

- **General Manager's January Activity Report**

Summary

The attached report details the activities of the Office of the General Manager for the month of January 2007. Metropolitan has delivered sufficient water supplies to meet all firm, replenishment and agricultural demands and has achieved full compliance with drinking water quality standards.

This report summarizes the status of Metropolitan's core business in terms of:

- Water Management
- System Operations
- Capital Investment Plan
- Finance
- Business Processes / Operations
- External Affairs
- Business Outreach
- Real Estate Management

Attachments

General Manager's Monthly Activity Report



Colorado River

Reservoir Storage

	1/28/07 Storage	Percent of Capacity
Lake Powell	11.7 MAF	48 %
Lake Mead	14.3 MAF	55 %

Lower Basin States Develop Colorado River
 Forbearance Agreement

In early January, representatives from Arizona, Nevada, and California reached general agreement that would allow the broader Basin States Proposal to move forward in 2008. The agreement lists the conditions upon which each state would forebear its ability to divert Colorado River water developed by another state. The forbearance agreement has been submitted to the Arizona state legislature for approval. (Arizona is the only state that needs such legislative approval.) Following the issuing of Reclamation's Record of Decision for the development of shortage guidelines, expected in December of this year, the forbearance agreement will be brought before Metropolitan's Board for approval.

Metropolitan Submits Salton Sea Draft EIR
 Comments

Following up on the report given to the Water Planning and Stewardship Committee, on January 16, Metropolitan submitted its comments on the Draft Environmental Impact Report for the Salton Sea restoration effort.

Colorado River Snow Pack Below Average

After a very wet start to the water year in October, the last three months have been quite dry in the Colorado River Basin. Areas just outside of the Basin have received heavy snowfall (e.g., Denver), but snowfall within the Basin has been light and the snow pack measures about 70 percent of average as of February 1. Unless the trend reverses itself in February and March, this year would be the seventh dry year out of the last eight, and Lakes Powell and Mead would continue to drop.

State Water Project

	Storage To-Date	Percent of Capacity
Lake Oroville	2.8 MAF	80 %
San Luis Reservoir	2.0 MAF	96 %
San Luis State Share	1.2 MAF	100 %

State Water Project Infrastructure

The California Department of Water Resources is scheduled to complete repairs to a 1,000-foot section of the Gorman Creek Bypass Channel by the first week of February. Both the Peace Valley Pipeline and the by-pass channel were being used to refill Castaic Lake, which had been drawn down 175,000 acre-feet while repairs were being made by Los Angeles Department of Water and Power to the Castaic Power Plant. The bypass channel's (open channel) concrete liner failed on January 15 within five hours of initial operations. Given the Peace Valley Pipeline's close proximity to the failure, DWR took it out of service for inspection. No damage was found and the pipeline resumed operation on January 23. DWR resumed refilling Castaic Lake through the pipeline.





Conservation

California Friendly Model Home Pilot Program

In January, KB Home's Olive Grove Project in the city of Perris along with the first model homes in Orange County by Pardee Homes' Prado Project were opened to the public. All participating California Friendly model homes feature water saving appliances, plumbing fixtures and water efficient landscaping. Landscaping standards developed with financial assistance from the US Bureau of Reclamation established the technical framework for Metropolitan's regional California Friendly Model Home pilot.

California Irrigation Institute Meeting

Staff presented information on Metropolitan's weather-based irrigation controller grant program at the 45th annual meeting of the California Irrigation Institute. In particular, staff presented results of its direct distribution of smart irrigation controllers to homeowners using Proposition 13 grant funds administered by the California Department of Water Resources. Since inception of the grant, more than 4,100 units have been installed.

Water and Energy Partnership

On January 16, Southern California Gas Company, Southern California Edison Company, San Diego Gas and Electric Company and Pacific Gas & Electric Company filed applications with the California Public Utilities Commission for approval of pilot energy-water partnership programs. This first step in the development of a potential long-term program to co-fund water conservation in recognition of its energy savings potential was made in accordance with a CPUC directive issued last October. The proposed pilot would provide \$10 million in statewide funds for water conservation and water-energy conservation studies. Under the proposed pilot, both SCE and SoCal Gas would partner with Metropolitan to fund water conservation, co-market water and energy conservation programs, and study the energy savings potential of water conservation and other low-energy intensity water management strategies and projects. The results of the proposed pilot would inform the next major round of CPUC authorized energy conservation programs due to begin in 2009. A vote of the CPUC to authorize this pilot is expected in the second quarter of 2007.

Desalination

U.S. Desalination Coalition Meeting

Metropolitan hosted the U.S. Desalination Coalition meeting at Metropolitan's Union Station facility on January 26, 2007. The Coalition will now be known as the New Water Supply Coalition and has expanded new membership/participant efforts. New and/or additional focus will be on:

- Water recycling;
- Desalination of brackish groundwater and seawater; and
- Treating groundwater to be potable.



