

- General Manager's October 2007 Activity Report

## Summary

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The attached report details the activities of the Office of the General Manager for the month of October 2007. Metropolitan has delivered sufficient water supplies 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
- Real Estate Management
- Business Processes / Operations
- Business Outreach
- External Affairs
- Workforce
- Finance

## Attachments

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General Manager's Monthly Activity Report



## Colorado River

### 2008 Water Diversions Request

As part of its review of Metropolitan's 2008 Colorado River diversion request, Reclamation considers a number of factors related to water management practices (pursuant to 43 CFR Part 417) including Metropolitan's water conservation and local project efforts. Reclamation staff met with Metropolitan staff to review Metropolitan's efforts in these areas and the documentation provided by staff. Reclamation indicated that the information fully met its needs and indicated that they would issue their 2008 diversion approvals in December.

## State Water Project

### Area of Origin Claims

On October 8, 2007, the following Northern California State Water Project Contractors filed claims with the California Victim Compensation and Government Claims Board: Solano County Water Agency; Napa County Flood Control and Water Conservation District; Butte County; and City of Yuba.

The claimants assert that because of the State's area of origin statutes, the California Department of Water Resources has improperly limited their supplies. They are claiming that they are entitled to a 100 percent allocation in 2007 and all future years during the term of the State Water Contract, regardless of hydrologic conditions and allocations to other contractors. Staff is evaluating these claims and coordinating responses with other export contractors.

### Monterey Amendment Draft EIR Released

DWR released the Draft Environmental Impact Report (Draft EIR) for the Monterey Amendment to the State Water Project Contracts. This Draft EIR addresses the environmental impacts of changes to State Water Project operations that are a consequence of the Monterey Amendment and the 2003 Settlement Agreement. During the public comment period, which extends to December 13, 2007, DWR will hold four Public Meetings throughout the SWP service area. Metropolitan participated on an advisory committee for the EIR's analysis and preparation. Metropolitan staff will be reviewing this document and preparing comments prior to the close of public comments on December 31, 2007.

### B. F. Sisk Dam Concerns (San Luis Reservoir)

On October 22, 2007, the Bureau of Reclamation and California Department of Water Resources issued a press statement indicating that they are planning corrective actions to strengthen B.F. Sisk Dam to reduce the risk of earthquake damage based on recent dam safety evaluations. The dam, also known as San Luis Dam, is located between Los Banos and Gilroy, California, along the Pacheco Pass. It creates San Luis Reservoir, which serves as an off-stream reservoir for both the Central Valley Project and the State Water Project. Metropolitan will monitor the situation in cooperation with the other state and federal contractors.



Water Management

**Delta Vision**

The Delta Vision Blue Ribbon Task Force, appointed by the Governor to develop a durable vision for the Sacramento-San Joaquin Bay Delta, continues to develop its vision document. A first draft was released in September and a second draft was released on October 18. A draft final vision will be released in mid-November for a Task Force meeting review and finalization on November 29-30. Metropolitan has been working with water agency and business group representatives to develop joint comments on the draft vision documents. The draft calls for increased separation between water supply diversions and fisheries and also calls for increased storage to allow for reduced diversions in dry years. The draft also suggests that export diversions should be expected to be reduced in the future. But, no rationale or factual substantiation of the need for a reduction is given. Metropolitan is preparing comments to the draft report in coordination with other state water contractors and urban water agencies.

The Delta Vision report will be given to the Delta Vision Committee created by the Governor as part of Executive Order S-17-06. The Committee includes the Secretary of Resources as Chair, and the Secretaries of Business, Transportation and Housing; Food and Agriculture and Cal-EPA; and the President of the California Public Utilities Commission. This Committee is expected to provide its recommendation to the Governor who is then expected to issue executive orders relative to execution of certain Task Force Recommendations and/or other actions early next year.

**Conservation**

**Water Savings Performance Program**

In October, staff executed a conservation agreement with Anheuser-Busch to provide up to \$158,000 in financial incentives to help implement process improvements at the Van Nuys brewery. Anheuser-Busch will invest in capital improvements to increase water efficiency in several areas including beer making, sanitizing and cleaning operations. The project is expected to save about 160 acre-feet of water annually when fully operational.

**Colorado River**

(As of 10/28/07)

	<u>Storage</u>	<u>Percent of Capacity</u>
Lake Powell	11.8 MAF	49%
Lake Mead	12.5 MAF	48%

**State Water Project**

(As of 10/28/07)

	<u>Storage</u>	<u>Capacity</u>
Lake Oroville	1.5 MAF	42%
San Luis Reservoir	.8 MAF	39%
San Luis State Share	.5 MAF	45%

**Distribution & Storage**

(As of 10/28/07)

	<u>Current Storage</u>	<u>End of Month Forecast</u>
Lake Mathews	146,800 AF	148,000 AF
Lake Skinner	37,700 AF	37,000 AF
DVL	647,200 AF	641,100 AF
Lake Perris	67,600 AF	67,000 AF



Systems Operations

Water Demands

<b>Current Sales Projection:</b>	<b>2,230,570 AF</b>
<b>Budget Sales Projection:</b>	<b>2,161,760 AF</b>
<b>Difference:</b>	<b>68,810 AF</b>

Water Sales Cash Year (May – April)

Replenishment

All replenishment and conjunctive use groundwater storage deliveries are currently unavailable due to below-average supply and forecasts of high demand.

