

• Chief Executive Officer's November Activity Report

Summary

- Colorado River Matters
- CALFED/Bay-Delta Matters
- State Water Contractors Board
- Task Force Participation
- Communications and Outreach

Detailed Report

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

COLORADO RIVER

QSA Implementation

Implementation of the Quantification Settlement Agreement (QSA) and related agreements and activities by the four agencies is proceeding. For Metropolitan, the focus includes providing for the transition of Metropolitan's canal lining projects responsibilities to the San Diego County Water Authority (SDCWA), finalizing the cooperative water supply agreement with Palo Verde Irrigation District, working on Interim Surplus Guidelines and water storage and recovery agreements with Arizona, and finalizing Colorado River water orders for the remainder of 2003 and through 2004.

Metropolitan's 2003 Colorado River Aqueduct Supplies Increase

In November, the Bureau of Reclamation increased Metropolitan's approved 2003 Colorado River water order by 33,000 acre-feet, bringing the approved delivery total to 625,000 acre-feet for the calendar year. The water order increased because of actions resulting from implementation of the QSA, which was executed in October. The increased water order includes 10,000 acre-feet of water being wheeled to the SDCWA, which became available with the commencement this year of the Imperial Irrigation District/SDCWA water transfer program.

Metropolitan's water order may increase again before year-end. Under the QSA, Metropolitan is entitled to divert any unused agricultural water supplies in any given year. If such supplies become available this year, Metropolitan has the ability to increase its Colorado River Aqueduct deliveries to take advantage of the additional supply.

Under the QSA, Metropolitan also has access to any special surplus supplies made available resulting from the Colorado River Interim Surplus Guidelines. Although such special surplus water would be available to divert for the remainder of this year, Metropolitan is choosing not to divert such surplus at this time because of the Colorado River reservoir storage conditions and the potential obligation to share in any future shortages with Arizona that result from diversion of surplus water.

CALFED/BAY-DELTA MATTERS

2003/04 CALFED Implementation Package

Discussions among state and federal resource agencies and stakeholder interests are continuing on elements of the 2003/04 CALFED Implementation Package. Key progress has been made on proposed elements of an agreement between in-Delta agricultural parties and

State Water Project and Central Valley Project interests. Over the next few months, the CALFED Bay-Delta Advisory Committee and the newly established California Bay-Delta Authority will review the proposals. Implementation of the projects identified would begin in 2004.

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, 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. Financing remains the most important unresolved issue. There is broad agreement among the water agencies that bond funds and Central Valley Project Improvement Act restoration funds should be tapped for part of the cost. Metropolitan staff has supported some form of user fee based upon the "beneficiary pays" concept, and continues to work to keep that cost to a reasonable level.

STATE WATER CONTRACTORS BOARD

The State Water Contractors (SWC) board met on November 20 in Sacramento. Highlights of the meeting include the following:

- A report was provided announcing Linda Adams' appointment as the Interim Director of the Department of Water Resources. She previously worked on water-related issues within the Governor Davis administration. Ms. Adams is receiving briefings on issues related to the State Water Project from both DWR management and the SWC.
- The SWC board took action to send a letter in support of the pending energy bill currently before the U.S. Senate. The bill was seen as a potential means of assisting DWR in its efforts related to Federal Energy Regulatory Commission relicensing of Lake Oroville Hyatt Thermalito generation facilities.
- The SWC board reviewed a report on SWP operations from DWR staff including dry hydrology in October, energy costs slightly below projected and potential scenarios for December 1 initial allocation for 2004.
- The SWC board received a briefing on issues related to CALFED implementation including: (1) development of a funding plan for the Environmental Water Account; (2) meetings with the Delta water users to develop agreement on Delta improvements and protections; and (3) meetings with DWR and the Bureau of Reclamation regarding CALFED implementation.

The next SWC board meeting is scheduled for December 18.

TASK FORCE PARTICIPATION

Governor's Water Advisory Task Force

As a member of Governor Schwarzenegger's new Water Policy Advisory Task Force, I have attended one meeting in Sacramento and participated in the development of recommendations, which have been submitted to Governor Schwarzenegger by the Water Policy Task Force. I provided to the Board a copy of the recommendations. I will continue to participate on the task force and advise you of any new developments.

San Gabriel Valley Local Resources Study Task Force

Metropolitan has been invited to participate in a San Gabriel Valley special task force to evaluate an integrated resource approach for San Gabriel Valley water issues. Senator Bob Margett requested Three Valleys MWD and Upper San Gabriel Valley MWD to create the task force to address supply reliability issues tied to water quality, operation and storage, and conjunctive use.

COMMUNICATIONS AND OUTREACH

The Metropolitan Administrative Code has been made available on the Board of Directors' Web site and the Metropolitan Act is in the process of being posted. An email will be sent to the Board when the Act has been posted and available.

Community Partnering Program staff coordinated and executed a CPP check presentation for the Weeds 2 Wonder program, which has three supporting nonprofits: California State Parks Foundation, Friends of Baldwin Hills and STAR Education. The featured presenter was California Assembly Speaker Herb Wesson in his home district.

The outdoor conservation/native plant campaign received a significant boost this month when *Sunset* magazine published a prominent article about the beauty of native plants and printed the bewaterwise.com Web site address as an important resource of information. Additionally, Chairman Pace and MWD executives participated in a dedication event for one of the City Makeover recipients in Rancho Cucamonga. The event received positive news media coverage. Attractive Heritage Garden journals were designed and printed by staff and will be distributed to Member Agencies in support of the outreach effort.

Metropolitan sponsored and organized a ceremony dedicating the east entrance road at Diamond Valley Lake in honor of the Searl family, whose historic ranch property was purchased as part of the DVL project. Chairman Pace and Executive Vice President Gilbert Ivey represented Metropolitan and participated in the program. The dedication received positive news media attention.

Vice President of External Affairs Adán Ortega spoke before the Executive Committee of the Gateway Cities Council of Governments and presented Metropolitan's message on the "New Reality" of water reliability. Local elected officials from 20 plus cities in attendance heard and asked questions of Mr. Ortega. Long Beach councilwoman Bonnie Lowenthal has made arrangements for Mr. Ortega to provide the same presentation before an upcoming Long Beach Council's monthly city managers' meeting.

Metropolitan sponsored a community leaders breakfast briefing with Assemblywoman Lynn Daucher. In attendance were Directors Blake, Fellow, Brick and Coughran. I was the keynote speaker discussing water quality, supply, conservation and environment issues. More than 60 business and community leaders attended the forum held in Orange County.

Staff produced and distributed a November issue of the district's newsletter *Metrospectives*. The newsletter, mailed to about 25,000 recipients, featured articles on DVL's opening and current water supply reliability efforts.

Staff planned the district's 75th anniversary observances, including creation of a 75th anniversary logo, and installation of anniversary ribbons around the Metropolitan seals in the headquarters Board Room and rotunda. Media staff also directed the production of anniversary banners for Metropolitan's pumping and filtration plants and other facilities in order to connect all employees with the event. A 75th anniversary commemorative book was designed and produced, reproducing an historic photo album created by an unknown employee who chronicled construction of the Colorado River Aqueduct. Staff also managed the production of a 75th anniversary video that will later be used in a variety of outreach efforts to tell the story of Metropolitan.



12/4/03

Ronald R. Gastelum
Chief Executive Officer

Date