System Operations

Water Demands

Water Sales Cash Year (May-April)

2,130,000 MAF	Current Projection
2,108,000 MAF	Budget Projection
22,000 AF	Difference

Distribution and Storage (As of 1/28/07)

	<u>Current Storage</u>	<u>End of Month Forecast</u>
Lake Mathews	130,650 AF	128,000 AF
Lake Skinner	38,050 AF	39,000 AF
DVL	731,400 AF	733,000 AF

System Operations

For the month of January, System Operations expects system deliveries to be 152,500 acre-feet. State Water Project imports for the month will be 117,700 acre-feet or 77 percent of system demand. System Operations worked with conveyance and distribution staff, as well as treatment plant staff to coordinate the shutdown and restart of the Foothill Feeder and the Jensen plant, and the starting of the LADWP/MWD interconnection at Magazine canyon to allow operation of the Jensen plant during the shutdown. Staff also coordinated Metropolitan operations and demand forecasts on the East Branch of the SWP with the California Department of Water Resources for their Tehachapi East Afterbay outage, which will restrict flows downstream of Lake Silverwood to 700 cfs.

Sales/Deliveries

December Sales Projection	142,000 AF
December Deliver Projection	155,000 AF *

* excludes Desert Water / Coachella Valley

Replenishment

Member Agencies were notified that replenishment availability will be limited during scheduled outages, including the January 14 Foothill Feeder shutdown and Department of Water Resource's 14-day Tehachapi East Afterbay shutdown beginning January 29.

Power Management

Metropolitan registered with the Western Electricity Coordinating Council as a Transmission Owner, Operator and Planner and as an Energy Purchasing-Selling Entity. Reliability standards are being developed for these and other categories of energy related entities. This effort is the result of new regulations from the national Energy Policy Act of 2005. The mandatory regulations are being developed to help insure the reliability of the North American interconnected electrical system.

Staff met with the Bureau of Reclamation on January 31 to discuss the implications to power production and operations at Hoover Dam from the quagga mussels.

Metropolitan received two meteorological towers from NRG Systems, Inc., a provider of wind data collection devices that will be used to measure and record wind data along the Colorado River Aqueduct at Gene and Iron. This information will be used to determine the feasibility of erecting wind generators at these sites. The towers will be installed at a later date.

Treatment Plants

The Joseph Jensen Treatment Plant was shut down as part of the Foothill Feeder shutdown from January 14 - 27. Most of the planned work at Jensen was completed even though the Jensen plant remained in service for much of the 14-day period.



System Maintenance / Shutdowns

There was a 2 ½ day shutdown on the Middle Feeder (South), from Garvey Reservoir to the Rio Hondo Pressure Control Structure, January 5 - 7, 2007. This shutdown allowed personnel to replace several valves along the feeder. The major shutdown of the month was the 14-day Foothill Feeder shutdown. This shutdown allowed Metropolitan's contractor to perform carbon fiber repairs at two sites on the Foothill Feeder and to replace a section of pipe in a third location. A crack was found at the third location, which confirmed the results of the Eddy Current Field inspection. Due to unseasonably high demands, Metropolitan had to utilize the emergency interconnection with Los Angeles Department of Water and Power at Magazine Canyon to keep the Jensen plant in service to supply water to portions of Ventura County. All of the affected member agencies were greatly cooperative and supported Metropolitan during this critical shutdown.



A cracked pipe at the third location.



Repair work on the Foothill Feeder located at Valencia Boulevard.



Taste and Odor

There continues to be chronic taste-and-odor production along much of the length of the State Water Project, which has resulted in the cumulative buildup of the taste-and-odor compound geosmin to about 10 parts per trillion (ppt) in Lake Silverwood. At this time, this level of geosmin is not affecting treated water and there are no direct mitigation activities planned.

