

- **General Manager's November 2008 Activity Report**

Summary

The attached report details the activities of the Office of the General Manager for the month of November 2008. Metropolitan has delivered sufficient water supplies and has achieved full compliance with drinking water quality standards.

This report summarizes the status of Metropolitan's business in terms of Strategic Priorities and Core Activities:

Strategic Priority

- High-Performance Workplace

Core Activities

- Board of Directors and Member Agencies
- Legislative and Community Relations
- Water Supply
- System Reliability
- Water Quality
- Business Processes / Operations
- Real Property Management
- Capital Investment Plan
- Workforce Effectiveness
- Financial Management

Attachment

General Manager's Monthly Activity Report

The Metropolitan Water District of Southern California

General Manager's Monthly Activity Report—November 2008

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Strategic Priority

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STRATEGIC PRIORITY

High Performance Workplace

StrategicHR

Staff participated in an American Water Works Association Research Foundation Workshop on Workforce Development and Sustainability with 70 representatives of water agencies throughout the United States who are also addressing workforce planning and succession management issues.

Labor Negotiations

Staff is keeping abreast of union relationships and reviewing options for future negotiations in 2009.

CORE ACTIVITIES

Board of Directors & Member Agencies

Legislative and Community Outreach

Nov. 10: Staff participated in the California Department of Water Resources Education Workshop planning session at Eastern MWD.

Nov. 13: Staff participated in Operation California Rolling, Metropolitan's district-wide functional exercise as part of the 2008 Golden Guardian Program.

Legislative and Community Relations

Federal Legislative Update

Nov. 5: The General Manager provided Members of Congress with a list of local water supply projects, pending Title XVI funding, that would be ready to move forward with construction in the near term. This was in response to a request from U.S. Representative Grace Napolitano, Chairwoman of the House Natural Resources Subcommittee on Water and Power. The Congresswoman's request of Metropolitan was made in connection with

House Speaker Nancy Pelosi's proposed legislation that would authorize \$126 million in new Title XVI funding as part of a comprehensive Economic Stimulus Package.



CORE ACTIVITIES

Legislative and Community Relations

State Legislative Update

On November 6, Governor Arnold Schwarzenegger convened a special session to address a projected \$11.2 billion reduction in projected revenues in the current year budget. State revenues have been impacted by a myriad of factors including an ailing housing market, volatile tax system, increase in unemployment, a dismal stock market and an overall declining economy. According to the Administration, if the shortfall is not addressed immediately, the state's revenue shortfall will create a near-term cash flow crisis.

The Governor outlined a package of cuts that could save \$4.5 billion in the current year these cuts include reductions in the departments of Education and Corrections, Medi-Cal and other identified social programs as well as cuts in state staffing. On the revenue side, the Governor has proposed \$4.7 billion in new revenues through a temporary sales tax increase, sales tax on certain services, an oil severance tax and an increase in the alcohol tax.

The Legislative Analyst's Office (LAO) has assessed the current budget crisis in long-term perspectives noting that if there are no corrective measures implemented immediately, there will be an estimated \$22 billion in annual shortfalls from 2011/12 through 2013/14. The LAO proposes that the Legislature implement \$27.8 billion in budget solutions over the next 20 months to effectively remedy the structural misalignment of revenue and expenditures.

The Big-6, which includes Governor Arnold Schwarzenegger, Assembly Speaker Karen Bass (D-Los Angeles), Assembly Republican Leader Mike Villines (R-Clovis), Senate Pro-Tem Don Perata (D-Oakland), Senate-Elect Pro-Tem Darrell Steinberg (D-Sacramento) and Senate Republican Leader Dave Cogdill (R-Fresno), continue to negotiate an acceptable package.

Local Government Update

Nov. 19: Metropolitan co-sponsored the United Chambers of Commerce's reception for 40 legislative staffers at the Woodland Hills Hilton.

Nov. 20: Special recognition was given to Metropolitan at the Sixth Annual Public Service Award Dinner by the League of California Cities Inland Empire Division. The League recognized those who have partnered with them in their efforts to inform elected officials about important issues including water supply.

Nov. 21: General Manager Kightlinger and representatives from local chambers and business associations attended

the Long Beach Delta Vision Workshop and provided testimony in support of a long-term comprehensive plan that would restore the Delta ecosystem, improve conveyance, enhance water quality and provide water supply reliability for Southern California.

Nov. 25: Metropolitan and Orange County Water District staff briefed Assembly member Michael Duvall's newest staffer on state and local water issues. Topics included Metropolitan's Water Alert and various rebate and conservation plans.

Education

Activities throughout the month, included:

- Staff collaborated, with Eastern and Western MWDs (and some of their retail agencies) in conducting hands-on workshops and a tour of the Diamond Valley Lake Visitor Center for nearly 150 students in collaboration with the Western Riverside Council of Governments. Our member agencies also launched their new conservation education outreach campaigns at this event.
- Staff assisted in conducting hands-on water activities for 15 secondary school teachers at Eastern MWD and Rancho Water District's Teacher Workshop in Temecula.
- Staff conducted six field trips involving nearly 200 fourth through fifth grade students from the San Jacinto, Romoland, Lake Elsinore and Menifee (Union) Unified School Districts.

