

- Management Report on Colorado River Matters

Summary

This Report discusses the following:

- Proposal for pilot operation of the Yuma Desalting Plant
- Bi-national U.S. - Mexico water management discussions
- Current Lake Powell and Lake Mead storage
- Maximum call on PVID program

Attachments

Attachment 1: Graph of Lake Powell and Lake Mead Storage Levels

Detailed Report

Proposal to Operate Yuma Desalting Plant in a Pilot Program Moves Forward

Representatives from Metropolitan, Central Arizona Water Conservation District (CAWCD), Southern Nevada Water Authority (SNWA), and the Bureau of Reclamation have concurred upon a conceptual approach to fund and implement a pilot program to operate the Yuma Desalting Plant at 1/3 capacity for a one-year period beginning in May 2009. The agreement would be similar in some respects to the 2007 Drop 2 Reservoir Funding Agreement, in which Metropolitan, CAWCD, and SNWA contributed funds to construct the Drop 2 Reservoir and in return obtained storage credits in Lake Mead known as "Intentionally Created Surplus (ICS)".

The purposes of the pilot operation of the Yuma Desalting Plant (YDP) would be to:

- Obtain operating information to help assess the viability of long-term full-scale operation of the YDP;
- Provide interim water supplies for non-federal funding agencies; and
- Obtain data regarding the Cienega de Santa Clara with changes in the quantity and salinity of water flowing into the Cienega from the bypass drain.

Under the proposal being discussed, Metropolitan would fund 60% of the non-federal operating costs of the YDP during the pilot program, with the remaining amounts funded by SNWA and CAWCD. The water would be made available as ICS storage credits in Lake Mead, and Metropolitan would have the option of taking delivery of the water during 2009 and 2010, or leaving the credits in Lake Mead for later delivery. Under an existing exchange agreement between Metropolitan and SNWA, any water made available to SNWA from the YDP would be made available to Metropolitan. Metropolitan would be obligated to return such water to SNWA in a future year, mostly likely after 2016.

Under the proposal, the participating agencies would fund the non-federal share of Reclamation's actual costs for operating the YDP during a one-year period, with a target operating period of May 2009 through May 2010. Funds would be due to Reclamation on a quarterly basis, which would cover the estimated operating costs during that period (mostly chemicals, added contractor labor, and energy). The amount of water actually conserved by operation of the YDP would be provided to the non-federal funding agencies in proportion to their funding contributions. Before each payment, an agency would have the option of terminating its participation, and any remaining non-federal entities would have the option of assuming that agency's contributions and obtaining the water conserved from that point forward.

Reclamation estimates pilot operation of the YDP could conserve about 30,000 acre-feet during the one-year period and would use its currently authorized funds to assist pilot operation. Metropolitan and the other non-federal funding entities are exploring possibilities for obtaining additional federal funding for the pilot operation. Based on the ultimate level of federal funding provided, the current estimate for non-federal contributions is

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between \$9 and \$15 million. In addition, the non-federal funding representatives would need to contribute funding for a Cienega de Santa Clara monitoring program to obtain information about that area during operation of the YDP.

In order to begin pilot operation of the YDP by May 2009, a funding agreement should be in place by December 2008, with Board consideration in November 2008.

Bi-national Water Management Discussions Continue

The International Boundary and Water Commission (IBWC) has established a bi-national group consisting of representatives of United States and Mexican water agencies and environmental organizations to discuss cooperative efforts to address water management needs in both countries. The group has divided the technical evaluations among four working groups: (1) new water sources (including seawater desalination), (2) conservation, (3) system operations, and (4) environment. In addition to the technical work groups, the larger group will address policy issues relating to project funding and distribution of benefits (including water resource benefits) between the U.S. and Mexico.

To help move the effort forward, the Mexican Section of the IBWC has asked that the U.S. participants develop a summary proposal for both short-term and longer-term actions. This proposal would include aspects of each of the four technical areas listed above. Once completed, the U.S. participants would share the proposal with Mexico representatives for feedback and further discussion. The goal of the group is to reach consensus on a proposal by the end of this year and then seek adoption of a companion Treaty Minute by the IBWC.

Lake Powell Rises to Highest Level since 2002

The above-average snowmelt from the Rocky Mountains peaked in July, increasing Lake Powell's surface level by 46 feet since March, and the lake is now at 62% of capacity. This increased level has opened up the "Castle Rock Cut" on Lake Powell, which is important to boaters because it reduces hours off the on-lake travel time between the Wahweap Marina and Upper Lake Powell. This improved condition substantially has accordingly increased recreational use of the lake this summer. Opening of Castle Rock Cut was of particular importance to the State of Utah, and the new operating guidelines for the Colorado River took that important recreational feature into account when determining releases between Lake Powell and Lake Mead.

Now that Lake Powell has reached the level to trigger additional releases, any additional water reaching Lake Powell next year can be expected to be released to Lake Mead. Currently, Lake Mead stands at 1105 feet (46% of capacity), and is projected to rise next year even with average snowfall in the Rockies. If next winter is wet, Lake Mead could see substantial increases. The level at which Metropolitan regains access to special surplus water is when Lake Mead begins a year at or above 1,145 feet (59% of capacity).

Metropolitan's PVID Program at Maximum Level

On August 1, for the first time the Metropolitan-Palo Verde Irrigation District's Land Fallowing and Crop Rotation Program reached the maximum level as provided for under the agreement. Starting August 1, 35% of the lands of the Palo Verde Valley are being fallowed to provide additional supplies to Metropolitan. The maximum call will be in place for a minimum of 2 years and will provide Metropolitan with approximately 120,000 acre-feet annually. The fallowing call was made in July of last year, as the terms of the agreement require Metropolitan to call for the fallowing level one year in advance to assist the farmers in making cropping and financing decisions.