

Executive Director's Report to the Colorado River Board of California

June 14, 2017

ADMINISTRATION

Minutes of the May 10, 2017 Meeting of the Colorado River Board

A draft of the minutes from the May 10, 2017 Board meeting held in Monterey, California, have been prepared and are included in the Board folder for review and proposed adoption during the Board meeting.

Approval of the Budget for Fiscal Year-2017/2018

On May 10, 2017, the proposed Fiscal Year-2017/2018 budget for the Colorado River Board of California was presented. The requested budget amount includes:

- \$2,149,000 for the Colorado River Board of California,

COLORADO RIVER BASIN WATER REPORT

As of June 5, 2017, the water surface elevation at Lake Mead was 1,081.30 feet with 10.12 million acre-feet (MAF) of storage, or 39% of capacity. The water surface elevation at Lake Powell was 3,621.22 feet with 13.89 MAF of storage, or 57% of capacity. As of June 4, 2017, the total system storage was 31.93 MAF, which is 54% of capacity, and nearly 2.0 MAF more than this time last year. As of June 4, 2017, the Upper Colorado River basin reservoirs, excluding Lake Powell, ranged from 40% of capacity at Fontenelle in Wyoming, 86% of capacity at Flaming Gorge in Wyoming and Utah, 96% of capacity at Morrow Point and 72% of capacity at Blue Mesa in Colorado, and 90% of capacity at Navajo in New Mexico.

The snowmelt and runoff across the Colorado River Basin is well underway. The Colorado Basin River Forecast Center's June 1st, 2017 Water Supply Forecast Summary noted that record, or near record, runoff is expected in the upper Green River basin in Wyoming. In addition, runoff volumes in excess of 150%, 120%, and near to above average are expected in the Duchesne River Basin, headwaters of the Gunnison River Basin, San Juan River Basin and Colorado River mainstem headwaters, respectively. The April-July unregulated inflow forecasts for some of the major reservoirs in the Upper Colorado River Basin include Fontenelle Reservoir at 1.68 MAF (232% of average), Flaming Gorge at 2.18 MAF (222% of average), and Lake Powell at 8.3 MAF (116% of average). As of June 5th, the current Upper Basin snowpack is 194% of average. The forecasted unregulated inflow into Lake Powell for Water Year-2017 is 12.36 MAF, or 114% of average. To date, the Water Year-2017 precipitation is 116% of average.

Final 2016 Colorado River Accounting and Water Use Report

On May 15, 2017, the U.S. Bureau of Reclamation (Reclamation) released the final “Calendar Year 2016 Colorado River Accounting and Water Use Report for Arizona, California, and Nevada,” in accordance with Article V of the Consolidated Decree in *Arizona v. California*. The Decree requires documentation including releases of water through regulatory structures controlled by the United States, diversions, consumptive uses and return flows to the mainstream that would be available for delivery to downstream users in the U.S. or to satisfy water deliveries to Mexico pursuant to the 1944 Water Treaty with Mexico. The final report can be viewed online at: <https://www.usbr.gov/lc/region/g4000/4200Rpts/DecreeRpt/2016/2016.pdf>

In Calendar Year 2016, the total consumptive use of each lower basin state was less than its respective basic apportionment. A total of 181,180 acre-feet of unused apportionments by Arizona and Nevada were left in Lake Mead. The Metropolitan Water District of Southern California (MWD) created 4,888 acre-feet of Intentionally Created Surplus (ICS) water, and the Imperial Irrigation District (IID) created 13,845 acre-feet of ICS. Through the Pilot System Conservation Program, the City of Needles and Coachella Valley Water District created 166 acre-feet of water that was left in Lake Mead to benefit system storage. Excess flows to Mexico in 2016 totaled 9,230 acre-feet, and 150,191 acre-feet of saline drainage water was bypassed to the Cienega de Santa Clara in Mexico via the Main Outlet Drain Extension Canal (Bypass Canal) pursuant to Minute 242 salinity management requirements.

