

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

July 12, 2017

ADMINISTRATION

Minutes of the June 14, 2017 Meeting of the Colorado River Board

A draft of the minutes from the June 14, 2017 Board meeting held in Ontario, California, has been prepared and is included for Board member review, and is proposed for adoption at the August 9, 2017 Board meeting.

COLORADO RIVER BASIN WATER REPORT

As of July 3, 2017, the water surface elevation at Lake Mead was 1,079.59 feet with 9.98 million acre-feet (MAF) of storage, or 38% of capacity. The water surface elevation at Lake Powell was 3,635.22 feet with 15.45 MAF of storage, or 64% of capacity. As of July 2, 2017, the total system storage was 33.73 MAF, which is 57% of capacity, and about 2.2 MAF more than this time last year.

As of July 4, 2017, the Upper Colorado River basin reservoirs, excluding Lake Powell, ranged from 89% of capacity at Fontenelle in Wyoming, 91% of capacity at Flaming Gorge in Wyoming and Utah, 95% of capacity at Morrow Point and 96% of capacity at Blue Mesa in Colorado, and 82% of capacity at Navajo in New Mexico.

As of July 3, 2017, the April-July unregulated inflow forecast for Lake Powell is at 8.3 MAF, or 116% of average. The forecasted April-July value had previously been at a high of 10.4 MAF, or 145% of average, when made in March 2017 and had steadily reduced for several months since then to its current value of 8.3 MAF.

Members of the seven Basin States, the U.S. Bureau of Reclamation (Reclamation), and Colorado Basin River Forecast Center met in Denver, Colorado on June 20th as a follow-up to the Hydrology Symposium hosted by the Southern Nevada Water Authority on May 22-23. The group discussed the possibility of forming a Colorado River Climate and Hydrology Research Work Group, which would consist of the Basin States, federal agencies, researchers, and other interested parties. The group would potentially provide funding for hydrology research and modeling needs, in an effort to improve Colorado River Basin modeling and forecasting accuracy. Different strategies for soliciting project proposals, funding projects, and organizing the group were discussed. A comprehensive list of potential research projects and research needs was also developed. The group plans to revisit these discussions and discuss any new developments at a meeting in July or August.

COLORADO RIVER BASIN PROGRAM REPORTS

2018 Annual Operating Plan

The second consultation meeting for the 2018 Annual Operating Plan (AOP) is scheduled to be held on July 28th at the McCarran Airport in Las Vegas, NV, and will also be available via webinar. As was discussed at the June Board meeting, Reclamation anticipates that the 2018 release from Lake Powell will be 9.0 MAF. A draft of the 2018 AOP has been posted on Reclamation's webpage at https://www.usbr.gov/lc/region/g4000/AOP2018/2018AOP_2017-05-19_Consultation-1.pdf. Also, a copy of Reclamation's presentation from the first consultation meeting on May 25th has been posted at https://www.usbr.gov/lc/region/g4000/AOP2018/2018AOP_2017-05-25_Slides-1.pdf.

Status of Minute 323 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 near final drafts of the various domestic agreements that would be required for the execution and implementation of Minute 323 (M323), 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 its smaller drafting group continue to work on developing the proposed process that addresses M323'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 M323. As was reported at the June Board meeting, this small 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 M323 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 M323, 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 M323.

A near final draft of the proposed triggering agreement is being readied for review and consideration by the Basin States principals. The small drafting group held a webinar on July 11th to give a final review to the triggering agreement and the other M323 domestic agreements and ready the package for circulation and approvals by all of the relevant boards and agencies. Additionally, Reclamation and the USIBWC are finalizing a "key terms" sheet that provides an overview of M323. The U.S. State Department and Mexican Secretariat of Foreign Affairs office both have a diplomatic "close hold" protocol which prohibits distribution of the actual Minute until

it has been executed by both countries. Consequently, boards and agencies that need to approve the various domestic agreements will need to utilize the key terms sheet describing M323. From the perspective of the Colorado River Board of California, staff will provide a thorough overview and briefing at the August 9th Board meeting, and then seek approval for the Chairman to execute the necessary domestic agreements at the September 13th Board meeting.

Finally, USIBWC has indicated that the signing ceremony for Minute 323 is likely to be held in Mexico as the last Minute (M322) was signed in the United States. As all of the domestic agreements associated with M323 will also need to be executed concurrently with the Minute, there is discussion among the U.S. and Mexican Sections of IBWC about the potential for shifting the signing ceremony to a U.S. location. The Colorado River Symposium in Santa Fe, New Mexico, in late-September was mentioned as a potential site for the signing ceremony.