CORE ACTIVITIES

Legislative and Community Relations

Education continued.....

- Metropolitan and member agency staff conducted two boat-building workshops at Three Valleys MWD. The boat building sessions are the first in a series of preparatory meetings with the new Solar Cup 2009 teams. The next meetings are the two Technical Workshops to be held in December and January. At this time, 35 teams and 18 member agencies are participating. Six of the teams are rookie teams.

Community Outreach and other Events

Activities throughout the month, included:

- The Board approved Community Partnering Program Sponsorships Awards for fiscal year 2008/09. The ten awarded recommended projects focus on children and/or adult education about water efficient native plant landscaping, water resource stewardship, and water quality/watershed protection.
- 15 California Friendly Landscape Training Program classes were held for more than 379 homeowners and professional landscapers.
- Staff provided training on water-wise landscaping to contractors for the City of Ontario Housing Dept. for use in neighborhood beautification projects.
- Staff participated in the Western Riverside Council of Governments Youth Environmental Conference at Diamond Valley Lake Visitor Center.
- Staff coordinated and conducted an inspection trip of DVL and other public facilities for Western MWD and the Riverside County Sheriff's Department.
- Staff continued outreach to 400 residents located adjacent to 30 worksites in Long Beach, Carson and Lomita during the Second Lower Feeder Shutdown.
- Staff coordinated and conducted inspection trips to DVL and the Visitor Center for the Oasis Group, Northern Colorado Water Conservancy and Torrance Chamber of Commerce.

Media

Activities throughout the month, included:

- Solar Cup 2009's first of two boat-building events for the 40 participating teams, held at Three Valleys Municipal Water District headquarters, was the subject of a press release used by KNX News Radio for several early-morning reports Nov. 8. The event also was covered by a reporter/photographer for the Chinese Daily News and videotaped by KTLA-TV Channel 5 for a brief report that aired on that night's news program.
- Staff participated in the state-wide Golden Guardian emergency response training exercise, working at Eagle Rock Control Center and issuing mock notices to staff, media, etc. Staff also covered training exercises at Union Station and in the Inland Empire.

Extraordinary Conservation Outreach

Staff attended the Building Industry Show at the Long Beach Convention Center in Long Beach, CA, and promoted the California Friendly Model Home and New Construction Rebate Programs at the Show.

CORE ACTIVITIES

Water Supply / State Water Project

Table A Allocation

On October 29, 2008 the Department of Water Resources announced its initial Table A allocation for State Water Project contractors for 2009. This initial allocation of 15 percent provides Metropolitan with 286,725 acre-feet of Table A for the upcoming calendar year. The allocation is subject to revision as hydrologic and water supply conditions change.

Semitropic Arsenic Treatment Program

In October, the Semitropic Arsenic Treatment Program began removing arsenic from pumped groundwater delivered into the California Aqueduct. Initial water testing shows substantial reduction in arsenic levels. With the raw water arsenic levels ranging from 14.2 to 16.4 ppb, water quality testing showed effluent arsenic levels as low as 1.7 ppb. The treatment system has not yet been optimized and did encounter an outage to repair its chemical feed. The system is currently operating and Semitropic plans on recovering Metropolitan's full take of stored groundwater this year.

Natural Gas Hedging Program

The State Water Contractors and DWR cooperatively adjusted the SWP Natural Gas Hedging Program in the face of reduced commodity prices for natural gas.

Natural Gas Power Plant

The Northern California Power Agency's new natural-gas-fired power plant in the Lodi area came one step closer to final approval with the determination by the California Energy Commission that NCPA's license application is complete. This CEC determination starts the 12-month licensing process. DWR has a joint participation agreement that will provide the SWP with 60 MW of electricity from the 255 MW state-of-the-art power plant that is relatively low-emitting with regard to greenhouse gases.

Water Supply / Colorado River

SNWA projects 45,000 acre-feet

By letter dated October 9, 2008, the Southern Nevada Water Authority notified Metropolitan of its projection of a total of 45,000 acre-feet of unused Nevada basic apportionment during calendar year 2008. Pursuant to an existing agreement, Metropolitan indicated that it can store that amount of water for return to Nevada in future years.

Exchange Water

Metropolitan has agreed to accept a request from the Coachella Valley Water District to reduce the volume of Exchange Water to be delivered in 2009 under an existing agreement. This action increases the volume of Colorado River water that can be delivered to Metropolitan's service area during 2009 by 15,000 acre-feet.

Water Supply / Current Reservoir Storage

	As of 11/23/08 <u>Storage</u>	End of Month <u>Forecast</u>
Lake Mathews	76,200 AF	75,000 AF
Lake Skinner	37,100 AF	37,000 AF
DVL	431,500 AF	423,000 AF
Lake Perris	73,400 AF	74,000 AF

CORE ACTIVITIES

System Reliability

Water Demands

Water Sales Cash Year 2008-09 (May-April)
 2,146,000 AF Current Sales Projection
 2,151,000 AF Budget Sales Projection
 -5,000 AF Difference

Current Sales / Deliveries

November Sales Estimate 181,000 AF
 November Delivery Estimate 181,000 AF**

** excludes Desert Water / Coachella Valley deliveries

Sales Projections for CY 2008

As of November 20, Sales Forecast is 2,155,000 AF*
 *Includes Interim Agricultural Water Program and Replenishment Cuts

System Operations

System Operations coordinated the delivery of approximately 181 TAF to the member agencies during the month of November. The use of remaining SWP supplies is being closely monitored and adjusted to complement the delivery of water from Metropolitan's storage programs in the Central Valley and delivery of water from surface storage.

