Dear Members:

It has been my privilege and pleasure for the past two years to serve as your President. I first want to thank my fellow board members, officers, the committee chairs, committee members and the many other volunteers with whom I have enjoyed working and without whom the Colorado River Water Users Association (CRWUA) could not exist. I also want to extend my appreciation and that of the entire association to the organizations and agencies that support our activities. Their efforts have guaranteed the success of CRWUA.

Last year was marked by both conflict and resolution. Beginning with our annual meeting in December 2002, when Secretary Norton drew the proverbial line in the sand concerning California’s water agencies’ stalemate over the Quantification Settlement Agreement (QSA), 2003 looked like another year of acrimony and intransigence. However, by fall, California water agencies reached accord and signed the historic QSA, paving the way for water-sharing agreements, water declarations and responsible environmental protection. While the QSA was certainly the highlight of the year’s water milestones, with the basin’s record-setting drought, water users throughout the Colorado River system reached accommodations that addressed local needs for new storage, creative operations strategies and reasonable environmental safeguards.

The drought persists with dire implications for Colorado River water users throughout the basin. Drought-induced supply constraints, implementation of the QSA, persistent and emerging environmental concerns and other challenges, foreseen and unforeseen, face Western water users. These issues amplify the importance and value of a unifying basin-wide water users organization. CRWUA will continue to provide the leadership necessary to address these emerging challenges on behalf of the millions of people who rely upon the Colorado River.

Stanley W. Cazier

President's Message
Few of the nation’s waterways can match the majesty or importance of the mighty Colorado River. The river, drawing its strength from runoff that begins as snowpack in the Rocky Mountains, winds its way through the Southwest like a shimmering ribbon.

Beyond its beauty, however, the Colorado River possesses something even more magical—the power of life. Millions of people throughout the United States directly or indirectly rely upon the Colorado River to sustain their way of life. Its flows sustain communities throughout the West, while hydropower from its dams provides clean energy far beyond the reach of its waters. Nearly a sixth of the nation’s produce is sustained by its water, as are more than 10 percent of the country’s livestock.

Managing the river is a delicate process in which the needs of water and power users, the environment and recreational enthusiasts must be balanced. At the heart of this balance is the concept of sustainability, which compels policy makers to look beyond the present to the distant future—a future in which the Colorado River remains one of the country’s most precious resources.
Formed in 1945, the Colorado River Water Users Association (CRWUA) is dedicated to protecting the interests of all who use the Colorado River system and to finding solutions to modern challenges related to the river’s management.

The association includes 73 water and power organizations and more than 1,400 members, representing water and power interests in all seven basin states. Represented groups include counties, municipalities, district water user groups, political subdivisions, water conservancy districts, municipal and metropolitan water districts, irrigation districts, Native American tribes and communities, engineering consultants and others.

General Education
CRWUA promotes the importance of the Colorado River to water users and the general public. Educational efforts, including printed materials, videos and a Web site are shared throughout the basin states and worldwide.

Board of Directors
Each of the seven basin states and a coalition of the Native American communities that have allocations of Colorado River water, called the 10 Tribes, is represented on the board by three directors. Directors are nominated by members from each state and are elected by a majority vote at the association’s annual meeting. The board meets twice a year, during May and December.

Committees
Board committees meet throughout the year to conduct CRWUA business. These include audit, housing, membership, nominations, public affairs, resolutions and spouses programs.

Officers
A president, vice president, secretary-treasurer and assistant secretary-treasurer make up the CRWUA’s officers. The assistant secretary-treasurer is responsible for the accounting and mechanical functioning of the association.

Annual Conference and Meeting
CRWUA addresses current issues during a three-day conference each December. The program typically includes nationally recognized experts, panel discussions, debates and entertainment.

Membership
Various categories of membership are available to all members of the public. The board sets dues annually.

