

• Interim Chief Executive Officer's January Activity Report

Summary

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

Detailed Report

The following details the activities for the Department of the Interim Chief Executive Officer for January 2005:

COLORADO RIVER

Coordination of Water Releases from Parker, Alamo, and Painted Rock Dams

With the high January precipitation that occurred across the Lower Colorado River Basin, Metropolitan and others urged the Corps of Engineers and the Bureau of Reclamation to coordinate releases from Parker Dam on the Colorado River, with releases from Alamo Dam on the Bill Williams River that flows into Lake Havasu and from Painted Rock Dam on the Gila River that flows into the Colorado River below Imperial Dam to maximize the use of water in Alamo and Painted Rock reservoirs to meet Lower Basin demands and Mexican water treaty deliveries. This resulted in substantial savings in Lake Mead storage. This had been identified as a drought and shortage mitigation measure in the drought management work of the Basin states.

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

Processing of escrow for the 98 participation offers received from landowners is progressing on schedule. Metropolitan's first fallowing call is in the amount of 24,000 acres. As the program became effective January 1, 2005, fallowing of a portion of the called acreage has begun. The amount of saved water available to Metropolitan during 2005 is estimated to be 75,000 – 100,000 acre-feet or more.

Colorado River Drought Management

The Basin states continue to meet on the development of a recommended drought and shortage management and reservoir storage recovery protocol for the Colorado River Basin as requested by the Secretary of the Interior. The Secretary has requested that the states complete their work by April 2005. Efforts are currently focusing on potential changes to the coordinated operation of Lake Powell and Lake Mead that could be beneficial to both the Upper and Lower Basins. Work is also continuing on drought and shortage mitigation measures with a focus on the need for authorization and appropriations for 2006 and 2007.

Salton Sea Restoration Effort

On January 14, 2005, Dennis Underwood and John Scott attended a meeting of the Salton Sea Advisory Committee in Sacramento. During the meeting, the Advisory Committee was briefed on the development of alternatives for the Salton Sea Ecosystem Management Plan being prepared under the direction of the Secretary for the Resources Agency (Secretary). Advisory Committee members were provided with a list of alternative Salton Sea reclamation proposals that have been developed since the 1960s. The Department of Water Resources and its consultant have also identified "initial screening criteria" for alternatives.

The Secretary will consult with the Advisory Committee before selecting the range of alternatives that will be evaluated in the Program EIR.

The next meeting of the Salton Sea Advisory Committee is scheduled to be held at Metropolitan's Headquarters on March 16, 2005.

On October 4, 2004, the Notice to Proceed with construction of the Coachella Lining Project was issued and construction is under way. The schedule for construction completion is April 7, 2007.

Design for the All American Lining Project started in October 2004 and 30 percent design completion is expected to occur at the end of February 2005. The design work is scheduled for completion in September 2005 with construction to start in February 2006 and completion in October 2008.

CALFED/BAY DELTA MATTERS

CALFED Financing. In January, the Governor's proposed state budget included a framework to advance the 10-year Finance Plan of the CALFED Bay-Delta Program. The public process is continuing to develop details for the local and state cost-share portions of a finance package. It is expected that legislative hearings on CALFED financing will begin in February. Senator Kuehl has indicated that Senate Bill 113 by Senator Machado will be used as the vehicle to move both the policy and funding issues forward, including the issue of how the user share will be allocated among resource users.

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 levee 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 Contractors 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. 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, 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 January 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 completed by May 2005.

LEGISLATIVE ACTIVITIES

Federal

Staff has been working with the Chairman and members of the Communications and Legislative Committee to identify key issues and opportunities for the District's Federal Legislative program.

There was a leadership change in the House of Representatives with the appointment of Rep. Jerry Lewis (R-Redlands) to chair the Appropriations Committee, which should be good news for Californians. Other leadership changes are still being worked out in the House of Representatives, and it is expected that Rep. Richard Pombo (R-Tracy), chairman of the resources committee, will name a Californian to chair the Water and Power Subcommittee, previously chaired by Rep. Ken Calvert (R-Corona). The creation of a full committee on Homeland Security, chaired by Rep. Christopher Cox (R-Newport Beach), may create opportunities for the Congress to consider ways in which the United States can assist state and local government to improve security measures, strategies and facilities throughout the nation.

State

On January 10, the Governor released his \$111 billion state spending plan to the Legislature to build upon the reform proposals highlighted in his State-of-the-State address. The Governor's budget proposal includes \$9.7 million for the Department of Water Resources from the General Fund to develop and implement a more comprehensive flood protection plan than we have today. This funding is the first installment of a three-year plan to improve and maintain the Sacramento and San Joaquin Valley flood control system. The Administration will also explore statutory reforms to place liability for damages caused by flooding where it appropriately should reside. The Governor's budget proposal also includes \$59.1 million from the General Fund for the lining of the All-American and Coachella canals.

