

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

March 13, 2012

ADMINISTRATION

Approval of Board Meeting Minutes – February 15, 2012

A copy of the draft February 15th Board meeting minutes have been included in the Board folder for review and consideration. I am respectfully requesting the Board's adoption and approval at the regularly scheduled Board meeting on March 14th.

PROTECTION OF EXISTING RIGHTS

Colorado River Water Report

As of March 1, 2012, storage in the major Upper Basin reservoirs decreased by 304,100 acre-feet and storage in the Lower Basin reservoirs decreased by 83,800 acre-feet during February 2012. Total System active storage as of March 5th was 37.882 million acre-feet (maf), or 63 percent of capacity, which is 6.089 maf more than one year ago (Upper Basin reservoirs increased by 2.374 maf and Lower Basin reservoirs increased by 3.715 maf).

February releases from Hoover, Davis, and Parker Dams averaged 13,470, 12,620 and 8,640 cubic feet per second (cfs), respectively. Planned releases from those three dams for the month of March 2012, are 14,700, 14,300, and 11,100 cfs, respectively. The March releases represent those needed to meet downstream water requirements including those caused by reduced operation of Senator Wash Reservoir and storage in the Warren H. Brock (Drop 2) Reservoir.

As of March 5th, taking into account both measured and unmeasured return flows, the Lower Division states' consumptive use of Colorado River water for calendar year 2012, as forecasted by Reclamation, totals 7.389 maf and is described as follows: Arizona, 2.841 maf; California, 4.268 maf; and Nevada, 0.281 maf. The Central Arizona Project (CAP) will divert 1.590 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 0.653 maf, which is 46,000 acre-feet less than its 2011 use of mainstream water.

The preliminary end-of-year estimate by the Board staff for 2012 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 3.522 maf with IID's estimate with the QSA in place, and 3.660 maf if the QSA is rendered invalid. This estimate is based on the collective use, through January 2012, 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 March 7th, the water level at the Lake Mead was at 1,132.51 feet above the mean sea level, and the storage was 14.850 maf, 57.4 percent of capacity, while the water level at Lake Powell was at 3,635.08 feet above the mean sea level and the storage was 15.430 maf, 63.4 percent of capacity.

Colorado River Operations

MWD Report on Southern Nevada Water Authority Interstate Account for 2011

In 2004, the Southern Nevada Water Authority (SNWA), the United States, and MWD entered into a Storage and Interstate Release Agreement (SIRA) to establish a long-term cooperative program to manage Colorado River water supplies. Under the terms of the 2004 agreement, MWD stores unused Nevada Colorado River water apportionment within its system in California. In the future, at SNWA's request, MWD will recover this stored water for Nevada. In Calendar-Year (CY) 2011, MWD did not store any additional supplies of Nevada's unused apportionment of Colorado River water. In fact, MWD, SNWA, and the Central Arizona Project urged Reclamation to leave any unused apportionment in Lake Mead rather than reallocate these supplies to another state during 2011. Accordingly, MWD's Final CY-2011 Accounting of its SIRA with SNWA reflects a beginning and ending balance of 70,000 acre-feet during 2011. I have included a copy of MWD's Report detailing the Final CY-2011 Accounting for the SNWA SIRA in the Board folder.

Status of the Proposed Flaming Gorge Pipeline Project

On February 23rd, the Federal Energy Regulatory Commission (FERC) issued an order dismissing the preliminary permit application of Wyco Power and Water, Inc. (Wyco) associated with the proposed Flaming Gorge Pipeline Project. The proposed Wyco project included a 500 mile buried pipeline extending from both Flaming Gorge Reservoir and from the Green River to a proposed terminal reservoir near Pueblo, Colorado. Additionally, the proposed Wyco project would also include seven hydroelectric power facilities, including two pumped storage projects. The rationale behind FERC's dismissal of Wyco's application is based upon Wyco's lack of specific information and data that would be required to develop a more complete license application for a proposed hydropower project. Consequently, FERC considered Wyco's application to be premature. I have included a copy of FERC's decision dismissing Wyco's Preliminary Permit Application in the Board folder.

