

• Chief Executive Officer's March Activity Report

Summary

- Colorado River Matters
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- State Water Contractors Update
- Water Quality Initiatives
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- Communications/Outreach

Detailed Report

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

COLORADO RIVER

Quantification Settlement Agreement and Related Programs Implementation Update Canal Lining Projects. Coachella Canal Lining Project construction is expected to begin this summer and be completed in 2006. Based on the status of work on the All American Canal Lining Project construction is expected to start in late 2005 and be completed in 2008.

IID/MWD Existing Water Conservation Program. The program is expected to provide 101,900 acre-feet in 2004 with 81,900 acre-feet for Metropolitan and 20,000 acre-feet for CVWD.

State Salton Sea Restoration Efforts. The California Resource Agency has initiated the restoration study pursuant to legislation last year. A Salton Sea Advisory Committee has been established and monthly meetings are being held. Dennis Underwood is representing Metropolitan on the Committee. The Resources Agency issued a Notice of Preparation of a Program EIR last month.

Overrun Payback Policy. The Inadvertent Overrun and Payback Policy became effective this year. Any water user using more than its entitlement is subject to the payback policy provisions so as to minimize impacts on reservoir storage.

PVID/MWD Land Management and Water Supply Program. Program and landowner agreements are being finalized with the expectation that the program will start in August 2004.

Colorado River Basin Drought

The drought in the Colorado River Basin is continuing for a fifth year. The preliminary April forecast of April through July inflow into Lake Powell (the principal runoff period) is 55 percent of average.

Drought and Shortage Management

The Bureau of Reclamation and the Colorado River Basin states have undertaken the development of short- and long-term interstate drought and shortage management strategies.

Lower Colorado River Multi-Species Conservation Program (LCRMSCP)

The proposed LCRMSCP is to provide 50-year ESA compliance and incidental take permits for present and future Lower Colorado River water and power operations. The target date for the Record of Decision for the program and permits is December 2004. The remaining federal/state

issues include federal/state cost sharing, need for federal legislation and various assurances being sought by the state parties.

Salinity Management Study

The proposed four-year study would update existing models used to quantify the economic impacts of increased salinity in the Lower Colorado River and, in turn, would be used to assess potential new salinity management measures. Reclamation expects to provide up to \$1 million for the proposed study, if participating agencies provide matching funds. Metropolitan staff is assessing the study concept and its consistency with board salinity management policies.

CALFED/BAY-DELTA MATTERS

Delta Improvements Package

The operation of the Banks pumping plant at 8,500 (cfs) and the associated water quality improvements have been under discussion for several months. Participating in these discussions are the central and south Delta interests and the Central Valley Project and State Water Project contractors, including Metropolitan. The key remaining issue is the degree of liability for meeting future Delta water quality targets and the development of central Delta water quality standards. The USBR and the Department of Water Resources (DWR) expect to move forward with a package that will include measures to protect and improve Delta water quality.

Sacramento Valley Water Management Agreement

Staff continues to monitor and assist in the development of the Sacramento Valley Water Management Agreement's EIR/EIS which addresses the increased pumping at Banks pumping plant. An administrative draft is scheduled for completion in June 2004 and a public release draft is scheduled in September 2004. Air quality and groundwater impact mitigation strategies are currently in development, while program funding strategies and alternatives continue to be evaluated in light of limited grant funding to date.

In-Delta Storage

The comment period for the CALFED and DWR In-Delta Storage Program State Feasibility Study closed March 20. Staff reviewed the study and worked with the State Water Contractors (SWC) and the California Urban Water Agencies to provide comments addressing economic and water quality concerns with the project. DWR will present a summary of comments received at the April 14 meeting of the Bay-Delta Public Advisory Committee Water Supply Subcommittee. Staff will provide a briefing at the Water, Planning, Quality and Resources Committee meeting in May.

California Bay-Delta Authority Water Use Efficiency Appropriate Measurement Subcommittee

The Appropriate Measurement Subcommittee of the California Bay-Delta Authority Water Use Efficiency Program forwarded a proposal for Appropriate Measurement of urban and agricultural water use to the Bay-Delta Public Advisory Committee for review at a meeting held March 11, 2004. The proposal contains recommendations on strategies for measuring water use and standardizing collection and maintenance of water use data. The California Bay-Delta Authority held five public hearings in February, spread geographically throughout California, to get input on the proposal. The Bay-Delta Public Advisory Committee moved to forward the proposal for further consideration in the CALFED process. Staff will continue to monitor and inform member agencies of the proposal process.

