

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

July 13, 2010

ADMINISTRATION

Approval of Board Meeting Minutes – June 9, 2010

A copy of the June 9th Board meeting minutes has been included in the Board folder for review and comment. I am respectfully asking for approval and adoption of these meeting minutes by Board members.

Agency Managers' Meeting

As reported at the June Board meeting, the Agency Managers met following the June Board meeting to discuss the status of the ongoing discussions with Mexico. Also, there have been a number of meetings and conference calls involving the Agency Managers regarding those discussions. I anticipate there will be further meetings and conference calls as the discussions progress toward reaching a deal that is acceptable to both the United States and Mexico.

PROTECTION OF EXISTING RIGHTS

Colorado River Water Report

As of June 30, 2010, storage in the major Upper Basin reservoirs increased by 1,868,190 acre-feet and storage in the Lower Basin reservoirs decreased by 388,600 acre-feet during June 2010. Total System active storage as of July 5th was 34.639 million acre-feet (maf), or 58 percent of capacity, which is 1.027 maf less than one year ago (Upper Basin reservoirs decreased by 0.536 maf and Lower Basin reservoirs decreased 0.491 maf).

June releases from Hoover, Davis, and Parker Dams averaged 16,920, 15,340 and 10,940 cubic feet per second (cfs), respectively. Planned releases from those three dams for the month of July 2010, are 14,300, 14,600, and 11,800 cfs, respectively. The July releases represent those needed to meet downstream water requirements including those caused by reduced operation of Senator Wash Reservoir.

As of July 6th, taking into account both measured and unmeasured return flows, the Lower Division states' consumptive use of Colorado River water for calendar year 2010, as forecasted by Reclamation, totals 7.396 maf and is described as follows: Arizona, 2.799 maf; California, 4.332 maf; and Nevada, 0.265 maf. The Central Arizona Project (CAP) will divert 1.685 maf, of which 0.134 maf are planned to be delivered to the Arizona Water Bank. The

Metropolitan Water District of Southern California (MWD) will use about 1.083 maf, which is 22,000 acre-feet less than its 2009 use of mainstream water.

The preliminary end-of-year estimate by the Board staff for 2010 California agricultural consumptive use of Colorado River water under the first three priorities and the sixth priority of the 1931 *California Seven Party Agreement* is 3.381 maf. This estimate is based on the collective use, through May 2010, by the Palo Verde Irrigation District, the Yuma Project-Reservation Division (YPRD), the Imperial Irrigation District, and the Coachella Valley Water District. Figure 1, found at the end of this report, depicts the projected end-of-year agricultural use for the year.

As of July 5th, the water level at the Lake Mead was at 1,089.2 feet above the mean sea level, and the storage was 10,545 maf, 41 percent of capacity, while the water level at Lake Powell was at 3,638.8 feet above the mean sea level and the storage was 15,863 maf, 65 percent of capacity.

Colorado River Operations

2011 Annual Operating Plan for the Colorado River System and Reservoirs

The first consultation meeting among interested stakeholders in development of the draft 2011 Annual Operating Plan for the Colorado River System Reservoirs (AOP) was held on June 25, 2010. During the meeting a number of comments were received by Reclamation on the initial draft of the 2011 AOP; however, none of the comments affected the Secretarial determinations contained in the draft 2011 AOP. Currently, the draft 2011 AOP contains the following Secretarial determinations:

- Upper Basin Delivery – The annual release volume from Lake Powell during water year 2011 shall be consistent with Section 6.B (Upper Elevation Balancing Tier) of the Interim Guidelines; and shall be 8.23 million acre-feet unless conditions cause Section 6.B.3 or Section 6.B.4 to apply;

The Interim Guidelines provide for adjustments to Glen Canyon Dam operations in April 2011 based upon the April 24-Month Study that would result in a water year release greater than 8.23 MAF. As such, current projections under the most probable inflow scenario are that the August 2010 24-Month Study would indicate that the operations of Glen Canyon Dam would begin the year under an 8.23 MAF release and that an April adjustment would occur and result in the Equalization Tier governing operations of Glen Canyon Dam for the remainder of the water year.