Deliveries of SWP to Weymouth, Diemer and Skinner treatment plants were reduced to zero percent as a

response to critically dry conditions in 2008, regulatory restrictions on water exports from the Sacramento-San Joaquin delta to protect the delta smelt, and to prepare for a low initial 2009 SWP allocation from DWR. In addition, West Branch deliveries were minimized. These actions will help preserve some of Metropolitan's storage in Lake Castaic for use in 2009.

Power Operations and Planning

Southern California Edison performed a limited audit of Metropolitan's actions related to the mandatory national electric reliability standards. Metropolitan has been delegated certain tasks by SCE to be performed on the Colorado River Aqueduct. SCE indicated Metropolitan has satisfactorily completed the tasks.

Metropolitan met with a number of Hoover power contractors on November 13 to continue discussions on a new Hoover power contract once the current contract expires in 2017. The Board's ad hoc Hoover

contract group was briefed on November 25.

Metropolitan is discussing amendments to power contracts with the Department of Water Resources and SCE to resolve operational issues that will occur when the California Independent System Operator redesigns the California energy market. The new design is scheduled to be operational February 1, 2009.

Conveyance and Operations

Staff completed inspection and repair of the 230 KV transformer at Gene in preparation for eight pump flow on the Colorado River Aqueduct. Also completed were the repairs to Eagle Mountain Pump Discharge Valve # 6, five-year testing of the 230Kv electrical system for compliance with the North American Electric Reliability Corporation and Western Electricity Coordinating Council Standards, canal dragging as part of the annual maintenance program, preventive maintenance and testing on the Perris Pumpback facility for the upcoming DWR Santa Ana Valley Pipeline shutdown, and the isolation and removal of Palos Verde Reservoir from service due to failure of the floating cover.

Treatment Plants

Please see the Emergency Management section for the effects of November fires on water treatment plants.

CORE ACTIVITY

System Reliability

System Maintenance/Shutdowns

Pre-stressed concrete pipe inspection, mortar repairs and other maintenance work were completed during the Second Lower Feeder shutdown held November 3-8, 2008. Contractor and staff also installed a new mechanical shaft seal in the Rio Hondo Hydroelectric Power Plant to eliminate shaft leakage.



Second Lower Feeder Shutdown – Pipe Inspection

Environmental, Health and Safety

EHS assessed the burn areas around the Diemer treatment plant from a storm water program perspective. Staff recommended that the matting and wattles be replaced on the slopes to prevent erosion, the sprinkler system be replaced, and hydro seeding be conducted as soon as possible.

The Riverside County Fire Authority approved the Lake Mathews forebay hypochlorite tank farm installation based on fire code regulations. This chlorination system is part of the Quagga Mussel Control Program.

On November 4, the Los Angeles Regional Water Quality Control Board (Control Board) held a stakeholder meeting on its revised draft permit covering discharges from water supply and distribution systems in Los Angeles and Ventura counties, including flushing and dewatering of pipelines, wellheads, and fire hydrant testing. Based on questions and

comments received from the nearly 80 attendees, Control Board staff will be revising the draft permit for consideration in 2009. Once the permit is approved, Metropolitan will need to submit Notices of Intent for coverage under the general permit.

Training team staff will be conducting monthly training classes covering general safety topics at the Weymouth facility. The purpose of this training is to provide regular classes scheduled for new employees in an effort to complete all of their general safety training in one location, and will also allow other Metropolitan employees to attend sessions missed in the past. These classes will be broadcast on the video conference system to reduce the amount of travel required.

CORE ACTIVITY

System Reliability

Emergency Management

On November 13, 2008, Metropolitan held a district-wide, Operation California Rolling functional exercise, as part of Golden Guardian 2008. This was a state-wide exercise using a scenario developed by United States Geological Survey and CalTECH based on a 7.8 earthquake on the Southern San Andreas Fault. The scenario included loss of all telecommunications for the first two hours, with the exception of the two-way, amateur, and Microrover radio and antennas systems. This was the first major exercise that included the new Headquarters Incident Command Center. It also included extensive analysis from Engineering to apply technical data from U.S. Geological Survey to Metropolitan for the estimation of possible damages. Information Technology staff participated in the exercise by mobilizing the IT Incident Command Post and simulated the activation of the disaster recovery site. Staff conducted simulations of the IT Incident Response and Recovery procedures needed to recover critical IT systems and coordinated with the Business Incident Command Center and Emergency Operation Center. The exercise included a district-wide drop, cover, and hold-on drill. Emergency Management will provide an After Action Report to document the findings

On November 15, staff activated the Jensen and Diemer Incident Command Centers and the Emergency Operations Center in response to the Sayres (Sylmar) and Freeway (Corona and Brea) fires. The Sayre Fire burned brush along Jensen's plant perimeter and at

Magazine Canyon. At the plant, the majority of the sloped landscape, along Balboa Blvd, burned with the exception of some trees. At Magazine Canyon shaft, perimeter fence and construction materials sustained damage. Staff will be identifying repairs needed such as slope stabilization, fence repairs and cleanup of the construction support materials.

