

## • **Chief Executive Officer/General Manager's January 2006 Activity Report**

### Summary

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

### Detailed Report

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The following details the activities for the Department of the Chief Executive Officer for the period following the January 10, 2006 Board meeting:

#### **Review of District Activities**

A brief summary of the District's activities as of January 31, 2006 are included in [Attachment 1](#). This summary reviews the status of the 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. [Attachment 2](#) summarizes the District's financial activities for the month of December.

#### **Colorado River**

Basin States Reach Conceptual Agreement on Colorado River Management Proposal – During the month of January, Metropolitan staff met with representatives from the Colorado River Basin states to resolve the remaining issues associated with the development of shortage guidelines for the Colorado River. On February 1, the principals for the Basin states reached conceptual agreement on a sweeping proposal that not only includes guidelines for implementing shortages, but also new programs to better manage the Colorado River system to help avoid shortages. Representatives from each state signed a letter transmitting the proposal to the Department of Interior to be included in the NEPA analysis for the development of shortage guidelines.

The proposal submitted by the Basin states includes the following elements:

- **Improved Reservoir Release Schedules to Minimize Shortages** – Modifying release schedules from Lakes Powell and Mead reduces risk of shortages to both Upper and Lower Basins.
- **Stepped Shortages Tied to Lake Mead Elevations** – Phasing in smaller shortages reduces risk of large shortages to domestic users.
- **Mechanisms Allowing Agencies to Augment the System and Receive Benefit** – Agencies that develop programs to conserve or augment the Colorado River would be able to receive a portion of the system benefit.
- **Lake Mead Storage Opportunities** – Agencies that conserve water would be able to store water in Lake Mead for later recovery.

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- **Ten-Year Extension of Interim Surplus Guidelines** – Interim Surplus Guidelines would be extended through 2026, providing special surplus to domestic users in the Lower Basin.
- **Development of Interstate Drought Management Planning Process** – Basin states agreed to work together to identify drought management actions.

Reclamation will analyze the Basin states' proposal as an alternative in its Environmental Impact Statement. A Record of Decision is expected in late 2007, with implementation of the recommended alternative in 2008. In the near-term, the Basin states have agreed to allow Metropolitan to move forward on a pilot program to store water in Lake Mead in 2006. Metropolitan staff will be working with Reclamation to complete necessary NEPA compliance to implement the storage program this year.

Salton Sea Advisory Committee – As Metropolitan's new representative on the Salton Sea Advisory Committee, Pete Silva attended the Committee meeting in Sacramento on January 31. The Committee evaluated Salton Sea restoration proposals that had been prepared by the Salton Sea Authority (Authority) and the Imperial Group, a group made up of interested parties in the Imperial Valley. Also, the Imperial Group presented a report describing the amount of water that would be needed to provide sufficient inflows to the Salton Sea. After much discussion, there was support by a majority of the Committee that the assumptions for inflow estimates for the new alternatives were valid and that the figures used by the Authority and Committee are not significantly different. The Committee agreed to analyze the alternative projects presented by the Authority and the Imperial Group as part of the EIR process, which is scheduled to be completed by the end of 2006.

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

South Delta Improvement Program – The Department of Water Resources (DWR) and the US Bureau of Reclamation held three public hearings in January to take testimony on the Draft South Delta Improvement Program Environmental Impact Report/Statement. Metropolitan staff coordinated with member agencies and other supporters throughout the state to provide testimony at the hearings. The Natural Resources Defense Council and the Planning & Conservation League organized public comments critical of the project. At the hearing in Los Angeles and Sacramento the number of supporters outnumbered the opponents of the project. Comments on the Draft EIR are due by February 7.

Bay-Delta Outreach Activities – Over the last few months, a number of Bay-Delta related briefings have taken place, including 52 staff briefings, 82-Director led briefings to legislators, and just fewer than 100 business organization briefings, including chambers of commerce and business councils. To date, the Governor has received 102 letters from business and community leaders throughout the State.

Northern California Flooding – The first storm of the new year brought six inches of rain, high winds, and flooding to Northern California. Governor Schwarzenegger declared a state of emergency for counties that were hardest hit. Under the state of emergency, the affected counties will be reimbursed for 75 percent of flood-related expenses. Twitchell Island, in the Central Delta, was hit with 60-mile-per-hour winds and the highest tides in a decade. The island's residents were evacuated due to concerns about the structural integrity of a portion of the levee. Staten Island also reported levee seepage and installed sheet piles to stop the flow.