Status of the Colorado River Basin Water Supply and Demand Study Report

As has been discussed at previous Board meetings, the Project Team and consultants are currently in the process of evaluating and analyzing the options and strategies that were submitted by interested stakeholders and members of the public in early 2012. A total of 139 options and strategies for balancing water supply and demand were submitted. Twenty-one (21)

of the options/strategies were submitted by Project members, and 118 options were submitted by members of the public. As you may recall, the goals of the Options and Strategies Phase of the study were: (1) to receive broad input on potential options for addressing future water supply and demand imbalances; (2) to evaluate representative options for major categories of options received; (3) to explore the effectiveness of various combinations of options; and (4) to summarize findings related to the performance and robustness of various options and portfolios.

Currently members of the Project Team and the consultants are developing “Project Types” and “Categories” that each of the submitted options /strategies can be included within. For example, the Project Team has identified the following Project Types as those projects that (1) Increase Supply; (2) Reduce Demand; (3) Modify Operations; and (4) Governance and Implementation. Within those major project types, the following sub-divisions of categories have been identified, including: Importation, Desalination, Reuse, Local Supply, Watershed Management, Municipal and Industrial Conservation, Agricultural Water Conservation, Energy Water Use Efficiency, System Evaporation Reduction, System Reoperation, Policy Changes, Banking, Transfers and Exchanges, Governance, Finance, Implementation, and Information. In the context of evaluating and analyzing the submitted options/strategies, the Project Team and consultants are looking at the options from the perspective of the potential quantity of water created and/or conserved, the location of the proposed project/activity, the timing of implementation of the proposed project or activity, seasonal timing, and the potential requirements for integrating the proposed project/activity into the system.

A webinar/conference call has been scheduled for March 22nd, and a Project Team meeting will be held in Salt Lake City, Utah, at Reclamation’s Upper Colorado Regional Office on March 26th to continue the process of evaluating and analyzing the options and strategies and incorporation in the next iteration of the report. There is an aggressive schedule of a series of face-to-face meetings and conference calls that have been set-up between March and July in an effort to ensure that the Basin Study Report is completed and published in July 2012 as planned.

Basin States Discussions

Status of Binational Discussions/Negotiations

Since the last report at the February Board meeting, there has been a significant amount of work on the part of the state and federal representatives working on a proposed Minute 319. The small group of state and federal representatives has been working collaboratively day-in-and-day-out to finalize a U.S. draft of Minute 319. This U.S. draft was presented to Mexico in late February for its review and consideration. After receiving the U.S. draft of Minute 319, Mexico responded with a series of questions related to the U.S. draft document. The small group has endeavored to provide responses to each of Mexico’s questions.

Concurrently, the small group is working on the various inter-related agreements that need to be executed prior to the execution of Minute 319. These important inter-related agreements include the following: (1) states’ agreement on the voluntary non-use of surplus water; (2) guidelines and forbearance agreement(s) associated with the conversion of ICMA to ICS; and (3) assurance agreements between the U.S. and the Basin states regarding Treaty

interpretation issues, (4) environmental compliance documents, (5) funding and water delivery agreements for the Pilot Project. Obviously, there still remains a lot of work to be completed, both domestically and internationally, before a Minute 319 can be executed between the two countries.

Proposed Federal Legislation—“Navajo-Hopi Little Colorado Water Rights Settlement Act of 2012” (S. 2109)

On February 14th, Arizona’s U.S. Senators Jon Kyl and John McCain introduced the “Navajo-Hopi Little Colorado Water Rights Settlement Act of 2012” (S. 2109). The purpose of the proposed federal legislation is to resolve the long-standing water rights claims of the Hopi Tribe and Navajo Nation within the State of Arizona. Currently, the water rights settlement act would authorize \$359 million to build two groundwater delivery projects on the Navajo reservation and one on the Hopi reservation. In exchange for these projects, the tribes would settle their reserved water rights claims within the Little Colorado River watershed. Additionally, the proposed settlement act would make 6,411 acre-feet per year of water from Arizona’s mainstream Colorado River allocation available, and that this water would be used on the eastern portion of the Navajo reservation. In exchange for this allocation of Colorado River water, the tribe would work to ensure the long-term operation of the Navajo Generating Station near Page, Arizona. I have distributed the latest version of the proposed legislation to Agency Managers, attorneys and technical staff. If any of the Board members would like to review a copy of the legislation, I would encourage them to contact me, or a member of the Board’s staff, and we’ll make sure that they receive a copy of the bill.