For information about CRWUA, visit crwua.org or call 760/398-2651.
Throughout the Colorado River basin, the historic drought continued to dominate the news. Water Year 2003, in which unregulated inflows to Lake Powell were only 53 percent of average, marked the fourth consecutive year of below-average runoff. At year’s end, Lake Powell was at less than half of capacity, while Lake Mead was less than 60 percent full.

**Bureau of Reclamation’s Upper Colorado Region**

Despite the ongoing challenges associated with drought, Colorado River water managers and users continued to press forward with other important business. For instance, construction of the multi-agency Animas-La Plata Project moved ahead with excavation for the foundation of the pumping plant and inlet conduit. The Bureau of Reclamation’s (Reclamation) Upper Colorado Region completed a revised construction cost estimate and created the Animas-La Plata construction office in Durango, Colorado.

Salinity control projects funded by the Reclamation and Basin States surpassed efficiency expectations, coming in at approximately $30/year/ton of salt controlled, far below the Congressionally approved estimate of $80/year/ton. It is estimated these projects will prevent nearly 500,000 tons of salt per year from reaching the Colorado River.

**Colorado**

Despite an enormous spring snowstorm in eastern Colorado, reservoirs in the western portion of the state saw little relief from the drought. Cooperative measures by water agencies both within and outside Colorado, however, helped optimize the state’s water supply.
The state's most prominent issue was Referendum A, a statewide water project financing initiative. The proposal to create $2 billion in bonding authority suffered a dramatic defeat at the polls.

**New Mexico**

In New Mexico, water officials and the Navajo Nation released a proposed settlement with clear dates for resolution of the Nation's long-standing reserve claims. Despite the drought's impact on hydrology, endangered fish populations in the state continue to survive.

**Utah**

Thanks to a strong response to the drought, Utah's municipalities averted notable water shortages during 2003, a significant accomplishment considering continued demand for environmental needs and growth. Storage projects—large and small—played a critical role in allowing water managers to meet demand.

Through the combined efforts of intrastate, interagency and interbasin programs, officials were able to continue progress on addressing endangered species concerns. Not all news was good, however, as agricultural and wildlife sectors in some areas of the state experienced a very difficult summer.

**Wyoming**

Facing another year of below-average precipitation and legal challenges related to the North Platte drainage, the Wyoming Water Development Commission initiated an internal study to explore the feasibility of transferring water from the Green River Basin to the North Platte. A final draft is expected to reach the governor's desk in 2004.

In an effort to increase reservoir storage, the state in October began initial fill testing on the High Savory Dam project. Upon completion, the project will provide the Little Snake River Basin with 22,000 acre-feet of water for irrigation and recreational uses.
Although deliveries by the Central Arizona Project remained normal, the state's other surface water provider—Salt River Project—was forced to continue its 33 percent reduction in deliveries. This rationing resulted in some Arizona cities adopting drought plans that generally required a 5 percent water-use reduction by the city and requested that residents too reduce water usage by a like amount.

The drought's impact on Lake Mead and Lake Powell prompted Arizona officials to initiate a campaign to have the Bureau of Reclamation begin operating the Yuma Desalting Plant and to reduce "over-deliveries" of water. Officials believe improved scheduling, more storage along the border with Mexico and the operation of the desalting plant would help address the amount of additional water that country receives, which is estimated at between 700,000 acre-feet and one million acre-feet since 2000.

### Bureau of Reclamation's Lower Colorado Region

Paramount among the year's accomplishments was the Secretary of the Interior's autumn signing of the federal Quantification Settlement Agreement (QSA). This resolved long-standing water resource disputes among the California water contractors and allowed the Department of the Interior to reinstate the Interim Surplus Guidelines for Lower Basin water users. The Bureau of Reclamation's Lower Colorado Region supported the Department's efforts while also meeting all contractual water demands for Colorado River water and managing the lower river to meet environmental and other requirements.

In California, the Imperial Irrigation District (IID) delivered 10,000 acre-feet of conserved water to San Diego and reached an agreement to line the All-American Canal with concrete, a move expected to significantly reduce seepage loss. IID also was involved in ongoing studies to restore the Salton Sea through the efforts of the Salton Sea Authority and reached a cooperative agreement with the local Farm Bureau to study the issue of perchlorate in Colorado River water used for agriculture.