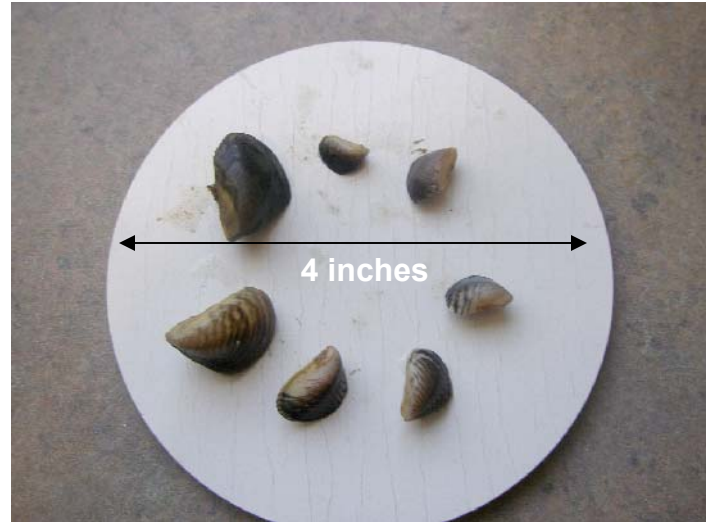
Quagga Mussels

Quagga mussels were discovered in Lake Mead on January 6 at the Las Vegas Boat Harbor. Biologists estimate that the infestation started less than two years ago. Quagga mussels are related to Zebra mussels. Both quagga and Zebra mussels were introduced into the Great Lakes region of the United States during the mid- to late 1980s from ballast water tanks of commercial ships from Eastern Europe. These organisms currently infest much of the Great Lakes basin, the St. Lawrence Seaway, and much of the Mississippi River drainage system.

Because of their prolific growth, these mussels can rapidly clog pipes in municipal and industrial raw water systems, requiring millions of dollars annually to treat. These mussels can dramatically alter the ecology of water bodies due to their ability to remove suspended material such as planktonic algae that serve as the primary base of the food web for fish.

California Fish and Game has created a multi-agency task force to address this issue - Metropolitan is a member. Divers from California Fish and Game, National Park Service in Lake Mead, and Metropolitan have completed a survey of Lake Mead, Lake Mohave and Lake Havasu. Quagga mussels have been detected in all three lakes and the intake of the Central Arizona Project.

Quagga mussels have also been detected at Whitsett Intake and Gene Wash, but not at Copper Basin. Based on low colonization levels and age of mussels detected in Metropolitan's system the US Fish & Wildlife biologist believes that the infestation in Metropolitan's system is in its very early stages (less than one year). The issue has been the subject of extensive media attention.



Quagga Mussels found at Whitsett Intake



Summary

- Ongoing Contracts - 30 construction contracts and 4 related procurement contracts were ongoing through December. The total bid amount of the 30 construction contracts in progress is over \$986.8 million.
- December Payments - Over \$27 million in contract payments were made for construction performed in the month of December. Over \$13 million was related to work at the Skinner plant, including the ongoing construction of ozonation facilities, the 110-mgd Module 7, and the upgraded chemical feed and storage systems. Over \$6 million was related to work at the Diemer plant, including the ongoing construction of the vehicle maintenance center, the plant maintenance facilities, the rehabilitation of the filter surface wash headers, the chemical system upgrade and the south slope stabilization work. Over \$2.7 million was related to rehabilitation of the San Diego Canal, and \$1.1 million to the chemical system upgrades at the Mills plant.
- Major Contracts - Through January 15, the Inland Feeder - Arrowhead East Tunnel advanced 45 feet for a total of 16,345 feet, which is 73 percent of the tunnel length. The contractor spent considerable time hand excavating around the Tunnel Boring Machine, which had become lodged in December. On January 15, the contractor was successful in freeing the machine. The Arrowhead West Tunnel continued to experience favorable ground conditions and advanced 245 feet for a total of 8,795 feet, which is 44 percent of the tunnel length.
- Other Contracts - At the Skinner plant, Module 7 construction is 97 percent complete, and ozone facility construction is 42 percent complete. At the Diemer plant, the new plant maintenance facilities is 95 percent complete, the vehicle maintenance facility is 82 percent complete and the south slope stabilization construction is approximately 35 percent complete with a scheduled completion date of March 2008. Final design of the Diemer ozone facilities is approximately 88 percent complete. At the Weymouth plant, final design of the new ozone facilities is nearing completion and the construction project is planned to be advertised for bids in late February 2007.

Summary

- Awarded Contracts - In January, the Board appropriated a total of \$17.6 million in capital funds for two electrical upgrade projects at Weymouth Treatment Plant; and four rehabilitation projects at the Diemer Treatment Plant. Additionally, the Board authorized an agreement with Jacobs Associates for an amount not to exceed \$2.2 million for tunnel feasibility analyses and hydrogeologic/geotechnical services of alternative alignments for San Diego Pipeline No. 6.