2018 Colorado River Annual Operating Plan, 1st Consultation

On May 25, 2017, Reclamation released the first draft of the 2018 Annual Operating Plan (AOP) and held a stakeholder webinar to provide an overview of the draft AOP and to review comments by the basin states and other interested parties. The 1968 Colorado River Basin Project Act requires that the Secretary prepare a report documenting the actual operation for the previous water year, and the projected operations for the upcoming water year. Based on the criteria established within the 2007 Interim Guidelines, the August 24-Month Study sets the operational tiers at Lakes Powell and Mead for the upcoming year. The Upper Elevation Balancing Tier governed for Water Year-2017 and based on the April 2017 24-Month Study results, a balancing release from Lake Powell to 9.0 million acre-feet of water will occur for the remainder of Water Year-2017.

Based on the May 2017 24-Month Study and the most probable inflow scenario, the projected operational tier for Water Year-2018 is also the Upper Elevation Balancing Tier with a most probable release of 10.89 MAF. However, it is the August 2017 24-Month Study that will determine the official operating tiers for Lakes Powell and Mead and this will be updated and documented in the final version of the 2018 AOP. The next AOP consultation is scheduled to be held on July 27, 2017, in Las Vegas, Nevada, and will also be available by webinar.

Hydrology Symposium

On May 22-23, 2017, Board staff attended the Colorado River Hydrology Research Symposium in Las Vegas, Nevada, sponsored by the Southern Nevada Water Authority. The purpose of the symposium was to facilitate a dialogue between federal and state agency technical staff and researchers conducting work in the Colorado River Basin, and to share information on the latest research projects and findings. The symposium was followed by a meeting on May 24 to discuss

opportunities for stakeholder collaboration with the research community in hydrology and climate change data and information needs to improve the tools that stakeholders rely on. A follow-up meeting has been scheduled for June 20, 2017 to review and refine the group's list of research priorities, and to discuss a collaborative process for moving forward.

COLORADO RIVER BASIN PROGRAM REPORTS

Status of Minute 32x and U.S. Drought Contingency Planning Process

The Basin States continue to work with Reclamation and the U.S. Section of the International Boundary and Water Commission (IBWC) to develop final drafts of the various domestic agreements that would be required for the execution and implementation of Minute 32x (M32x), the proposed successor Minute to Minute 319. These domestic agreements build upon those utilized to support the implementation of Minute 319 and include: (1) an Implementation Memorandum of Agreement; (2) Interim Operating Agreement; (3) Binational Intentionally Created Surplus Forbearance Agreement; and (4) a Contributed Funds Agreement.

The U.S. Technical Team and smaller drafting group continue to work on developing a proposed process that addresses the Minute's "contingency" aspect related to the potential implementation of the proposed domestic Lower Basin Drought Contingency Plan (LB DCP) and thereby triggering the implementation of the Mexican Water Scarcity Contingency Plan (WSCP) contained in Section IV of M32x. In late May, the group developed a draft process document that outlines a path forward for authorizing the LB DCP and implementation of the Mexican WSCP. This process document builds off the Minute's Section IV language, and recognizes the need for a separate "triggering agreement" to the M32x domestic Memorandum of Agreement and would be signed by the seven states and the Secretary of the Interior. Ultimately, this proposed solution would have the Secretary of the Interior inform the U.S. IBWC Commissioner that the Mexican WSCP would become effective only after full execution of the Basin States DCP triggering agreement and effectiveness of the Lower Basin DCP, including passage of federal legislation, if necessary. In this way, the provisions of M32x, the domestic MOA and the DCP triggering agreement would all work together to protect the interests of the States by clearly establishing the actions necessary to trigger the Mexican WSCP element of M32x.

The U.S. Technical Team and drafting group will continue to work on both the M32x domestic agreements and the triggering agreement process via a webinar scheduled for June 15th, and an in-person meeting in Las Vegas, Nevada, on June 21st.