To meet growers' needs during a tumultuous year, the Coachella Valley Water District (CVWD) paid farmers near Blythe to fallow their farmland and purchased that water from the Palo Verde Irrigation District. CVWD also enacted several other conservation measures to reduce Colorado River water use.
The Metropolitan Water District of Southern California issued a report to the state legislature documenting the agency’s existing capabilities and providing a detailed blueprint of the projects, programs and investments needed to maintain the reliability of the region’s imported water over the next two decades. The report also specifically described six major supply changes that occurred in 2002 and the potential impacts to the region’s water resources. Achievements in conservation, water recycling and groundwater storage highlight an investment of nearly $300 million to date in regional resource programs intended to help insulate Southern California from both anticipated and unexpected supply shortfalls.

**2003 in Review**

In addition to its historic water transfer with IID and the water it will receive from the lining of the All-American and Coachella canals—actions that will diversify its water supply portfolio—the San Diego County Water Authority (SDCWA) reached several other major milestones in 2003. Among them was the completion of the Olivenhain Dam, the largest roller-compacted dam in North America. The dam adds critical reservoir storage for use during emergencies. The SDCWA also received certification for its Program Environmental Impact Report for the Regional Water Facilities Master Plan, which defines the projects required to guarantee a safe and reliable water supply through 2030.

Nevada

Nevada declared stage two of its drought plan—or Drought Alert—during 2003, further elevating a host of water-use restrictions that included assigned watering days, limitations on water features and increased penalties for water waste. Most of the region’s water purveyors also responded by increasing rates to encourage conservation among high-consumption customers. The community responded, allowing the Southern Nevada Water Authority to reduce customer diversions from the Colorado River by more than 35,000 acre-feet during 2003. Enrollment in the SNWAS Water Smart Landscapes program, which offers property owners a financial incentive to replace grass with water-efficient landscaping, skyrocketed from approximately 3.5 million square feet in 2002 to nearly 12 million square feet in 2003.
OFFICERS AND DIRECTORS

Officers
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Stanley W. Cazier, CO
Vice President
Kurt R. Segler, NW
Secretary-Treasurer
Christopher Treese, CO
Assistant Secretary-Treasurer
Isabel Luna, CA
Directors
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Herb Guenther
John Sullivan
David S. Wilson, Jr.
California
James Blake
Tellis Codekas
Andy Horne
Colorado
Stanley W. Cazier
Frank E. Maynes
Eric Wilkinson
Nevada
Kenneth Albright
George Caan
David Donnelly
New Mexico
Lorenzo Bates
Charles Blassingame
Randy Kirkpatrick
Utah
Don A. Christiansen
David E. Rasmussen
Ronald W. Thompson
Wyoming
Benjamin C. Bracken
Alan W. Harris
John A. Zebre
Colorado River Indian Tribes Partnership
George Arthur
Daniel Eddy Jr.
Claudia Vigil-Muniz
Resident Agent
Colorado River Commission of Nevada
Immediate Past President
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Audit
CHAIR
Tom Levy, CA
Charles Shreves, NV
Dave Rasmussen, UT
Alan W. Harris, WY

Budget
CHAIR
Tom Levy, CA
James Blake, CA
John Sullivan, AZ

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CHAIR
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Douglas D. Mason, AZ
George Sarkisian, AZ
Dennis Mahr, CA
Jay Malinowski, CA
Sarah Duncan, CO
Robert Walsh, NV
LoRenzo Bates, NM
C. Elden Laird, UT
John Zebre, WY

Housing and Arrangements
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Charles Shreves, NV
Jerry Hanhardt, NM
C. Elden Laird, UT
John Zebre, WY