Profile on CIP Program

Chlorine Containment and Handling Facilities Program:

This program includes design and construction of facilities to handle and contain chlorine to minimize the possibility of a chlorine leak at Metropolitan's treatment plants. Chlorine is a highly toxic and corrosive chemical that Metropolitan must use in large quantities as a disinfectant in the water treatment process. Liquid chlorine is shipped to Jensen and Weymouth plants in bulk 90-ton capacity rail cars and to Mills, Diemer and Skinner plants in 17-ton capacity truck trailers. At the plants, the liquid chlorine is converted to gas in chlorine evaporators and mixed with water for injection at multiple locations. The containment facilities are needed to meet the Uniform Fire Code requirements where the liquid chlorine is transferred to the chlorine evaporators. Metropolitan has maintained an excellent safety record and continues to be proactive in upgrading its facilities and procedures. Recent activities include the following:

- Diemer and Weymouth Plants – The Diemer and Weymouth projects were completed in 2002 and 2005, respectively, and are fully operational.
- The Jensen plant containment facilities consist of (1) a new chlorine storage building for four 90-ton liquid chlorine rail cars, (2) modifications to the existing chlorine process building, (3) a chlorine neutralization system to treat an accidental chlorine release from the chlorine process and/or storage buildings, and (4) a new chlorine evaporator room to provide a fail-safe backup disinfection capability. Construction of the chlorine containment facilities is 10 percent complete.



Profile on CIP Program... continued...

Chlorine Containment and Handling Facilities Program

- The Mills plant containment facilities consist of (1) a new chlorine storage building to house four liquid chlorine cargo trailers, (2) a new evaporator room addition to the existing chlorine building, and (3) a chlorine neutralization system for accidental release of chlorine in the storage buildings or the expanded chlorine building. Construction of the chlorine containment facilities is 25 percent complete.
- The Skinner plant containment facilities consist of (1) a new chlorine storage building for seven 19-ton liquid chlorine cargo trailers, (2) a new chlorine process building including a chlorinator room and two evaporator rooms to provide a fail-safe backup disinfection capability, and (3) a chlorine neutralization system to treat an accidental chlorine release from the chlorine process building and/or storage buildings. Construction of the chlorine containment facilities is 65 percent complete.



Mills Plant—Installation of chlorine scrubber

Stewardship

Honored with Environmental Protection Agency Energy Star Award

In recognition of its optimized energy performance, Metropolitan recently received the 2006 Energy Star Award for its Union Station facility from the Environmental Protection Agency. Energy Star is a federally sponsored program helping businesses and individuals protect the environment through superior energy efficiency.

The Union Station building received high EPA ratings due to the successful efforts of Business Services Section personnel to more efficiently and strategically manage energy performance.

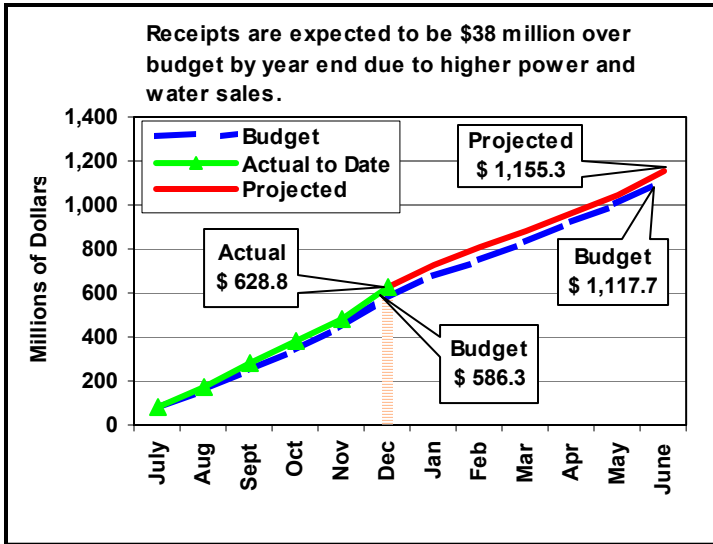
Facilities Management staff identified and implemented a number of improvements to enhance the building's energy efficiency. The improvements included: installation of natural gas micro-turbines, optimizing the air conditioning system by recalibrating the individual zones for actual heat load; and updated the heating, ventilating, and air conditioning system with automatic energy optimization programs.

There are only 61 Energy Star labeled office buildings in the city of Los Angeles. Partnering with Energy Star is an excellent way for Metropolitan to promote environmental stewardship and the wise use of energy.