Orange County Fire Authority sent a strike team of five fire engines and 22 firefighters to the Diemer plant before the fire swept through; they remained on site afterward to put out any embers that flared up. Unit Managers and Operations Team Managers at both plants went to the sites to manage operations, and managers throughout Water System Operations were involved in oversight of the incident throughout the weekend. Diemer plant staff, including contract security, was pulled back to the administration building due to the fire danger. There were no injuries to staff. The distribution system and the treatment plants sustained minor damage, but none that affected the ability to provide treated water.

The Freeway Complex Fire burned westward from Corona past the Diemer Plant. Slopes on the east, southeast, north, northwest and west sides of the plant were burned. Fire damage was primarily limited to the vegetation and irrigation systems on those slopes. Other minor landscape damage occurred to trees, grass, and brush on the east side of the plant near the finished water reservoir and east wash water tank. The fire destroyed the above-ground pipes and fiber optic communication lines to the lagoons and the solids handling area. Power to the lagoon area was isolated by SCE during the fire, and was restored on November 18. Engineering Services and plant personnel continue to survey the plant for any additional damages and to establish an action plan for repairs, slope restoration and erosion control. Both plants provided treated water that met all standards throughout this challenging event. Due to the falling ash, Water Quality staff conducted additional tests for taste and odor. Taste and odor was found acceptable in the source and finished waters. The fire also reached and disabled communications lines for Metropolitan's Santiago Control Tower. Staff responded by controlling flows through the nearby Olinda Pressure Control Structure.



Robert B. Diemer Treatment Plant

CORE ACTIVITY

Water Quality

Bromate

The Mills and Jensen plants are utilizing acid addition at the plant influent to minimize bromate formation from ozonation. The bromate levels at Mills ranged from 7.0 to 7.1 µg/L and at Jensen the average value was 6.6 µg/L during the first two weeks of November. Both plants are below the MCL of 10 µg/L.

Total Dissolved Solids

The blend plants (Weymouth, Diemer, and Skinner) continue to treat higher blends of Colorado River water resulting in higher levels of Total Dissolved Solids (TDS). The latest TDS results from October for Weymouth,

Diemer, and Skinner Water Treatment Plants are 623, 619, and 576 mg/L, respectively. All three plants are currently above the operating goal of 500 mg/L TDS as an annual average.

Taste and Odor

There is a benthic MIB producing blue-green algal bloom in Lake Perris. The lake was treated with copper sulfate on November 6 and 13. MIB levels have decreased from as high as 50 ppt (prior to treatment) to approximately 20 ppt. Levels are expected to continue to decrease as the algal bloom decreases. Staff will continue to monitor for MIB in preparation for using the Lake Perris water at the Mills plant on December 3.

Perchlorate

On November 6 staff submitted a comment letter on the U.S. Environmental Protection Agency's recent Preliminary Regulatory Determination not to establish a drinking water standard for perchlorate. Metropolitan urged EPA to provide sufficient health advisory language to protect sensitive subpopulations and provide clean-up guidance and support for localized perchlorate contaminated sites.

Quagga Mussel

Quagga mussels were detected in the Weymouth plant basins. Dead mussels were found in the sediment and some dead, attached mussels were also found on the basin surfaces. The Weymouth plant had switched to influent chlorination last month which contributed to the control of the mussels. Mussels were also detected at the Diemer plant influent in October 2008.



November 15, Joseph Jensen Treatment Plant

CORE ACTIVITY

Business Processes and Operations

Business Outreach

Disabled Veteran-Owned Business Veteran's Day Program

Metropolitan Director Bud Pocklington was the featured speaker at a Veteran's Day Program on the U.S.S. Midway in San Diego. The event was held to honor Service Disabled Veteran business owners and the corporations and government agencies that support them.

Metropolitan Veterans Oscar Yanez, David Cole, and Juliet Jackson honored at Business Outreach sponsored State of California DVBE Veteran's Day Program

On November 7, Metropolitan employees and veterans Oscar Yanez, David Cole and Juliet Jackson were honored at a Veteran's Day program hosted by the State of California's Disabled Veteran Business Enterprise Alliance (DVBE). The alliance is composed of 900 certified DVBEs. Oscar Yanez served in the army

during 'Operation Iraqi Freedom' and is currently a Sergeant in the Army Reserve, David Cole is a U.S. Navy Commander, and Juliet Jackson served in the Army.

Governor's Conference on Small Business and Global Entrepreneurship

President-elect Barack Obama addressed the Governor's Conference on Small Business and Global Entrepreneurship that gathered California's most innovative entrepreneurs and small business leaders together to create a forum for ideas, inspiration, and practical solutions that will drive the state's entrepreneurial economy forward into its next era of prosperity. The conference was divided into different caucuses that addressed current issues in the state that have an impact on small businesses.