Basin States Governor's Representatives Introductory Call with Interior Secretary Zinke

On June 12th, the Basin States Governors' Representatives had a brief introductory conference call with Interior Secretary Ryan Zinke and several of his senior staff, including Acting Assistant Secretary for Water and Science Scott Cameron and Acting Reclamation Commissioner Alan Mikkelsen. Also participating in the call were the Reclamation regional directors for the Upper and Lower Colorado Regions.

The purpose of the call was to follow up on the March 8th letter that the Basin States sent to Secretary Zinke regarding the States' commitment and desire to move forward with drought contingency planning efforts and to complete M32x prior to the end of 2017. During the call, each of the states generally made the following key points:

1. Maintaining the participation of key senior Interior staff such as the Deputy Secretary, Reclamation Commissioner and Regional Directors as well as Bob Snow from the Solicitor's Office in working closely with the states;
2. Departmental commitment to work with the states to complete M32x prior to the end of 2017;
3. Continued Departmental commitment to working with the states on the DCPs; and
4. Departmental support for federal legislation if it is determined necessary for the DCPs.

Arizona stated that it was still working to forge agreement related to the Arizona DCP+ proposal. Arizona also emphasized the need for resolution of outstanding Native American water rights settlement processes within the state. Arizona indicated that completion of Minute 32x is very important to each of the Lower Basin states, as is the LB DCP. As Arizona takes shortages first it is vital to get Mexico in step with the LB DCP through the M32x WSCP.

Nevada and California both reiterated the need for the continued close collaborative partnership with Reclamation and DOI to effectively complete M32x followed by the DCPs. The threat of shortage is out there looming and these efforts need to be completed sooner rather than later.

Secretary Zinke and Acting Reclamation Commissioner Alan Mikkelson mentioned that they both view AZ's DCP+ in a positive light and assured Arizona that additional DOI help would be forthcoming if necessary. The Secretary indicated that he's not going to "micromanage" these efforts and that he's putting together the right team that can work with the states to complete M32x and the DCPs. Finally, he stated that the Department would be undergoing some reorganization, and that decision-making would be devolving down from the D.C. level to the DOI regional and state offices within Interior bureaus.

Status of the Lower Colorado Water Supply Project

Board staff attended a stakeholders meeting and site visit hosted by Reclamation's Yuma Area Office on May 17th. The purpose of the meeting was to inform the stakeholders on the status of the Lower Colorado Water Supply Project (LCWSP) Stage II project, which is entering the well-drilling phase. The 2005 amendment to the 1986 LCWSP Act authorized the construction of additional wells to pump up to the allowed 10,000 acre-feet per year. Remaining work to be completed includes well infrastructure construction, power connection, and then transferring the project to an operations and maintenance status. The Stage II project is estimated to be completed by the end of 2017.

Status of the Colorado River Basin Salinity Control Program

The Salinity Control Forum (Forum) met at Jackson Lake Lodge in Wyoming on June 8-9, with the Work Group meeting the day prior. The Salinity Control Program Advisory Council did not meet due to the recent Department of Interior action to suspend all Federal Advisory Committee Act committee meetings pending Departmental review.

The Utah Division of Water Resources Director, Mr. Eric Millis, the Forum's current Vice Chair, was nominated and selected to be the Chair of the Forum after the position was left vacant following the departure of Ms. Tanya Trujillo in February 2017. Mr. Bill Hasencamp from MWD was nominated and selected as the Vice-Chair.

The Forum's Work Group briefed Forum members and sought comments on the draft 2017 Triennial Review (Review) related to implementation of salinity control efforts over the next three years. New information in this Review includes a map of salinity control project areas, and an updated Salinity Economic Impact Model technical appendix. The numeric criteria of salinity concentrations established at the three stations, below Hoover Dam, below Parker Dam, and at Imperial Dam, remain unchanged. Salinity control measures expected to control 1.33 million tons of salt annually are in place through 2017. Under this 2017 Review, an additional control of 63,500 tons per year will be implemented over the next three years, bringing the total salinity control through 2020 to nearly 1.4 million tons per year.

