

## • Chief Executive Officer's October Activity Report

### Summary

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- Colorado River Matters
- CALFED/Bay-Delta Matters
- State Water Contractors Board
- Legislative Activities
- Communications/Outreach
- Employee Briefings

### Detailed Report

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The following details the activities for the Department of the Chief Executive Officer for the period following the October Board meeting:

#### **COLORADO RIVER**

##### Quantification Settlement Agreement Implementation

With the execution of the Quantification Settlement Agreement last month, the focus on the Colorado River shifts to implementation of QSA-related programs. The QSA is a component of Metropolitan's effort to implement the larger Colorado River Water Use Plan, which includes the Palo Verde Irrigation District Land Management Program, conjunctive use programs, and access to any special surplus supplies available. Execution of the QSA alone does not refill the Colorado River Aqueduct (CRA) but rather provides the framework for development of these additional programs.

In the next few years, it is anticipated that the flows in the CRA will remain below the capacity of 1.25 million-acre feet. Metropolitan's operational strategy will be to maximize CRA deliveries into its service area. In addition to programs identified in the QSA, efforts will be made to get the PVID program operational and to execute an agreement with Arizona to recover previously stored water. Metropolitan will also take advantage of any unused agricultural water that may be made available in any given year. Because of the risk of the obligation to share in any future shortages with Arizona, there is no plan to take special surplus water in the near future until storage levels sufficiently recover. However, about 200,000 acre-feet of special surplus water could be available in 2004 and 2005 if Metropolitan later decided it is needed, subject to actual hydrological conditions.

In the longer term, as supplies from the QSA programs increase and when drought conditions end, the available supplies on the Colorado River will increase, and Metropolitan's strategy will shift to developing conjunctive use programs to store any surplus supplies. Work continues on the Hayfield project development, and additional discussions with Coachella Valley Water District and the state of Arizona will occur to develop mutually beneficial storage programs with those agencies. If and when the Colorado River drought ends, special surplus supplies, which could help fill the CRA, would be available through 2016.

##### Meetings and Ceremonies

Dennis Underwood, Jeff Kightlinger and myself participated in a federal signing ceremony for the QSA agreement, held October 16, at Hoover Dam, Nevada.

Dennis Underwood, as one of California's Governor-appointed representatives to the Colorado River Basin Salinity Control Forum and Advisory Council, attended meetings in Santa Fe,

New Mexico to consider recommendations for the federal/state Colorado River Basin Salinity Control programs.

### **CALFED/BAY DELTA MATTERS**

#### Staff Testimony to the State Legislature

On September 30, 2003, Vice President Timothy Quinn testified before the State Senate Committee on Agriculture and Water Resources about steps to implement various actions in the CALFED Record of Decision (ROD) discussed among various stakeholders in July 2003 in Napa, California. Mr. Quinn summarized the proposed actions contained in the Napa Proposal and the relationships to the CALFED ROD.

Mr. Quinn also testified before the State Assembly Committee on Water, Parks, & Wildlife on October 28, 2003 about implementation of key CALFED Bay-Delta Program actions, including the actions contained in the Napa Proposal and other stakeholder meetings.

I testified before the U.S. Senate Committee on Natural Resources, Subcommittee on Water & Power on October 30, 2003, regarding the California Bay-Delta Reauthorizations Act (S.1097). I stated that Metropolitan strongly supports S.1097 and urges its passage by this subcommittee and the full Senate at the earliest possible date.

#### CALFED Environmental Water Account Discussions

Discussions between the U.S. Fish and Wildlife Service, National Marine Fisheries Service, Department of Fish and Game, Department of Water Resources (DWR), U.S. Bureau of Reclamation and the state and federal contractors are continuing. There has been some general agreement reached on the size and form of a long-term Environmental Water Account (EWA). The main discussion has now shifted to the amount of funding needed to support the EWA and the sources of those funds. The State Water Project contractors will likely be identified to pay for a portion of the EWA annual costs. Staff continues to work with the parties involved on a plan to assure an effective EWA that supports the implementation of actions in the CALFED ROD and also a finance plan that is fair and equitable.

#### CALFED Water Use Efficiency (WUE)

The CALFED ROD requires the CALFED Water Use Efficiency Program (WUE) to develop a definition and implementation plan for the "appropriate measurement" of urban water use in California. A similar requirement exists for agriculture. CALFED staff, working in consultation with stakeholders, including Metropolitan, has developed a draft plan outlining a proposed approach for measurement. The basic objective of the ROD requirement is to provide public agencies, water purveyors and other stakeholders with a comprehensive framework for systematically accounting for the sources and disposition of water supplied by urban water agencies. CALFED plans to finalize this proposal by the end of November, present it to the California Bay-Delta Authority in December, and, if approved by the Bay-Delta Advisory Council, to hold public workshops on the proposal in February. Work on enabling legislation and regulations would begin in the spring of 2004.

