

• Chief Executive Officer's July and August 2003 Activity Report

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Detailed Report

The following details the activities for the Department of the Chief Executive Officer for the period following the July and August Board meetings:

COLORADO RIVER

Status of Quantification Settlement Agreement Negotiations

Metropolitan and the other three agencies (Coachella Valley Water District [CVWD], Imperial Irrigation District [IID], and San Diego County Water Authority [SDCWA]) have continued to meet with the Governor's representatives and Assistant Secretary Bennett Raley and other Interior representatives and representatives of the other Colorado River Basin states to resolve outstanding state and federal Quantification Settlement Agreement (QSA) related issues, respectively. Metropolitan's negotiating team advanced the Board's August 19, 2003, principles and a tentative agreement among the parties consistent with those principles has been reached. A detailed report will be provided at the upcoming board meeting.

Imperial Irrigation District 2003 Colorado River Water Order

On August 29, 2003 the U.S. Bureau of Reclamation's (USBR) Lower Colorado Regional Director Robert Johnson issued Reclamation's final 417 determination of the amount of Colorado River water approved for beneficial use needs of IID for calendar year 2003. The Regional Director's final beneficial use determination for 2003 is 2,835,500 acre-feet of Colorado River water to be diverted at Imperial Dam, which is 11,400 acre-feet more than the initial determination transmitted to IID on July 3, 2003. This determination is appealable to the Secretary of the Interior and would not be implemented if the QSA is executed and approved by the Department of the Interior.

Metropolitan's 2004 Colorado River Order

Metropolitan placed its order with the USBR for diversions from the Colorado River. Significantly, the order did not include a request for surplus water that might be available should the California parties implement a QSA. This position was included in an August 13, 2003 letter to Assistant Secretary Bennett Raley indicating that until the Colorado River reservoirs experience significant recovery of depleted storage, Metropolitan would not be requesting surplus water under the Interim Surplus Guidelines (ISG). Under the ISG, by accepting surplus water in 2004 we would be putting Metropolitan's future Colorado River supplies under significant risk of reductions should payback provisions to Arizona be required as a result of further drought.

The order also included delivery of 80,000 acre-feet of Metropolitan's banked water in Arizona and the assumed deliveries of 50,000 acre-feet of water from our existing conservation program with IID.

California's Colorado River Board Funding

Jerry Zimmerman, Executive Director of the Colorado River Board reported that the Legislature allocated no General Funds for the Board for fiscal year 2003/04. General Fund contributions have typically provided about 20 percent of the Board's budget with its members, including Metropolitan providing the remaining portion. Mr. Zimmerman will provide a proposed action plan at the Board's September meeting. To date, the Colorado River Board activities are being funded by local member contributions and remaining funds from last year.

Other Colorado River Matters

Metropolitan representatives participated in a Department of Interior Water 2005 Conference, National Water Resources Conference, American Society of Agricultural Engineer's Conference and the Urban Water Conference during July and August.

CALFED/BAY DELTA MATTERS

Enhanced Coordination of Delta Operations

Negotiations between the Department of Water Resources (DWR), USBR, Central Valley Project (CVP) and State Water Project (SWP) Contractors were held to identify benefits to both projects through enhanced coordination of Delta operations. Issues discussed in the negotiations included use of Banks Delta Pumping Plant capacity, reservoir operations and storage opportunities, Environmental Water Account (EWA) funding, transfers, and water quality protection. Representatives from the above agencies continued their discussions with representatives from fishery agencies during the week of July 28.

The state and federal projects, and their respective contractors, and the fishery agencies are continuing work on a proposal to allow permitted Banks capacity to reach 8,500 cubic feet per second next summer or fall. In particular, staff is working with the fishery agencies to establish a long-term EWA that possesses adequate assets and secure funding. In return, contractors would receive a commitment that fish agencies will not impose take limits on the projects for at least 10 years under the Environmental Species Act. Staff hopes to have the package defined by mid-September.