Colorado River Basin Salinity Control Program

On June 29th, Reclamation held a webinar to provide an update on recent changes made to the Salinity Economic Impact Model (SEIM). The SEIM estimates the annual quantified economic damages incurred in metropolitan and agricultural areas within the Lower Colorado River (LCR) basin that depend, either wholly or in part, on Colorado River water. Minor changes made to the model have resulted in a slight increase in the total value of economic damages in the LCR basin.

Reclamation is in the process of finalizing a Request for Proposal (RFP) to bring a contractor on board to review and update various components of the SEIM such as damage functions and other impacted areas to add to the model. Reclamation plans to announce the RFP before the end of this fiscal year. In addition, Reclamation is working on documenting the data analyses and methodology used to update the model, and have added a new map showing all modeled areas. The information and updates are included in a User Documentation that will replace the Draft Technical Appendix associated with the SEIM in the 2017 Triennial Review.

Under the direction of the Forum, the Work Group continues to monitor the cash flow of the Lower Colorado River Basin Development Fund (LCRBDF) and work with Reclamation on projecting expenditures and funding levels. Given the limited amount of funds in the LCRBDF, the Forum feels that LCRBDF funding is best utilized towards program implementation. Following discussion at the June Forum meeting, Forum Executive Director Don Barnett sent a letter to Reclamation's Lower and Upper Colorado Regional Directors with recommendations on the short-term management of the LCRBDF for FY-2017.

The recommendations are similar to those made last year, but with updated funding levels, and include continuing up-front cost sharing with appropriations in Reclamation's Basinwide Program and in the operations and maintenance for the original units (\$5.27M), expend approximately \$1.2M for implementation of salinity control projects selected in the 2015 Funding Opportunity Announcement (FOA), and reduce expenditures for studies, administration and miscellaneous purposes. While these short-term measures will help provide optimal use of the limited funds available, the Forum recognizes the need to address the long-term stability of the LCRBDF and continues to work on developing strategies to accomplish that goal.

CRB staff continues to assist Reclamation on review of materials and preparation of the 2017 FOA package. Reclamation solicits, ranks, and selects new salinity control projects based on

a competitive FOA process that is open to the public. Projects have typically involved converting unlined canals and ditches to pipelines located in the Upper Basin States of Utah, Colorado, New Mexico, and Wyoming to reduce seepage that would have pick up salt and carry it into the Colorado River system.

The next Work Group meeting will be held in early September in Cortez, Colorado, with the next Forum meeting in October in Sacramento, California.

Glen Canyon Dam Adaptive Management Program

The Glen Canyon Dam Adaptive Management Program (GCD AMP) recently received a waiver from the Secretary of the Interior's office allowing certain GCD AMP subcommittee activities to continue, despite the Department of the Interior (DOI) hold on all Federal Advisory Committee Act (FACA) activities pending review by the new administration. The group has restarted work on the FY-2018-2020 Triennial Budget and Work Plan, which the group hopes to finalize before the start of FY-18 and the end of the current triennial work plan on September 30, 2017. The program's Technical Work Group (TWG) plans to meet August 30-31 in Flagstaff, Arizona, and the Adaptive Management Work Group (AMWG) anticipates meeting in September.

Lower Colorado River Multi-Species Conservation Program

The Steering Committee of the Lower Colorado River Multi-Species Conservation Program (LCR MSCP) met June 28th via teleconference. The group approved a final resolution to add the northern Mexican gartersnake to the program as a covered species. Reclamation will now work with the U.S. Fish and Wildlife Service to finalize an Environmental Assessment and Biological Opinion, as well as a Final Permit Amendment, which is expected to be completed prior to the October LCR MSCP Steering Committee meeting, at which time the LCR MSCP will approve the required permit modifications.

The Steering Committee also approved a resolution adopting the FY-2018 Work Plan and Budget, FY-16 Accomplishment Report, which looks at a three-year period of past and future accomplishments and expenditures. LCR MSCP staff also noted that the federal hiring freeze initiated by the new administration has been somewhat lifted, so that vacant positions such as Fish Group Manager can be filled, with approval from DOI staff.

The LCR MSCP Work Group will meet in September in Las Vegas, Nevada.

GENERAL ANNOUNCEMENTS AND UPDATES

Washington, D.C. Updates

Appropriations Update

On June 28th, the House marked up and reported the Energy and Water Appropriations bill. The Subcommittee supported the \$37.6 billion spending bill, a decrease of about \$209 million current spending levels, but it would allocate \$3.65 billion more than the President's budget request.

The full appropriations committee must still mark up the legislation before it is sent to the House floor. The Senate Appropriations Energy and Water Development Subcommittee held a hearing on the President's budget request for U.S. Army Corps of Engineers and Reclamation funding. The President's budget calls for a 16% cut in Corps funding and a 13% cut in Reclamation funding. No date has been announced for a mark-up.