STATE WATER CONTRACTORS UPDATE

Metropolitan continues to participate in the meetings of the SWC board. Areas of focus have included: CALFED implementation, State Water Project energy procurement, Federal Energy Regulatory Commission relicensing process for the Hyatt Thermalito hydro-generation facilities at Oroville downstream of Lake Oroville, and alignment of priorities between the DWR and SWC on State Water Project (SWP) related issues. The SWC board also held an extended meeting with new DWR Director Lester Snow to discuss CALFED implementation. The SWC are planning to schedule a similar meeting on DWR business and operational issues.

DWR Priorities

The SWC and DWR are working on aligning the priorities of each organization in order to allow the greatest opportunity for success in meeting the needs for the SWP, and achieving efficiency and cost-effectiveness. DWR is organizing these priorities into the form of a business plan. At the same time, the DWR has provided three high level staff to participate in the Governor's California Performance Review Process, which is an effort initiated by the Governor's administration to improve efficiency and effectiveness within State Service. The process is expected to last six months. The SWC organization, as well as individual contractors, is being consulted regarding areas where management of the SWP can be improved.

WATER QUALITY INITIATIVESChromium 6

Metropolitan has been participating in a consultative work group advising the Department of Toxic and Substance Control (DTSC) on clean up of Chromium 6 contamination emanated from the PG&E Topock gas compression sight, which is located immediately adjacent to the Colorado River. The plume of Chromium 6 is thought to be less than 125 feet from the Colorado River. This concern generated substantial media interest during the month. Following a front-page Los Angeles Times article about the Topock situation, I was interviewed for a Lou Dobbs Tonight segment that aired on CNN. The segment detailed the water quality challenges facing cities and regions throughout the nation. Staff has requested and PG&E has agreed to present a detailed plan to MWD and DTSC to prevent any contamination from entering the Colorado River.

Perchlorate

On March 11, 2004, the California Office of Environmental Health Hazard Assessment (OEHHA) established the Public Health Goal (PHG) for perchlorate at 6 ppb. OEHHA has said they will review the PHG once the National Academy of Sciences completes its review of perchlorate. Following OEHHA's announcement, the California Department of Health Services (CDHS) revised its action level from 4 ppb to 6 ppb on the same day. CDHS will use the PHG in the development of the maximum contaminant level (MCL) for perchlorate. The final perchlorate MCL is not expected for at least a year.

Perchlorate samples were collected from 34 locations within Metropolitan's system in February and March 2004. Perchlorate was not detected at any of the monitoring locations at or above the CDHS action level.

Staff provided an update on the Perchlorate Action Plan to the Water Planning, Quality and Resources Committee on March 8, 2004. Metropolitan's consultant continues to review Kerr-McGee's cleanup efforts, and will provide final recommendations by May 31, 2004, on wash

gravel remediation, need for additional clean-up efforts, and performance goals.

A perchlorate survey was sent to the Member Agency managers and members of the Perchlorate Task Force (MAPTF). The MAPTF will hold a meeting for the membership to discuss various technical issues related to perchlorate contamination in groundwater wells. The meeting will feature an update on the perchlorate PHG, results of the perchlorate survey, emerging treatment technologies, proposed perchlorate remediation projects from member agencies, and a panel discussion with presenters.

LEGISLATIVE ACTIVITIES

Federal

U.S. Senator Pete Domenici (R-New Mexico) is working on an energy bill that, although somewhat less expensive than last year's bill, would have the hydro-power reform language that Metropolitan supported, along with the amendments that Metropolitan sought to protect its transmission lines along the Colorado River Aqueduct. Senator Domenici plans to send a bill with no "safe harbor" language for MTBE manufacturers. On the House side, however, U.S. Representative Joe Barton (R-Texas), chairman of the House Energy and Commerce Committee, has stated that there will be no energy bill without a MTBE "safe harbor" provision.

U.S. Senator Diane Feinstein (D-Calif.) and the Energy Committee chairman's office seem to have come to an agreement on a comprehensive bill. Action by the committee is expected in April or early May. The House bill is stalled because of committee Chairman Pombo's insistence that a Delta solution be part of any House CALFED package.