CALFED Authorization

Metropolitan and other urban water agency staff (representing the Bay-Delta Urban Coalition) met with key Congressional and Administration officials in Washington, D.C. during July 15-16. The principal objectives were to increase legislators' understanding and support for CALFED reauthorization and to promote greater understanding of the importance of Bay-Delta water quality objectives. Staff is also reviewing the current version of Water and Power Subcommittee Chairman Ken Calvert's CALFED authorization bill. Tim Quinn and Dennis Majors presented testimony on Delta operations at a workshop of the House Resources Subcommittee on Water and Power on July 23. A hearing on the draft legislation was held on July 24.

Sacramento Valley Water Transfers

Staff continues to work with DWR and USBR to protect its Sacramento Valley transfer supplies. An agreement was executed with USBR that eliminates the possibility of spilling 50,000 acre-feet of Metropolitan's transfer supplies this winter at no cost to Metropolitan. Under

the agreement, Metropolitan will allow USBR to use its transfer supplies to meet fishery needs on the Trinity and Klamath Rivers in exchange for USBR providing Metropolitan a like amount of water in future years when Metropolitan is assured it can use the water. Metropolitan's role in assisting USBR with securing sufficient water supplies for environmental purposes, in a manner that will not adversely affect water allocations to Central Valley Project Contractors, was recognized in the media.

CALFED Water Use Efficiency (WUE)

CALFED's Water Supply and Water Use Efficiency (WUE) Subcommittees met on July 9, 2003. Both subcommittees agreed to cooperate more closely in the future on water supply reliability, desalination, program science and CALFED's "common (planning) assumptions." During a separate meeting of the WUE Subcommittee, CALFED representatives briefly described the general themes to be covered in the "Year-4 Comprehensive WUE Analysis." A draft report of this analysis is scheduled for the end of 2003; the final report is due at the end of 2004.

STATE WATER CONTRACTORS COMMITTEE

The State Water Contractor Board (SWC) met on July 17, 2003 in Sacramento. The Board was briefed on the following topics and status:

- Discussions that were taking place in Napa between the DWR, USBR, SWC representatives, and Central Valley Project (CVP) Contractor representatives regarding opportunities for integrated operations between the SWP and CVP. No action was taken on this topic since discussions were continuing.
- The budgetary and staffing constraints being imposed on DWR as a result of the fiscal year 2003/04 state budget;
- The budget trailer bills relevant to water supply and operations funding that implement portions of the state budget;
- Settlement discussions with East Bay Municipal Utility District regarding the Freeport diversion project in the Delta; and
- The Monterey Settlement Agreement Environmental Impact Report;

There was no regularly scheduled Board meeting in August. The next scheduled meeting is September 18.

SEAWATER DESALINATION

Staff continues to monitor start-up operations and progress of the Tampa Bay Desalination Project. Currently, the Tampa Bay project has been shut down as a result of persistent deficiencies in the pretreatment system, primarily as a result of bio-fouling of the filters ahead of the reverse osmosis treatment system. Staff will continue to track this project's progress and assess its related impacts to the proposed seawater desalination projects in Southern California.

DIAMOND VALLEY LAKE RECREATION START UP

Activities are progressing steadily in preparation for the October 3 public opening of Diamond Valley Lake (DVL).

Construction activities for the boat ramp, dock and related facilities are on a tight schedule. Staff is working hard to ensure the construction of that infrastructure is completed well before

the opening. Most of the service contracts for security, waste removal, potable water, landscape and the concessionaire are in place. Procurement of the rental boats is completed and delivery is expected the week of September 8. The floating toilets are scheduled to arrive the week of September 16.