Sales Deliveries

October Sales Projection: 212,000 AF  
 October Delivery Projection: 207,000 AF \*  
 \* excludes Desert Water / Coachella Valley deliveries

System Operations

System demands varied significantly during October. Rain and cooler temperatures in the middle of October helped to drop demands below 6,000 AF per day. However, higher temperatures associated with Santa Ana wind conditions and firestorms in Southern California increased system demands above 8,500 AF per day during the last week of October. Fires and high winds affected the electrical grid, causing several of Metropolitan's hydroelectric facilities to trip off-line. These facilities were returned to service by field personnel and system operators as soon as the electric grid stabilized.

For October, deliveries are expected to be 207,000 AF, of which 120,000 AF is a combination of all deliveries through the California Aqueduct.

As a result of dry-year conditions, imported water supplies are being supplemented by withdrawals from storage programs. California Aqueduct deliveries currently include State Water Project water, as well as water from the Semitropic, Arvin-Edison, Mojave, and Kern Delta storage programs. Additionally, withdrawals from the Long Beach and Calleguas groundwater conjunctive use programs are currently underway. Surface storage withdrawals are also expected to support demands through the end of the year.

Treatment Plants

Fluoridation

On October 29, fluoride feed was initiated at the Mills water treatment plant in Riverside, and the plant is targeting a fluoride concentration of 0.7 mg/L to enhance dental health protection. The remaining four water treatment plants started introducing fluoride in a staged manner through December 3, 2007.

Release of Untreated Water into the Diemer Plant Effluent

On October 29, construction in an excavation area led to the release of between 250 and 500 gallons of raw water into the Diemer finished water reservoir effluent. The following pipelines were affected by the raw water release: the Lower Feeder, the East Orange County Feeder No. 2, and the 2nd Lower Feeder. The Allen-McCulloch Pipeline—which is fed from a separate structure on the reservoir—was not affected.

The leak was quickly isolated and the California Department of Public Health (DPH) was consulted. Based on the limited scale of the spill (250-500 gallons), dilution with the treated water (estimated at a 5,000 to 1 dilution ratio), maintenance of stable chlorine residuals, and the immediate corrective actions taken by Metropolitan staff, the California DPH agreed that increased microbiological sampling and prompt notification to downstream agencies was the appropriate response.

Samples collected downstream of the reservoir effluent structure tested negative for coliforms, *Giardia* and *Cryptosporidium*. Sample results also indicated normal chlorine residual and turbidity levels throughout the Diemer service area.

In addition to the water quality sampling and testing, Metropolitan staff is implementing a series of measures at the construction site to prevent any further inadvertent releases of untreated water.



## Conveyance and Operations

Conveyance & Distribution staff, in conjunction with Hydroelectric Team members, completed the annual maintenance of Etiwanda Power Plant.

## System Maintenance / Shutdowns

A two-day shutdown of the Colorado River Aqueduct took place to assess the effectiveness of chlorination at Copper Basin for quagga mussel control. It was confirmed that, from Copper Basin to Iron Mountain, there was no increase in the quagga mussel populations. However, small adults were detected in the east portal of the San Jacinto Tunnel, indicating that quagga mussels are being produced downstream of Iron Mountain. Staff is evaluating a chlorination plan to kill established mussels within the CRA and will continue to evaluate control measures as part of the Quagga Mussel Control Plan.

On October 11, staff worked with the city of Santa Ana and located a leak on the Orange County Feeder at Bristol. As a result, an unscheduled shutdown of the feeder took place. The pipeline was removed from service, isolated and dewatered; repairs were made and it was refilled and returned to service on October 18.

## Power Operations and Planning

At the end of September, Metropolitan completed the withdrawal of surplus Colorado River Aqueduct energy that had been deposited with Southern California Edison. The exchange of energy must be balanced out at the end of the contract year (September 30), and is an element of the CRA Service and Interchange Agreement with SCE.

Metropolitan exchanged nearly 300,000 megawatt-hours with SCE in the last 12 months, or enough energy to pump 150,000 AF through the CRA.

On October 3, staff led the effort of the Hoover power contractors to develop a technical report of recommendations on the 2009 Hoover Budget and Ten-Year Plan. The report was provided to the Hoover Engineering and Operating Committee on October 24.

On October 11, Metropolitan executed an agreement with Yuma area irrigation agencies in which they will pay for the power required to move water for the San Luis Rey Indian Authority through the CRA. The original arrangement called for the Yuma agencies to schedule power to Metropolitan. The new agreement will be easier to administer while providing Metropolitan with revenue that is equivalent to the value of the energy that would have been scheduled.

