 expenditures were in line with projected and budgeted costs. The approved FY17 budget is \$30.9 million, while the FY18 budget is estimated to be about \$31.3 million.

The U.S. Fish and Wildlife Service has completed a draft Environmental Assessment (EA) for the addition of the recently listed northern Mexican gartersnake to the LCR MSCP as a "covered species" and subsequent amendment of the Endangered Species Act Section 10(a)(1)(B) incidental take authorization permit for the LCR MSCP. Adding this species to the program will also require an amendment to the program's Habitat Conservation Plan, and will provide LCR MSCP stakeholders with Endangered Species Act compliance for the species through the entire planning area of the LCR MSCP through 2055. A copy of the draft EA has been included in the Board folder.

Finally, the LCR MSCP will hold a Technical Work Group meeting on March 29th and a Steering Committee meeting on April 26th, both in Las Vegas, Nevada. The Technical Work Group will meet again May 10-11 in San Diego, California, to review the draft FY18 Work Plan and FY17 Accomplishments Report. As in past years, Board staff will work with the agencies in the review and preparation of comments on the draft Work Plan.

GENERAL ANNOUNCEMENTS & UPDATES

Washington D.C. Updates

I recently spoke with Ms. Sara Tucker, of Natural Resource Results, the Board's Washington, D.C. representative regarding current and expected congressional and administration activities. Ms. Tucker indicated that while the new Secretary of Interior, Ryan Zinke, is on the job, there are still many vacancies in his senior leadership team, including Deputy Secretary, Assistant Secretaries, and Department of the Interior (DOI) Bureau commissioners or directors. Ms. Tucker reported that about two weeks ago she participated in a stakeholder meeting with Mr. Scott Cameron, a member of the

transition team addressing DOI issues. Tom Buschatzke, ADWR's director, also attended this meeting. Ms. Tucker indicated that Mr. Cameron expects to brief Secretary Zinke soon on current Colorado River issues, the California Water Fix and infrastructure issues and needs.

Ms. Tucker also reported that the administration's top-line budget is expected to be released soon, and cuts are expected in both the budgets of DOI and the U.S. Department of Agriculture (USDA). Ms. Tucker will keep the Board apprised as the budget and appropriations processes and schedules become clear. Finally, she indicated that the nominee for USDA Secretary, Sonny Perdue, still has not had any confirmation hearings scheduled with the Senate Agriculture Committee.



Christopher S. Harris
Deputy Director