

## • Chief Executive Officer/General Manager's December Activity Report

### Summary

---

- Review of District Activities
- Colorado River
- CALFED/Bay-Delta Matters
- Legislative and Community Outreach
- Award for Excellence
- Organizational Matters

### Detailed Report

---

The following details the activities for the Department of the Chief Executive Officer for the period following the December 13, 2005 Board meeting:

#### Review of District Activities

The District's activities as of December 28, 2005 are briefly summarized in [Attachment 1](#). This summary reviews the status of District's core business in terms of distribution and storage, Colorado River Aqueduct deliveries, State Water Project deliveries, demands, water quality and the Capital Investment Program. Metropolitan has delivered sufficient water supplies to meet all firm, replenishment and agricultural demands and has achieved full compliance with drinking water quality standards.

#### Colorado River

2006 Annual Operating Plan for Colorado River Reservoirs - Secretary of the Interior Gale Norton has transmitted the 2006 Annual Operating Plan for the Colorado River Reservoirs to the Governors of the Colorado River Basin states. The Partial Domestic Surplus Condition is the criterion governing Lake Mead operation for 2006. None of the contractors in Arizona, California, and Nevada have requested surplus water for 2006. Under the most probable runoff condition for 2006, storage in Lake Mead would decline by about one million acre-feet from 15.2 million acre-feet on January 1, 2006 to 14.2 million acre-feet on December 31, 2006. The 2006 water year releases from Lake Powell are projected to be about 8.23 million acre-feet.

Development of Shortage Guidelines/Basin State Negotiations - During the month of December, Metropolitan staff participated in a series of meetings with other Colorado River Basin states to further the development of a proposal to implement shortage guidelines for the Colorado River Basin. Reclamation provided the Basin states until February 1, 2006 to develop a consensus proposal if it is to be included in the Environmental Impact Statement being prepared to analyze options to implement potential shortages.

During December, California (through the Colorado River Board) refined the components that would be necessary in order to have California endorse the final proposal. Those components are:

- Protection of Senior Water Rights: Junior water right holders in Arizona and Nevada would take shortages before any shortages would be declared in California;
- Access to Lake Mead Banking: California must be able to bank some of its basic apportionment for recovery during dry years;
- Access to Surplus Water: When Colorado River system storage recovers, Metropolitan must have access to any domestic surplus water provided for under the Interim Surplus Guidelines;

## Board Report (Chief Executive Officer/General Manager's December Activity Report)

- Reasonable Forbearance Agreement Terms. New forbearance agreements as a condition of receiving surplus supplies would need to have modified terms. An earlier agreement with Arizona required Metropolitan to be responsible for the first million acre-feet of any future shortage if Metropolitan diverted any special surplus water.

The Lower Basin states have agreed, in principle, with the components above. There are several Basin state meetings in January to further refine the proposal. Some unresolved issues include: water levels in Lake Mead that would trigger Lower Basin shortages, dry-year release amounts from Lake Powell, and the extent to which power generation will be protected at both Lake Powell and Lake Mead.

Unauthorized Use of Colorado River Water - The Bureau of Reclamation is continuing its efforts to deal with unauthorized use of Colorado River water. Most of the unauthorized use involves water pumped from wells in the floodplain for irrigation. Other unauthorized uses include water pumped directly from the river for domestic use. To date, Reclamation has identified annual unauthorized use of 7,042 acre-feet in California and 2,476 acre-feet in Arizona.

Reclamation is seeking the states' support to proceed with rulemaking. The rule would establish a structure for the Lower Colorado Regional Director to make determinations of unauthorized use and for users to appeal such determinations. Reclamation is proposing that a draft rule be published in April 2007, and that the final rule be published in November 2007 following a 60-day public comment period.

Coordination with Colorado River Parties - At the Association of California Water Agencies conference held November 29 – December 2 and the Colorado Users Association Conference held on December 14 - 16, Board members and staff had the opportunity to meet with Colorado River parties. In addition to the Basin states, the following meetings occurred.

- Palo Verde Irrigation District (PVID) Board. A dinner meeting was held to acknowledge the first year of implementation for the Palo Verde Irrigation District Land Management Program.
- Coachella Valley Water District. A meeting with the Coachella's General Manager, Steve Robins, occurred to discuss the coordinated operations of Colorado River deliveries, the Coachella groundwater storage program, and conveyance facilities from the East Branch of the State Water Project.
- International Boundary and Water Commission. Discussions were held with IBWC representatives regarding Mexico issues and the All-American Canal Lining Project.
- Southern Nevada Water Agency and Clark County Reclamation Agency. Discussions with representatives of these agencies were held regarding the Las Vegas Wastewater Discharge.
- Bureau of Reclamation. Discussions occurred on the Bureau's approval of the 2006 water order and proposed Lake Mead banking.