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CHAIR
Dave Rasmussen, UT
John Sullivan, AZ
Andy Horne, CA
Eric Wilkinson, CO
Kurt R. Segler, NV
Randy Kirkpatrick, NM
John Shields, WY
George Arthur, Colorado River Indian Tribes Partnership

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John Sullivan, AZ
VICE CHAIR
James Blake, CA
Stanley W. Cazier, CO
Kenneth Albright, NV
Mark Duncan, NV
Ronald Mckee, UT
Alan W. Harris, WY

Program
CO-CHAIR
C. Elden Laird, UT

Public Affairs
CHAIR
Crystal Thompson, AZ
VICE CHAIR
Christopher Treese, CO
Benjamin Bracken, WY
Randy Kirkpatrick, NM
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Fred Thompson, CA
Vince Alberta, NV
Robert Walsh, NV
Brian Werner, CO
Barry D. Wirth, UT

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CHAIR
John Shields, WY
VICE CHAIR
Wade Noble, AZ
James Blake, CA
John Morris, CA
Bob Trut, CO
David Dimmelly, NV
Jim T. Dunlap, NM
Ronald W. Thompson, UT
John Shields, WY

Spouse
CHAIR
Carole A. Hallenbeck, AZ
Marti Dozier, AZ
Rachelle Burnett, AZ
## Receipts, Disbursements and Transfers

### Cash Balance, January 1, 2003

<table>
<thead>
<tr>
<th>Receipts</th>
<th>Amount</th>
</tr>
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<tbody>
<tr>
<td>Membership dues</td>
<td>$28,395.00</td>
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<td><strong>Total Receipts</strong></td>
<td><strong>$208,753.49</strong></td>
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### Total Funds Available

<table>
<thead>
<tr>
<th>Disbursements</th>
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<tbody>
<tr>
<td>Midyear board of directors meeting</td>
<td>$(4,779.12)</td>
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<tr>
<td>Annual meeting</td>
<td>$(156,960.96)</td>
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<tr>
<td>Administrative expenses</td>
<td>$(789.20)</td>
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<tr>
<td>Supplies</td>
<td>$(862.00)</td>
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<tr>
<td>Public affairs</td>
<td>$(6,909.20)</td>
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<tr>
<td><strong>Total Disbursements</strong></td>
<td><strong>$(170,300.48)</strong></td>
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### Transfers in/out from investment

<table>
<thead>
<tr>
<th>Transfer to/from investment</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Transfers from money market account</td>
<td>$54,325.00</td>
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<tr>
<td>Transfer to money market account</td>
<td>$(100,000.00)</td>
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<tr>
<td><strong>Net Transfers Out to Money Market Account</strong></td>
<td><strong>$(45,675.00)</strong></td>
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</table>

### Cash Balance, December 31, 2003

<table>
<thead>
<tr>
<th>Cash Balance</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 1, 2003</td>
<td>$47,416.51</td>
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<tr>
<td><strong>Total Receipts</strong></td>
<td><strong>$208,753.49</strong></td>
</tr>
<tr>
<td><strong>Total Funds Available</strong></td>
<td><strong>$256,170.00</strong></td>
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<tr>
<td><strong>Total Disbursements</strong></td>
<td><strong>$(170,300.48)</strong></td>
</tr>
<tr>
<td><strong>Net Transfers Out to Money Market Account</strong></td>
<td><strong>$(45,675.00)</strong></td>
</tr>
<tr>
<td>December 31, 2003</td>
<td>$40,194.52</td>
</tr>
</tbody>
</table>

## Summary of Assets

### Cash Balance, December 31, 2003

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$40,194.52</td>
</tr>
</tbody>
</table>

### Certificate of Deposit 5501066566

- As of January 1, 2003 (1.24%)  | $60,994.52 |
- Interest  | January 28, 2003  | $44.42 |
- February 25, 2003  | $40.36 |
- March 28, 2003  | $44.51 |
- April 29, 2003  | $43.91 |
- May 28, 2003  | $44.60 |
- June 5, 2003, maturity roll over (7.00%)  | $44.64 |
- June 27, 2003  | $39.15 |
- July 29, 2003  | $39.28 |
- August 28, 2003  | $39.31 |
- September 23, 2003  | $39.01 |
- October 28, 2003  | $39.19 |
- November 28, 2003  | $39.15 |
- December 2, 2003, maturity roll over (7.00%)  | $39.74 |
- December 8, 2003, maturity roll over (1.09%)  | $46.32 |