Since the President released his budget last month, there has been a flood of requests to all members of the California delegation for appropriations for various projects throughout the state. Members set early deadlines for their constituents to get their requests in for FY 2005. Many of those deadlines have already passed. Congress is expected to take a two-week recess in April.

State

In addition to the newly introduced legislative proposals reported last month, the following bills also were introduced before the bill introduction deadline:

- SB 1552 (Machado), which authorizes Regional Water Quality Control boards to establish minimum stream flow requirements in connection with establishing total maximum daily loads pursuant to the federal Clean Water Act.
- SB 1310 (Johnson), which extends for five additional years, the requirement that Metropolitan file annual reports with the Legislature that includes a description of the complaints from member public agencies that allege unethical, unauthorized or illegal activities by the district in the previous calendar year. The bill is set for hearing in the Senate Local Government Committee on April 21.
- No less than five bills have been introduced in the Assembly on water conservation. SDCWA has sponsored four of the measures including AB 2572 (Kehoe) to require residential water meters in areas of California like Sacramento and South Lake Tahoe and any other unmetered water district that has more than 3,000 customers and does not get its water from the federal government. The bill gives Sacramento and other affected areas 20 years to complete installation of meters and contemplates that metering would be done in phases. The bill requires that homeowners be charged for

the quantity of water used, perhaps after an adjustment period. Failure to abide by the bill, if enacted, could see the state reject future requests for financial assistance or permits for projects involving wastewater treatment, water efficiency or water storage. Based on the Board's position last year on the two bills carried by Assemblywoman Kehoe, Metropolitan will support AB 2572.

Governor Schwarzenegger's January budget plan for FY 04/05 proposed a \$1.3 billion local property tax hit to cities, counties and special districts to cover the state's obligation to schools. Under that scenario, approximately \$100 million would shift from special districts which, according to Department of Finance estimates, will mean a 23 percent increase to those special districts who are currently paying into the property tax fund for the backfill. The Legislative Analyst Office, a nonpartisan advisory branch of the Legislature, is recommending that the Legislature consider a \$216 million reduction in local subventions, a \$400 million locally determined special district property tax shift, a \$320 million redevelopment property tax shift, and a \$400 million reduction in city and county sales taxes.

Regional

On March 2, the Executive Committee of the Western Riverside Council of Governments voted to partner with Metropolitan, USBR and the Eastern Municipal Water District on California Friendly Landscape Rebate Program for New Homes.

On March 13, Education Unit staff conducted a three-hour interactive water workshop with about 30 Advanced Placement students from the 49th Assembly District participating in Assembly member Judy Chu's Leadership Education Activism Development Program (LEAD). Director Anthony Fellow, Chair of MWD's Communications, Outreach and Legislation Committee, introduced the Assemblywoman to the students, acknowledge their participation and encouraged them to further grow in their knowledge of water and consider a future in the ever-changing arena of resource policy.

COMMUNICATIONS/OUTREACH

The application period for the Inland Empire pilot program for "California Friendly" landscape rebates for new homes closed March 13. Staff has obtained statements of interest from four Southern California homebuilders. The landscape rebate program now will move into the implementation stage with the participating home builders – where actual model homes will be designed and constructed with "California Friendly" plants, a weather sensitive water sprinkler controller and high-efficiency irrigation systems. Meanwhile, implementation efforts are being designed for the board-approved region-wide program, which expands the number of water-saving systems and devices eligible for financial incentives.

Customer Service staff conducted approximately 170 door-to-door contacts with residents impacted by staging and initial construction related to the West Valley Feeder Project. Staff remained on site to address residents' concerns regarding street closures and diversions of traffic.

Public interest continues in the Outdoor Conservation Public Outreach campaign as more than 5,000 Heritage Garden journals were distributed to organizations, retailers and member agencies for distribution at events. Staff engaged additional retailers as partners in the bewaterwise.com campaign, bringing the total to 26. Staff also provided technical and material

assistance in the taping of a Home and Garden Television "makeover" episode featuring native and drought tolerant plants.

The latest edition of "Straight from the Tap" featuring the opening of Diamond Valley Lake to boating and fishing generated an additional 100 information request calls in March from throughout Metropolitan's service area as well as from the Bay Area.



Ronald R. Gastelum
Chief Executive Officer

4/6/04
Date