The Work Group anticipates completing a final draft of the 2017 Review in early July and then hold a 30-day public review and comment period. Each state is being encouraged to distribute the 2017 Review as appropriate for review and comment. The Work Group and Forum plan to address any public comments received and then finalize and adopt the 2017 Review at the Forum's fall meeting.

The U.S. Geological Survey (USGS) is entering Phase IV of its Pah Tempe Springs study as a potential point-source salinity control project. The USGS is working with the Washington County Water Conservancy District to start drilling this fall into the Hurricane Fault Zone to better understand and characterize the hydrodynamics and geophysical characteristics of the fault zone. Board staff will continue to monitor and update the Board on the progress of this work.

Reclamation provided a summary on the status of the Paradox Valley Unit operations and the Well Replacement EIS alternatives analysis. Since the Magnitude 2.9 earthquake on March 12, 2017, the brine disposal rate has been reduced to 95,000 tons of salt per year from 100,000 tons per year. The Well Replacement EIS is intended to evaluate various alternatives to replace the current injection well. By July 2017, Reclamation anticipates the Consultant Review Board will finish peer reviewing scientific information such as drilling risks associated with several potential sites identified for a second injection well. For the evaporation ponds alternative, Reclamation continues to evaluate site selection and operational issues on a cost per ton of salt controlled basis. For the zero-liquid discharge technology alternative, Reclamation is working on the request for proposal for a technology demonstration test. Finally, due to a recent Department of Interior directive to review all Fiscal Year-2017 grants of \$100,000 or greater before the final award is issued, the schedule for the completion of the EIS may be delayed 6-8 months.

Under its recently announced Public-Private Partnership Initiative (P3), Reclamation is looking to find alternative funding options for traditionally publicly-funded infrastructure projects. Reclamation has identified two potential public/private partnership projects of interest to the Forum and Basin states, including the Paradox Valley Unit and the Yuma Desalting Plant. This is a fairly new process, and staff will update the Board with any progress.

The next Forum Work Group meeting is scheduled for early September in Cortez, Colorado. The next Forum meeting is scheduled to be in Sacramento, California in the fall, and will include a tour of the Sacramento/San Joaquin Bay-Delta region. The fall Forum meeting and tour is scheduled to occur after the anticipated Record of Decision issued for the California Water Fix EIR/EIS project later this year.

Status of the Glen Canyon Dam Adaptive Management Program

The Glen Canyon Dam Adaptive Management Program (GCDAMP) is currently suspended, per the May 5th, 2017 Secretarial order suspending all Department of Interior Federal Advisory Committee Act (FACA) meetings and activities pending a review by Interior's new leadership. Subsequently, no meetings of the Glen Canyon Dam Adaptive Management Work Group (AMWG), Technical Work Group (TWG), or any subcommittees have been held.

The Bureau of Reclamation notified GCDAMP members on June 12th that they had received a waiver to hold some subcommittee meetings and activities while the FACA review continues. The TWG will be able to hold a meeting, possibly in July, to discuss the draft FY 2018-2020 budget and workplan, expected to be finalized this September. The group will also be able to hold a workshop on management options for the expanding population of brown trout in the Lees Ferry reach of the river, as well as consult on a possible High Flow Experiment (HFE) in November 2017.

Status of the Lower Colorado River Multi-Species Conservation Program

The Lower Colorado River Multi-Species Conservation Program (LCR MSCP) Work Group met May 10-11 in San Diego, California, to discuss the past year's accomplishments and the upcoming budget and work plan.

