



United States Department of the Interior

BUREAU OF RECLAMATION
Lower Colorado Regional Office
P.O. Box 61470
Boulder City, NV 89006-1470

IN REPLY REFER TO:

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JUN 29 2011

Mr. Kevin Kelley
General Manager
Imperial Irrigation District
P.O. Box 937
Imperial, CA 92251

Ms. Maureen Stapleton
General Manager
San Diego County Water Authority
4677 Overland Ave.
San Diego, CA 92123

Mr. Jeffrey Kightlinger
General Manager
The Metropolitan Water District
of Southern California
P.O. Box 54153
Los Angeles, CA 90012

Mr. Steve B. Robbins
General Manager
Coachella Valley Water District
P.O. Box 1058
Coachella, CA 92236

Dear Colorado River Water Delivery Agreement Parties:

In the fall of 2010 the Imperial Irrigation District (IID) informed the Bureau of Reclamation that Colorado River water had been delivered by IID directly to the Salton Sea with the intention to store the water there, to be subsequently exchanged and charged against mitigation obligations in 2011 and 2012. IID indicated that, in light of pending litigation and a perceived potential for financial exposure, IID did not intend to conserve an amount of water equivalent to that delivered to the Salton Sea.

IID's unilateral action drew the attention of other California water agencies and the attention of stakeholders throughout the Colorado River Basin. A series of meetings began among IID, the Coachella Valley Water District (CVWD), The Metropolitan Water District of Southern California (MWD), the San Diego County Water Authority (SDCWA) and Reclamation (the parties to the Colorado River Water Delivery Agreement (CRWDA)), with the first such meeting held November 11, 2010, and the most recent held June 16, 2011. The parties began the discussions with each agency expressing a commitment to the long-term viability of the CRWDA and each expressing a desire for a consensual resolution to the issues at hand.

Reclamation recognized the need to appropriately account for the water IID delivered to the Salton Sea. Reclamation is extremely cognizant of the overarching federal responsibility to prepare complete, detailed, and accurate records relating to Colorado River water, a responsibility mandated by the United States Supreme Court and recognized by the California water agencies. As stated in an October 14, 2010 letter to Brian Brady, Reclamation does not believe it is appropriate to account for Colorado River water in the manner proposed by IID in a letter from Brian Brady dated September 20, 2010. In an effort to facilitate good faith discussions and to bring structure to the process, Reclamation provided notice by letter dated

December 15, 2010, that if consensus among the CRWDA parties was not reached, Reclamation intended to make a determination on or before July 1, 2011, relating to the appropriate accounting for IID's delivery of Colorado River water to the Salton Sea in 2010.

In the ensuing six months, Reclamation has met repeatedly with IID, CVWD, MWD, and SDCWA, collectively and individually. Reclamation has also routinely consulted with representatives of the Basin States, in light of the importance of the CRWDA and the engagement of the Basin States on these issues. In the course of the many meetings, and the multiple interstitial telephone conferences with your agencies, Reclamation has developed a strong appreciation of the perspectives of each agency, as well as the complexity of the underlying issues, including the legal, financial, political, and environmental nuances within which a resolution must be constructed.

In recent meetings a preliminary approach to a potentially sustainable and implementable solution has begun to take shape. We recognize that each agency is devoting extraordinary resources to analyzing an approach which has the strong potential to both resolve the short-term issue of the 2010 delivery to the Salton Sea and the long-term issue of the continued viability of both the CRWDA and the host of agreements which compromise the California Quantification Settlement Agreement. Reclamation believes such an approach, if adopted and implemented in a timely fashion, may ultimately be incorporated into the decree accounting reports. In light of the need for additional work on these issues, Reclamation is suspending the July 1 deadline set in the December 15, 2010 letter.

Reclamation recognizes that IID, CVWD, MWD, and SDCWA speak through the decisions of their respective boards and further recognizes that different boards may have widely differing views on the elements of a proposal developed in the course of these negotiations. Reclamation welcomes and encourages board member participation in these negotiations. Such participation in the late 1990s and early 2000s during the development of the CRWDA proved to be invaluable. In Reclamation's view, the current discussions would benefit from the free exchange of information and ideas between and among the California water agencies, representatives from their respective boards, and Reclamation staff, as strategies are developed to achieve and implement a consensual resolution to the issues at hand.

Reclamation also recognizes the existence of numerous legal, financial, political, and environmental steps which must be undertaken and that significant additional work remains ahead before any final decisions may be made on the issues under consideration. For this reason, Reclamation will make a periodic assessment of the progress made in these efforts. If at any point, in Reclamation's judgment, it appears that the parties no longer desire to move forward or are unable to move forward to finalize and implement a consensus resolution, Reclamation will provide notice to IID, CVWD, MWD, and SDCWA of its intention to make a final accounting determination relating to the 2010 delivery of Colorado River water to the Salton Sea.

Reclamation is encouraged by the demonstrated dedication of the group as a whole to achieving a workable resolution that supports the continued viability of the agreements reached in 2003. These agreements are vital to the continued well being of southern California and vital, in particular, to the stability of CVWD and SDCWA's future water supplies. Reclamation will continue to support the efforts of the California water agencies to provide further stability for these essential agreements.

Should you have questions, please contact me at 702-293-8411.

Sincerely,

LORRI GRAY-LEE

Lorri Gray-Lee
Regional Director

bc: HQ-DLW (RSnow), LC-1050, LC-4000, LC-4200, PXAO-1200, PXAO-1500

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