Update IT Strategic Plan

Finalized Contract for Headquarters Technology Upgrade

The Headquarters Technology Upgrade project will upgrade audio, video and information technology-related equipment in the main board room and committee rooms in Metropolitan's headquarters building. During the period, the contract with the selected vendor was approved by Metropolitan.

Security

Staff visited three local area utility operations centers in conjunction with ongoing efforts to improve design, layout, and functionality of Security Watch Center.

Staff assisted Water System Operations with answers to security inspection questions associated with an upcoming field visit by an inspector from the Federal Energy Regulatory Commission. The inspector will be supplementing his routine inquiries with security questions.

CORE ACTIVITY

Real Property Management

Real Estate Activities

An easement was conveyed to the City of Riverside for a sewer line crossing over a portion of Metropolitan's Box Springs Feeder right-of-way.

Recreational Facilities

Due to receding water levels at DVL, private boat launches were indefinitely suspended on October 13. The marina and Lakeview Trail remain open to the public for boat rentals, hiking, biking, and a newly expanded shoreline fishing area.

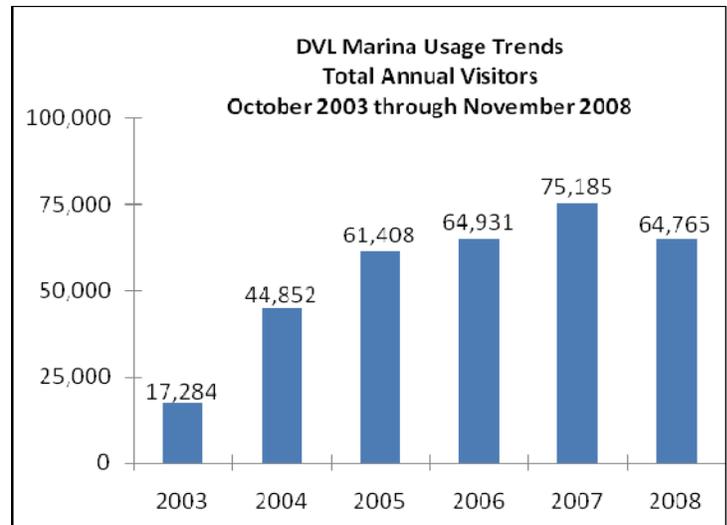
Real Property Activity Related to Future Water Infrastructure

A cost study was completed for the West tunnel alignment of the San Diego Pipeline No. 6 South Reach. Additionally, a right-of-way construction cost/impact analysis is underway for certain properties within each of the four alignments being studied.

Diamond Valley Recreation Program

Appropriation Budget	
Approved distributed funds	\$68.9 M
Undistributed funds	\$23.9 M
Total Appropriation	\$92.8 M
Surplus Property Sales*	\$ 4.7 M
Estimated expenditure as of 10/31/08	\$64.1 M

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



Leases, Licenses and Entry Permits

A lease was granted to Magnon Companies for the construction and maintenance of landscaping and secondary parking over a portion of Metropolitan's Box Springs Feeder right-of-way. This lease neighbors an adjacent industrial development and is located near the intersection of Sycamore Canyon Boulevard and Eastridge Avenue in the City of Riverside.

The University of Southern California Marching Band was granted permission to hold a pep rally in Metropolitan's newly renovated Courtyard. This is an annual event featuring a train trip on Amtrak's Coast Starlight originating from Union Station, and includes en route train stops and rallies as the passengers travel to their final destination. This year the "USC Train" travelled to Stanford University located near Palo Alto for the USC vs. Stanford football game.

CORE ACTIVITY

Capital Investment Plan

Contracts Summary

Ongoing Contracts

27 construction contracts and 4 related procurement contracts were ongoing through October. The total bid amount of these contracts is \$982 million.

October's Construction Payments

Approximately \$13 million in contract payments were made in November for construction performed in the month of October. Nearly \$4 million were related to work at the Skinner plant, including the ongoing construction of ozonation facilities, and Washwater Reclamation Plant 3. Almost \$5 million were expended on the Arrowhead Tunnels construction. Nearly \$1 million were expended on the north reach of the Perris Valley Pipeline.

Total projected capital expenditures for the 2008/09 fiscal year were originally estimated to be at \$468 million; however, given the latest construction progress and the challenging financial market conditions, staff's current estimate for the fiscal year is approximately \$405 million. As a result of the recent financial market conditions, if a project can be delayed for a year

without affecting water quality or reliability to an unacceptable risk level, staff will recommend that the Board defer that project. Staff provided a letter to the Board on the subject at the November Committee and Board meetings.

Significant Contracts

Arrowhead East Tunnel

In November, staff completed discussions with the city of San Bernardino to secure a transportation permit to haul the reinforced concrete cylinder pipe from Metropolitan's Etiwanda Reservoir to the Strawberry Canyon portal site. A total of nearly 30 pieces of pipe have

been successfully transported, and four pipes have been installed in the tunnel at the City Creek portal. Staff is working to secure a long-term hauling permit that will allow up to 12 segments to be transported per day.