Colorado River Water Quality & Environmental Issues

Colorado River Basin Salinity Control Program Work Group Meeting, Phoenix, Arizona, February 14-15, 2012

On February 14th and 15th, 2012, the Colorado River Basin Salinity Control Forum’s Work Group met in Phoenix, Arizona. Issues discussed at the Work Group meeting included: (1) a status update on the Paradox Valley Unit injection well facility and Evaporation Pond Pilot Study; (2) the impending reauthorization of the Farm Bill in congress; and potential salinity control activities at Pah Tempe Springs on the Virgin River. Each of these topics is described in more detail below.

The hydrogeologic study of Paradox Valley is scheduled to be finished by the U.S. Geological Survey (USGS) in March 2012. The initial conceptual model developed by the USGS indicates that the brine in the fractured formation in the northeast end of the valley moves down-gradient toward the southwest. Once all the data from the recently conducted airborne electromagnetic survey have been evaluated, it should provide a better understanding of precisely where the underlying salt is being dissolved and the depth to the freshwater-brine interface.

Public scoping meetings associated with Reclamation’s proposed Paradox Evaporation Pond Pilot Study were held on December 6th and 8th, 2011, in Paradox and Montrose, Colorado,

respectively. Nineteen interested parties attended the scoping meeting in Paradox and twenty people attended the scoping meeting in Montrose. The main concern of the local landowners generally focused on potential impacts to lands adjacent to the proposed evaporation ponds site, and included noise, odor, wildlife, and impacts to property values. Many Paradox Valley locals also supported investigating a second deep well injection site, subject to additional geologic and seismic studies. Environmental groups requested that Reclamation prepare an Environmental Impact Statement (EIS) prior to implementing the evaporation pond pilot study. Currently, members of the Forum support Reclamation's Pilot Project proposal and Reclamation's continuing efforts to gather information to be used in developing and evaluating a range of alternatives for Paradox Valley Unit brine disposal. Reclamation is in the process of identifying alternative sites for the evaporation pond, and plans to update the Forum on the status of its efforts at the Forum's May meeting.

The current Farm Bill is set to expire on September 30th. The Work Group is beginning to have discussions on how to best involve the Forum, and the Forum's Executive Director, in the efforts leading to the development and implementation of the next version of the Farm Bill. It was reported to the Work Group that Colorado's U.S. Senator Michael Bennet is now the Chairman of the Senate's Agriculture, Nutrition and Forestry Subcommittee (a subcommittee of the Energy and Natural Resources Committee). The Forum's Executive Director is currently working with the Senator's staff to ensure that the needs of the Salinity Control Program are addressed in the next version of the Farm Bill. Toward this end, on March 2, 2012, a letter from the Forum's Executive Director was sent to Senator Bennet's Legislative Aid regarding the Salinity Control Program's interests in the upcoming Farm Bill legislative process. I have included a copy of the Forum's letter in the Board hand-out material. Finally, the Work Group continues to encourage Salinity Control Program representatives and beneficiaries to contact their congressional delegations in support of the Salinity Control Program as the Farm Bill is reauthorized.

There was significant discussion on the next steps for Pah Tempe Springs (also known as LaVerkin Springs), which discharge a substantial amount of salt to the Virgin River. Technical studies prepared in the 1970's and 1980's found that a desalination project, although technically feasible, was not financially practicable. In 2009, a Phase I study found that removal of salts discharged from the Pah Tempe Springs would result in a larger initial reduction in dissolved-solids loads in the river at Littlefield, Arizona, than had been previously estimated. Consequently, it was determined that the Science Team will make a recommendation on potential methods for capturing this salt load to the Technical Advisory Group and the Work Group in the near future.

Finally, the Salinity Control Program's Work Group, Forum, and Advisory Council are scheduled to meet in Midway, Utah for the spring meetings on May 15-18, 2012.

Meeting of the Glen Canyon Dam Adaptive Management Work Group, Tempe, Arizona, February 22-23, 2012

The Glen Canyon Dam Adaptive Management Work Group (AMWG) met in Tempe, Arizona on February 22-23, 2012. At the meeting, the AMWG finally approved the catalog of the “Desired Future Conditions” (DFCs) that are associated with implementation of the Adaptive Management Program (AMP). This catalog of DFCs has been a subject of significant discussion and debate for several years. At the last meeting of the AMWG in August 2011, Assistant Secretary Anne Castle asked a small *ad hoc* group to work on finalizing the catalog and preparing a recommendation for the February 2012 meeting. The DFCs will help guide the development of future budgets, science and monitoring plans, and the design of future management and experimental activities.

