

- Colorado River Management Report

## Summary

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This Report provides a summary of the activities related to the Colorado River during August.

## Detailed Report

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### Development of Potential New Water Supply Programs

#### Water Exchange Discussions with Central Arizona Project

During August, Metropolitan staff met with staff from the Central Arizona Project (CAP) and Arizona Department of Water Resources to explore a water exchange arrangement to provide near-term benefits to Metropolitan and long-term benefits to Arizona. At the meeting, Metropolitan staff discussed the current drought situation in California and explained Metropolitan's need for additional supplies over the next few years. Currently, the CAP has water supplies in excess of its retail demand and stores about 250,000 acre-feet of Colorado River water in Arizona groundwater banks each year. The water that is stored by the CAP will help Arizona meet its retail demands if and when a shortage is declared on the Colorado River. (To date, a shortage has never been declared.)

Under the proposal being discussed, the CAP would reduce the amount of water it plans to store in its groundwater bank each year and instead make that water available to Metropolitan. Metropolitan, in turn, would return the water to Arizona during a shortage declaration to meet Municipal and Industrial (M&I) demands within the CAP service area. Based on current projections of demand, growth, and Colorado River supply, the CAP does not expect shortages to impact M&I demands in Arizona for at least 15 to 20 years. (California would receive its full Colorado River apportionment in all but the most severe droughts, so Metropolitan would be able to secure the supplies needed to repay Arizona.)

There are many details that would need to be worked out before an agreement could be recommended for Board approval, including the amount of water exchanged and any financial provisions. Staff from both Metropolitan and the CAP believe that a mutually beneficial proposal can be developed to help meet the water supply needs of both states and build a partnership between the agencies. The goal is to be able to implement exchange beginning in 2009.

#### Discussions with Palo Verde Irrigation District

During August, Metropolitan staff met with staff from Palo Verde Irrigation District (PVID) to explore a one-year increase in the PVID land fallowing program. Currently, landowners that participate in the Metropolitan-PVID fallowing program are required to fallow up to 35percent of their land at Metropolitan's call. On August 1 of this year, for the first time in program history, the fallowing call has reached that level, and Metropolitan will receive about 118,000 acre-feet of water per year from the program.

Under the proposal being discussed, for a one-year period, PVID farmers would increase their fallowing level to 50 percent of their land. Additionally, any farmer not currently enrolled in the land-fallowing program could fallow 15percent of his or her land (matching the 15percent in existing participant increases). The increased fallowing would provide Metropolitan up to 60,000 acre-feet of water during the one-year program. If negotiations are successful, the one-year program could be implemented during the summer of 2009.

#### Discussions with Coachella Valley Water District

During August, Metropolitan staff met with staff from Coachella Valley Water District (Coachella) to explore a water exchange arrangement to provide benefits to both agencies. As part of the Quantification Settlement Agreement, Coachella obtained the right to obtain 35,000 acre-feet of water from Metropolitan in any year to help recharge the groundwater basin in the Lower Coachella Valley. To date, Coachella has not exercised that option, because they had not constructed their groundwater recharge facilities. This December, Coachella is expected to

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complete those facilities and has elected to obtain the 35,000 acre-feet of water from Metropolitan during 2009 and has indicated that it expects to do so each year into the future.

Under the proposal being discussed, during a dry year on the State Water Project, when Metropolitan needs additional supplies, Coachella would not take delivery of some or all of the 35,000 acre-foot of water available to them, and instead allow Metropolitan to keep that water. Then, during a subsequent wet year on the State Water Project, when Metropolitan has additional supplies, some or all of the water would be returned to Coachella where it would recharge aquifers in Coachella. Under this proposal, in the long-run Coachella would still receive all of the water entitled to it under the QSA, but Metropolitan would not be impacted by the delivery during dry years. If the details can be completed and agreed to, the program could begin implementation during 2009.

### **Drop 2 Reservoir Project Construction Contract Awarded**

The Bureau of Reclamation has awarded Ames Construction, Inc. of Phoenix and Coffman Specialties, Inc., of San Diego, in a joint venture, a contract of \$98.3 million to construct the Drop 2 Reservoir Project in Imperial County. Work should begin in late September and is scheduled to be completed by fall of 2010. When completed, the project has been estimated to conserve up to 70,000 acre-feet per year that would otherwise be lost from the system.

Metropolitan funded one-sixth of the estimated costs of the project, and in return received 100,000 acre-feet of storage credits in Lake Mead. Those credits have already benefited the area, as 34,000 acre-feet of water was delivered through the Colorado River Aqueduct this year to help augment supplies. Southern Nevada Water Authority and the CAP also funded the project, but are not eligible to begin recovering their storage credits until 2011.

A groundbreaking ceremony is being planned at the construction site. Efforts are being made to have Secretary Kempthorne participate in the ceremony, which is being planned for some time in October. Staff will inform the Board of the date if and when the ceremony is scheduled.