

## • Chief Executive Officer's August Activity Report

### Summary

---

- Colorado River
- CALFED/Bay-Delta Matters
- Legislative Outreach
- Industry Outreach

### Detailed Report

---

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

#### Colorado River

Water Management Strategies and Guidelines - On August 25, representatives of the Governors of the Colorado River Basin states for Colorado River operations reached agreement on a letter that was submitted to the Secretary of the Interior on August 25, in response to a June 19, 2005 Federal Register notice. The Bureau of Reclamation is seeking comments on the development of management strategies for Lakes Powell and Mead, including guidelines for reducing delivery of Colorado River water from Lake Mead, when the lakes are relatively low.

The states' representatives have agreed that the management strategies should delay the onset, and minimize the extent and duration of a shortage condition in the Lower Colorado River Basin. They have also agreed that the protection afforded to the Upper Colorado River Basin by Lake Powell should be maximized. This objective is to protect against the possibility that water use in the Upper Basin would have to be curtailed to meet the obligation to release water from Lake Powell to Lake Mead for use in the Lower Basin. They have also agreed that the amount of water delivered to Mexico during a shortage condition needs to be considered. The timeframe under consideration is through the year 2016. It could be extended if the guidelines under which surplus water are made available is extended and perhaps modified.

The management strategies and guidelines under consideration include varying the amount of water released from Lake Powell depending upon how much water is in storage in Lake Mead, balancing the amount of water stored in each of the two lakes, and storage (banking) of water in Lake Mead through certain users, including Metropolitan, reducing their use of water from the lake.

The Basin states are offering to work with the Department of the Interior to analyze and implement programs to augment the river supply including the removal of the tamarisk plant, an invasive species, throughout the Basin. This removal would result in multiple benefits to the environment (e.g., reduce salinity) and water supply.

There are areas in the Upper Basin that have cloud-seeding programs to produce additional precipitation. The states are offering to work with Interior to coordinate and increase these atmospheric resource management efforts. The Basin states are also prepared to work with Interior to analyze the feasibility of desalination as a method of increasing the Colorado River supply. Matters such as siting, environmental impacts, and the potential to exchange desalinated water will be considered.

The Basin states are prepared to work with Interior to develop priorities for measures that will result in more efficient management of the Colorado River in the Lower Basin. Initial priorities include development of a storage reservoir near the All-American Canal, restoration of the ability of Laguna Reservoir to store water by removal of sediment that has accumulated in the reservoir, development of storage in the Wellton-Mohawk area in Arizona, and the repair of Senator Wash Reservoir to rectify dam safety issues. Additional coordination of daily river operations downstream of Parker Dam, the refinement of water ordering and delivery procedures, and

## Board Report (Chief Executive Officer's August Activity Report)

the termination of unauthorized use of Colorado River water are other matters on which the states are offering to work with Reclamation.

The states are discussing other programs under which states may provide and get the benefit of additional supplies, through groundwater developed and conveyed to add water to the Colorado River system, retiring of irrigated land to permit the water that would otherwise be used to flow to the Colorado River, and the reuse of wastewater that is permitted to flow to the Colorado River for subsequent diversion. Temporary use of additional water from Lake Mead will also be discussed.

All of these proposed activities and programs being advanced by the Basin states are consistent with those that have been advanced by Metropolitan.

2006 Annual Operating Plan for Colorado River System Reservoirs - The Colorado River Management Work Group met on August 23 to consider Reclamation's draft 2006 Annual Operating Plan for the Colorado River System Reservoirs. The Plan calls for a partial domestic surplus to be the condition governing the operation of Lake Mead. The elevation of Lake Mead's water surface is projected to be 1,137 feet, 12 feet above the elevation necessary for a partial domestic surplus. With Lake Powell projected to contain 3 million acre-feet less water than Lake Mead on January 1, 2006, and considering the obligation to reduce diversions which Metropolitan would incur should a shortage condition be declared prior to 2017, Metropolitan does not plan to request surplus Colorado River water for 2006.