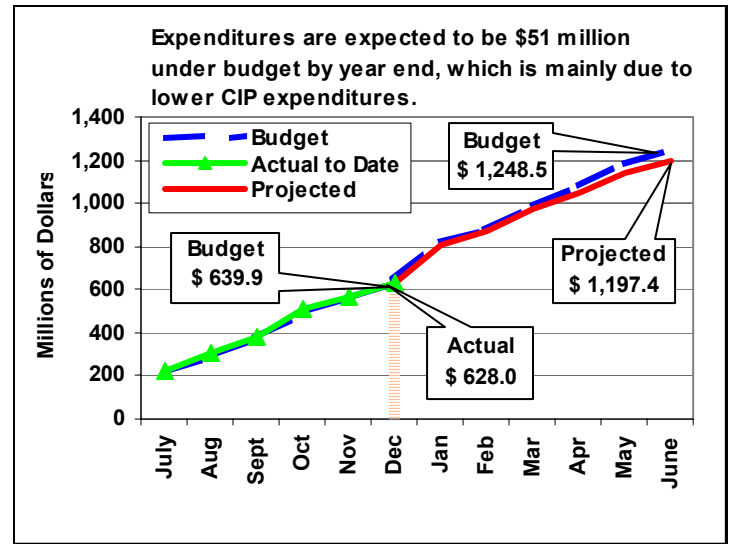
Facility Planning

Integrated Area Studies

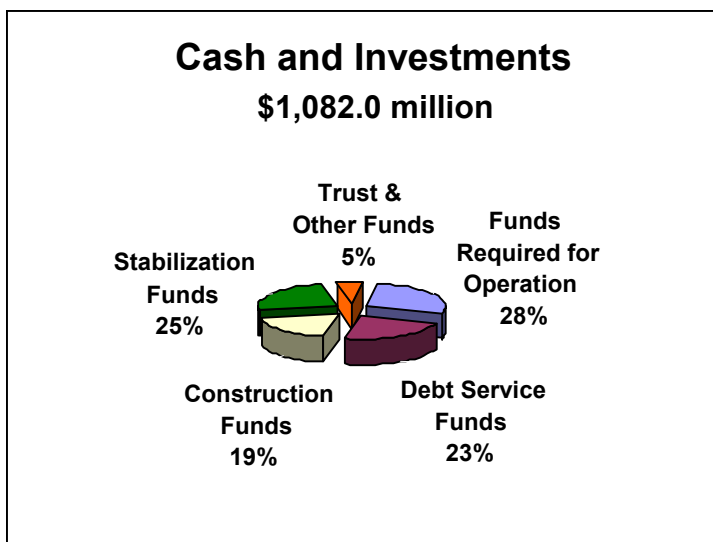
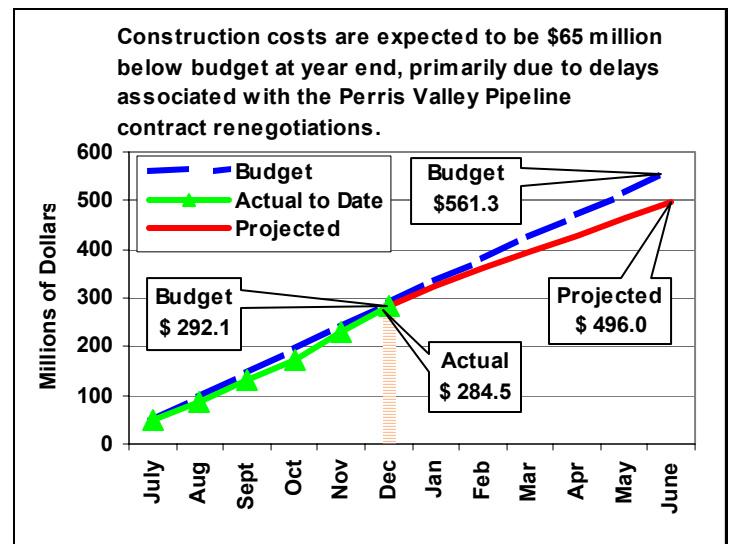
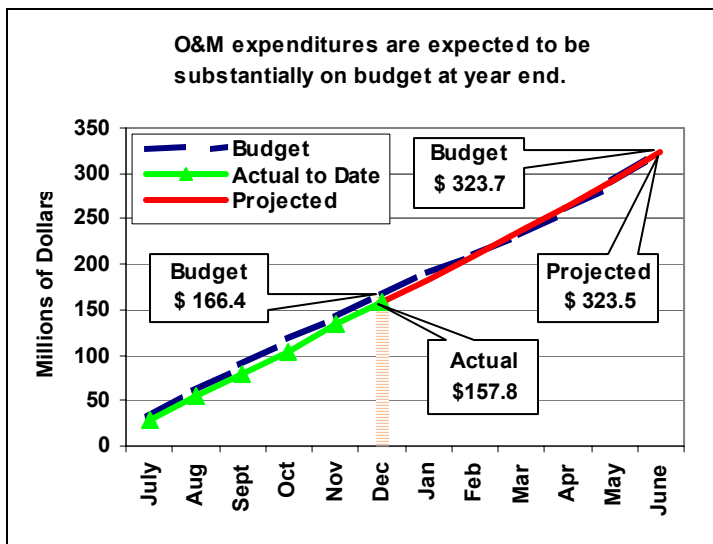
Member Agency Managers and staff completed the methodology for projecting demands and system delivery requirements for the Riverside, San Diego and Central Pool areas over the next 30 years. An independent panel of technical experts has conducted a review of the projections providing input and support for the methodology. The next steps consist of developing proposed projects to meet future demands. Projects being considered include regional and local treatment and distribution facilities, local groundwater and recycling projects and conservation. In January, discussions have also been initiated in four areas: Service Connection approval; facility timing; cost sharing for capital projects; and groundwater pump-in. Staff will continue to work with the Member Agencies as these discussions are continued to bring back to the Board.