A Power Resources staff member accepted an Energy Efficiency Award at the CA/NV AWWA Fall Conference on October 23. The award was in recognition of Metropolitan's energy improvements achieved through the retrofit of OC-88. Metropolitan received nearly \$500,000 in energy efficiency incentive payments from SCE for the work at OC-88.

During October, initial discussions took place among Metropolitan and the Western Area Power Administration and the Hoover power contractors on options for future Hoover power allocations after the current contracts expire in 2017. Various ideas and thoughts were presented and there was agreement to meet again, tentatively in January 2008.

## Perchlorate

The California Department of Public Health adopted a primary standard for perchlorate -- the maximum contaminant level was set at 6 ug/L and became effective October 18, 2007. Perchlorate levels in Metropolitan's system are currently less than 2 ug/L.

## Taste-and-Odor

Lake Skinner was treated with eight tons of copper sulfate on October 2 to control production of MIB by Planktothrix, a planktonic blue-green algae species. Later in October, production of MIB increased in the north arm of Lake Skinner, reaching levels greater than 100 ng/L. This MIB, produced by algae growing on the sediments, is independent of the earlier event and is not treatable due to its isolated location. This MIB has had minimal effect on water quality at the Skinner plant.

Lake Perris was treated by the California Department of Water Resources with four tons of copper sulfate on October 24 to control production of MIB exceeding 150 ng/L.



## Capital Investment Plan

### Capital Investment Plan

- **Ongoing Contracts** – 21 construction contracts and four related procurement contracts were ongoing through September. The total bid amount of the 21 construction contracts in progress and the four related procurement contracts are approximately \$975 million.
- **September Payments** – Over \$25 million in contract payments were made for construction performed in the month of September. Nearly \$8 million were related to work at the Skinner plant, including the ongoing construction of ozonation facilities, and the chemical system modifications. Over \$5 million were expended on the Arrowhead Tunnels construction. Nearly \$8 million were related to work at the Diemer plant, including the ongoing construction of the vehicle maintenance center and solids handling facilities, the chemical system upgrade, and the south slope stabilization work. And nearly \$1 million were expended on the north reach of the Perris Valley Pipeline.

Total projected capital expenditures for the 2007/08 fiscal year were originally estimated at \$498 million; however staff revised this forecast to \$440 million for the fiscal year. The primary reason for the revision is due to delays with the Oxidation Retrofit at the Weymouth plant. An inadequate number of construction bids were received and as a result, the two bids were rejected. Staff is currently reviewing the timing associated with the re-advertising of this construction package.

- **Major Contracts** – Through the end of October, the Inland Feeder, Arrowhead East Tunnel mining effort has advanced a total of 20,949 feet, which is 93 percent of the tunnel length. At the Arrowhead West Tunnel, the mining effort has advanced a total of 14,329 feet, which is 72 percent of the tunnel length.



Fire damage at OC - 71 service connection

- **Other Contracts** – Skinner Treatment Plant Oxidation Retrofit and Washwater Reclamation Plant No. 3 are approximately 66 percent complete. At the Diemer plant, the construction of the ORP site preparation work is approximately 82 percent complete; construction of the Vehicle Maintenance Center and Solids Handling Facility is approximately 99 percent complete; construction of Phase I of the Chemical Tank Farm Improvements for the ORP is approximately 99 percent complete; and final design of the Diemer ozone facilities is 99 percent complete. At the Jensen Treatment Plant, a project for chlorine containment, unloading and handling is approximately 48 percent complete. Three contracts for the removal and replacement of new Metropolitan-furnished vacuum and air release valves throughout portions of the Distribution System are approximately 59 percent complete.

### Profile on Recent Event –

#### October Firestorms

- The recent fires and high winds affected some of Metropolitan's facilities. However, Metropolitan successfully met all water demands during these emergencies. The impacted facilities included:
- OC-71 Service Connection – The service connection suffered major fire damage from the Santiago Hills Fire in Orange County and has been out of service since October 21. Staff has completed cleanup, and preliminary repairs to re-establish operation will be completed by November 11. Metropolitan is currently delivering water to Irvine Ranch Water District through alternate service connections.
- OC-72 Service Connection and OC-88 Pumping Plant – A SCE power outage occurred at both facilities from fire damage.
- Water deliveries were maintained during the power disruption at OC-72, and flows were changed as necessary with the use of emergency generators. Power was restored and water deliveries commenced at the OC-88 pumping plant by October 29.



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Real Estate Management

- Mills Plant – The City of Riverside power feed to this plant was interrupted, but water deliveries were maintained with the use of emergency generators after a brief outage.
- Red Mountain Hydroelectric Plant – The plant experienced interruption of service due to power and communication outages from the Temecula Fire. A standby generator was used to make flow changes at the Red Mountain Pressure Control Structure.
- Diamond Valley Lake Hiram Wadsworth Pumping Plant – Service was temporarily interrupted due to a power outage from high winds. Deliveries from DVL were maintained during this disruption.
- Metropolitan's Damage Assessment Teams assessed the condition of affected sites to determine whether Water System Operations personnel could safely enter facilities to perform clean-up operations. Staff is coordinating with member agencies, local, state and federal agencies on plans to repair and return damaged facilities back to service.