The AMWG received a report from the Science Advisors regarding its recommendation to the Secretary of the Interior that an in-depth socioeconomics program be developed and implemented. The socioeconomics program would look at market, non-market, and non-use impacts on all of the relevant resources (e.g., water, sediment, endangered species, aesthetics, etc.) and stakeholder-groups (e.g., water and power users, tribes, recreational users, NGOs, et al.) in the Basin associated with alternative dam operations and implementation of the AMP. The last time any socioeconomic analysis was done associated with the AMP was in the early 1990s prior to the finalization of the 1995 EIS Record-of-Decision. This socioeconomics program is likely to be a phased approach over the next five or six years.

The Bureau of Reclamation and the Grand Canyon Monitoring and Research Center spent time providing the AMWG with an overview of the upcoming federal Fiscal-Year 2013/2014 budget for the Glen Canyon Dam Adaptive Management Program. Currently, it is anticipated that approximately \$8.5 million will be budgeted for FY-2013 and an additional \$8.8 million for FY-2014. The GCMRC continues to express concern that more and more of the budget is being “locked-up” in mandated monitoring activities associated with on-going environmental compliance obligations related to recent NEPA records of decision or ESA biological opinions. Currently about 60% of the GCMRC’s Biology Program funding (i.e., approximately \$2.85 million) is tied up in compliance monitoring activities; and a similar amount (i.e., about \$2.7 million) is tied up in NEPA compliance monitoring in the GCMRC’s Physical Sciences Program.

Status of the Development of the Long-Term Experimental and Management Plan for the Operation of Glen Canyon Dam

As you may recall, on January 31st, the seven Colorado River Basin states submitted a joint letter providing Reclamation with scoping comments associated with Reclamation’s initiation of the process for preparation of the Long-Term Experimental and Management Plan for the Operation of Glen Canyon Dam Environmental Impact Statement (LTEMP EIS). The letter included a statement of the Basin states’ collective interests in the effective administration of the Colorado River System reservoirs (e.g., water supplies and hydroelectric energy generation, etc.).

The Basin states' primary scoping comments included: (1) a discussion of the states' interpretation of the legal framework for the LTEMP EIS analyses; (2) the potential constraints associated with the Secretary's ability to modify Glen Canyon Dam operations (i.e., the need to comply with the 2007 Interim Guidelines, etc.); (3) the geographic scope of the proposed actions (e.g., role of and impacts to Lake Mead in the analyses); (4) potential impacts to existing species conservation and recovery implementation programs; (5) distinguishing between experimental and management actions in operating Glen Canyon Dam; (6) development of alternatives that are realistic and comply with existing laws and regulations; and (7) comments associated with the actual process of developing the LTEMP EIS. I have included a copy of the Basin states' letter to Reclamation in the Board folder.

On February 29th, representatives of the Basin states met with representatives of the Western Area Power Administration (WAPA) and several scientists that are involved in on-going long-term research and monitoring activities through the Glen Canyon Dam Adaptive Management Program. These scientists represented expertise in the following: (1) the biology and ecology of the endangered Humpback chub; (2) the biology and ecology of rainbow trout; (3) the aquatic foodbase ecology of Glen and Marble Canyons; and (4) the sand and sediment resources of the Grand Canyon ecosystem. The purpose of the meeting was to receive a brief synthesis and overview of the current state-of-knowledge of the science, and then open up discussions among the state representatives to determine if there is any interest in developing a Basin states' alternative for inclusion in the LTEMP EIS process. I attended this all-day meeting, and found it incredibly informative and helpful. At this juncture, I believe that there is significant interest in developing a seven Basin states' alternative that can be submitted for analysis and evaluation in the LTEMP EIS process.

Final Basin States Letter Associated with Reclamation's Development and Implementation of a Protocol for High-Flow Experimental Releases from Glen Canyon Dam, Arizona, 2011 through 2020

On March 8th, the Basin states finalized a joint-letter to Reclamation's Upper Colorado Regional Office associated with the release of the final Environmental Assessment (EA) for the High-Flow Experimental Releases Protocol for Glen Canyon Dam. The Basin states have worked closely with Reclamation in preparing and submitting comments on the draft and final EA and continue to provide comments to Reclamation in anticipation of Reclamation's issuance of the decisional document (e.g., a Finding of No Significant Impact, or a Record of Decision, etc.). The primary purpose for the development and implementation of the HFE Protocol is to test and evaluate short-duration, high-volume dam releases during sediment-enriched conditions during a ten-year period of experimentation (i.e., 2011-2020).