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

CALFED's Regulatory Commitments Negotiations - At the December 15, 2005 meeting, parties in the negotiations agreed to secure ratification of the Statement of Principles by governing bodies of signatories by January 31, 2006. The Principles would be incorporated into a Memorandum of Understanding by April 1, 2006. A December 29, 2005 memo from Interim Chief Executive Officer, Debra Man, distributed these Principles to Board members for consideration at the January meeting. The Principles are the basis for an agreement among the California Department of Water Resources (DWR), Department of Fish and Game, U.S. Fish and Wildlife Service, NOAA's National Marine Fisheries Service, and U.S. Bureau of Reclamation, and other stakeholders. This agreement proposes to develop one or more Habitat Conservation Plans (HCP) and Natural Communities Conservation Plans (NCCP) for the Delta and the Sacramento River and San Joaquin River basins. The Principles also propose implementation and funding mechanisms of certain key near-term water supply, water quality, ecosystem, and levee actions in a manner that is consistent with Board approved policies.

## Board Report (Chief Executive Officer/General Manager's December Activity Report)

California Bay Delta Authority (CBDA) - The California Bay Delta Authority met on December 20, 2005 to consider adoption of the CALFED 10-year Action Plan Framework. The CBDA took four key actions relating to the Framework:

- Agree to develop a voluntary planning agreement and HCP/NCCP for the Delta, and subsequently consider Sacramento and San Joaquin Rivers HCP/NCCPs.
- Recommend to the Secretary of Resources that there is a need for an independent oversight agency, such as a restructured California Water Commission, with public members appointed by the Executive and Legislative branches in sufficient numbers with various fields of expertise and regional representation.
- The new “commission” should elect its own chair and have direct oversight on an independent science board and conflict resolution program.
- The new “commission” should review and recommend action/approval on grants, provide programmatic budget review, conduct annual review on budget and performance measures, and coordinate its activities with the Legislative calendar.

South Delta Improvement Program - The SDIP Draft Environmental Impact Report / Draft Environmental Impact Statement (DEIR/S) was released by DWR and U.S. Bureau of Reclamation on November 10. The SDIP includes a phased approach to installation of permanent operable flow gates and channel dredging, and expansion of the SWP Banks pumping plant to 8,500 cfs. Comments are due in 90 days. DWR and USBR scheduled five informational hearings from December 6-14, 2005 and three public hearings in January 24-26, 2006, to receive testimony and public comments. In addition, staff had an informational meeting with member agencies and interested parties on December 16, at which Jerry Johns, Deputy Director of DWR, presented the SDIP. The Southern California public hearing will be held on January 24, 2006, 1 – 3 p.m., Junipero Serra State Building, 320 W. Fourth Street, Carmel Room, Los Angeles.

Outreach focused on encouraging member agencies, businesses, and community groups to join the California’s Water Future coalition; to participate in public workshops in December and public hearings in January; and to send in comment letters supporting the SDIP. A December 28, 2005 letter was sent to Lester Snow, Director of the Department of Water Resources, expressing Metropolitan’s support of the SDIP as a program that met the water supply reliability, water quality and environmental needs of the Delta and its users consistent with the district’s policies. Jerry Johns, Deputy Director of the Department of Water Resources, joined Tim Quinn and Debra Man in a detailed discussion of SDIP and the future of CALFED with a small group of member agency staff and Southern California Water Dialogue participants.

California Delta Levee System - The New Orleans levee failure due to Hurricane Katrina have increased the awareness of the potential for catastrophic failures of California’s Delta levee system, as well as the adequacy of emergency, near-term and long-term governmental response. As a result, Metropolitan staff has prepared a technical evaluation of the Delta levee system vulnerability and of emergency preparedness and response capabilities. This evaluation has been forwarded in a Board letter for discussion at the January meeting.

### **Legislative and Community Outreach**

Tim Quinn testified at the Senate Transportation and Housing Committee hearing on SB 1024, which would authorize a \$7.825 billion general obligation bond for a spectrum of capital improvements throughout the state, including transportation, facilities, clean air, environmental enhancement, goods movement and port security, affordable housing incentives, levee protection, and the repayment of Proposition 42 loans, upon voter approval at a statewide general election. While Mr. Quinn explained that Metropolitan’s Board has not taken a position on the bill, he did offer observations on how the bond could be improved to protect Delta levees in a manner that aligned with existing CALFED positions.