### Facility Planning

In October, staff completed the draft Integrated Area Studies Technical Report that documents the process and findings. The draft report will be distributed to the four member agency IAS teams for review and comment in early November. A joint IAS meeting is planned for November 15 to collect comments. Staff also began working with member agencies on IAS action items, including initiating a closer review of local and regional distribution facilities necessary to balance flows between the Mills and Skinner plants.

### Diamond Valley Lake

#### Diamond Valley Recreation Program

Appropriation Budget	
Approved distributed funds	\$68.1 M
Undistributed funds	\$24.7 M
Total Appropriation	\$92.8 M
Surplus Property Sales*	\$ 4.7 M
<i>Actual expenditure as of 09/30/07</i>	\$62.5 M

\* Appropriated for use related to the Center for Water Education debt per February 2007 Board Action.

#### Easements, Leases, License, and Entry Permits

A lease with Los Angeles County Parks and Recreation Department was amended to extend the term. The lease provides for an equestrian and hiking trail.

An amendment to extend the term of an existing lease was executed with AT&T Wireless. The lease provides for a wireless communications facility at the Santiago Control Tower.

A lease amendment was issued to State of California Division of Architects that will reduce rented space on the P-2 parking level, provide for short-term use of additional office space (8 cubicles), and modify the rented space on the fourth floor at the Union Station building.

Twentieth Century Fox Television was issued an entry permit to use Union Station Headquarters space for one day to film the television series "Shark."

An entry permit was issued to Hemet Model Masters to allow parking near Diamond Valley Lake for a four-day regional competitive event being held on a neighboring parcel.

An entry permit was issued to City of Burbank Department of Water and Power for the construction and operation of Service Connection B-06 that will deliver water from the Foothill Feeder.

An entry permit was issued to the Inland Empire Utilities Agency for the construction and operation of Service Connection CB-19 that will deliver water from the Rialto Pipeline.



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## Real Estate Management

### Business Process/Operations

A temporary entry permit was issued to San Dimas Rodeo, Inc. to allow parking (vehicles and trailers). The use included a site for a Los Angeles Sheriff's Department command center. The permit helps to support the annual Western Days Rodeo event located near the F.E. Weymouth Water Treatment Plant.

Southern California Gas Company received a term extension to allow equipment and material storage in conjunction with a project on a neighboring parcel. The work is near the San Diego Pipeline No. 3 right-of-way.

### Information Technology

#### Continued PC Deployment

During the period, deployment continued according to plan as PC roll-out was completed at Washington D.C., Sacramento, Desert locations and for External Affairs. Rollout is underway at Weymouth and continues at Union Station headquarters.

#### Business Process Improvement Projects

Contracts for business process improvement projects were executed with ClearOrbit and Total Resource Management Inc. The contracts are in support of the Inventory Bar Coding, Fleet Management, and the Fuel Management Project. During the period, kickoff meetings were held and coordination and planning efforts are currently underway.

##### Inventory Bar Coding

Implementing bar-coding technology for inventory tracking at Metropolitan's eight materials warehouses. Business process improvement includes deployment of handheld computers to streamline the receiving and the issuing functions at the warehouses.

##### Fuel Management Project

Deploy electronic fueling software (E. J. Ward) to help effectively manage fueling operations at Metropolitan's fuel storage facilities.

##### Fleet Management Project

Deploy fleet management software (Maximo Transportation Module) to effectively manage Metropolitan's Fleet operations. This tool will assist Metropolitan staff and track the usage of fleet assets, consisting of approximately 1,765 vehicles and motorized equipment.

### Emergency Management

#### Wildfires

Between October 21 and 28, 14 separate wildfires burned about 500,000 acres in Los Angeles, Orange, Riverside, San Bernardino, and San Diego Counties. In addition, high winds caused sporadic power outages throughout the region. Metropolitan employees responded effectively, manning damaged structures and facilities with unstable power sources 24/7 for several days.

At the request of the San Diego County Water Authority, mutual assistance was provided to Fallbrook Public Utility District and Ramona Municipal Water District. A portable chlorinator was provided to Fallbrook PUD to temporarily restore service at a damaged chlorination facility. Water Quality employees collected samples and provided lab analysis to help return Ramona's system to service. Several generators and diesel fuel trailers were also staged for responses but were not eventually needed by SDCWA.

#### Earthquake

Conveyance and Distribution staff ran patrols in selected areas in response to a 4.2 earthquake near Lake Arrowhead (20 miles WNW of Victorville) on October 16. Patrols included Riverside team (Inland Feeder from Devil Canyon to Pressure Control Structure PC-1) and the north end of the Diamond Valley Lake system (Colorado River Aqueduct from San Jacinto Tunnel to PC-1, Casa Loma, and San Diego Canals). No damage was found.





