

• Chief Executive Officer's December Activity Report

Summary

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

Detailed Report

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

COLORADO RIVER

Metropolitan's 2004 Colorado River Supplies

Preliminary figures show that Metropolitan's net 2004 Colorado River water diversions were 762,000 acre-feet. This includes emergency deliveries for Tijuana, exchange water for San Diego County Water Authority, and storage of conserved water for Southern Nevada Water Authority.

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

Implementation of the program is progressing. Metropolitan's first following call is for following 100,000 acres that is expected to save 70,000 to 90,000 acre-feet of water for Metropolitan during calendar year 2005. Following of the first acreage started on January 1, 2005.

Lower Colorado River Multi-Species Conservation Program (Program)

The final Program documents were distributed on December 17, 2004. Board approval to authorize execution of the agreements for funding and implementation of the Program is scheduled for the February 2005 Board meeting.

Colorado River Drought Management

The Secretary of the Interior (Secretary) has asked the Basin states to complete their recommended drought and shortage management and reservoir storage recovery protocol by April 2005. The Secretary had previously asked the Basin states to take the lead in developing a recommended protocol, similar to what was done for the Interim Surplus Guidelines.

CALFED/BAY-DELTA MATTERS

CALFED Financing. On December 9, both the California Bay-Delta Authority and the Bay-Delta Policy Advisory Committee unanimously approved a framework to advance the 10-year Finance Plan of the CALFED Bay-Delta Program. According to Chairman Hunt, this framework for CALFED finance will be incorporated as "constructs" within Governor Schwarzenegger's proposed budget for FY 2005/06 that the Governor must submit to the Legislature by January 10, 2005. Meanwhile, the public process will continue to develop a detailed 10-year finance plan, which is expected to be complete by April and will be incorporated, as appropriate, in the May Revise submitted by the Governor to facilitate negotiations and completion of a state budget.

CALFED Bay-Delta Improvement Package. As part of the CALFED Bay-Delta Improvement Package, Metropolitan is working with CALFED member agencies on the following implementation measures:

- Levees Program. The Department of Water Resources, along with Metropolitan and other stakeholders, has initiated the development of a Delta Levees System Strategic Plan. The Strategic Plan will prioritize and direct funding to minimize the threat of catastrophic levees failures, which could severely threaten southern California's water supply and water quality. Metropolitan has developed, in cooperation with the DWR, a comprehensive briefing for the State Water Contactors in December 2004 focusing on the Strategic Plan.
- San Joaquin River Water Quality Improvements. The San Joaquin River Water Quality Management Group, composed of various water users, regulatory and water supply agencies, and farming interests on the San Joaquin River, continues toward the development of a Salinity Management Plan for the San Joaquin River. In December 2004, Metropolitan will provide initial technical input to the San Joaquin River Salinity Management Plan. The Management Plan will recommend various flow and salt load management actions that will reduce salinity and improve water quality on the lower San Joaquin River, thus, removing a potential roadblock to increasing capacity at delta pumps.
- South Delta Fish Facilities Forum. The South Delta Fish Facilities Forum, composed of state agency and water user representatives, is finalizing a policy vision paper on fish screening improvements and management actions in the South Delta.
- Environmental Water Account. The CALFED fish agencies and the state and federal projects extended the Environmental Water Account Program for another three years – until December 31, 2007. As a result of the extension of the EWA, and other CALFED accomplishments, the CALFED fish agencies extended programmatic regulatory assurances to CALFED for another three years.
- Biological Opinions. The US Fish and Wildlife Service and NOAA Fisheries released non-jeopardy Biological Opinions for Central Valley salmon and Delta smelt, respectively. The release of these opinions will assist in moving forward with the implementation of increased capacity at the State Water Project Delta Pumping Plant.

CALFED Southern California Regional Drinking Water Quality Planning Project. Metropolitan and the other project participants (Los Angeles Department of Water and Power, San Diego County Water Authority, Long Beach Water Department, Inland Empire Utilities Agency, Mojave Water Agency, and the Mono Lake Committee) initiated the water quality planning project in September, and are utilizing CALFED grant funds. The objective of the project is to identify the components of an integrated strategy for the Southern California region to meet drinking water quality goals and communicate the region's needs to CALFED. The project team has completed the work plan and outreach plan and in December the project participants made significant progress toward developing conceptual models that identify water agencies' strategies to meet water quality goals. Project technical work and outreach meetings are scheduled to be complete by May 2005.

LEGISLATIVE ACTIVITIESFederal

Staff continued to work with House and Senate committee staffers to urge Senate action on House-passed bills that have been supported by Metropolitan member agencies. During the lame-duck session, however, Congress decided to act only on the comprehensive intelligence legislation, leaving the entire package of other water resource development bills to be acted on in the 109th Congress.

The 108th Congress proved to be a very productive year for California water interests. Highlights included enactment of HR 2828 (CALFED) and new appropriations for perchlorate cleanup, coupled with increased funding for regional water use efficiency programs. While some important programs sustained modest reductions because of budget constraints, every single budget line item that was advocated by the Metropolitan Water District for appropriations in 2006 was given the green light by the Congress and the president at the conclusion of the 108th Congress.

