

• Chief Executive Officer's August Activity Report

Summary

- Colorado River Matters
- CALFED/Bay-Delta Matters
- Legislative Activities
- Communications/Outreach

Detailed Report

The following summarizes the activities for the Department of the Chief Executive Officer for the period following the August Board meeting:

COLORADO RIVER

Interstate Drought Management Effort

Representatives of the Colorado River Basin states have formed a Technical Committee to develop recommended shortage and reservoir operating criteria and guidelines that could be applied by the Secretary of the Interior as part of the drought and shortage management and reservoir storage recovery protocol for the Colorado River. The Technical Committee held its first meeting on August 19 and discussed a number of guiding principles and parameters for developing shortage criteria. Additional information is being sought on projected loss of power revenues, costs of replacement power, impacts on water quality below Hoover and Parker Dams and at Imperial Dam. The next meeting of the Technical Committee is scheduled for mid-September.

Palo Verde Irrigation District Land Management, Crop Rotation, and Water Supply Program

On August 17, 2004, the Palo Verde Irrigation District board approved the Land Management, Crop Rotation, and Water Supply Program agreements with Metropolitan. The 35-year program has the ability to provide a minimum of 25,000 acre-feet (AF) per year to a maximum of 111,000 AF per year to Metropolitan at the discretion of Metropolitan. A Program year is from August 1 to the following year July 31. An overview of the Program and a question-and-answer period for the farmers and landowners was conducted on August 30 in Blythe. A registration packet has been developed and farmer sign-ups started on August 31. As agreements are executed with farmers and land following is implemented, conserved water will become available to Metropolitan as early as the end of this calendar year. The period from now through July 31, 2005, is a partial year and is not counted as one of the years of the 35-year program.

Canal Lining Projects Update

Construction bids for the Coachella Canal Lining Project were due August 26, 2004. The bids ranged from about \$70 to \$92 million. The Coachella Valley Water District (CVWD) is scheduled to award the contract to the selected contractor at its board meeting on September 14, 2004. The target date for the notice to proceed with construction is September 30, 2004. Construction is anticipated to be completed in 2006.

2005 Annual Operating Plan for Colorado River System Reservoirs

The Bureau of Reclamation has proposed that 2005 operations at Lake Mead be based on the normal condition, that is that 7.5 million acre-feet (MAF) of water be pumped or released from Lake Mead to supply 4.4 MAF to California, 2.8 MAF to Arizona, and 0.3 MAF to Nevada. Lake Mead elevation is projected to be at 1,124.28 feet, 0.72 feet below the elevation at which a partial domestic surplus could be declared, with 13.78 MAF in storage on January 1, 2005. Lake Powell is projected to have 8.94 MAF in storage on January 1. Based on Reclamation's

estimate of the most probable water supply, storage in Lake Mead would decline by 801,000 AF in 2005 and storage in Lake Powell would decline by 207,000 AF next year.

Inadvertent Overrun and Payback Policy

Imperial Irrigation District (IID) staff presented a status report on IID's method of saving water to transfer water to San Diego County Water Authority, implement the interim program for Salton Sea salinity management, and pay back a portion of 2001 and 2002 water use overruns. IID is continuing to implement its interim-fallowing program that would save 31,497 AF through fallowing of 5,764 acres at a cost of \$1.77 million between December 2003 and November 2004. Also, IID is implementing its 2004/05 fallowing program, which is to save 67,273 AF through fallowing of 12,126.5 acres at a cost of \$3.36 million between July 2004 and June 2005.

In addition, CVWD presented its semiannual report on its 2004 extraordinary water conservation program to pay back a portion of 2001 and 2002 overruns. Total program water savings, which includes converting to microirrigation to save water, for the first six months of 2004 were calculated to be 9,984 AF. CVWD projects a savings of 19,087 AF for all of 2004.

Finally, IID and CVWD have proposed accelerating their payback of 2001 and 2002 overruns by between 50,000 and 60,000 AF. Metropolitan has expressed serious concern with this proposal as it appears to rely on unused agricultural priority water, water which Metropolitan has the right to divert under its Colorado River water delivery contract with the Secretary of the Interior.