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October 5: Business Outreach Staff participated in a regional event hosted by the Women Business Enterprise Council. The Council is the nation's largest certifying organization for women-owned businesses.

October 10: Business Outreach Manager John Arena was appointed to the Port of Los Angeles Small Business Advisory Council. The council is comprised of 18 leaders from universities, water and energy utilities, federal government, county and city government and other private businesses. Topics covered included, certification reciprocity, "Green" purchasing, bond assistance, vendor training and upcoming collaboration conferences.

October 18: Business Outreach staff participated in the Orange County Transportation Authority small business conference and vendor fair. This annual regional outreach event is in its sixth year and is a unique collaboration of public/government agencies, developers, trade/community associations, and consultants promoting contracting opportunities for the next several years in Southern California. Over 1,000 people participated in the event.

October 19: Staff attended the 26<sup>th</sup> Annual Leadership Awards dinner hosted by the Southern California Minority Business Development Council. The award is presented to an outstanding senior business executive or public leader whose personal leadership furthers business opportunities for minority suppliers and encourages mutually beneficial economic links between minority enterprises and corporate members. This year's honoree was Alfred E. Osborne, Jr., Senior Associate Dean of the UCLA Anderson School of Management. He is also an Associate Professor of Global Economics & Management, and Founder and Faculty Director of the Harold Price Center for Entrepreneurial Studies. The president of the Southern California Minority Business Development Council is Director John W. Murray, Jr.

### External Affairs

#### Federal Legislative Update

On October 24, the General Manager provided a briefing in Washington, D.C. for congressional staff and others regarding short- and long-term water supplies and the need to continue promoting permanent conservation and best-management practices for water resources throughout the region. Vice Chairman Fellow and Directors Anderson, Ballin, Wright, Peterson and Morris attended the briefing.

On the evening of October 24, Metropolitan hosted an open house at Metropolitan's Washington, D.C. office. Guests included: members of California's congressional delegation, congressional staff, representatives from community and environmental organizations, Metropolitan staff and others. At the event, the National Green Building Council recognized Metropolitan having achieved a "LEED Gold" status for the D.C. office. Directors Tony Fellow, Steve Anderson, Sylvia Ballin, Bill Wright, Glen Peterson and John Morris attended along with Congress members George Miller, Ken Calvert, Dana Rohrabacher and Bob Filner. Others in attendance included Dan Beard, chief administrative officer of the House of Representatives, Sandy Wiggins, president of the National Green Building Council, and officials from the U.S. Department of the Interior.

#### State Legislative Update

The Legislature was unable to reach accord on a funding package for the February 2008 ballot prior to the October 16 deadline set by the Secretary of State. Secretary of State Debra Bowen has indicated, however, if the Governor and Legislature choose to fund the cost of a supplemental ballot, the Democrats and Republicans could have another month to reach agreement on a February 2008 bond proposal.

Two expenditure measures were introduced during the special session, which direct existing, voter approved bond funds for projects and programs that could provide direct assistance for near term investments to stabilize the state's water supply system. Both measures are pending in the Senate.



October 14: SB 1002 (Perata), a near-term expenditure measure approved by the Legislature during the regular legislative session, was vetoed by Governor Schwarzenegger on the grounds it was not part of a comprehensive plan to fund surface storage and Delta conveyance. SB 1002 and the two pending special session measures would invest in Delta “no-regrets” ecosystem restoration actions fund Delta emergency preparedness and provide critical funding for groundwater clean-up projects.

### Local Government Update

September 27: A briefing and tour of Lake Mathews was conducted for Senator Dianne Feinstein’s staff. Metropolitan staff provided an overview of Metropolitan’s history and its service area. Field representative Chris Carrillo also received extensive information on quagga mussels. Other issues discussed were the Perris Valley Pipeline, ozone treatment and water supply issues. An Eastern Municipal Water District staff member presented information on local projects.

October 2: Metropolitan co-hosted the Southwest California Legislative Summit in Temecula. More than 300 elected, business and community leaders attended the event. The event moderator was Dan Walters, Sacramento Bee syndicated columnist. Featured speakers were Metropolitan Director Randy Record, Assembly Member Kevin Jeffries; Senator Dennis Hollingsworth; David Crane, special advisor to the governor on job and economic growth; and Amy Minniear, president of Pechanga Development Corp.

October 11: Metropolitan, Western Municipal Water District and Assembly Members Kevin Jeffries and John Benoit hosted a community leaders briefing at Lake Elsinore. More than 85 people attended, including Riverside County Supervisor Marion Ashley and other local officials. Metropolitan Director Terry Mylne participated as master of ceremonies. General Manager Jeff Kightlinger discussed water supply reliability and Delta issues. Assembly Members Jefferies and Benoit gave Sacramento legislative updates.