- Lower Basin Delivery – Taking into account (1) the existing water storage conditions in the basin, (2) the most probable near-term water supply conditions in the basin, and (3) Section 2.B.5 of the Interim Guidelines, the Intentionally Created Surplus (ICS) Surplus Condition is the criterion governing the operation of Hoover Dam for calendar year 2011 in accordance with Article III(3)(b) of the Operating Criteria and Article II(B)(2) of the Consolidated Decree.

- No unused apportionment for calendar year 2011 is anticipated. If any unused apportionment becomes available after adoption of the 2011 AOP, Reclamation shall allocate any such unused apportionment in accordance with Article II(B)(6) of the Consolidated Decree;
- Colorado River water may be stored off-stream pursuant to individual Storage and Interstate Release Agreements (SIRAs) and 43 CFR Part 414 within the Lower Division States. The Secretary shall make Intentionally Created Unused Apportionment (ICUA) available to contractors in the Lower Division States pursuant to SIRAs and 43 CFR Part 414;
- The Inadvertent Overrun and Payback Policy will be in effect during calendar year 2011;
- The Interim Guidelines adopted the ICS mechanism that encourages the efficient use and management of Colorado River water in the Lower Basin. ICS may be created and delivered in 2011 pursuant to the Interim Guidelines and appropriate water delivery and forbearance agreements; and
- U.S.-Mexico Water Treaty Delivery – A volume of 1.5 MAF will be available to be scheduled for delivery to Mexico during calendar year 2011 in accordance with Article 15 of the 1944 United States-Mexico Water Treaty and Minutes 242 and 314 of the International Boundary and Water Commission (IBWC).

The next consultation meeting among interested stakeholders in development of the 2011 AOP is scheduled to be held on August 26, 2010, in Las Vegas, Nevada. The final Consultation meeting is scheduled to be held on September 24, 2010, also, in Las Vegas, Nevada.

Arizona Water Banking Authority's Certification of Intentionally Created Unused Apportionment for Calendar-Year 2009

On June 11th, the Arizona Water Banking Authority issued a certification of the amount of ICUA created for the benefit of MWD and stored by Central Arizona Water Conservation District (CAWCD). According to the certification letter, a total of 27,504 acre-feet of Long-Term Storage Credits were created for the benefit of MWD from wells in three irrigation districts in Pinal County in central Arizona. The Long-Term Storage Credits were accrued pursuant to the 1992 Demonstration Agreement. I have included, in the Board folder, a copy of the Water Banking Authority's certification letter, and a copy of a letter from the Arizona Department of Water Resources documenting the creation of the Long-Term Storage Credits in the central Arizona irrigation districts.

Basin States Discussions

Status of Bi-National Projects and Programs with Mexico

On June 17th the American and Mexican Sections of the International Boundary and Water Commission (IBWC) executed Minute 317, a new agreement to promote greater cooperation between the two countries to improve Colorado River management. The Minute notes the interest of the Commission in exploring potential projects that conserve water, minimize impacts of Colorado River shortage conditions, and may generate additional volumes of water from new sources (e.g., desalination facilities). Minute 317 also notes interest in the potential involvement of Mexico becoming involved in the storage of Mexican Colorado River water in U.S. storage facilities (i.e., the creation and storage of Intentionally Created Mexican Apportionment (ICMA)). Finally, the Minute describes a process for stakeholder participation through various Bi-National groups that have been created to explore potential areas of cooperation and to consider projects and initiatives of interest to both countries. Included in the Board folder is a copy of a press release from the American Section of the IBWC announcing the execution of Minute 317. Also, a copy of Minute 317 has been included in the handout material.