Staff provided a variety of assistance to opening preparations for DVL, including developing and implementing a public outreach program to inform potential visitors to DVL, as well as users of Lake Skinner, about new boating requirements and other rules that go into effect when DVL opens. The program included the production and distribution of a "Get Ready" brochure that was placed at numerous locations including fishing supply stores, boating stores, and other highly trafficked areas. Staff also coordinated production of a Spanish translation of the boating rules and regulations fact sheet and another fact sheet on the changes to boating rules at Lake Skinner. The outreach program, conducted in collaboration with Water Systems Operations, resulted in more than 700 boats receiving "passed" stickers at a rejection rate of less than 3 percent. Public advance reservations for parking and boat rentals are currently at expected high levels.

STATE AUDIT

The Joint Legislative Audit Committee has approved an audit of Metropolitan at the request of Senator Richard Alarcon and AFSCME Local 1902. The areas to be audited include: DVL recreation; the Center for Water Education at DVL; the Ethics office; our contracting processes; and our recruiting, hiring and promotion practices.

LEGISLATIVE ACTIVITIES

Metropolitan participated in Congressman Joe Baca's second annual water conference in the Inland Empire. About 130 attended the event. I was invited to introduce Senator Mike Machado, who was the lunch speaker. Vice President of External Affairs Adán Ortega gave an update on current water supply and conservation issues.

COMMUNICATIONS/OUTREACH

On July 9, I held two live broadcasts to the workforce on the rollout of the CEO fiscal year 2003/04 business plan. Employees were able to listen in to the broadcast either through videoconference or Met TV. I introduced the new business plan's goals and objectives, highlighted key initiatives, and asked them for their continued dedication and service. The broadcast was followed by posting of the plan on the IntraMet and rolling out various follow up articles and information for staff to use in guiding their work this fiscal year.

Staff conducted business outreach networking efforts by attending events and meetings with various organizations and representatives including: the Southern California Minority Business Council, Congresswoman Grace Napolitano, the Association of General Contractors, the National Association of Women Business Owners, the Montebello Chamber of Commerce, the County of Los Angeles Business EXPO, the Greater Los Angeles African American Chamber of Commerce, the National Latina Women's Business Association, the Los Angeles Asian Business Association and the Los Angeles Minority Business Opportunity Committee and Mayor Hahn.

The outdoor conservation outreach campaign went into full swing in August with the launch of the advertising campaign. The program, featuring the "bewaterwise.com" web site and humorous messages about water conservation and native plant use, is hitting radio, billboards,

bus sides, web sites and magazines. Many Member Agencies are participating through an additional "buy-in" program that increases outreach through other mediums, such as bill stuffers and signage.

An August 26 press conference announced the endorsement by the California Department of Health Services and various regional mosquito abatement authorities of the water conservation campaign as a way to help prevent the spread of West Nile virus. Approximately 35 people attended the press conference at MWD headquarters, including representatives from the following media outlets: KABC-TV (Ch. 7), KCAL-TV (Ch. 9), KCBS-TV (Ch. 2), KFI-AM, KNBC-TV (Ch. 4), KRCA-TV (Ch. 62), KTLA-TV (Ch. 5), KTTV-TV (Ch. 11), *Los Angeles Daily News*, and Metro Networks.

Metropolitan's City Makeover program awarded incentive funds to winning cities that will redesign prominent garden areas to utilize native and drought-tolerant plants. A \$75,000 check was given to the City of San Clemente, through a presentation to the City Council by Director Wes Bannister, representing MWDOC. The project, named Casa Romantica Cultural Center and Garden, received matching funds from the *Los Angeles Times*. A \$20,000 check was given to the City of Corona during a media event at the city's wastewater treatment facility. The check was presented by Director Terry Mylne, representing WMWD.

From Aug. 18-22, Metropolitan participated in the first phase of ACWA's "Hands Across the Border" technical exchange program. The program included officials from the Mexican Colorado River dependent cities of Mexicali, Tecate, and San Luis Rio Colorado. Metropolitan's contribution included hosting a course on Water Quality Lab management, given at the La Verne facility, which included instruction on recent containment and quality issues and laboratory certification techniques.



Ronald R. Gastelum
Chief Executive Officer

9-4-03

Date