Arrowhead West Tunnel

In early November, the contractor completed clean up of the tunnel and began mobilizing equipment to receive and install the reinforced concrete cylinder pipe for the West Tunnel. At the Devil Canyon portal, the contractor continued construction of the vault/lift-out structure located just outside the entrance to the portal. Installation commenced on the initial 70 feet of steel liner

located at the Devil Canyon portal, and work began on the portal access structure.

Other Contracts

Skinner Treatment Plant Oxidation Retrofit and Washwater Reclamation Plant No. 3 is approximately 94 percent complete. At the Jensen treatment plant, a project for chlorine containment, unloading and handling remains approximately 98 percent complete. The Perris Valley Pipeline, North Reach is 87 percent complete. Construction of two additional Ozone Contactors at the Mills treatment plant facility is 68 percent complete.



Arrowhead West Tunnel

CORE ACTIVITY

Capital Investment Plan/Supply and Delivery Reliability

Perris Valley Pipeline

Perris Valley Pipeline: This 96-inch diameter pipeline will be approximately six and a half miles long, extending east and south from the Mills plant to provide service to Eastern Municipal Water District and Western Municipal Water District of Riverside County. Recent activities include the following:

North Reach The contractor has installed approximately 13,676 feet of pipe (99 percent) through November and the overall project is approximately 90 percent complete. Remaining work involves pipe lining; backfill of the tunnel boring pit; construction of air release, vacuum valve, and blowoff structures; and street restoration. The contractor is currently projected to complete the work approximately 120 days behind schedule. Liquidated damages are now being assessed due to the contractor's failure to meet the contract milestone. Water delivery is scheduled to commence by early February 2009.

South Reach The contractor has mobilized and started pipe installation. South Reach construction is scheduled to be completed by late 2009.



Perris Pipeline—Installation of T-Section

Workforce Effectiveness

Benefits

Activities throughout the month, included:

- Finalized Open Enrollment Elections/Changes in My HR. Confirmation Statements are scheduled to be interoffice mailed the first week of December.
- Hosted the Fall 2008 Service Awards Luncheon at Pomona Valley Mining Company on November 5 that honored 42 employees with 20+ years of service. There were a total of 130 in attendance, which included guests of honorees, immediate supervisors, executive staff, board members and staff coordinating the event.
- Conducted four site visits for all desert facilities (Gene/ Intake, Iron, Eagle, and Hinds) with Reality Investing.

Risk Management

The Risk Management Unit completed a projected 75 incident reports communicating instances of Metropolitan property damage, liability, workplace injuries, regulatory visits and spills.

Risk Management completed a projected 80 risk assessments on contracts including professional service agreements, construction contracts, entry permits, special events and film permits.

CORE ACTIVITY

Workforce Effectiveness

Apprenticeship Program

One of the Apprenticeship Program goals includes expansion into Skills Development training for journey-level personnel. Early efforts in this area involved offering open seats in apprentice courses to interested non-apprentice employees. The first round of Skills Development training designed specifically for journey-level persons began this month. A Programmable Logic Controller course was offered to both Electronic Techs and Electricians at the Skinner treatment plant in anticipation of new technology associated with the plant's ozone equipment and the plant expansion.

HR Information System

Activities throughout the month, included:

- Continued to work on the implementation of the Enterprise Learning Management module.
- Researched improved performance management systems.
- Researched options for cost-saving measures/ suggestions.

Recruitment

Twenty-two recruitments were successfully completed this month (13 Jr. Engineer and 9 Pre-Apprentice positions). The number of current open recruitments to date in November is 47 recruitments.

The Temporary Labor Program Audit findings were reported to the Board as satisfactory.

Training

Actions and activities associated with the Training and Organizational Effectiveness team, include:

- Training and Organizational Effectiveness staff moved from the tenth floor to the second floor. Consolidated supplies, space and other resources will result in efficiency and cost-effectiveness of customer support of training and development.
- Staff conducted informal assessment of training/learning needs in various workgroups as well as continued to provide coaching for managers and transition support for new managers.
- Ten new employees participated in Day 1 Orientation and 15 attended Day 2 training.
- Staff delivered *Ability to Change* modules at the CRG Leadership Forum for all CRG managers, based on the "Who Moved My Cheese" book and video, and presented on *Managing Tomorrow from Today: Workforce Planning and Succession Management* and on *Conveying a Sense of Urgency*.

Classification /

AFSCME Class Study: During the month of November, HR staff assembled the data gathered from employees and their supervisors during the AFSCME Class Study focus groups. That data is now ready to be shared with the managers who have been designated as Group Primary Contacts. Working with the Primary Contacts and AFSCME, HR will begin the actual drafting of job descriptions over the next three months.