### Total Interest Earned

- 468.32

### Total Withdrawals

- $4,621.10

### Certificate of Deposit 5501076920

- As of December 31, 2003  | $0.00 |
- Interest  | January 28, 2003  | $22.51 |
- February 8, 2003, maturity, roll over (1.24%)  | $5.09 |
- February 11, 2003  | $1.50 |
- **Total Interest Earned** | **$29.10** |

### Total Withdrawals

- $15,310.04

### Certificate of Deposit 5501092040

- As of January 1, 2003 (1.37%)  | $6,310.04 |
- Interest  | January 28, 2003  | $22.51 |
- February 8, 2003, maturity, roll over (1.24%)  | $5.09 |
- February 11, 2003  | $1.50 |
- **Total Interest Earned** | **$29.10** |

### Total Withdrawals

- $15,310.04

### Certificate of Deposit 5501096566

- As of December 31, 2003  | $0.00 |
FINANCIAL REPORT (JANUARY 1, 2003 TO DECEMBER 31, 2003)

**CERTIFICATE OF DEPOSIT 005209080-2**

<table>
<thead>
<tr>
<th>Date</th>
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</tr>
<tr>
<td>APRIL 2, 2003</td>
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<td>JUNE 5, 2003</td>
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<td>JULY 31, 2003</td>
<td>19.27</td>
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<tr>
<td>AUGUST 30, 2003</td>
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**CERTIFICATE OF DEPOSIT 005209080-1**

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<tbody>
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<tr>
<td>APRIL 2, 2003</td>
<td>19.81</td>
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<td>JULY 9, 2003</td>
<td>19.25</td>
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<td>19.27</td>
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<tr>
<td>AUGUST 30, 2003</td>
<td>19.29</td>
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**TOTAL INTEREST EARNED**

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<thead>
<tr>
<th>Certificate of Deposit</th>
<th>Total Interest Earned</th>
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<td>005209080-2</td>
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<tr>
<td>005209080-1</td>
<td>$5,173.86</td>
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**MONEY MARKET ACCOUNT 6219-005162**

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<tr>
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<td>MARCH 31, 2003</td>
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<td>APRIL 7, 2003</td>
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<td>MAY 30, 2003</td>
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<td>JUNE 30, 2003</td>
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<td>SEPTEMBER 30, 2003</td>
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<td>OCTOBER 31, 2003</td>
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<td>NOVEMBER 28, 2003</td>
<td>20.14</td>
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<tr>
<td>DECEMBER 31, 2003</td>
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**TOTAL INTEREST EARNED**

<table>
<thead>
<tr>
<th>Money Market Account</th>
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<tbody>
<tr>
<td>6219-005162</td>
<td>$184.36</td>
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**TOTAL ASSETS, DECEMBER 31, 2003**

| Total Assets, December 31, 2003 | $236,308.33 |

**Fees**

- “Stop payment” fee for check #164: (20.00)

**Transfers**

- February 7, 2003: Check #162 (money withdrawn to open new certificate of deposit) (35,000.00)
- March 14, 2003: Check #165 (issued new check to replace check #164 that was lost) (5,000.00)
- March 3, 2003: Check #164 (transferred to checking account) (5,000.00)
- March 28, 2003: Check #166 (transferred to checking account) (700.00)

**TOTAL DEPOSITS**

| Total Deposits | $105,000.00 |

**TOTAL WITHDRAWALS**

| Total Withdrawals | $94,325.00 |

**TOTAL ASSETS, DECEMBER 31, 2003**

| Total Assets, December 31, 2003 | $236,308.33 |