With respect to 10-year financing for the CALFED Bay-Delta Program, the Governor's budget recommends that state and federal funds be tapped only for projects that provide broad public benefits. Budget documents state that water users should pay for projects and programs that result in specific benefits to them and that local governments and water districts will be expected to provide a local match for projects with local benefits. The Governor directed the California Bay-Delta Authority to work with water users, local water agencies, environmental advocates and other stakeholders to develop a plan for how the non-state and federal share will be financed. The Governor intends to incorporate that plan as part of his budget update in May 2005.

On January 19, Vice President of State Water Project Resources Tim Quinn and Executive Legislative Representative Kathy Cole briefed key Republican budget and policy staff on the CALFED finance plan. They briefed key Democrat budget and policy staff on January 21.

As part of his State-of-the-State address to the California Legislature on January 5, Governor Arnold Schwarzenegger announced plans to call a special session of the Legislature to consider and act upon amendments to the California Constitution to address:

- The disconnect between available revenues and state expenditures in the state budget process;
- Reforms to pension systems for future government employees;
- Reforms to education funding (teacher compensation and Proposition 98 funding levels); and
- Reforms to the process for drawing California's legislative, congressional and Board of Equalization political boundaries.
- With respect to his initiative to reorganize and streamline state government, the Governor submitted a reform plan to the Little Hoover Commission for the Youth and Adult Correctional Agency, announced plans to move forward with reorganization proposals for other state agencies in the months ahead and proposed elimination of nearly 100 boards and commissions, including the Colorado River Board, Delta Protection Commission, Reclamation Board, California Water Commission, among others.

On January 5, Executive Legislative Representative Kathy Cole briefed Senator Bob Margett (R-Los Angeles), newly appointed vice chair of the Senate Natural Resources and Water Committee, on the status of the CALFED finance plan and other key legislative issues.

Regional

Local elected officials, business leaders and water industry officials joined Metropolitan and Municipal Water District of Orange County in an event honoring Congressman Ken Calvert on January 13. Chairman Bannister and MWDOC chairman Brett Barbre thanked Congressman Calvert for his dedication and tenacity in the fight to win the passage of CALFED Legislation.

On January 19, External Affairs and Water Resources Management staff met with KBHomes officials to develop marketing materials for their latest development project – the “Valdemosa” in Temecula. The collaboration is part of the "California Friendly" Landscapes Rebate Programs for New Homes, a pilot program with the U.S. Bureau of Reclamation and Eastern Municipal Water District. The marketing materials will be used when the models open in March to promote environmental benefits of going with “California Friendly” landscaping to the new homeowners and the public.

On December 28, staff met with Congressman Gary Miller to discuss Diamond Valley Lake and the Central Pool Augmentation Project.

COMMUNICATIONS AND OUTREACH

Director Brick led the coordination of Tsunami relief discussions among several agencies and organizations. Utilization of water and engineering experts were discussed leading to the development of a Web site www.CaliforniaWaterAid.org for communication and donations. Metropolitan's Interim CEO and other agency General Managers have given their personal endorsement to this effort.

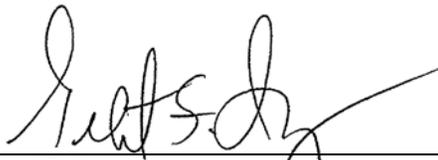
Staff coordinated the signing of a Memorandum of Understanding between Metropolitan and the Port of Long Beach to expand business opportunities for Southern California small business enterprises. Chairman Wes Bannister, Director Helen Hansen and Interim Chief Executive Officer Gilbert Ivey participated in the signing ceremony with port officials. In anticipation of the MOU with the Port, staff placed advertisements in Long Beach newspapers and weekly business journals and issued a media advisory. The Long Beach Press Telegram and Los Angeles news radio stations carried news items about the event. The advance publicity contributed to a turnout of nearly 200 area business and civic leaders to the signing ceremony.

Fishing visitors increased significantly at Diamond Valley Lake, mostly as a result of several news articles about excellent trout fishing. Staff managed several news media stories that appeared in the Orange County Register, the Los Angeles Times, Riverside Press Enterprise, Los Angeles Daily News, Hunting and Fishing News and ESPN.com.

Staff managed a January 1 big fish derby at Diamond Valley Lake. Prize packages were provided by co-sponsors KATY radio and the Fish Rap newspaper. A total of 396 fishing access permits were purchased, compared to 152 for January 1, 2004. There were 23 boat rentals versus one, and 173 parking fees paid versus 80.

TRANSITION OF ADMINISTRATION

Staff supported the transition of the Chairman of the Board, the four Vice Chairs and the establishment of a new committee structure. I met with executive management including the Department Heads and the Group Managers to review upcoming issues and priorities to outline a schedule for consideration of items by the Board of Directors. I have met with officers from Association of Confidential Employees, AFSCME, Management and Professionals Association, Supervisors' Association and the Water Attorneys at Metropolitan to discuss issues. The meetings have been very beneficial and I plan to keep the communication lines open with each bargaining unit.



Gilbert F. Ivey
Interim Chief Executive Officer

2/2/05
Date