Excludes Bond Construction and Other Trust Funds Activity



Excludes Bond Construction and Other Trust Funds Activity



Summary Financial Statistics

	Target	Actual
Fixed Charge Coverage	1.20 x	1.19 x
Revenue Debt Service Coverage	2.00 x	1.77 x
Revenue Bond Debt / Equity Ratio	100.0%	66.9%

Credit Ratings

	Target	Actual
- Moody's Investors Service	Aa2	Aa2
- Fitch Ratings	AA	AA+
- Standard & Poor's	AA	AA+



Business Processes/ Operations

Information Technology

Initiated field installation and testing of pilot Remote Terminal Units for the Automated Meter Reading (AMR) Upgrade Project

- The Automated Meter Reading System is the primary source of data for water billing, providing information on the amount of water delivered to each member agency. This system includes new remote terminal units (field computers used to capture and process water flow readings), communications, software and security.
- In January, as part of the Automatic Meter Reading Upgrade project, staff initiated installation of pilot system units into Metropolitan's field locations and performed live system testing. Testing is scheduled to continue through February as the balance of the pilot units are installed and evaluated.

Deployed Enhanced Security for Laptop Users

As part of the Information Security Assessment / Remediation project a new cyber security capability was tested and deployed to 230 laptop users during the period. The new software checks laptops to ensure they have the latest antivirus updates before allowing them to connect to Metropolitan's network. This reduces the risk that a device with a virus would infect Metropolitan's network.

Member Agency Information Technology Managers' Forum

A forum was held on January 26, with IT managers from the Member Agencies to discuss IT disaster recovery, emergency communications and techniques for consolidating servers.

PC Replacement

Staff completed the evaluation of desktop computers and selected a model and brand. Purchase of desktop computers was initiated. Also initiated effort to evaluate laptop computers. Testing Metropolitan's applications to determine their compatibility with Microsoft's new Vista operating system continued this month.

Security

Metropolitan Security joined three other invitees representing the water sector at a Washington DC-based strategy session to refine security measures that will address future requirements of Environmental Protection Agency and the Department of Homeland Security.

Responding to an invitation from the regional Homeland Security Advisory Council, on January 18, Security represented Metropolitan at a special briefing on suicide bomber tactics and defense. The presenter was a security officer credited with taking prompt action to minimize loss of life at a nightclub bombing next door to the US Embassy in Tel Aviv.

Emergency Management

Emergency Response staff met with their counterparts from the Governor's Office of Emergency Services at the quarterly Mutual Aid Regional Advisory Committee Forum held in Orange County on January 25. Topics of discussion included: (1) Disaster declaration from recent freeze situations; (2) National Incident Management Systems requirement for 2007/08; and, (3) Coordination among operational areas and a presentation by the Department of Defense explaining their assistance services in the event of a disaster.

Staff is preparing for a District-wide Emergency Response exercise to be held in March. The exercise will include the following objectives: (1) Evaluation of Emergency Operations Center / Incident Command Center activation times and reporting processes; (2) Evaluate radio operations and functionality; (3) Evaluate coordination between the Emergency Operations Center and the Incident Command Center; and, (4) evaluate problem-solving processes.



Federal Legislative Update

On January 22, General Manager Kightlinger addressed the American Water Resources Association's third annual National Water Resources Policy Dialogue in Washington, D.C. While in Washington, Kightlinger and Brad Hiltcher with U.S. Senators Diane Feinstein, Barbara Boxer and Lisa Murkowski as well as U.S. representatives Nick J. Rahall II (House Committee on Natural Resources chair), Grace Napolitano (Subcommittee on Water and Power chair), Jim Costa (Sub-committee on Energy and Minerals), George Radanovich (Committee on Energy and Commerce) and Representative Linda Sanchez to discuss Metropolitan's issues and western water policy.

State Legislative Update

On January 9, Arnold Schwarzenegger delivered his State-of-the-State address before a joint session of the California Legislature. The Governor noted that the job of "rebuilding California" is not done and that "...we must go back to the people for permission to build more and to finish the job." To fill the gap in his infrastructure investment portfolio, the Governor announced plans to augment last year's Strategic Growth Plan to address the need to expand the state's water supply and management system for an anticipated 30 percent population increase over the next 20 years and to manage the effects of climate change in California's hydrology and water delivery systems.