The Work Group did not reach a consensus at the meeting as to whether a mid-year review of the Annual Operating Plan's water year release of 8.23 million acre-feet from Lake Powell is necessary. Reclamation will hold a consultation on the Annual Operating Plan with the Governors' representatives of the Colorado River Basin states for Colorado River operations in September.

### **Salton Sea Restoration**

The Department of Water Resources (DWR) continues its preparation of the Salton Sea Ecosystem Management Plan under the direction of the Secretary for Resources. DWR and its consultants have identified six alternative Ecosystem Management Plan configurations. To date the configurations are only generally described and will be developed in more detail for the Draft Program Environmental Impact Report (PEIR) scheduled to be released in February 2006. The alternatives range from construction of extensive barriers, pumps, canals and other water control facilities to an alternative that allows the Sea to recede without significant controls. Each alternative will be designed to operate under a range of potential future inflows that were developed by DWR in coordination with the Salton Sea Advisory Committee.

### **CALFED/Bay-Delta Matters**

CALFED Independent Review and Fiscal Review (Audit Process) - At the request of the State Legislature and the Governor, an independent review and fiscal review is being conducted on CALFED to ensure accountability, highlight accomplishments, determine program status, and guide adjustments to the Program. The review, which is due by November 2005, is being performed by three agencies:

- Department of Finance – focusing on a review of CALFED funding;
- Little Hoover Commission – focusing on CALFED governance; and
- Independent Management Consultant – focusing on CALFED internal management and oversight.

Regulation Commitment Negotiations - In an effort to ensure implementation of key water quality and supply reliability projects, and to provide additional funds for Endangered Species Act related fish improvement projects, Joe Grindstaff, executive director at CALFED, is leading a process with state and federal agencies and stakeholder interests to form an agreement that can be submitted to the Governor by the November 9, 2005 deadline.

## Board Report (Chief Executive Officer's August Activity Report)

The negotiations will involve urban, agricultural, and environmental interests, and state and federal regulatory and management agencies. The anticipated outcome of this effort is a focused package of priority water quality, supply reliability, and environmental projects that the state/federal agencies commit to permit and implement in exchange for additional user funding of key Endangered Species Act related projects.

San Joaquin River Issues Workshop - On August 15, Metropolitan's Communications and Legislation Committee and the CALFED/Bay-Delta Oversight Subcommittee held an informative Joint Working Session on San Joaquin River issues. The panelists included: Metropolitan's Timothy Quinn, Barry Nelson of the Natural Resources Defense Council, Ron Jacobsma of the Friant Water Authority, and Tom Zuckerman of the Central Delta Water Agency. These frank discussions were helpful in understanding the key positions by stakeholder interests, and in finding avenues to develop consensus.

To further board discussion and to hear from other key stakeholders actively involved in San Joaquin River issues, Metropolitan has invited Senator Mike Machado to the October 11 CALFED/Bay-Delta Oversight Subcommittee meeting. Metropolitan will also extend an invitation during the fall interim recess to Senator Sheila Kuehl, as chair of the Senate Natural Resources and Water Committee; Assemblywoman Lois Wolk, as chair of the Assembly Water, Parks and Wildlife Committee; and Assemblywoman Lynn Daucher, in her capacity as a member of the Assembly Water, Parks and Wildlife Committee, to share their perspectives on San Joaquin River restoration.

### **South Delta Improvements Program/CALFED Outreach**

News reports and editorials related to the Bay-Delta, CALFED and SDIP lead Media Services to take efforts designed primarily to balance coverage of the scientific uncertainty and potential reasons regarding the sharp drop-off of pelagic species such as the Delta smelt. Working as part of the California's Water Future coalition that includes other state water contractors, staff developed and coordinated the submission of several letters to editors by various authors (to Los Angeles Times, Sacramento Bee, and Stockton Record), and provided information to reporters about these species' loss of food sources.