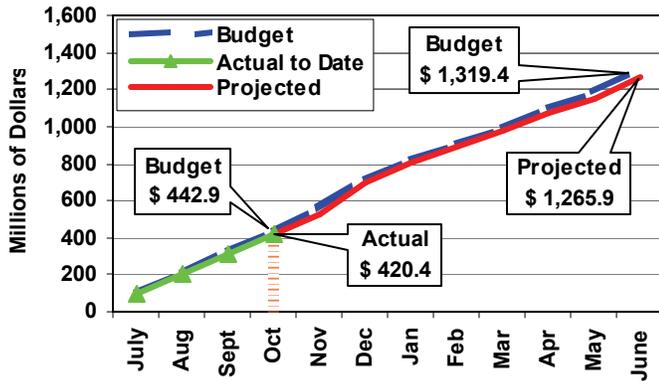
Worker's Compensation

Activities throughout the month, included:

- Reviewed 55 incident reports and conducted initial investigations for 12 injury-related incidents; resulting in 10 new workers' compensation claims being filed with the claim administrator.
- Monitored medical status on 20 disability claims and 14 modified duty claims and coordinated return-to-work in 8 cases. Obtained settlement authority for 3 claims; finalized settlements in 2 claims. Reviewed 109 claims on diary, closed 14 files.
- Participated in disability coordination meetings with Benefits, and claim coordination meeting with Employee Relations and Legal. Updated disability management database. Handled one specific request for accommodation/equipment; provided ongoing coordination on four other disability accommodation claims.
- Attended Medical Emergency Training and Accident Repeaters Effective Approaches web seminar.

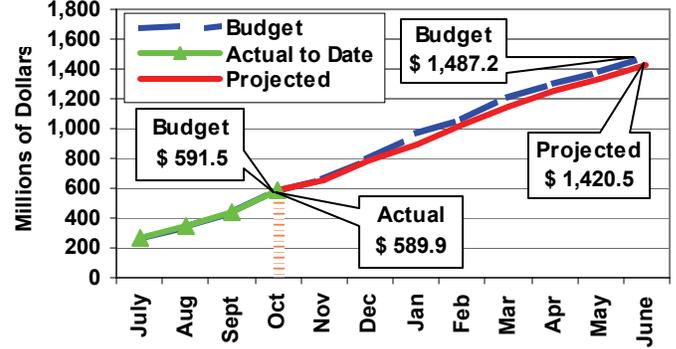
Finance as of October 31, 2008

Receipts are expected to be \$54 million under budget by year end, mainly due to lower water sales, CRA power sales and interest income.



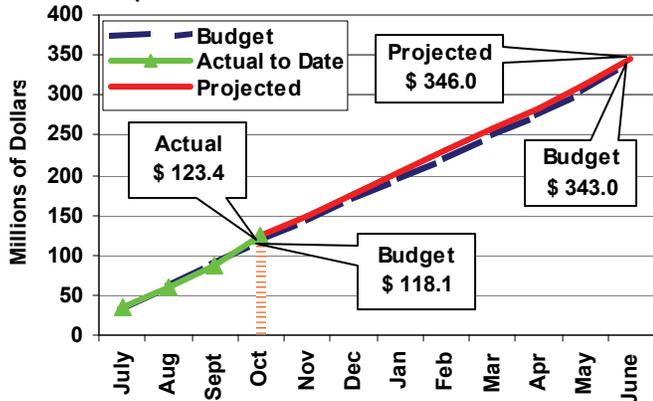
Excludes Bond Construction and Other Trust Funds Activity

Expenditures are expected to be \$67 million under budget by year end, mainly due to lower SWP power costs, water supply costs and debt service payments.

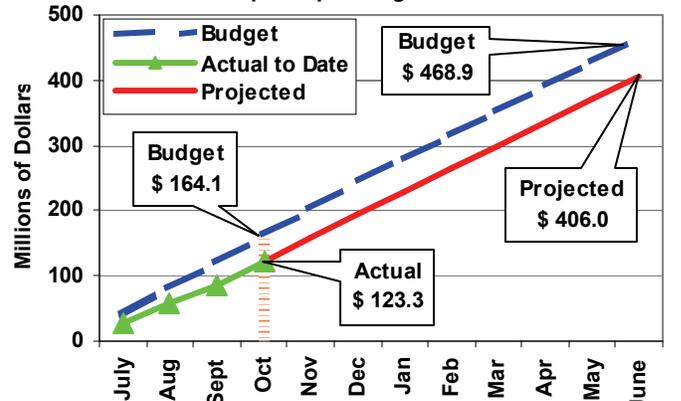


Excludes Bond Construction and Other Trust Funds Activity

O&M expenditures are expected to be \$3 million over budget at year end due to Cargill legal expenses.

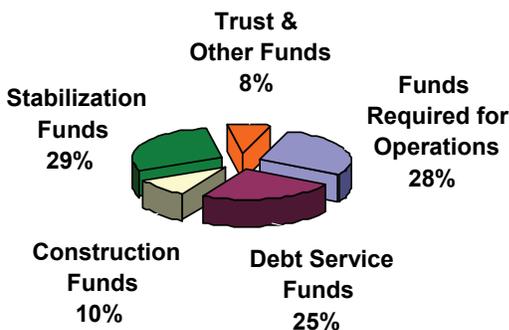


Construction costs are expected to be \$63 million under budget at year end, mainly due to the deferral of capital spending.



