



## ● **Colorado River Management Report**

### **Summary**

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This report provides a summary of the activities related to management of Metropolitan's Colorado River Resources for the month of April 2012.

### **Detailed Report**

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#### **Discussions Continue regarding Binational Water Management Proposal**

In April, the United States received a counterproposal from Mexico regarding the development of draft Minute 319 to the 1944 International Water Treaty. Included in the counterproposal is a revised timeline in which representatives from Mexico suggested that execution of a final minute be delayed for six months, which was a change from the United States' previous understanding that the draft minute needed to be approved this spring. Representatives from the Colorado River Basin States and the Bureau of Reclamation met to discuss Mexico's response, and found that the counterproposal is significantly different from the United States' proposal on several issues. At the April Water Planning and Stewardship Committee meeting, staff indicated that Metropolitan may need to make a decision about whether to approve implementing agreements as early as May or June 2012. Given the changed circumstances, such agreements will not likely be brought to Metropolitan's Board for consideration for several months, while discussions continue between the two countries to try and reach agreement on outstanding issues.

#### **Dry Conditions in Colorado River Basin reduce Outlook for Surplus Water**

The Colorado River Basin snowpack is well below normal, with some parts of the Basin experiencing the lowest levels on record. If the current projection holds, this year's runoff would be the fifth driest on record for the Colorado River Basin. As a result of the dry conditions, the outlook for surplus water availability has been significantly reduced since last fall. For example, at the start of this water year on October 1, 2011, computer models suggested that there was a greater than 50 percent chance of surplus water being made available to Metropolitan in 2013 and in 2014. (When surplus water is available, Metropolitan can fill its Colorado River Aqueduct to capacity for the calendar year.) In April, those projections were updated, and now the outlook calls for no surplus water available in 2013 and only a 10 percent chance of surplus in 2014. The last year Metropolitan took any surplus water was 2002.

#### **Metropolitan does not Exercise Water Call-back Option with Desert and Coachella**

In 2012, Metropolitan again chose not to exercise a call-back provision in its exchange agreement with Desert Water Agency (Desert) and Coachella Valley Water District (Coachella). In 2005, an amendment to the existing exchange agreement among the three agencies was implemented, which transferred 100,000 acre-feet of Metropolitan's allocated State Water Project Table A supply and associated fixed and variable costs to Desert and Coachella through the year 2035. Because Desert and Coachella exchanged their State Project Water for Colorado River water, in effect, the agreement reduced the availability of Colorado River water available to Metropolitan. The agreement also provided Metropolitan the right by April 30 of each year to call back the allocated Table A water amount for that year and incur the fixed and variable costs associated with transporting that water to Southern California.

Since the Table A water transfer agreement was implemented in 2005, Metropolitan has yet to exercise the call-back option in the agreement, which has resulted in a reduced payment by Metropolitan to the State Water Project by about \$19 million annually since the agreement was executed. The primary reason that Metropolitan has been able to avoid calling the transfer back has been the success in developing Colorado River supplies. Even with the increased obligation to deliver an average of about 70,000 acre-feet per year to Desert and Coachella,

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Metropolitan has been able to store Colorado River water in Lake Mead (currently more than 400,000 acre-feet) and in the Advanced Delivery Account with Desert and Coachella (currently more than 200,000 acre-feet). The water stored in those accounts will help Metropolitan further reduce costs, for example, by allowing a minimum fallowing call for the Palo Verde Irrigation District fallowing program, which will take effect on August 1, 2012.