The legislative vehicle for the water supply component of the Strategic Growth Plan is SB 59 by Senator Dave Cogdill (D-Modesto), which would authorize the sale of \$3.95 billion in general obligation bonds for construction of surface water storage, groundwater and conjunctive use, Delta sustainability actions, water use efficiency and resource stewardship and environmental restoration.

On January 10, the Governor submitted his proposed spending plan to the Legislature to jump-start the budget process for FY 2007/08. In total, his proposed budget includes \$104.5 billion in General Fund revenues, \$103.1 billion in expenditures and a reserve of \$590 million. In the resource and environmental protection areas, the proposed budget provides for expenditure of bond funds for repair of levees, local flood control subventions, implementation of the greenhouse gas emissions reduction program, among other programs. His budget also provides \$13.9 million from Proposition 84 to support implementation of the

State Legislative Update continued...

San Joaquin River restoration settlement, \$6.8 million from Proposition 84 for the Lower Colorado River Multi-Species Habitat Conservation Plan and \$47.3 million from the General Fund and \$34.7 million from Proposition 84 for the lining of the All American and Coachella canals and other projects considered essential to reducing the state's use of Colorado River water.

Jan. 9: Metropolitan was a sponsor of the Long Beach Chamber of Commerce Annual State of the City address. Guests included local elected officials, legislative staffers and member agency representatives.

Jan. 19: Metropolitan staff and Director Bill Wright, representing the City of Torrance, joined the South Bay Area Chamber of Commerce in honoring state Senator Jenny Oropeza.

Jan. 25: Staff and Metropolitan directors participated in a reception at the University of California at Irvine to recognize more than 300 elected officials from Orange County.

Education

Education staff conducted workshops/presentations, including:

Jan. 20: The first of two Solar Cup technical workshops with approximately 280 teachers and students in attendance.

Jan. 23: "Know Your Water" Water Model Field Trip with Berendo Middle School with 60 sixth-grade students.

Jan. 24: Introduction of Metropolitan's curricula to more than 250 K-12 teachers who attended an education resources evening at the Discovery Science Center.

Jan. 25: Convened a Member Agency Education Coordinators meeting and distributed materials resource inventory, provided updates on various programs including the World Water Forum and the Environment and Education Initiative Model Curriculum.

The "Water is Life" student art exhibit tour through the Metropolitan service area began in January and will continue through mid-June. Eighteen member and retail agencies are participating in the annual tour of 36 pieces of student artwork.



Community Outreach & Other Events

Jan. 24: Metropolitan hosted the Southern California Water Dialogue, featuring Joe Grindstaff, Executive Director of CALFED, who discussed the challenges and opportunities facing CALFED and the Bay/Delta in 2007.

Jan. 29: Press event announcing the opening of Olive Grove, KB Home's newest development in Perris that is in Metropolitan's California Friendly Model Home Program. Olive Grove is KB Home's joint venture with Martha Stewart. Director Randy Record, Bill Steele from the Bureau of Reclamation, Riverside County Supervisor Marion Ashley and Martha Stewart attended, among others.

Jan. 31—Feb. 1: Chairman Brick and General Manager Kightlinger participated in the Water Utility Climate Change Summit sponsored by San Francisco Public Utilities. The Summit focused on planning for climate changes and adaptive strategies by water agencies throughout the United States.

Metropolitan staff participated in community events or professional association activities with the California Foundation on the Environment & the Economy; California State Polytechnic University, Pomona; Lakeside River Park Conservancy; Local Government Commission; University of California, Riverside; Habitat for Humanity and community service recognition day for police, firefighters and teachers at DVL.

Media

Media Services/Press Office issued press releases and coordinated public outreach strategies with member agencies and retailers affected by the shut down of the Jensen treatment plant. Other activities related to the shutdown included the coordination of radio advertising that called for voluntary conservation in areas that faced potential supply situations during the shutdown.

Staff managed multiple news media inquiries regarding the discovery of an invasive mussel at Metropolitan's Intake facility, following discovery of the quagga mussel at Lake Mead. Staff worked with state Fish and Game officials in drafting a press release and participated in a news media conference call. Staff also coordinated development of a boater survey and informational flyer for use at Diamond Valley Lake and Lake Skinner, and managed news media coverage of divers surveying Diamond Valley Lake.

The Press Office managed multiple news media inquiries regarding plans to conduct test borings in the Cleveland National Forest as part of the proposed Central Pool Augmentation project.

Staff managed news media requests for other stories, including the governor's proposal to build new dams (Los Angeles Times) and the upcoming Solar Cup event (Riverside Press-Enterprise, Time-Warner news cable).

A new cable station in Santa Monica will air Straight From The Tap episodes and provide a regular 7 p.m. time slot. Channel 75 is slated to become Los Angeles County's first local 24-hour cable channel with a reach of 27,000 households in the City of Santa Monica.