State

Staff provided a legislative report to the ACWA Region 8 membership during the ACWA fall conference. Issues highlighted for the upcoming 2005/06 legislative session included CALFED user fees and reintroduction of special district reform legislation.

On Dec. 6, the California State Legislature convened for the first day of the 2005-2006 legislative session. The Legislature will reconvene on Jan. 3. Legislation introduced on the first day of session included a measure by Sen. Dean Florez (D-Shafter) aimed at preventing the state from interfering with water contracts between the federal government and a person or agency so long as that water was being used for "reasonable and beneficial" reasons. This measure was spurred by an U.S. District Court judge ruling last August that ruled enough water must be sent through Friant Dam and down the San Joaquin River to restore the river's salmon run.

Staff participated in the development of a water user response to the California Bay-Delta Authority's Dec. 9 approval of a framework for a CALFED user fee. A letter to CBDA signed by Metropolitan, Kern County Water Agency, the Santa Clara Valley Water District and others expressed various issues and concerns, and included a statement that water users are willing to contribute to CALFED programs that provide a clear, definable benefit to their taxpayers and ratepayers. CBDA's recommendations will be forwarded to the governor's office to be included in a proposed state-spending plan.

Regional

Staff represented Metropolitan at the Southern California Association of Government's Water Policy Task Force meeting. The committee heard presentations on growth and water issues in the Antelope Valley; the next steps for the City of Los Angeles on the passage of Measure O, the Clean Water, Ocean, River, Beach, Bay Storm Water Cleanup Measure; and the need to form a countywide funding proposal for watershed management and pollution controls for Los Angeles County.

Staff coordinated a meeting during the Colorado River Users Association conference in Las Vegas between Metropolitan and representatives of the Palo Verde Irrigation District to review

objectives and progress of an agreement for Metropolitan to purchase water from PVID under a unique water transfer, land management and crop rotation program. Prior to the Las Vegas meeting, officials announced the selection of nine members for the PVID Community Improvement Board, which will help oversee the disbursement of millions of dollars in community impact funds set aside by MWD as part of the water transfer program.

COMMUNICATIONS/OUTREACH

More than 250 business, government and industry leaders attended a luncheon at Metropolitan to celebrate a stronger California water future through passage of continued appropriations for CALFED. The event featured a speech by U.S. Senator Dianne Feinstein about water challenges and opportunities in California. In addition to Metropolitan, the event was co-sponsored by the Building Industry Association of Southern California and the Los Angeles Area Chamber of Commerce. Staff provided media relations assistance to the Senator's staff, with three local television stations, three radio stations, the Associated Press and two newspapers in attendance. A story about Feinstein's announcement at this event regarding perchlorate legislation she plans to introduce appeared in the Riverside Press Enterprise.

Metropolitan announced the launch of a native and California Friendly plant hotline with experts at Rancho Santa Ana Botanic Garden to help homeowners and others learn more about care and maintenance of native plants.

"A California Friendly Garden Makeover," the latest 50-minute episode of Straight from the Tap, began airing on statewide cable stations. In addition to free airtime on public access channels, Metropolitan also purchased a limited amount of leased airtime on cable outlets with the Metropolitan service area. Each DVD and VHS copy distributed to MWD's member agencies included a response card to obtain some basic viewer information. The video program coincides with the planting season for native and drought-tolerant foliage.

After publishing the 2005 "Water Is Life" calendar featuring student art, Metropolitan put on a comprehensive art exhibit at Union Station headquarters featuring the work of 44 students, in a ceremony that included the young artists and their families, teachers, and principals, along with member and retail agency representatives. Geri Keams, author and storyteller provided a guest performance of "Snail Girl Brings Water."

Staff began field-testing "Water Times," the new school newsletter and curriculum program, among sixth-grade classes within the service area.

Several activities and programs began in preparation for the 2005 Solar Cup competition. Staff wrote, designed and produced the first newsletter for the 2005 Solar Cup program. The newsletter is sent to member agencies and participating high school teams. Staff coordinated several Solar Cup boat-building workshops and pre-building workshops at local schools or member agency locations.

Staff, in collaboration with Water Resources Management, coordinated testimony for the annual public hearing on SB60, a state law that requires Metropolitan to produce an annual report on achievements in conservation, recycling and groundwater recharge. Among the speakers was Andrew Henderson, director of government and public affairs for the KBHome Corp., who testified about the positive benefits his company received from going "California Friendly" with

its latest development in Temecula. The “Veldermosa” project will be the KBHome’s first residential development that promotes water conservation – as well as other environmental conservation programs.

ADMINISTRATION TRANSITION

Ronald Gastelum completed his term as CEO on December 31, 2004, but will remain in an advisory capacity to the incoming Chairman Wes Bannister and the interim CEO through June 2005. The recruitment for the new CEO continues on schedule.

Gilbert F. Ivey	Date
Interim Chief Executive Officer	1/5/05