LCR MSCP staff reported on the multiple ongoing and planned habitat restoration projects underway. The program currently has 14 established conservation areas and three proposed conservation areas, with total habitat creation at more than 5,400 acres as of FY-2016. Work is ongoing at the Mohave Valley Conservation Area, which will provide 50 acres of connected backwater habitat and 30-40 acres of riparian habitat. Seventy-one acres of disconnected backwater ponds are planned for the Planet Ranch property (on the Bill Williams River in western Arizona). The ponds will be lined, up to 12 feet deep, and stocked with bonytail and razorback sucker. Construction could begin at the site as early as 2018. Planning is also underway at Parker Dam Camp, PVER-South and Three-Fingers Lake in the Palo Verde Valley, and Yuma Meadows, a small potential backwater/marsh area in California near Imperial Dam. The program is also working to finalize a lease with MWD on the proposed Dennis Underwood Conservation Area, an approximately 600-acre area at the southernmost end of the Palo Verde Valley, adjacent to existing habitat on the Cibola National Wildlife Refuge. Although the LCR MSCP still needs marsh and backwater habitats in California and one more conservation area of approximately 800-1,000 acres between Lake Mead and the Southerly International border with Mexico, the program is ahead of schedule on habitat creation.

Of the program's covered species, only the elf owl and gilded flicker haven't been detected at LCR MSCP conservation areas. Research on these species is underway at other sites across the Southwest to determine their exact habitat needs and usage, to ensure that LCR MSCP habitat and

conservation measures are suitable for them. One male southwestern willow flycatcher was detected at the Palo Verde Ecological Reserve (PVER) in 2016, although it was unsuccessful in finding a mate and setting up a nest. However, investigations of other flycatcher-rich areas have indicated that conditions at LCR MSCP conservation areas are suitable for flycatchers. The high site-fidelity of these birds may be hindering expansion into new habitat. In FY-16, 56 yellow-billed cuckoos were detected along the Lower Colorado River, most of which were at LCR MSCP conservation areas. By comparison, when the program began in 2005, there were only 6 detections in the same area, all along the Bill Williams River. In FY-16, PVER had the greatest number of detections, but yellow-billed cuckoos were also found at Cibola Valley Conservation Area, Cibola National Wildlife Refuge, Yuma East Wetlands, and the Laguna Division Conservation Area (LDCA). This is the first time cuckoos have been detected at LDCA, one of the program's newest conservation areas.

New razorback sucker genetic work at Lake Mohave is underway, to determine what the current level of genetic diversity is and what level of diversity should be maintained. The Lake Mohave population provides larval fish for the LCR MSCP to grow-out in hatcheries and repatriate throughout the Lower Colorado River, so genetic stability of the population is critical. The program continues to experiment with stocking and grow-out strategies to increase native fish survival, which has been low. Allowing fish to grow to larger sizes, conditioning fish, and stocking fish in smaller groups all appear to be successful strategies, but assessing the success of these measures in the field can be challenging. Avian predation also likely plays a significant role in native fish mortality, as birds can prey on large fish and quickly converge on areas that have been recently stocked.

The LCR MSCP Steering Committee will meet on June 28th in Las Vegas, Nevada, and plans to discuss and potentially act on a proposal to add the northern Mexican gartersnake, a threatened species recently detected at an LCR MSCP conservation area, to the program as a covered species.

GENERAL ANNOUNCEMENTS AND UDATES

Washington, D.C. Updates

Fiscal Year-2018 Federal Budget

President Trump released his FY-18 budget request in late May. The proposal calls for an 11% cut for the Interior Department and a 21% cut to the Department of Agriculture. All told, the spending blueprint, which follows a "skinny budget" released earlier this year, comes in at just over \$4.1 trillion, an increase of less than \$100 billion over current spending. The president's budget for the Colorado River Basin Salinity Control Program Title I is \$15.453 million, while the Title II total is \$8.374 million. The Western Drought Response was not in the President's Budget. Congress is holding hearings on the budget throughout the month of June. Congress announced plans to pass an omnibus before the August recess but given the short time frame, many in Washington, D.C. see this as unlikely.

Department of Interior Nominations

The Senate Committee on Energy and Natural Resources held a business meeting on June 6th to advance four nominees to the Senate floor, including David Bernhardt to be Deputy Secretary of

the Interior. Bernhardt advanced out of the Committee by a vote of 14-9. Democratic Sen. Joe Manchin of West Virginia and Sen. Angus King of Maine joined all 12 Republicans on the panel to approve the nomination.