Metropolitan worked closely with the Imperial Irrigation District and state of Arizona representatives to promote increased funding for regulatory storage in the lower basin of the Colorado River. The result was an increase in spending in the Energy and Water Development Appropriations Bill, now signed into law by the President at a figure of \$4.75 million in fiscal 2006, as compared to the \$500,000 allocated in the previous fiscal year.

## Board Report (Chief Executive Officer/General Manager's December Activity Report)

Metropolitan staff attended stakeholder meetings—arranged by Water, Parks and Wildlife Committee Chair Lois Wolk (D-Davis)—aimed at developing legislation to strengthen the connection between land-use planning and flood protection. The focus is on levee integrity and flood management in the Bay-Delta in light of post-Hurricane Katrina examinations of California's vulnerabilities and preparedness.

Following the Governor's veto of SB 820—a bill that would have enhanced surface water and groundwater use reporting in California—Metropolitan initiated discussions with member agencies to review new options for potential changes in state law pertaining to water use and water planning (urban water management plans).

Metropolitan staff attended 13 regularly scheduled executive and legislative committees of various local chambers of commerce, business associations, and water associations as a part of its local grass roots networking and communication efforts.

Interim Chief Executive Officer Debra Man updated more than 70 business, community and elected leaders in Orange County on current water supply and reliability issues. The community leaders breakfast meeting for state Assembly Member Bob Huff (R-Diamond Bar) was hosted by Chairman Wes Bannister and Vice Chair Larry Dick.

Given the excellent attendance of community leaders, the scheduling and planning of additional breakfast meetings with legislators within Metropolitan service area are being evaluated and will be discussed at the Communications and Outreach Committee in January 2006. These breakfast meetings can provide an effective approach to achieving community outreach.

### **Award for Excellence**

In December 2000, the Board authorized the Award for Excellence program. This program is an opportunity to recognize outstanding work completed by Metropolitan employees in the areas of Exceptional Customer Service, Innovation/Creativity, Leadership, and Safety. Employees may nominate individuals or teams. A panel of employees representing each Group from within the District evaluates the nominations and recommends awards for final approval by executive management. This is an opportunity for employees to recognize each other and the contributions made throughout the year. Awards range from \$100 to \$7,500.

This year's program saw a 50% increase in nominations from past years, with more than 750 employees being nominated either as individuals or members of teams. Of the 121 nominations received, 38 individual and 84 team nominations were received. Based on the criteria developed, 81 team and 37 individual nominations were scored and ranked. A full report with a listing of recipients and a summary of accomplishments will be provided at the January Board meeting.

### **Organizational Matters**

In order to meet critical business needs, recent staff assignments have been made to effectively manage key district initiatives. These recent assignments include:

- Colorado River. In one of his last actions as Metropolitan's CEO/General Manager, Dennis Underwood recruited Mr. Pete Silva to serve as Metropolitan's liaison with the International Boundary and Water Commission and assist the District in implementing the Palo Verde Land Management, Crop Rotation, and Water Supply Program.
- Inland Feeder. Based on discussions in the Engineering and Operations Committee, establishing a close working relationship between Metropolitan staff and the Arrowhead tunnels contractor and enhancing Metropolitan management at the construction site has become critical to expediting the completion of the Inland Feeder. As a result, both Metropolitan and the contractor have made significant changes to their home-office and field management teams on this project. The new teams agreed to actively engage in discussions, without being subject to litigation, on construction approaches to complete the Inland Feeder in a timely and cost efficient manner. As a result of these program team changes, the previously scheduled dispute review board hearings and mediation process have been canceled. John Bednarski,

## Board Report (Chief Executive Officer/General Manager's December Activity Report)

program manager in the Corporate Resources Group has been named as the Inland Feeder program manager.

- Real Property Development and Management. As reported at the December committee meeting, to ensure that qualified staff and resources are dedicated to developing and managing Metropolitan's real property and recreation plans, a Real Property Development and Management Group has been formed. Jill Wicke has been named as Group Manger for this Group. These business needs have been discussed and reviewed in the Recreation Committee and the Asset, Real Estate, and Investment Committee.
- Fleet and Warehouse Management. Following discussions at the Budget, Investment and Insurance Committee and the recent field site visits by Board members and management, the management of the district's fleet and warehouse operations are being reviewed.
- Human Resources. To ensure that the district continues to move forward with key human resources programs, workforce communications, and audit, Lynndy Kennedy will continue as Metropolitan's Interim Human Resources Manager.



