

• Chief Executive Officer's February 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 February Board meeting:

COLORADO RIVER

California's Colorado River Water Use Plan Implementation

Staffs from the Colorado River Board and Metropolitan continue to work with the Bureau of Reclamation to reduce unauthorized use of Colorado River water. These illegal diverters reduce the amount of water available to Metropolitan, as the state lives within its 4.4 million acre-feet basic apportionment. To help these diverters become legal water users, Congress authorized the Lower Colorado River Water Supply Project which would make up to 10,000 acre-feet of pumped groundwater available annually for sale to these water users through an exchange program. As more water users contract for Lower Colorado River Water Supply Project water, impacts of unauthorized diversions to Metropolitan will be reduced. Because not all of the available Lower Colorado River Water Supply Project water has been contracted at the present time, Metropolitan may have the opportunity to acquire any unused water available until the program is fully subscribed. Metropolitan staff has begun discussions with the Bureau of Reclamation regarding the purchase of Lower Colorado River Water Supply Project water as an interim measure, which is anticipated to be comparable to other supplies purchased by Metropolitan.

Colorado River Water Quality

Metropolitan staff continues to be actively involved in the remediation efforts currently underway for Pacific Gas & Electric's (PG&E's) Topock gas compressor facility located adjacent to the Colorado River about 42 miles north of Metropolitan's intake facility. The site is of concern because of its proximity to the river and because of the large amounts of hexavalent chromium (Cr VI) discharged from the facility over several decades.

In August 2003, California EPA convened a site designation committee and named the California Department of Toxic Substances Control (DTSC) as the administering state agency for the site. The committee also established a Consultative Work Group (CWG) appointing Metropolitan, along with the Colorado River Basin Regional Water Quality Control Board, U.S. Fish and Wildlife Service, Bureau of Land Management, and Bureau of Reclamation as an advisory body to participate in the design of the interim and final remedies for the site.

To date Metropolitan has provided technical input to the workgroup and continues to urge immediate action to protect the river from contamination from the site. In response to the urgings of Metropolitan and other CWG members, DTSC issued an order on February 9, 2004, directing PG&E to prepare a work plan for immediate action to pump, transport and dispose of contaminated groundwater from wells near the river.

CALFED/BAY-DELTA MATTERS

University of the Pacific Negotiations

Metropolitan, the State Water Contractors, Kern County Water Agency, San Luis & Delta-Mendota Water Authority, and Westlands Water District are continuing negotiations with the South Delta Water Agency, Central Delta Water Agency and Contra Costa Water District to secure support for Banks Pumping Plant operational capacity up to 8,500 cfs. The key element of the negotiations is to define and agree upon how water quality protection measures will be incorporated into the program, including flow control structures in the Delta, recirculation along the San Joaquin River, and monitoring of water quality in the Delta. The water agency participants are looking to complete negotiations within the next 30-45 days in order to move forward with environmental documentation and biological opinions required by the endangered species act.

CALFED Water Use Efficiency Program

California Bay-Delta Authority (CBDA) staff will be releasing a proposal for the "appropriate measurement" of agricultural and urban water use later this month. The proposal calls for standardization of the measures used by urban water purveyors in recording and reporting source production and delivery information, as well as an increase in the frequency of reporting to state agencies. Major concerns by Metropolitan staff include limited awareness among utilities about the existence and content of the proposal; the equity of proposed requirements for agricultural and urban purveyors; insufficient attention to operational feasibility and implementation costs issues; and CBDA staff's aggressive schedule. CBDA has been conducting public meetings to solicit input to their proposal. Metropolitan's member agencies have been encouraged to participate.

South Delta Improvements Package

On February 17, the Senate Agriculture and Water Resources Committee held an informational hearing entitled "Restoring the Sacramento/San Joaquin Delta: Where Do We Go From Here?" The hearing focused largely on the status and processes related to developing the Delta Improvements Package. The hearing was an opportunity for the federal and state agencies, Delta exporters, Delta water users, environmental interests and tribal representatives to outline their position with respect to the Delta Improvements Package moving forward. Vice President Tim Quinn presented testimony and represented Metropolitan on the Delta export panel.

Staff coordinated arrangements for CALFED South Delta Improvements Package briefings. There were 17 presentations during the months of January and February. Events scheduled for March include the Northern Group Managers, Orange County Business Council, Beverly Hills Public Works Department, Southern California Water Dialogue and SDCWA.

SB 60 ANNUAL REPORT

Staff prepared and delivered Metropolitan Water District's annual report to the state Legislature on achievements in conservation, recycling and groundwater recharge. The report, which also is available on the district's Web site, details a water supply mix for Southern California that meets about 50 percent of the region's demands from water conservation, recycling, groundwater recovery and local supplies.

LEGISLATIVE ACTIVITIES

Federal

Several Board directors, Tim Quinn, Dennis Underwood and myself visited Washington, D.C., to participate in ACWA's D.C. Legislative Conference. Besides attending the ACWA events and meetings, the directors also met with Senator Dianne Feinstein, Rep. Ken Calvert, Rep. Hilda Solis, and Rep. Grace Napolitano.