Cash and Investments

\$ 845.4 million



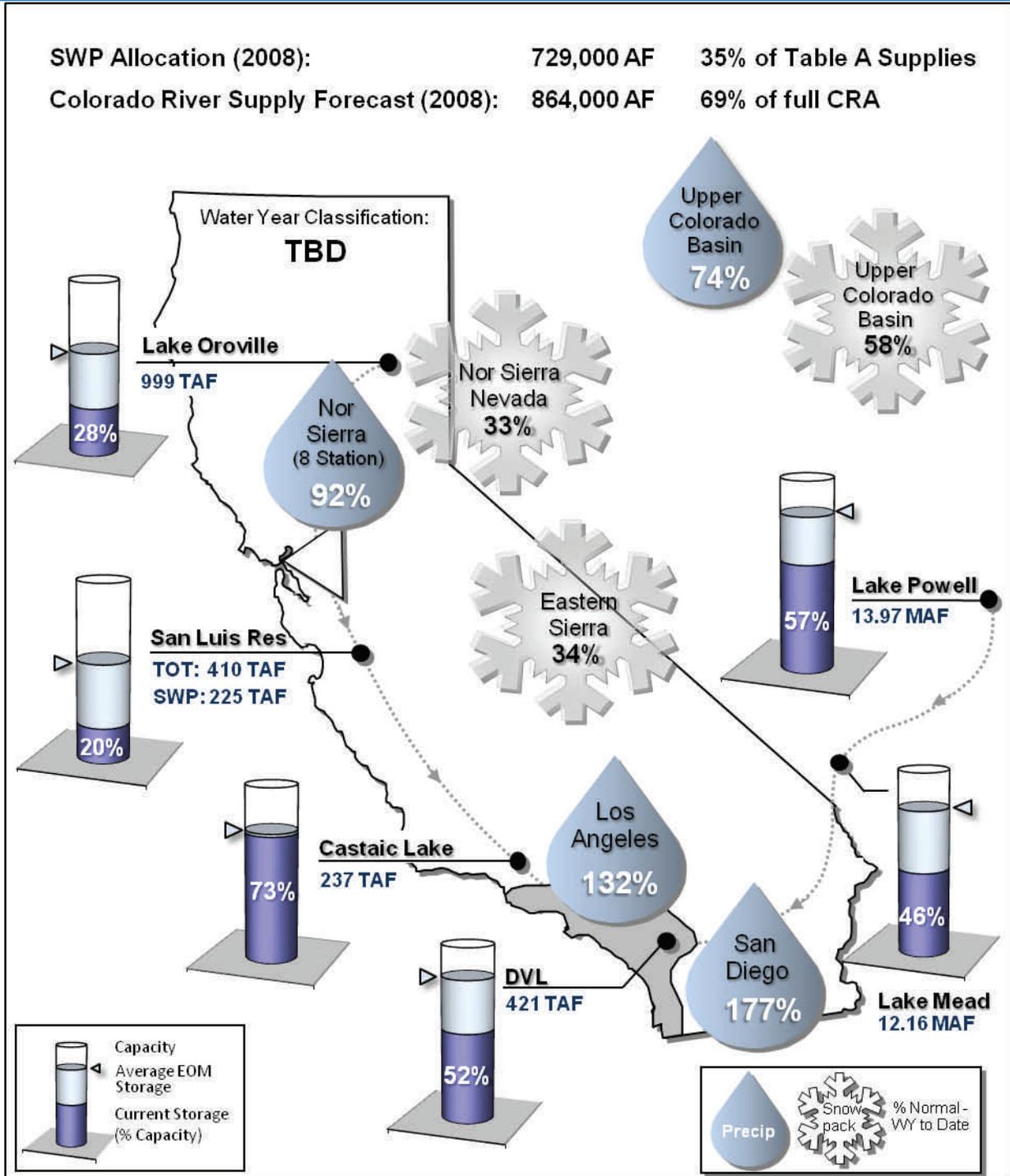
Summary Financial Statistics

	Target	Actual
Fixed Charge Coverage	≥ 1.20 x	1.12 x
Revenue Debt Service Coverage	> 2.00 x	1.49 x
Revenue Bond Debt / Equity Ratio	< 100.0%	71.1%

Credit Ratings

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

Water Supply Conditions



The Metropolitan Water District of Southern California



700 No. Alameda Street
Los Angeles, CA 90012

General: 213 217-6000

Office of GM: 213 217-6139

E-mail: OfficeoftheGeneralManager2@mwdh2o.com

General Manager Jeffrey Kightlinger

Metropolitan's Mission is to provide its service area with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way.

About Metropolitan

The Metropolitan Water District of Southern California is a consortium of 26 cities and water districts that provides drinking water to nearly 19 million people in parts of Los Angeles, Orange, San Diego, Riverside, San Bernardino, and Ventura Counties.

Statement of Values

In pursuit of "Excellence" as responsible stewards, Metropolitan is committed to the following values:

- Integrity
- Stewardship
- Open Communication
- Diversity
- Leadership
- Teamwork

Metropolitan Standing Committee/Board Meetings 2009

January 12 & 13

February 9 & 10

March 9 & 10

April 13 & 14

May 11 & 12

June 8 & 9

July 13 & 14

August 17 & 18 (Adjourned, Tax Levy, Tentative)

September 14 & 15 (Adjourned, Tentative)

October 12 & 13

November 9 & 10

December 7 & 8

www.mwdh2o.com
www.bewaterwise.com