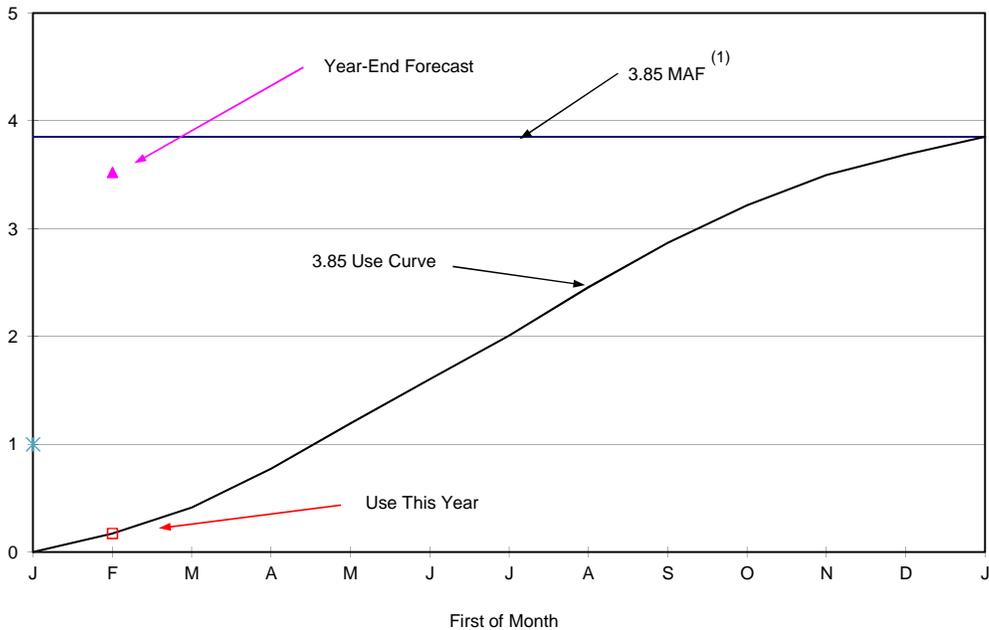
The states letter discusses the following primary concerns and issues: (1) Experimental Actions versus Management Actions (e.g., High-Flow experimental releases versus Beach-Habitat Building Flows); (2) Non-Native Fish Control and continued coordination with the non-native fish control actions identified in the Non-Native Fish Control Final EA and Biological Opinion; (3) Decision-making Process—the states continue to be concerned about the relationship between the HFE Protocol, and the goals and objectives of the Glen Canyon Dam Adaptive Management Program (AMP) and Desired Future Conditions (DFCs) for the Grand

Canyon and the requirements for species conservation pursuant to the Endangered Species Act; (4) Monthly Release Determinations associated with the HFE Protocol need to be consistent with the 2007 Interim Guidelines; and (5) the states continue to believe that Reclamation must clearly articulate the process and steps taken to coordinate and/or integrate the HFE Protocol with the development and implementation of the Long-Term Experimental and Management Plan Environmental Impact Statement process. I have included a copy of the final Basin states' letter in the Board hand-out materials.

A handwritten signature in black ink, appearing to read "CHARRIS". The signature is written in a cursive, somewhat stylized font.

Christopher S. Harris
Acting Executive Director

FIGURE 1
MARCH 1, 2012 FORECAST OF 2012 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 (1)	Forecast of Unused Water (2)
Jan	0.000	-----	-----
Feb	0.174	3.522	-0.008
Mar			
Apr			
May			
Jun			
Jul			
Aug			
Sep			
Oct			
Nov			
Dec			
Jan			

- (1) The forecast of year end use is based on continuation of the QSA, without QSA year end use is estimated to be about 3.660 maf.
- (2) The forecast of unused water is based on the availability of 3.514 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 1988 IID-MWD-CVWD-PVID Agreement as amended; 90,000 AF of conserved water available to SDCWA under the IID-SDCWA Transfer Agreement as amended being diverted by MWD; as estimated 24,500 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 and 25,000 AF of water IID is conserving to create Extraordinary Conservation Intentionally Created Surplus. 22,500 AF has been subtracted for IID's Salton Sea Salinity Management in 2012. As USBR is charging uses by Yuma Island pumpers to priority 2, the amount of unused water has been reduced by those uses - 6,660 AF. The CRB does not concur with USBR's viewpoint on this matter.