Lower Colorado Water Supply Project Contract

Metropolitan staff have been working with representatives of the Colorado River Board of California and the city of Needles on a mechanism to ensure that the Lower Colorado Water Supply Project (Project) can continue to supply water of adequate quality, maintain its financial integrity, and provide for Project modification or replacement should that become necessary. The Project is to provide up to 10,000 AF per year water supply for municipal and industrial Colorado River water users with insufficient Colorado River water rights to meet their water needs. The Project supply is a non-Colorado River supply. The city of Needles acts as the master contractor for the Project. The mechanism being considered is the temporary utilization of unused Lower Colorado Water Supply Project water by Metropolitan by exchange, in return for payment of operation and maintenance costs, and deposits into a Trust Fund. The Trust Fund would be utilized to:

- Reimburse the city of Needles for the portion of its initial investment made on behalf of future Project beneficiaries who have yet to contract for Project water,
- Construct two wells to complete the Project to its 10,000 AF per year capacity, and
- Fund the study and implementation of wellhead treatment facilities or a replacement project should the salinity of Project water degrade to the point that it would not be accepted for discharge into the All American Canal.

As the federal legislation, which authorized the Project, does not specifically cover the temporary use by a non-Project beneficiary, the city of Needles is proposing introduction of federal legislation that would authorize the concept.

Colorado River Basin Salinity Control

Natural Resources Conservation Service of the U.S. Department of Agriculture staff informed the Colorado River Basin Salinity Control Forum Work Group that nearly \$1 million in Salinity Control Program line-item funding held in reserve from past years has been made available for use in salinity control efforts in Colorado, Utah, and Wyoming. The Work Group has recommended to the Forum that Agriculture's Environmental Quality Incentives Program funding for Colorado River Basin salinity control for fiscal year 2005 be equally divided to implement salinity control measures in Utah and Colorado.

CALFED/BAY DELTA MATTERS

2005 Dry Year Water Purchase Program

Staff continues to work with the Department of Water Resources to develop and implement a 2005 Dry Year Water Purchase Program. Metropolitan is seeking up to 125,000 AF of one-year option agreements under the Program. Initial contract terms have been issued to potential sellers and negotiations are anticipated to begin in September 2004. Staff will seek board authority to pay initial fees required for the Program and will seek board approval to execute contracts.

Levees Program

DWR has agreed to prepare a Strategic Plan to highlight Delta regions where non-State Water Project funding should be directed to minimize the threat of a series of catastrophic levee failures, which could severely threaten Southern California's water supply and water quality. This was prompted by near multiple levee failures resulting from wind, waves and erosion of levees, which ensued following the Jones Tract failure earlier this year.

CALFED Delta Improvement Package

A Delta Improvements Package composed of a variety of actions to improve water quality and supply from the Delta has been approved by the CALFED Bay Delta Authority. Execution of this plan would increase diversion capacity from the Delta, while providing a balanced suite of benefits consistent with the intent of the CALFED Record of Decision. It includes many of the provisions discussed by Central Valley Project and State Water Project water users and stakeholders in late 2003.

CALFED is holding workshops in August and September on their proposed 10-year plan to finance the CALFED Bay-Delta Program. CALFED's goal is to forward a framework of the finance plan to the Bay-Delta Public Advisory Committee for discussion in October 2004. A final plan is to be sent to the Governor for consideration in December 2004. The plan would include proposed funding elements, funding targets, and cost-share formulas.

Pilot Recirculation Program

Included in the Delta Improvements Package is a potential recirculation program for the San Joaquin River. A pilot recirculation program has been initiated involving diversions from the Central Valley Project's Delta Mendota Canal to the Lower San Joaquin River via the Newman Wasteway to evaluate various water quality and water supply effects of recirculation from the Delta. The recirculation flow is approximately 250 cubic feet per second. This program is designed to improve water quality in the south Delta. It also has an incidental water supply benefit to farmers along the Lower San Joaquin River who are experiencing minimal river flows for crop irrigation. The pilot program is expected to run from mid-August to mid-September 2004.