October 17: Metropolitan staff provided a briefing for the Asian Pacific Association of Legislative Staffers on Metropolitan’s operations, the challenges facing the Bay-Delta and Metropolitan’s actions to protect water reliability

and water quality for the region. Offices represented included Senator Dianne Feinstein; Representatives Adam Schiff, Hilda Solis and Henry Waxman; State Controller John Chiang; Board of Equalization Commissioner Judy Choi; State Senators Lou Correa, Gil Cedillo, and Jack Scott; Assembly Members Mike Eng and Ted Lieu; the Los Angeles County Assessor’s Office; and Los Angeles City Councilmember Tom LaBonge.

October 19: Assistant General Manager Roger Patterson spoke to the California Building Industry Association’s Water Committee on the importance of the Bay-Delta and provided an analysis of water bond proposals by the governor and the state Legislature.

October 26: Metropolitan hosted a community leaders briefing for Assembly Member Anthony Portantino in Pasadena. Chairman Tim Brick along with Metropolitan Directors De Jesus, J. Edwards, Fellow, Little and Sutley were in attendance. Jeff Kightlinger gave a presentation on the region’s water challenges. Assembly Member Portantino provided a brief legislative report on the past session. About 70 San Gabriel Valley leaders attended the event.

October 31: Metropolitan hosted a community leaders briefing for state Senator Lou Correa in Santa Ana. Director Dan Griset served as master of ceremonies and presentations were made by Jeff Kightlinger and Correa. There were more than 100 people in attendance including local elected officials and legislative staffers from throughout Southern California.

### Education

- Staff collaborated with Western and Eastern Municipal Water District’s in a hands-on conservation and science activity booth at a science conference in Riverside.
- Staff kicked off the first of 75 field trips for the Diamond Valley Lake Education Program on October 10.
- More than 200 grade 4-6 students from Hemet and Temecula Valley school districts attended six field trips.
- A kick-off event was held for the second Southern California World Water Forum



- College Grant Program on October 12. More than 160 college students and professors attended the event at Metropolitan's Union Station headquarters. Chairman Brick and Vice-Chair Fellow participated.
- Staff participated in a conservation fair at the city of San Fernando's opening of Heritage Park. More than 140 fourth and fifth-grade students participated.
- Staff conducted the second quarterly Member Agency Education Coordinators' meeting.
- Metropolitan staffed an exhibit booth at the California Science Teachers Association Conference at the Long Beach Convention Center. More than 3,000 K-12 science educators attended.
- Solar Cup 2007 earned an award of excellence from the Los Angeles chapter of the Public Relations Society of America for excellence in communications and public outreach.

### Community Outreach and Other Events

- Metropolitan participated as a co-sponsor of the Boyle Heights Energy & Community Resource Fair at Hollenbeck Middle School in Boyle Heights.
- Metropolitan also participated in other events and activities, including: American Water Resources Association, Friends of the Los Angeles River, Los Angeles Regional Water Quality Control Board, Rancho Santiago Community College, Red Nation, Southern California Leadership Network, Southern California Water Committee, The Water Conservation Garden and Weingart East Los Angeles YMCA.

### 2007/08 Conservation Education and Advertising Campaign

The "It's Time to Get Serious" advertising campaign is more than two-thirds complete. Ads are running on 121 radio stations, 27 print publications, and seven local Web sites. Ethnic media includes Spanish, Mandarin Chinese, Tagalog, Vietnamese and Korean. This phase of the campaign ends December 14.

### Additional conservation efforts included:

- Metropolitan is a co-sponsor of the Institute of Applied Research's 11th annual Inland Empire survey, which tracks quality-of-life issues. The telephone survey is conducted among 2,000 Riverside and San Bernardino County residents, and will feature questions on awareness of water conservation advertising.
- A water-saving tips card for restaurants was made available to Member Agencies through the online brochure ordering system.
- The California Friendly® partnership program with the Home Depot chain and other nurseries in Southern California conducted in the fall of 2006 earned an award of excellence for public education from the Los Angeles area chapter of the Public Relations Society of America in its annual competition for the best communications programs.

### Media

Metropolitan hosted a media briefing on October 8 regarding current and short-term water supply issues as well as serious matters involving the Bay Delta. Presentations were provided by Chairman Tim Brick, Jeff Kightlinger and Debra Man and resulted in significant news coverage. Staff provided bi-lingual assistance to Spanish language media outlets.

Metropolitan also participated with the City of Long Beach at a press conference on October 11, announcing a Hilton Hotel installation of 400 high-efficiency toilets.

Working with the Los Angeles Department of Water and Power on October 17, Metropolitan co-hosted a briefing for television planning editors and reporters regarding long-term water supply conditions and explaining the need to include water-saving tips and related information during their weather reports.

Staff managed multiple stories including interviews with local, regional and national news media outlets. Stories involved dry conditions and water supplies, the proposed water bonds, water supplies in relation to the wildfires, fluoridation, Metropolitan's conservation outreach campaign, and the relocation of the Diamond Valley Lake Visitor Center.



The Press Office issued press releases in October: Announcing the start of fluoridated water supplies at the Mills water treatment plant and the start of the second World Water Forum competition.

Fluoridation informational materials were translated into additional languages, including Vietnamese, Korean and Tagalog. Staff continued to participate in briefings with Member Agencies prior to the start of water fluoridation.

