

## • CEO/General Manager's September Activity Report

### Summary

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- Colorado River
- CALFED/Bay-Delta Matters
- Hurricane Relief
- Legislative Outreach

### Detailed Report

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The following details the activities for the Department of the CEO/General Manager for the period following the September Board meeting:

#### Colorado River

Metropolitan Approved Colorado River Diversion Amount Increases – The United States Bureau of Reclamation (Reclamation) recently increased Metropolitan's-approved Colorado River diversion amount to 837,000 acre-feet for 2005, an increase of more than 100,000 acre-feet from the previous approval. The increase is a result of continued implementation of the Palo Verde Irrigation District (PVID) Program along with decreased demands for water in the Imperial Valley. In response to the increased approval, Metropolitan has sustained a seven-pump flow, which operates the Colorado River Aqueduct at about 90 percent of its capacity, and will likely continue to pump at this flow rate through at least the end of November. If additional supplies are made available later this year, the Colorado River Aqueduct pumping can increase to eight pumps, if needed.

2006 Annual Operating Plan for Colorado River System – On September 19, Reclamation held its final consultation of the year with the Colorado River Basin states' representatives on its proposed 2006 Annual Operating Plan for the Colorado River System. As reported last month, next year will be classified as a partial domestic surplus, and Metropolitan and entities in Nevada and Arizona would be able to divert some surplus water, but have agreed not to in order to mitigate low reservoir storage conditions.

A major matter of discussion at the meeting was to determine whether to conduct a mid-year review in 2006 to determine if releases from Lake Powell should deviate from that in the current plan. The Upper Basin states representatives favored such a review, while representatives from the Lower Basin states stated that a mid-year review is not necessary and would be counterproductive. Final comments on the AOP are due to Reclamation by September 30; representatives of the Colorado River Basin states are meeting September 27 to try and reach consensus before the deadline.

IID-MWD Water Conservation Program – Discussions were held with representatives of the Imperial Irrigation District to amend the 1988 Water Conservation Agreement and the 1989 Approval Agreement. The goals of the discussions are to: stabilize the quantity of water available to Metropolitan at 105,000 acre-feet, reduce costs to Metropolitan by eliminating conservation verification costs, and establish a process for potentially increasing the amount of water available to Metropolitan by 5,000 acre-feet. Any amended agreement would be brought to the Board for approval.

Proposed conditions for irrigation return flows from Palo Verde Valley – The Regional Water Quality Control Board for the Colorado River Basin issued a proposal to amend the Water Quality Control Plan for the Colorado River Basin Region to include conditions for irrigation return flows in the Palo Verde Valley. Discussions with Regional board staff indicate that the intent is to specify certain conditions that must be met by farmers in the Palo Verde Valley that would permit the continued discharge of irrigation return flows to the Colorado River.

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These conditions are to establish voluntary discharge coordination groups among the farmers and to implement water quality monitoring. The proposed amendment has not yet been prepared or released for public review.

Metropolitan attended the September 13 public scoping meeting and, to help inform the Board, described the relationship of irrigation return flows from the Palo Verde Valley to the volume of Colorado River water made available to Metropolitan.

Development of the Salton Sea Ecosystem Management Plan – Staff participated in the September 20 Salton Sea Advisory Committee meeting during which the Advisory Committee presented its recommendation on specific matters related to the design of alternatives. The Advisory Committee was unanimous in recommending that a Salton Sea Ecosystem Management Plan include a marine environment consisting of a large body of water having salinity similar to that of the Pacific Ocean. The Advisory Committee recommended that the size of the new sea be subservient to the primary objective established by the Legislature; that is to restore the long-term stable aquatic and shoreline habitat for the historic levels and diversity of fish and wildlife that have depended on the Salton Sea. The Advisory Committee was informed that the Ecosystem Management Plan would include control of sediments exposed from the receding Salton Sea to protect air quality.

Moab, Utah mill tailings – Metropolitan officials praised the September 15 U.S. Department of Energy decision that cleared the way for removal of 11.9 million tons of radioactive uranium mill tailings from the banks of the Colorado River at Moab, Utah. In a press release issued by MWD, Chairman Wes Bannister heralded the collective efforts of U.S. Reps. Grace Napolitano (D-Santa Fe Springs), Bob Filner (D-Chula Vista) and Lucille Roybal Allard (D-Los Angeles) who helped spearhead efforts that ultimately led to the DOE plans to move, mostly by rail, the mountain of tailings to a site more than 30 miles from the Colorado River. This has been an issue of great concern to Metropolitan officials who have worked for several years on getting the site moved. A story about the issue appeared in the *Las Vegas Review Journal*. I personally had the opportunity to actively participate in congressional hearings and briefings for the removal of the uranium mill tailings.

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

CALFED's Regulatory Commitment & Project Funding Negotiations – In an effort to ensure implementation of key water quality and supply reliability projects, and to provide additional funds for ESA-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 his November 9, 2005 deadline.

These negotiations involve state and federal agency representatives and stakeholder interests and will center on developing a focused 10-year action plan that identifies regulatory commitments and project implementation schedules for key water quality and supply reliability projects, and user contributions associated with the Environmental Restoration Program, Environmental Water Account, and the Delta Improvement Package.

The first meeting of the negotiators was held on September 16 at the University of the Pacific. Technical workgroups have been formed to develop: (1) a decision tool to analyze and prioritize fish improvement projects; (2) a list of core delta supply reliability and water quality projects; (3) information related to water and power operating risks associated with compliance under the Endangered Species Act and the CALFED Multi-Species Conservation Agreement; (3) alternative forms of an agreement package; and (4) other essential elements for the negotiation discussions.