Water quality on the lower San Joaquin River and in the South Delta was a major issue during the discussions on recent Delta legislation by state Senator Mike Machado. This pilot contributes toward resolving this issue.

LEGISLATIVE ACTIVITIES

Federal

Senator Feinstein's CALFED legislation is in position to move forward once Congress returns from its summer recess, September 8. Congress' biggest job at that time will be working on appropriations bills, including those for the Department of the Interior, and energy and water development.

On July 20, U.S. Representatives Mary Bono (R-Palm Springs) and Grace Napolitano (D-Montebello) initiated a bi-partisan request that Chairman Don Young, House Transportation Committee, include \$2 million in FY05 for the construction of trails at Diamond Valley Lake.

State

On August 19, the Assembly sent AB 2528 (Lowenthal) to the Governor on a 79-0 vote. The measure, which is sponsored by Metropolitan and several member agencies, would clarify existing statutory drinking water quality terminology and would modify and update existing contaminant notification requirements.

On August 16, the Governor signed the "resources" budget trailer bill, SB 1107, which did not include language authorizing a CALFED user fee. As noted last month, the Legislature's Budget Conference Committee reversed their prior adoption of trailer bill language for the resources budget trailer bill that would have provided the California Bay Delta Authority with the authority to impose fees on water users to support the CALFED program. Metropolitan – along with many other water user interests – was opposed to such language, which Metropolitan views as an unconstrained "blank check" for the CALFED program. Metropolitan will continue to monitor this issue should there be any attempts to revive such language this year.

Regional

On July 30, 14 Metropolitan directors, led by Director Terry Mylne, attended the National Water Resources Association Municipal Caucus Meeting in Santa Ana Pueblo, New Mexico, where the special guest speaker was Mark S. Sanchez, Executive Director of the Albuquerque Bernalillo Water Utility Authority.

COMMUNICATIONS/OUTREACH

Metropolitan's flavor profile panel was a favorable feature in *The Los Angeles Times* newspaper. The story led to a live interview of Water Quality chemist Peggy Moylan with Los Angeles morning radio host Jonathan Brandmeier about Peggy's duties as a member of the panel that tastes and tests MWD's treated water.

Vice President of External Affairs Adán Ortega was featured in a Fox 11 (KTTV) newscast about a water-efficient garden demonstration in the city of Santa Monica. The "Garden Garden" project was a City Makeover Program recipient.

The outdoor conservation advertising campaign launched region wide on August 23 and will extend through November 2004 with radio and Web site banner advertisements, along with highlights of the watering index on San Diego area television stations.

Television journalist David Garcia conducted a 10-minute interview with myself about water reliability and conservation issues for a special Straight from the Tap segment. Together with the "Heritage Gardening for Today" episode, this half-hour program will air for six weeks on participating stations.

External Affairs and Water System Operations coordinated outreach to affected residents and businesses on the Orange County Feeder repair project in Costa Mesa and the West Valley Feeder No. 1 repair.

Staff managed the district's responses to articles in the *Los Angeles Times* and *San Diego Union Tribune* regarding Metropolitan policies and oversight of professional services contracts for public and community affairs. A letter to the editor, which I authored, appeared in the *Union-Tribune*.

Staff produced and began distribution to member agencies a colorful, informative brochure – "Water Wise Living" – full of helpful water conservation tips for inside and outside the home.

Metropolitan received "statement of interests" from Southern California homebuilders for the region-wide model home pilot program. Interested homebuilders within the Inland Empire Utilities Agency include Lennar Homes, John Laing Homes, K. Hovnanian of California and Shea Homes. Under the model home program, Metropolitan and member agencies encourage homebuilders to design and implement "California Friendly" landscapes into model homes and market "California Friendly" water efficiency upgrades to homebuyers.



Ronald R. Gastelum
Chief Executive Officer

9-8-04

Date