# Review of District Activities December 31, 2005

## Attachment 1

### WATER

- Met all member agency firm, replenishment, and agricultural demands.

#### Distribution and Storage

	Current Storage	End of Month Forecast
Lake Mathews:	150,800	150,000
Lake Skinner:	37,400	37,000
DVL	781,000	782,000

- Over 190 TAF was delivered to Desert Water Agency and Coachella Valley Water District (DWCV) in 2005. The deliveries significantly increased the amount of water in the advance delivery account with DWCV. This is in contrast with the past two dry years, in which this exchange program provided significantly more SWP water to Metropolitan than the amount of water delivered to DWCV from the CRA.
- All replenishment, including SWP water, CRW and blends of the two, remain available.
- The following replenishment and conjunctive use deliveries continued through December. Direct replenishment connections were turned off later this month due to heavy rainfall.

Agency                      Connection                      CFS

#### Replenishment

Direct	Central Basin	CenB-28	50
	Western MWD	WR-SBP	25
	Foothill	FM-01 (injection)	2
	Inland Empire	CB-13/14/15//59	35
	USGMWD	USG-03	200
	Eastern MWD	EM-14/19	15
In-lieu	Lona Beach	LB-08	40
	Orange County	Various	150

#### Conjunctive Use

In-lieu	Calleguas	CA-02	9
	Inland Empire	CB-12/16	10
	MWDOC	CM-8/11 & OC-44B	18

#### Shutdowns

- Replacement of 260 feet of pipeline and additional pipeline inspections on the West Valley Feeder #1 has been completed. The portion of the pipeline leased to LADWP was returned to service on Tuesday, December 20. The refilling of the remainder of the pipeline was completed on Tuesday, December 27.
- Below is a summary of major shutdowns scheduled for January:

Jan 8-19: San Diego Pipelines 3&5 (raw water)  
Jan 18-Feb 1: LADWP – LAA Filtration Plant

#### Colorado River Aqueduct

- CY 2005 gross diversions to date are 902 TAF, or 103 percent of the approved gross diversion of 878 TAF. The amount being diverted above the approved amount is water that was

scheduled to be paid back for prior year overruns, but is not required to be paid back in 2005.

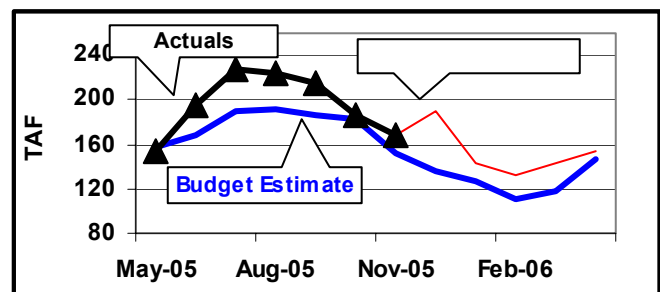
#### State Water Project

- The current SWP allocation is 65 percent, or 1.24 MAF of supply for Metropolitan. With the addition of water from Coachella Valley WD and Desert WA, the total amount of SWP Table A water available to Metropolitan is 1.35 MAF.

#### Demand (Cash Year)

2,129,772 AF	Current Projection
1,865,732 AF	Budget Projection
264,040 AF	Difference

- Estimated sales for the calendar year are 1.99 MAF.



#### Water Quality

	TDS (mg/L)	THMs (µg/L)	Planned Blend (% SPW)
	Goal: 500		
Weymouth:	466	29	60
Diemer:	509	32	60
Skinner:	543	36	38

- All sample sites currently are below our member agency quarterly TTHM goal of <64 µg/L. The TDS running annual average remains below MWD's goal of 500 mg/L except at Skinner, where the running annual average TDS is 506 mg/L.

### POWER

- Generation at DVL remained at zero units throughout the week.
- DVL generation is 8,375 MWh and \$628,426 revenue for the 2005 CY to date.

### CAPITAL INVESTMENT PLAN

- 25 major construction contracts are ongoing. The total bid amount of contracts in progress is \$781 million.
- Metropolitan's contractor achieved a high rate of tunneling progress for the Inland Feeder in December. A total of 280 feet was mined for the Arrowhead East Tunnel (45% complete) and 690 feet was mined for the Arrowhead West Tunnel (22% complete). Financial review and construction plans for completing the program are being prepared.
- Entered into joint agreement with Western Municipal Water District and Eastern Municipal Water District for the construction of the Perris Valley Pipeline.