Levees Program/Delta Risk Management Study – DWR, along with Metropolitan and other stakeholders, are actively participating in the development of a Delta Risk Management Strategy to address management strategies to minimize threat of and consequences of levee failures in the Delta, and to prioritize and direct funding to minimize water quality/water supply threat to export water supplies. Metropolitan staff has been appointed a member of a Steering Committee to give guidance to DWR on the development of this plan. Metropolitan staff is also helping to guide development of shorter-term management strategies to modify land management practices, minimize subsidence and improve levees at DWR-owned islands in the western Delta, where the threat of salinity intrusion from levee breaks is high.

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### Legislative and Community Outreach

In coordination with other State Water Contractors' representatives, Metropolitan Executive Legislative Representative Kathy Cole has conducted several meetings with key legislative staff over the past several weeks to discuss and support the release of the Department of Water Resources' South Delta Improvement Program (SDIP) EIR/EIS. External Affairs secured the testimony of 18 people in support of SDIP at the public hearing in Los Angeles – three times the number testifying against the program. The public comment period for the SDIP ends on February 7, by which time Metropolitan will have generated more letters of support.

Metropolitan's special one-hour, two-part "Straight from the Tap" episode spotlighting the stability of Northern California's levees and the environmental, water quality and supply reliability issues of the San Francisco Bay/Sacramento-San Joaquin Delta aired throughout January in nine California counties on cable outlets including Charter, Time Warner, Comcast and Cox. The program has also been picked up by San Francisco's KQED public television where it will broadcast from April to the end of the year. Additionally, San Mateo's KCSM has expressed interest airing the full version of "The Pursuit of Balance" and want the rights from April 1, 2006 to March 31, 2009.

Cross-functional staff teams coordinated the City of La Verne's review of the Weymouth Improvement Project. The Master Site Plan and Landscape Improvement Project were approved by the city's Development Review Committee and Planning Commission and recommended for approval by the City Council on February 6.

The "Water is Life" Calendar Student Art Exhibit begins touring member agencies this month. So far, there are 15 participating member and retail agencies hosting the exhibit from now through early June. The exhibit was at the City of Pomona from January 23-30. In February, the tour will spend a week at Otay Water District, Inland Empire Utilities Agency, Cucamonga Valley Water District and Calleguas Municipal Water District, respectively.

### 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:

- Bobbi Becker – Bobbi is now responsible for the management of the environmental, health and safety compliance programs.
- Kathy Cole – Kathy Cole, Executive Legislative Representative and chief lobbyist in Sacramento, will expand her role over the next six months to oversee the development and implementation of strategic policies in Washington D.C. and Sacramento and coordination of government affairs and media. As part of her new role, she will work closely with the Board, member agencies, executive management, and the External Affairs Group on these important matters.
- Bob Joe – Bob has been reassigned to provide assistance in furthering our efforts on the federal front with regard to Delta levee system stability and Lake Perris. Bob will be a great addition to this effort given his extensive background with the U.S. Army Corps of Engineers.
- Tim Worley – Tim Worley External Affairs Assistant Group Manager, will assume the day-to-day operations of the group as Interim Group Manager.



# Review of District Activities January 31, 2006

# Attachment 1

## WATER

### Actions

- CRA – Continue with a three-pump flow throughout the week.
- Blends – Maintain a 60 percent blend at Weymouth and Diemer. The blend at the Skinner treatment plant is 42 percent.

### Distribution and Storage

	<u>Current Storage</u>	<u>EOM Forecast</u>
Lake Mathews:	141,500	140,500
Lake Skinner:	34,400	34,000
DVL	794,200	798,500

- Deliveries to the Advance Delivery Account with Desert Water Agency and Coachella Valley Water District (DWCV) at Whitewater could resume, depending on demands during the Skinner plant shutdown from February 5 through 15.
- All replenishment, including SWP water, CRW and blends of the two, remain available as system capacity allows. In-lieu replenishment availability may be reduced during the Jensen Plant/Foothill Feeder shutdown beginning February 13.
- The following replenishment and conjunctive use deliveries continue.

	Agency	Connection	CFS
Replenishment			
Direct	Foothill	FM-01 (injection)	2
	Inland Empire	CB-11/13/14/15/59	20
	Central Basin	CENB-28	75
	USGMWD	USG-03	200
	Eastern MWD	EM-14/19	10
In-lieu	Long Beach	LB-08	40
	Orange County	Various	109
Conjunctive Use			
In-lieu	Foothill	FM-01	2
	Calleguas	CA-02	9
	Inland Empire	CB-12/16	35
	MWDOC	CM-8/11 & OC-44B	21

### Shutdowns

- The following major shutdowns are scheduled for February:
 

Skinner Plant (treated)	Feb 5 – 15
East OC Feeder #2	Feb 6 – 12
Jensen/Foothill Feeder	Feb 13 – 26
Box Springs Feeder	Feb 22 – 24
Skinner/Plant 2	Feb 26 – Mar 4

### CRA

- CY 2006 gross diversions to date are 46 TAF, or 7 percent of the approved gross diversion of 652 TAF.