Business Outreach

Real Estate Management

Business Outreach

Contract Compliance Accountability Program

The Business Outreach Program staff met with Engineering and Contract Managers to discuss and confirm the processes involved in the proposed Contract Compliance Accountability Program. The program proposes to automate the submittal procedures for Prime Contractors and Metropolitan Project Managers with regards to the required Small/Disabled Veteran Business Enterprise documentation. The new program is designed to make sure that information regarding Small/Disabled Veteran Business Enterprise participation in Metropolitan contracts is consistent, timely and accurately reported to the Board of Directors. We are currently tracking in excess of \$800 million worth of prime contracts.

Jan. 24: The Business Outreach Team and the Corporate Resource Group participated in the Construction Management Association of America Southern California Chapters "Owners" Night. Owners Night is an annual event where public agencies share information about upcoming projects with potential firms. Over 400 people participated in the event. Metropolitan was able to register new vendors and educate businesses on how to break into the government market and access opportunities.

Jan. 25: Chairman Brick, Director Fellow, and staff attended the Los Angeles Chamber of Commerce board installation dinner.

Jan. 27: Business Outreach Program Staff participated in a regional event of the National Association of Women in Construction. In this year's regional event, the Business Outreach Program Staff conducted a workshop on "Doing business with Metropolitan Water District," focusing on Metropolitan's contracting processes and requirements as well as reiterating Metropolitan's Board support of regional small businesses.

Leases, Licenses and Entry Permits

- Staff completed several transactions that allowed two filming activities, one temporary access, and one installation of collaborative infrastructure improvements on Metropolitan-owned property.
- An entry permit and easement were prepared for the San Bernardino Valley Municipal Water District to construct a service connection along the Inland Feeder right-of-way.
- One entry permit was issued to San Dimas Rodeo, Inc. (a Section 501 non-profit organization) to provide for a temporary location of a Los Angeles Sheriff's Department Command Center and to accommodate event overflow parking during the City of San Dimas' Western Days Rodeo.
- An entry permit was issued to Twentieth-Century Fox Studios to film scenes for the movie "Live Free or Die Hard." The filming took place at the Joseph Jensen Water Treatment Plant.

Real Estate Activities

- Escrow was completed on two 10-foot-wide isolated strips of land near Lake Mathews in Riverside County. These parcels were entirely bordered by another ownership and could not be developed "as-is." These fragment strips of land were not accessible independently and were sold to the adjacent owner.
- Two easements were accepted along the alignment of the Palos Verdes Pipeline. The pipeline was relocated during the construction of the Alameda Corridor Rail Project.
- Metropolitan accepted an easement from the City of Compton Community Redevelopment Agency. The easement provides Metropolitan with continued access to the Middle Feeder South. This access meets Metropolitan's requirements while also accommodating neighboring development.
- The per-acre annexation charge for the 2007 calendar year was set at \$3,474 per-acre.



Real Estate Management

Diamond Valley Lake Recreation Infrastructure Program

The Searl Parkway Improvements, Phase 2 Project Notice of Completion was filed on January 22, 2007.

Diamond Valley Lake Recreation Board Workshop

At the Diamond Valley Lake Recreation Program Board Workshop held on January 16, 2007, the Board unanimously adopted the following five strategic tenets for the Diamond Valley Lake Recreational Infrastructure Program:

- Metropolitan will develop the basic recreational infrastructure consistent with the guiding principles;
- Metropolitan will have a management oversight role, but recreational facilities will be operated and maintained by others;
- Construction of the basic recreational infrastructure will not impact future water rates – future construction will be funded from the sale of land at DVL;
- Metropolitan will work with the City of Hemet to support the development of the North Property and the East Recreation Area consistent with the principles of a sustainable community; and,
- Metropolitan will prepare a comprehensive business plan to set clear budget objectives, assure fiscal prudence, and assure implementation of the program in an expeditious manner.

Diamond Valley Lake Recreation Board Workshop continued.....

The Board further unanimously directed staff to move forward with the program as follows:

- Proceed under the five strategic tenets;
- Work with the City to update land for inclusion in the City's General Plan and amend Metropolitan's specific plans for the North Property and the East Recreation Area to complete the entitlement process;
- Update the Recreational Infrastructure Plan;
- Complete details of the Financing Plan; and,
- Seek Board authorization for:
 - Preliminary design of the East Recreation Lake (March)
 - Salt Creek Channel Improvements Study (April)
 - Final design of marina utilities (May)
 - Consulting contract for planning firm for specific plan updates (June)
 - Fencing and grading (June).

**DVL Marina Usage Trends
 Previous 24 Months
 February 2006 through January 2007**