Senate Committee Chairwoman Murkowski, while acknowledging a packed schedule, told reporters that she is hopeful the Senate will be able to confirm all four of the nominees before the July 4th recess.

Finally, as many of you are aware, Mr. Alan Mikkelson, who was Secretary Zinke's campaign manager for his Montana congressional seat, is currently the Acting Commissioner of Reclamation.

FY-17 Omnibus Appropriations Legislation

On May 5th, President Trump signed the Consolidated Appropriations Act of 2017 into law. The House and Senate both approved the bill with bipartisan support. The bill was the first major piece of legislation to move this year, and funds nearly all of government while rejecting the steep cuts sought by the administration for the U.S. Environmental Protection Administration, renewable energy programs and climate science. The \$1 trillion spending package would provide \$12.3 billion for Interior, \$42 million more than enacted levels, for the remaining five months of FY-17, which ends September 30, 2017. The Act includes \$40 million for Western Drought Response.

Senate Energy and Natural Resources Water and Power Subcommittee Hearing

The Committee on Energy and Natural Resources' Subcommittee on Water and Power rescheduled their previously scheduled legislative hearing for Wednesday, June 14, 2017 at 2:00pm.

House Committee on Natural Resources Hearing

The Committee held a Legislative Hearing on a Discussion Draft of Reclamation Title Transfer Act on June 8, 2017. The Discussion Draft seeks to reduce administrative paperwork, eliminate federal taxpayer liability and empower water users by streamlining the process governing the transfer of some Reclamation projects to non-federal interests.

Walton Family Foundation White Paper: "Colorado River Critical Infrastructure Needs"

On June 7, 2017, the Walton Family Foundation released a white paper entitled, "Colorado River Infrastructure Needs." The purpose of the white paper is to identify a collection of projects focusing on water infrastructure within the Colorado River Basin that, if funded and implemented, can benefit local communities, enhance the environment, and assist in using water more efficiently. The white paper identified 15 specific projects within the Colorado River Basin, in both upper and lower basins, and describes potential funding options.

Of interest, the paper identifies several proposed water infrastructure projects that are noteworthy, including the LA Regional Recycled Water Program within MWD's service area; Salton Sea habitat improvement and dust suppression; Yuma Desalting Plant and 242 Wellfield upgrades; Salinity Control Projects (Paradox Valley and Pah Tempe Springs); and expansion of the USGS stream gaging system in the basin.

A copy of the white paper has been included among the Board handout materials for your information and review.

Status of Salton Sea Management Activities

SB 701, Salton Sea Obligations Act of 2018

On May 31, the California Senate approved funding for the 10-year Salton Sea Management Plan. If the full legislature passes and the governor signs SB 701, then the Salton Sea Obligations Act will appear on the November 2018 ballot for voters to consider. Voter approval would authorize a \$500 million state general obligation bond to fund the state’s 10-year plan.

Salton Sea Management Plan Workshops

The Natural Resources Agency will be holding a series of public workshops in southern California in June and July to provide an overview of the state’s Salton Sea Management Program (SSMP), Phase I: 10-Year Plan. The SSMP includes a 10-year roadmap for federal and state actions to develop projects to protect air quality, wildlife habitat, and water quality. Projects are planned to expedite construction of habitat ponds and to suppress dust on areas that have been or will be exposed by 2028. The Phase I of the SSMP will also outline the process for development of additional management strategies for the Salton Sea that will be implemented in future phases.

Climate Change Updates

Safeguarding California Plan: 2017 Update – California’s Climate Adaptation Strategy Draft Release and Public Workshops

Board staff attended a Safeguarding California Plan workshop to get an update on California’s climate change adaptation strategies to make the state more resilient to impacts from climate change. The 2017 update builds on the “2009 California Climate Adaptation Strategy” and “2014 Safeguarding California: Reducing Climate Risk” reports. For more information, see <http://resources.ca.gov/climate/safeguarding/>.

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