Tim Quinn spoke about the SDIP to about 40 business and community leaders and legislative staff at the Inland Empire Economic Partnership. Directors and staff met throughout the month with legislators and their district staff to discuss the issue.

Additionally, the Governor requested that the Little Hoover Commission examine the governance of the CALFED Bay-Delta Program and the California Bay-Delta Authority. Metropolitan staff has been developing responses to Commission requests for feedback from stakeholders and plan to participate in the Commission's September hearing regarding overall concerns about the state of program progress, the analysis now under way to assess performance and concerns that have been raised about governance of the Authority. Staff also contributed to presentations made to the Assembly Water, Parks and Wildlife Committee regarding state agencies' response to the pelagic organism decline in the Delta.

### **Lake Perris**

The California Department of Dam Safety has approved the drawdown plan to withdraw 52,000 acre-feet from Lake Perris. This withdrawal plan would allow DWR to address concerns regarding the structural stability of the dam under a maximum credible earthquake event. Metropolitan and DWR have completed the installation of an aeration system to improve the water quality of lake withdrawals and expect to complete the withdrawals by October 15, 2005. Metropolitan is participating in a State Safety Review Board meeting in October and working closely with DWR to develop an appropriate course of action to restore the lost reservoir capacity.

## Board Report (Chief Executive Officer's August Activity Report)

### **Legislative Outreach**

I met with Congressman Ken Calvert on August 24, 2005 to update him on CALFED and Colorado River matters and to discuss Metropolitan's programs and activities.

Throughout the month of August, Directors and staff conducted numerous meetings with state legislators and their staff to brief them on legislation and subjects impacting Metropolitan. Metropolitan, in collaboration with Eastern and Western Municipal Water Districts, conducted a Diamond Valley Lake inspection trip and briefing for legislative staff from the Inland Empire. Participants received a briefing on the DVL recreation plan, water reliability through the IRP and Capital Improvement Program and an update on CALFED.

Metropolitan continues to work with House and Senate Appropriations Committee members and staff to promote Metropolitan's fiscal 2006 funding requests for projects and programs including CALFED, Colorado River storage and salinity enhancements, local groundwater clean-up initiatives as well as the ongoing clean-up effort now under way with the Department of Energy to remove uranium mine tailings from their dangerous proximity to the Colorado River in Moab, Utah. The vote on Appropriations is expected in September, after Congress returns from its summer recess.

U.S. Rep. Devin Nunes (R-Tulare) and Johnny Amaral, his chief of staff, joined Metropolitan for a tour and briefing. The congressman was briefed on Metropolitan's Integrated Resources Program, toured the desalination demonstration project in Long Beach and participated in a briefing with member agencies to discuss desalination.

### **Industry Outreach**

On August 25, I served as the keynote speaker for the Urban Water Institute's 12th Annual Urban Water Conference in San Diego. The Urban Water Institute, Inc., is a nonprofit public education organization, whose mission is to provide non-partisan information of timely and pertinent interest to the water resource industry, including public agencies and private firms, with particular emphasis on water economics, management and resource policies as they affect consumers and the general economy. More than 150 elected officials and top staff of regional water agencies were in attendance to discuss Colorado River issues, Sacramento/San Joaquin Delta and the need for conservation. This was an excellent opportunity to discuss issues and allowed for a number of meetings with key leaders.

On behalf of the CEO, the Chief Financial Officer attended the recent CFEE Workshop on water utility rates and long-term planning on August 29, 2005. This workshop's focus was on ways the California Public Utilities Commission (CPUC) could work with the large investor-owned utilities to provide incentives for these utilities to make the necessary investments in conservation, recycled water and infrastructure replacement to ensure reliable water deliveries. The CFO gave a presentation on Metropolitan's long-term capital and financial planning as a positive example of how water planning takes place in the public sector, including the use of regional rates and infrastructure. The workshop included Commissioners Brown and Bohn, senior staff from the CPUC and the Office of Ratepayer Advocates, executives from Southern California Water Company, California Water Service Company, and California American Water Company, DWR staff and staff from the Department of Health Services.