San Joaquin River Restoration Issues – In August, Metropolitan's Communications and Legislation Committee and the CALFED Bay-Delta Oversight Subcommittee held a Joint Working Session on San Joaquin River issues. The panelists included: Metropolitan's Tim 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.

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To further the 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 Board meeting. Invitations have also been extended 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;
- Senator Bob Margett, as vice-chair of the Senate Natural Resources and Water Committee;
- Assemblyman Michael Villines, as vice-chair of the Assembly Water, Parks & Wildlife Committee; and
- Assemblywoman Lynn Daucher, in her capacity as a member of the Assembly water committee,

to share their perspectives during the fall interim recess on San Joaquin River restoration.

South Delta Improvement Program EIR/EIS – California Department of Water Resources (DWR) has indicated that the South Delta Improvements Program (SDIP) Draft Environmental Impact Report (DEIR) will be released in early October. Metropolitan and other State Water Contractors are working with DWR on a coordinated and sound outreach strategy on the DEIR to the public, the media, the Legislature, and opinion leaders, consistent with the outreach strategy presented to the CALFED Oversight Subcommittee. The SDIP includes expansion of the SWP Banks pumping plant to 8,500 cfs.

CALFED Governance and Fiscal Review – 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 appropriated since August 2000
- Little Hoover Commission – focusing on CALFED governance
- KMPG Management Consulting – focusing on CALFED's internal organization & program management.

South Delta Improvements Program/CALFED Outreach – After several focus groups examining the perceptions and views of informed citizens throughout the state, Metropolitan's message points on the South Delta Improvement Program are being revised to reflect insights gained from those meetings. Participants stated that they were seeking flexible, balanced, responsible, smart and reasonable water policies. Metropolitan staff is working on several projects related to the issue, including a video production that includes a panel discussion at University of the Pacific October 8, a special issue of Aqueduct that will be a complement to that video and a Web site dedicated to the issue. The Web site is timed to go live just prior to the release of the draft EIR/EIS in mid-October; the other projects are due in the latter part of the month.

Vice President Tim Quinn and Water Resources Group Manager Steve Arakawa participated on two key panels at a recent seminar produced by the Center for Southern California Studies. Arakawa discussed the current water infrastructure system and the role that energy plays in storing, treating and pumping water. Quinn spoke about water supply needs and the water industry's role in addressing environmental needs -- especially Bay Delta issues, SDIP and what is being done to meeting environmental challenges in the Delta.

The CALFED program is currently undergoing review by the state's Little Hoover Commission, a state finance team and a private management consultant to determine a finance plan to pay for the program over the long term. Metropolitan staff continues to monitor these review processes and to provide stakeholder feedback. Tim Quinn provided testimony to the Little Hoover Commission regarding Metropolitan's views on CALFED governance and its appropriate mission. Drawing from these various reviews, CALFED is required to have a revised program and finance plan completed by December.

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Following the destruction of levees during and in the short time after Hurricane Katrina hit New Orleans, the Los Angeles Times' Bettina Boxall wrote a story examining the vulnerability of the San Francisco Bay-Sacramento-San Joaquin River delta levees, based, in part, on interviews with Metropolitan officials. Other similar stories followed, appearing in *San Jose Mercury News*, *Riverside Press Enterprise*, *Ventura County Star* and *Contra Costa Times*.

### **Hurricane Relief**

Congress returned ahead of schedule to address the sizeable supplemental appropriations challenges resulting from the hurricane disasters of the Gulf Coast states. Impacts on the nation's oil refineries caused by recent hurricanes may lead to opening up the Energy Bill. The water industry will be watching that debate very closely with the objective of averting any attempts to legislate objectionable liability waivers for MTBE producers. It is unknown at this time just how the recent national disasters will or will not impact funding for Metropolitan's priority project funding requests in fiscal year 2006.

### **Legislative Outreach**

Denise Lanning, chief of staff for Riverside County Supervisor Marion Ashley, and the advisory panel for Eastern Municipal Water District were briefed separately about the planned Perris Valley Pipeline project.

Director Tony Fellow and external affairs staff met with Assemblyman Hector De La Torre (D-South Gate) to discuss the importance of CALFED and the need for the release of the draft EIR/EIS South Delta Improvement Program report and to thank the representative for his support on SB 820 and AB 1234.

Directors Larry Dick and James Edwards met in Washington with a variety of House and Senate leadership officials, including Water and Power Subcommittee Chairman George Radanovich and Assistant Interior Secretary Mark Limbaugh, in order to discuss and promote the District's federal legislative agenda.

Key bills that were awaiting the Governor's signature included:

SB 820 by Senate Natural Resources and Water Committee Chair Sheila Kuehl (D-Santa Monica) – a bill that seeks to develop better reporting of water use and improved water planning. Metropolitan and several of its member agencies – as well as many environmental groups – support the measure.

AB 1234 by Assemblyman Simon Salinas (D-Salinas) – the local government “sunshine” measure that would affect cities, counties, special districts and school districts. Given that this measure would provide criteria for compensation and reimbursement practices, but would also allow local governments to adopt their own guidelines as long as the policies are publicly adopted and accessible, it enjoys support from Metropolitan and many of its member agencies – as well as a long list of other cities, counties and special districts.

SB 1067 by Senator Christine Kehoe (D-San Diego) would require the state's Office of Environmental Health Hazard Assessment (OEHHA) to develop public health goals (PHGs) for Total Trihalomethanes (TTHMs) and Total Haloacetic Acids (HAA5) that take into account the spikes and acute health effects on pregnant women and their fetuses. The bill would also require water providers to include specified notifications in their consumer confidence reports. Metropolitan, along with some of its member agencies, several other water districts, and OEHHA are opposed to the measure because it is inconsistent with the current science-based process used by OEHHA to develop PHGs.