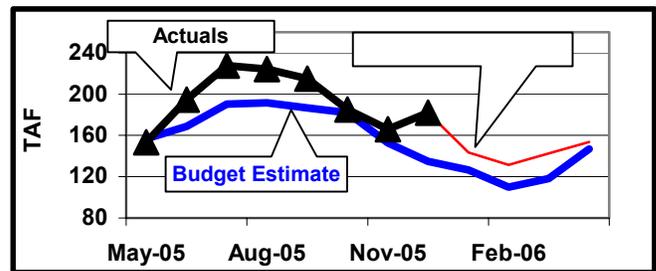
### SWP

- Metropolitan's SWP allocation remains at 70 percent, or 1.3 MAF. With the addition of water from Coachella Valley WD and Desert WA, the total amount of SWP Table A water available to Metropolitan is 1.45 MAF.

### Demand (Cash Year)

2,121,955 AF	Current Projection
1,865,732 AF	Budget Projection
256,223 AF	Difference

- WSO's current trend sales projection for CY 2006 is 2.1 MAF.



### Water Quality

	TDS (mg/L) Goal: 500	THMs (µg/L)	Planned Blend (% SPW)
Weymouth:	481	50	60
Diemer:	473	52	60
Skinner:	507	43	46

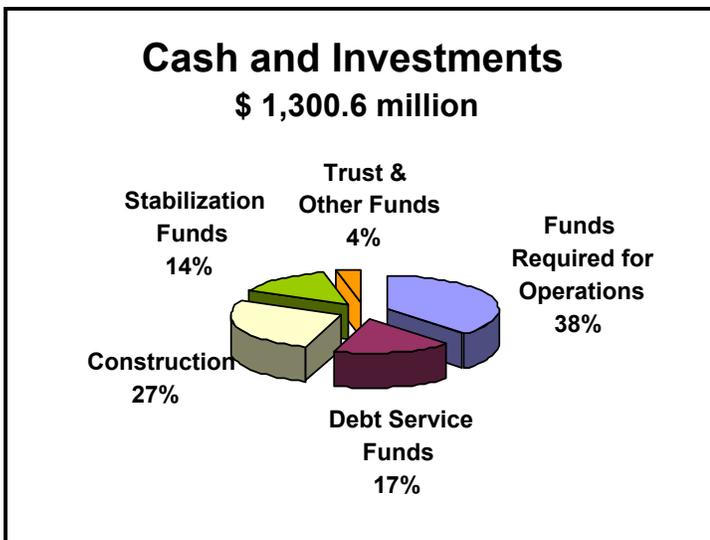
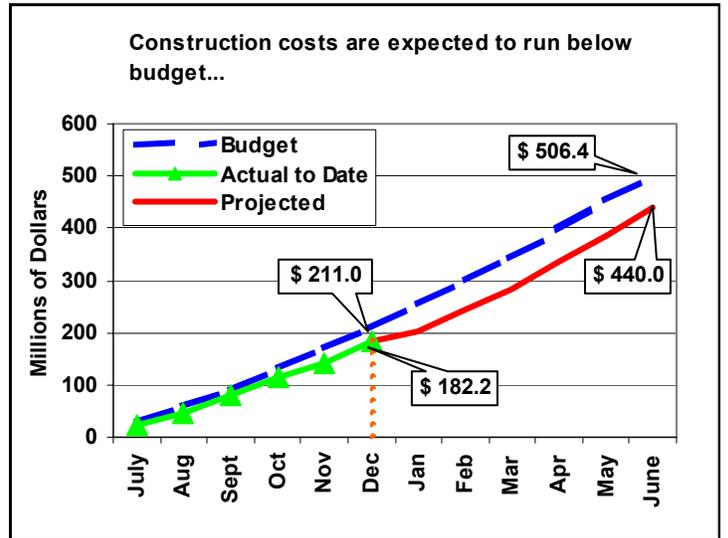
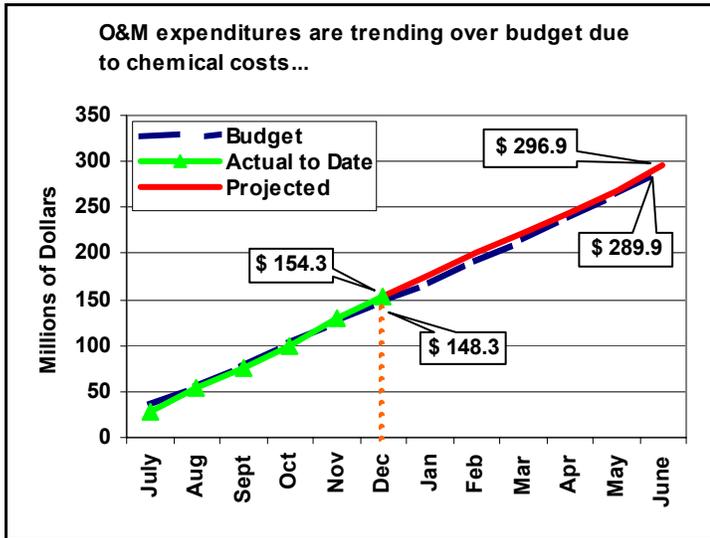
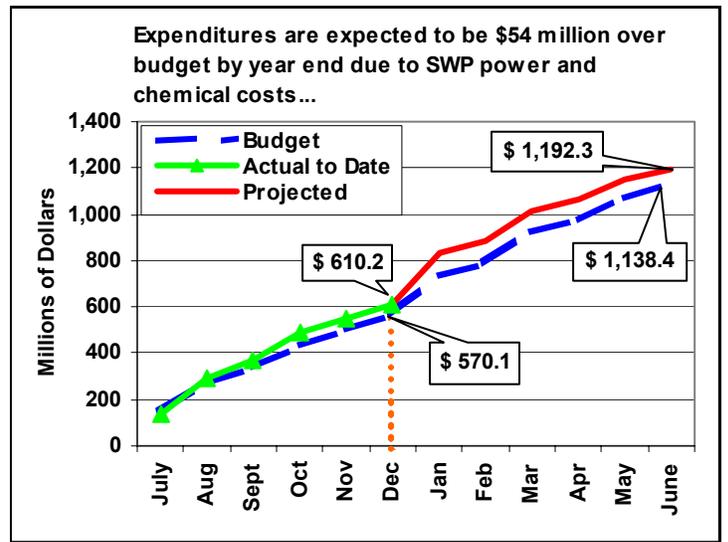
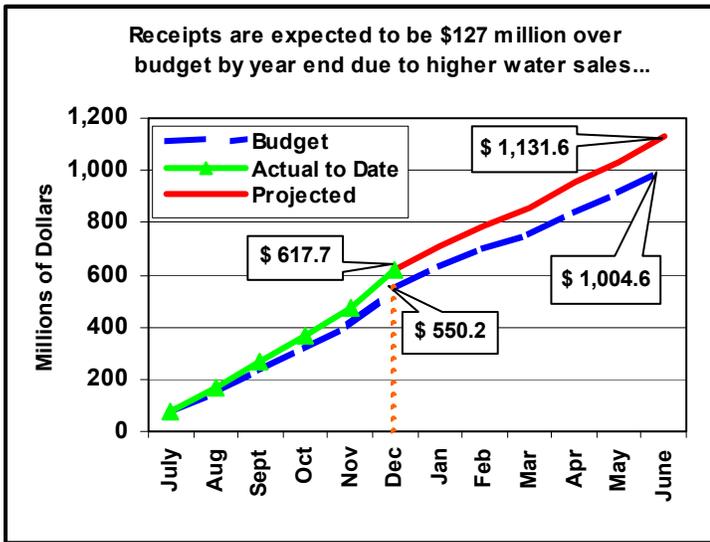
- All member agency THM sample sites currently are below our RAA goal of <64 µg/L. The TDS running annual average remains below MWD's goal of 500 mg/L except at Skinner, where the running annual average TDS is 511 mg/L.

## POWER

- Generation at DVL remains at zero units.

## CAPITAL INVESTMENT PLAN

- 27 major construction contracts are ongoing, six of which are over 90 percent complete. The total bid amount of contracts in progress is nearly \$789 million.
- Construction work at the Skinner Plant on Module 7, ozone facilities, and other plant upgrades worth over \$370 million continued with new activities including delivery of the ozone generators, completion of rock removal for the new washwater reclamation plant, and initiation of site grading for the new chlorine containment facility.
- Contracts have been awarded for five pipeline repair projects to be completed during this year's winter shutdown period.
- The North Reach of San Diego Pipeline No. 6 is 62 percent complete, with over 22,000 linear feet of 10-foot diameter steel pipeline installed through January. The 144-inch shutoff valve was delivered from Japan last month, and will be installed in February, 2 to 3 weeks prior to the Lake Skinner Outlet Conduit shutdown.



### Summary Financial Statistics

Debt Service Coverage	2.06 x
Debt / Equity Ratio	70.2%
Expense Ratio	59.2%

**Credit Ratings:**

- Moody's	Aa2
- S&P	AA+
- Fitch	AA+