## Workforce

### Classification/Compensation

AFSCME and Metropolitan have successfully drafted new O&M Job Descriptions, and have begun the meet and confer process over salaries.

Employee focus group meetings for the rest of the AFSCME bargaining unit Class Study are proceeding.

### Apprenticeship Program

Apprentice Job Rotations - Several electrical apprentices rotated to Gene and Intake to gain experience landing and terminating conductors and wiring automation (SCADA) junction panels.

Apprenticeship Program Promotion - On October 1, staff met with Dr. Lynn Shaw of Long Beach City College to discuss ways to better recruit and retain women in non-traditional occupations. On October 24, staff gave a presentation on "Workforce Development through Apprenticeship Training" to the attendees at the CA/NV AWWA Fall Conference in Sacramento.

### Recruitment

Twelve new employees joined Metropolitan during October. A celebratory breakfast and benefits update hosted by the General Manager was attended by 27 of 32 employees who completed probation.

### Benefits

Human Resources successfully completed Open Enrollment, which included site visits to 14 locations and 1,100 people utilizing PeopleSoft self-service. Open Enrollment Presentations covered an overview of current benefits, 2008 health plan changes, available election change options, and educated employees about the CalPERS Medical Insurance contract. One-on-

one consultations followed the presentations with approximately 480 employees taking advantage of the opportunity to meet with a staff from the benefits team. Benefits also hosted an all-day Retirement Seminar titled "Stepping Into Retirement" attended by 49 employees, with speakers from CalPERS, Social Security, Great West, MetVets, and Metropolitan's Benefits staff.

Rideshare Week 2007 (October 1st – October 5th) in collaboration with Metro Transit Authority, included employees, temporaries and consultants who pledged to share a ride (i.e.; train, bus, carpool, vanpool, bike, or walk) at least one day during this week. Metropolitan had 565 participants who received an environmentally friendly award of a water bottle to support the reduction of plastic bottle usage."

### Health Benefits Advisory Committee

At the October 25 meeting of the HBAC, CalPERS representatives provided information about the dynamics facing the administration of health care benefits, ensuring competitive rates, preserving comprehensive benefits and partnering to maintain employee wellness. The ABD Insurance Services consultant provided a legislative update on Health Care Reform.

### Training and Organizational Effectiveness

Irwin Jankovic and Mike Kolodisner (Purchasing) led a public agency workshop on "Innovation in Procurement" and received positive feedback and anticipate several follow up events to share approaches of mutual interest.

Metropolitan launched its enterprise-wide workplace violence prevention training for managers to handle potential and actual workplace violence issues. Security is providing a board-certified security professional at every session to address questions and concerns.