State

February 20 was the last day new legislative proposals for 2004 could be introduced by members of the state Legislature. Between early December and the introduction deadline, there were 2,157 new legislative proposals advanced. All relevant bills are being analyzed by staff for potential impact to Metropolitan and its member agencies.

On January 28, Senator Mike Machado introduced SB 1155, a bill that would prohibit a public agency, including the California Bay-Delta Authority and the Department of Water Resources, from assisting in the increase of SWP pumping from the Sacramento-San Joaquin Delta unless specified conditions are met. The legislation attempts to transfer the decision-making function back to the Legislature rather than leaving it to administrative discretion as envisioned in the California Bay-Delta Authority Act. The bill will be heard by the Senate Agriculture and Water Resources Committee on March 16. Staff is urging that this bill not go forward, and to permit the administrative and negotiations processes in place to continue.

On February 3, the Senate Agriculture and Water Resources Committee held an informational hearing to assess the implementation of Proposition 50 grant and loan programs. The Department of Finance, Department of Health Services, California Bay-Delta Authority, Department of Water Resources and State Water Resources Control Board were asked to update the committee on their timelines for program guideline development and project funding. At the conclusion of the hearing, Senator Machado requested that implementing entities submit suggestions for improving Proposition 50 implementation; noted that CALFED is in a "tough spot" with the responsibility to coordinate Proposition 50 projects and expenditures, but with no true authority; and surmised that some implementing entities may not be conducting adequate outreach to economically disadvantaged communities. Senator Machado announced plans to hold a second hearing later this spring.

On February 20, at the request of the Metropolitan/Member Agency water quality working group, Assemblyman Alan Lowenthal introduced AB 2528. This measure is intended to eliminate confusion associated with the existing statutory term of "action level" by replacing the term with clearer statutory direction to surface and ground water purveyors who discover emerging contaminants in their source waters.

Also, on February 20, Senator Richard Alarcon introduced SB 1720, which would amend the MWD Act to require Metropolitan to establish a civil service system, changing the current recruitment and selection system at Metropolitan. It would also restrict outside contracting and establish a civil service commission of 5 Board-appointed members. This bill is sponsored by AFSCME Local 1902. Staff is urging this bill not go forward as it will add an unnecessary bureaucratic layer to our existing recruitment and selection system.

COMMUNICATIONS AND OUTREACH

The City Managers of the Western Riverside Council of Governments (WRCOG) were briefed on Metropolitan's new incentive based water conservation program. The Vice President for External Affairs was joined by individuals from the US Bureau of Reclamation and the Eastern Municipal Water District in outlining the intent of the program. Additionally, the City Managers supported the objectives of the program and suggested that Metropolitan and others return to brief the Mayor and Council members in the WRCOG sub-region.

Community and government relation outreach and coordination continued on the Weymouth Plant ozone project and Jensen Plant projects. The City of Yorba Linda's Chief Engineer was informed of the Diemer shutdown and was given MWD contact information for residents affected by increased noise and truck traffic. As a result of the Diemer shutdown, residents along the Allen-McColloch Pipeline were also notified because they could be affected by overnight noise. Staff worked with the Municipal Water District of Orange County to issue press statements to adequately prepare affected residents.

The latest edition of "Straight from the Tap" featuring the opening of Diamond Valley Lake to boating and fishing has generated, to date, more than 50 callers and 21 e-mails from throughout Metropolitan's service area as well as from the Bay Area. The new lake has attracted interest and excitement from families, nature-lovers and angler-aficionados alike. The episode is airing regularly on statewide public access cable outlets.

Staff conducted the third in a series of Employee Inspection Trips. The two-day trip was attended by 26 employees ranging from six months service at Metropolitan to 24 years. Brian Thomas, CFO, met with the employees at Gene to be a part of an interactive discussion on the business of the district, along with present and future initiatives that concern employees. The feedback received from employees was excellent with high ratings for being given a better sense of what Metropolitan is all about and how the Business Plan connects all aspects of what employees do to contribute to our core business.

San Diego's KGTV Channel 10 concluded its week-long series on outdoor conservation and native plants, a series coordinated through the Press Office. The series, hosted by the station's well-known weatherman, Loren Nancarrow, included interviews with Metropolitan Vice President of External Affairs, and representatives of the San Diego County City Makeover program recipients in La Mesa and Oceanside. Interviews with other media outlets were coordinated as well to highlight native and California Friendly plants as part of the outdoor conservation public outreach campaign.

A brief in the *Orange County Register* on the city of Anaheim's artificial grass pilot program prompted a *Los Angeles Times* news feature, which spurred television news reports on KCBS Channel 2/KCAL Channel 9, KABC Channel 7 Eyewitness News and Fox national news. The Anaheim program, which is a recipient of Metropolitan's Innovative Conservation program, eventually was covered by the Associated Press and the Canadian Broadcasting Co.

BUSINESS OUTREACH

An update on public procurement opportunities was presented at the February Member Agency Managers meeting. As a result, staff will organize a workshop for the managers and their staff within the next 45 days. The Small Business Team also hosted a certification day at MWD's

headquarters for small vendors. Close to 200 attendees were present to learn about MWD business practices. 120 of the participants were certified that day.



3-3-04

Ronald R. Gastelum
Chief Executive Officer

Date