As discussed at the June Board meeting, the discussions with Mexico are progressing. Several meetings were scheduled and held among representatives of the Basin states and their technical representative to develop a response to a draft of Minute 318 that contains Mexico proposal for a comprehensive deal that addresses the creation and delivery of ICMA, the conversion of ICMA to Intentionally Created Surplus (ICS), surplus and shortage sharing, and pursuit of new water (desalinization and other facilities) and environmental projects. Bi-National meetings were held on June 23rd and 24th in San Diego to further the discussions and to obtain further clarification on the concepts in the draft of Minute 318 and to provide the Basin states an opportunity to express topics that the Colorado River Basin states believe should be further addressed in Minute 318.

Since July 1st, there have been extensive meetings and conference calls among the principals and technical representatives to reach agreement among the United States parties on the key terms to be included in the United States' counter proposal to Mexico. This has included numerous computer runs to analyze trends and sensitivity of various parameters.

Originally, a Bi-National meeting was scheduled to be held on July 16th in Las Vegas, Nevada, to begin negotiations on the key terms to be included in Minute 318. However, as a result of serious flooding on the Rio Grande River and in three northern Mexico states, Mexico has proposed that this meeting be postponed. Reclamation and IBWC are working to reschedule this Bi-National meeting.

In order to be fully responsive to Mexico and to further refine our response to Mexico on the key terms, the Basin States have decided to meet on July 16th as planned. During the Board meeting I will further discuss the status of the Basin states discussions on development of a counter proposal to be offered to Mexico on the key terms.

Reclamation Issues Procedures for Administering Inadvertent Overrun and Payback Policy

On June 25th, the Bureau of Reclamation released its final Procedures for Administering the Inadvertent Overrun and Payback Policy. Copies of the final procedures and appendices are included in the Board folder, as well as a copy of Reclamation's response letter to the Board's April 16th comment letter associated with the draft policy.

Colorado River Environmental Programs

Board Letter of Support for Continued Federal Appropriations for the Moab Uranium Mill Tailings Site Remediation and Relocation Project

On July 2nd, the Board sent a letter to U.S. Senator Feinstein and U.S. Representatives Lewis and Calvert regarding the Board's support for continued federal appropriations for continuing the Moab Uranium Mill Tailings Remediation and Relocation Project. With the infusion of federal stimulus funding the project has been accelerated from pre-stimulus funding levels. There are still approximately 14 million tons of tailings that need to be relocated to the final disposal site, and maintaining the 2009 funding levels will ensure a timely completion of the removal and overall site remediation. A copy of the Board's letter to Senator Feinstein, as well as a copy of a letter and information hand-out from Grand County, Utah requesting the Board's support of this funding have been included in the Board folder.

Status of the Grand Canyon Trust vs. U.S. Bureau of Reclamation, et al. Lawsuit

As has been discussed at previous Board meetings over the past few months, the Grand Canyon Trust sued Reclamation and the U.S. Fish and Wildlife Service (USFWS) regarding Glen Canyon Dam operations. While there have been interim rulings from the United States District Court periodically, on June 29th U.S. District Court Judge David Campbell issued a more comprehensive Order that accomplished the following:

- Remanded the USFWS 2009 Incidental Take Statement (ITS) to the USFWS for reconsideration of the required causal link between incidental take and the take surrogate, and that it also fails to address Reasonable and Prudent Measures to offset take of the endangered Humpback chub;
- The USFWS is to reconsider any potential revisions and resubmit the ITS by September 1st;
- The Court also denied the Trust's motion for summary judgment with respect to Claims 1, 2, 10, and 11.
 - Claim 1 is associated with whether Glen Canyon Dam operations jeopardized Humpback chub populations. The Court ruled, based upon the USFWS biological opinion, that dam operations did not jeopardize the chub;