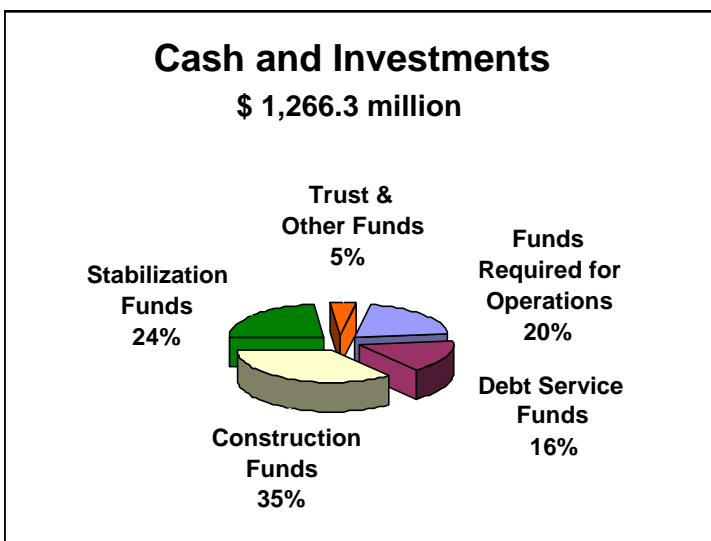
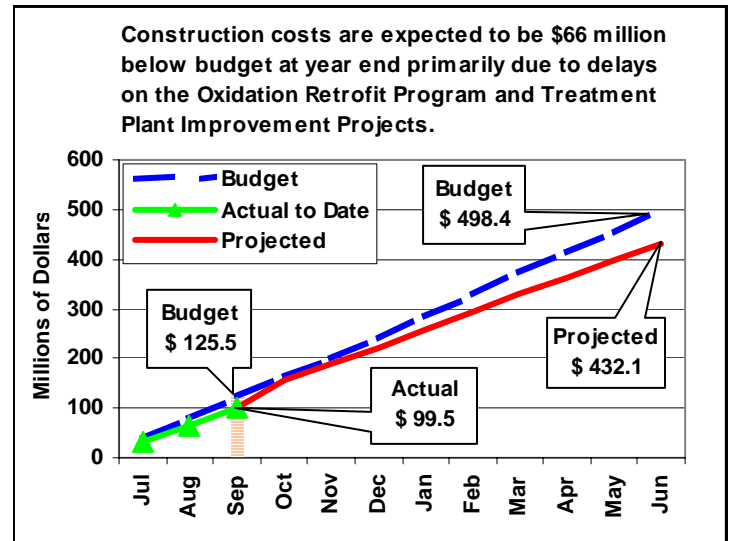
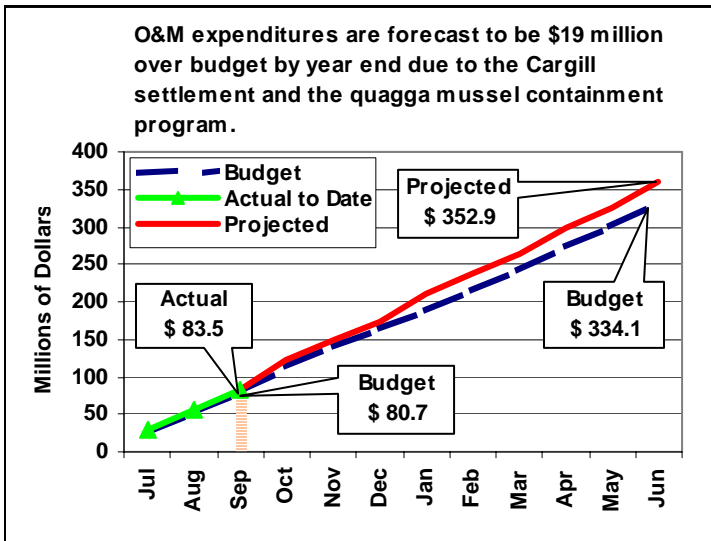
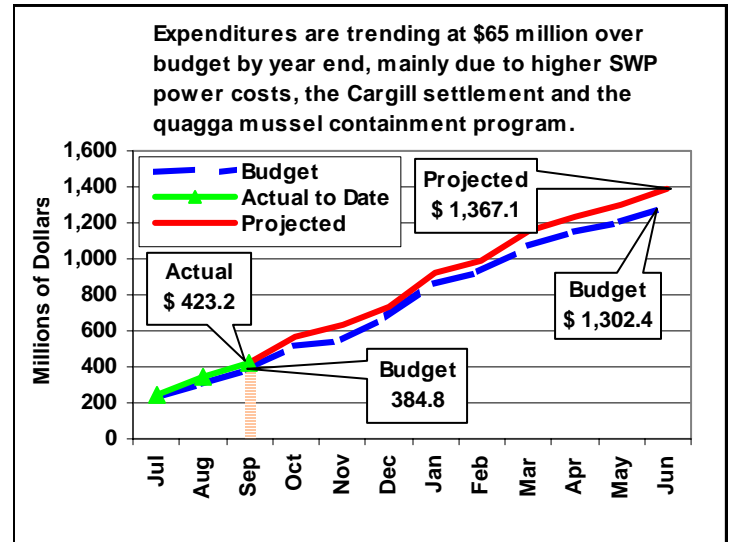
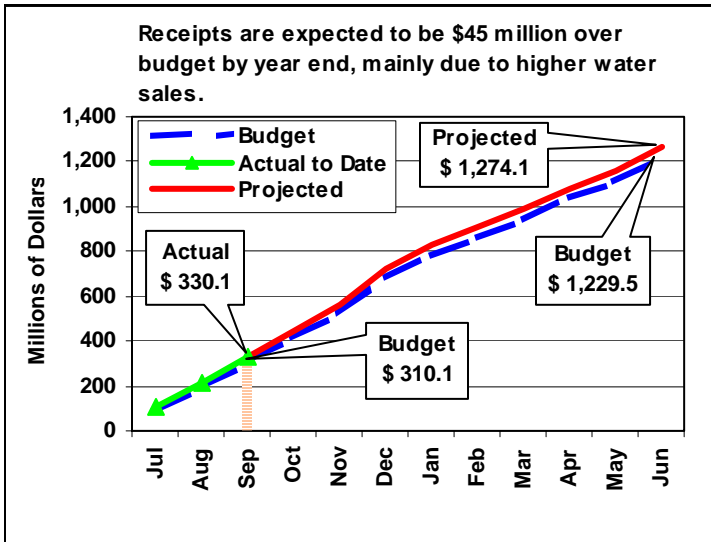
Education Fairs to promote the Tuition Reimbursement Program and to disseminate information about the Employee Assistance Program were conducted at various Metropolitan facilities.

### Environmental Health and Safety

As part of the EHS Facility Tactical Assessment and Compliance project, staff commenced facility assessment at the Skinner plant and will complete the task in November. After that, the project will be 100 percent complete and a closing report will be issued in January 2008.



As of September 30, 2007



### Summary Financial Statistics

	Target	Actual
Fixed Charge Coverage	≥ 1.20 x	1.66 x
Revenue Debt Service Coverage	> 2.00 x	2.14 x
Revenue Bond Debt / Equity Ratio	< 100.0%	73.3%

#### Credit Ratings

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