### **STATE WATER CONTRACTORS BOARD**

#### State Water Contractors Annual Strategy Meeting in Napa, California

The State Water Contractors held a workshop for its board of directors on October 15-17 to discuss key issues that it is confronting over the coming years and potential actions to address

these issues. DWR management and staff also were participants. During this workshop comprehensive discussions were held on key water operations and business management areas. Key items are highlighted below:

- A proposal from DWR on a new process for updating the overall SWP water allocation in response to changing hydrologic conditions, which develop between December and May of each precipitation season when the snow pack develops. The new process would favor higher allocations earlier in the precipitation season.
- A briefing from DWR introduced financial risk tolerance parameters it is developing with contractor participation to guide the future energy acquisition portfolio for SWP water pumping needs. The approach would establish risk factors assessing project generation, hydrologic variances, contractor water orders and energy market fluctuations.
- A discussion on strategies and options for south Delta improvements, including Banks Pumping plant at 8,500 cubic feet per second, the proposed agreement between the SWP and the Central Valley Project for integrated water operations as well as approaches to ensuring a long-term Environmental Water Account to support the projects we are seeking from CALFED.
- A briefing of issues pertinent to the impending Oroville FERC license renewal settlement agreements discussions.
- A presentation on opportunities for coordinated resource strategies between the SWP and Yuba River water use operations. A presentation by Butte County representatives on its groundwater resources (downstream of Oroville Dam).

### **LEGISLATIVE ACTIVITIES**

On October 20-22, Executive Legislative Representative Kathy Cole hosted a three-day inspection trip for key State legislative staff. The trip was designed to inform and educate the staff on critical issues affecting the supply and quality of water for Metropolitan's service area.

### **COMMUNICATIONS/OUTREACH**

On October 22, Metropolitan and the Eastern Municipal Water District launched a new water conservation program with homebuilders in Riverside County. With funding from the Bureau of Reclamation, MWD and EMWD asked homebuilders to join us in identifying new strategies to get new homeowners to purchase and install water efficient landscaping under the name of "California Friendly" landscapes. The meeting included both small and large homebuilders. Many of the homebuilders provide input to the program and agreed to meet again to formalize the finer details for the program within the next few weeks.

The Southern California wildfires forced staff to substantially change their plans during one tour in Northern California with Calleguas Municipal Water District guests and another tour to the Colorado River with San Diego County Water Authority guests. The Calleguas group was forced to take a bus back after airline flights were curtailed and then needed a police escort to get back to the district office. The San Diego group's bus broke down on the way back, requiring staff to find alternate means of transportation for guests. In addition, Press Office staff responded to media inquiries related to the fires' impact on water supplies and water quality.

On October 9, the Asian American Architect and Engineer's Association recognized Director Carol Kwan and myself at their annual awards dinner. The recognition was on behalf of Metropolitan for its outstanding leadership in business outreach.

On October 16, the Vice President of External Affairs spoke to the Governing Board of the San Gabriel Valley Council of Governments and presented Metropolitan's "New Reality" message. Local elected officials from more than 20 cities attended.

External Affairs, along with Water Quality staff, met with Member Agency representatives to consider and discuss an enhanced process by which to coordinate strategies for water quality communications. The plan will further define the roles of member agencies and Metropolitan and illustrate a process for evaluating issues, developing messages and determining the appropriate means of delivering those messages.

Four high school students who were the winners in this year's essay contest and their teachers attended a three-day trip to Sacramento October 15-17. The trip included meetings with Sacramento water, planning, agriculture and environmental interests; tours of the Capitol and governors' office; and a one-day tour through the south delta region, including a hike at the Cosumnes Reserve.

**EMPLOYEE BRIEFINGS**

Through the past month I have spent considerable time meeting with employees both at Union Station headquarters and all the field sites to brief them on several issues and be available for answering questions. The meetings have been very productive and a good opportunity for information exchange and better understanding. I briefed them on the business plan, the QSA agreement and the public information on the state audit of Metropolitan. I have two more units to meet with, but have otherwise met with all employees at Metropolitan. I also plan to re-visit with some of the employees during the month of December for holiday celebrations.



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Ronald R. Gastelum  
Chief Executive Officer

11/12/03  
Date