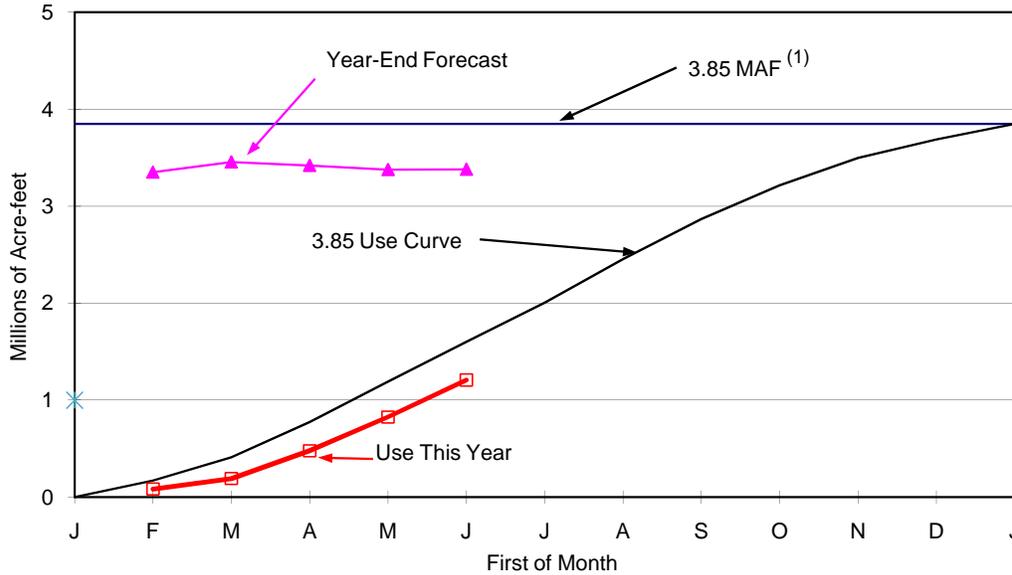
- Claim 2 is associated with whether or not Glen Canyon Dam operations destroy Humpback chub critical habitat. The Court ruled that those operations do not destroy chub critical habitat;
 - Claim 10 is associated with the question of whether the USFWS 2009 ITS violated NEPA. The Court determined that it did not;
 - Claim 11 is associated with the question of whether the 2009 USFWS Recovery Goals for the Big River Fishes violated the ESA or the Administrative Procedures Act (APA). The Court ruled that the goals did not violate the ESA and that they complied with the APA.
- Finally, the Court will reconsider Claim 3 following the USFWS reconsideration and potential revision of the 2009 ITS in September 2010.

For your reference, a copy of the Court's June 29th Order has been included in the Board folder.

/S/

Gerald R. Zimmerman
Acting Executive Director

FIGURE 1
JULY 1, 2010 FORECAST OF 2010 YEAR-END COLORADO RIVER WATER USE
BY THE CALIFORNIA AGRICULTURAL AGENCIES



Forecast of Colorado River Water Use by the California Agricultural Agencies (Millions of Acre-feet)			
Month	Use as of First of Month	Forecast of Year End Use	Forecast of Unused Water (1)
Jan	0.000	-----	-----
Feb	0.084	3.352	0.191
Mar	0.192	3.456	0.087
Apr	0.479	3.421	0.122
May	0.826	3.378	0.165
Jun	1.208	3.381	0.162
Jul			
Aug			
Sep			
Oct			
Nov			
Dec			
Jan			

(1) The forecast of unused water is based on the availability of 3.543 MAF under the first three priorities of the water delivery contracts. This accounts for the 85,000 af of conserved water available to MWD under the 1988 IID-MWD Conservation agreement and the 1989 IID-MWD-CVWD-PVID Agreement as amended; 70,000 AF of conserved water available to SDCWA under the IID-SDCWA Transfer Agreement as amended being diverted by MWD; an estimated 28,500 AF of conserved water available to SDCWA and MWD as a result of the Coachella Canal Lining Project; 67,700 AF of water available to SDCWA and MWD as a result of the All American Canal Lining Project; 14,500 af of water IID and CVWD are forbearing to permit the Secretary of the Interior to satisfy a portion of Indian and miscellaneous present perfected rights use of Indian and miscellaneous present perfected rights use. As USBR is charging disputed uses by Yuma island pumpers to priority 2, the amount of unused water has been reduced by those uses - 6,470 af. The CRB does not concur with USBR's viewpoint on this matter.