The House Agriculture, Rural Development, and Food and Drug Administration Appropriations Subcommittee marked up its spending bill also on June 28. The Senate Agriculture Appropriations Committee held a hearing last week on the President's budget request.

U.S. Department of the Interior Nomination

Ms. Brenda Burman was announced as the White House's choice for Commissioner of Bureau of Reclamation. If confirmed, Ms. Burman would be the first ever female to lead the Reclamation. From 2006 to 2008, she served as Reclamation's Deputy Commissioner for External and Intergovernmental Affairs and the Deputy Assistant Secretary. Burman currently serves as the Director of Water Policy for Arizona's Salt River Project. Prior to that, she worked for the Metropolitan Water District of Southern California, The Nature Conservancy, and U.S. Senator Jon Kyl. No date has been set for her nomination hearing.

U.S. Department of Agriculture Nominations

USDA Secretary Perdue doesn't expect a deputy secretary or undersecretaries to be in place at the Agriculture Department before September. The White House has given six names to the FBI and Office of Government Ethics for clearance, but all of the candidates are still waiting.

One position has been announced, that of Ms. Anne Hazlett to be the new assistant to the secretary for rural development. Ms. Hazlett is currently the Chief Republican Counsel for the Senate Agriculture Committee. The position will replace the undersecretary for rural development, a Senate-confirmed position that Perdue is eliminating as part of a reorganization of the department.

Legislation

The House has scheduled a vote for the controversial California water legislation, HR 23, next week. Congressmen Valadao and Nunes have introduced similar legislation in past Congresses and the bill is expected to pass the House again.

California Updates

California State Budget

On June 27th, Governor Brown signed the 2017-2018 State Budget. The Natural Resources' component of the Budget includes a total funding of \$9.2 billion (\$2.9 billion in General Fund) for all programs under the Natural Resources Agency. After the wettest year on record in 2016-2017 in the northern Sierra Nevada Mountains and the lifting of the drought state of emergency in most of California in April 2017, this year's budget reflects a shift from immediate emergency drought

actions to ongoing efforts to make the state more resilient to climate change and to continue water conservation.

The Budget also includes additional funding and statutory authority to improve dam safety. The spillway erosion incident at Oroville Dam in February 2017 illustrated the public safety importance of investing in the state's water infrastructure and emergency preparedness. Additional funds are provided to conduct more extensive evaluations of appurtenant structures such as spillways, gates, and outlets. The Budget also enacts legislation to require dams to have an emergency action plan that is updated on a regular basis, and to require dams and critical appurtenant structures to have updated inundation maps that is updated on a regular basis.

For more information on the Natural Resources' budget, see <http://ebudget.ca.gov/2017-18/pdf/Enacted/BudgetSummary/NaturalResources.pdf>

California WaterFix

On June 26, the U.S. Fish and Wildlife Service and National Marine Fisheries Service released Biological Opinions on the proposed California WaterFix project to analyze the effects of the project on endangered species. The opinions will be followed by the federal Record of Decision and the state's Notice of Decision before the project can proceed. For more information, see: http://cms.capitoltechsolutions.com/ClientData/CaliforniaWaterFix/uploads/CWF_PressRelease_BiOps6.26.17.pdf

Aqua Caliente Band of Cahuilla Indians v. Coachella Valley Water District, et al.

On July 5, the Coachella Valley Water District and Desert Water Agency filed petitions for a writ of certiorari with the United States Supreme Court to appeal the recent decision by the U.S. Ninth Circuit Court of Appeals, which ruled the tribe has a reserved right to groundwater established when the federal government created the reservation in the 1870s. It is anticipated that the Supreme Court will decide this fall whether to hear the case.

Salton Sea Management Program Workshops

On July 6, CRB staff attended a Salton Sea Management Program (SSMP) workshop in Indio to hear about the state's plan on management of the Salton Sea over the next 10 years. The Phase I plan will guide investments at the Salton Sea to protect public health and ecosystem as the Sea recedes and meet goals set forth by the Governor's Salton Sea Task Force and the Memorandum of Understanding (MOU) executed on August 31, 2016, and amended on January 18, 2017 by the Department of Interior and the California Natural Resource Agency.

The workshop presentation can be viewed at: <http://resources.ca.gov/wp-content/uploads/2015/10/Workshop-Presentation-June-July-2017.pdf>. The proposed Salton Sea Management Program Phase I ten-year plan was updated and reissued in March 2017, and a copy be obtained from the California Natural Resources Agency webpage at http://resources.ca.gov/docs/salton_sea/ssmp-10-year-plan/SSMP-Phase-I-10-YR-Plan-with-appendices.pdf.

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