

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

## **Summary**

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The attached report details the activities of the Office of the General Manager for the month of December 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

- Bay-Delta Solutions
- Sustainability
- 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**

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General Manager's Monthly Activity Report

## The Metropolitan Water District of Southern California

# General Manager's Monthly Activity Report—December 2008

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## STRATEGIC PRIORITY

### Bay-Delta Solutions

#### Near- and Long-Term Solutions

**Delta Vision** - The cabinet-level Delta Vision Committee held its final meeting on December 16. The Committee reviewed the Delta Vision Blue Ribbon Task Force Strategic Plan and recently provided recommendations to the Governor and Legislature. The Delta Vision Committee made strong recommendations on the need for improved Delta conveyance and storage, and utilization of the current water rights system to ensure stability. Issues that are expected to become a focus for legislation in 2009 include water conservation, governance and State Water Resources Control Board authority issues. Staff will be providing a summary of the report to the Board.

### Sustainability

#### Decrease Consumption of Non-renewable Energy/Fuels

Staff completed an upgrade of videoconferencing with systems available in 19 locations at 13 facilities including Sacramento and Washington, DC. From July through November, it is estimated that Metropolitan reduced automobile travel over 68,000 miles and associated travel time by 1,100 hours. This represents an estimated savings of \$158,000 and 24 metric tons of carbon dioxide.

Finalized Green Procurement Guidelines that will be implemented in January. Guidelines are intended to assist Metropolitan in purchasing products that minimize environmental impacts and greenhouse emissions, toxics, pollutions, waste and hazards to workers and community.

### High Performance Workplace

#### HR Practices / Processes

Human Resources expanded recruiting capabilities to identify talent for Metropolitan job openings using a state-of-the-art Internet-based recruitment tool. Recruiters are now able to quickly find and match qualified candidates, broaden external exposure of Metropolitan job postings as well as reduce advertising costs through the **Jobfox** recruitment sourcing services.

#### Labor Negotiations

HR initiated meetings with Union Leadership together with the General Manager and Chief Administrative Officer to discuss business challenges and economic environment.



## CORE ACTIVITIES

### Board of Directors & Member Agencies

#### Legislative Update

Dec. 9: Staff coordinated and conducted a meeting with the Western Education Advisory Council at Western MWD.

Dec.10: Staff provided a Diamond Valley Lake presentation to member agency inspection trip planners.

Dec.11: Staff coordinated and conducted a meeting with Eastern MWD staff regarding the Perris Valley Pipeline.

### Legislative and Community Relations

#### State Legislative Update

Budget/Special Session: On December 1, Governor Arnold Schwarzenegger convened two simultaneous special sessions to address the current budget and economic crisis in California. Components of the Governor's economic stimulus plan include lending reforms and programs to help homeowners retain their homes; job stimulation, partly utilizing existing bond dollars; and revisions to unemployment benefit program.

Committee Assignments: Senate President Pro Tem Darrell Steinberg (D-Sacramento) announced the committee chairs for the 2009/10 Legislative session. In the natural resources/local government policy areas, the chairs include:

- Sen. Christine Kehoe (D-San Diego): Senate Appropriations Committee
- Sen. Denise Ducheny (D-San Diego): Senate Budget and Fiscal Review Committee
- Sen. Alex Padilla (D-San Fernando Valley): Senate Energy, Utilities and Communications Committee
- Sen. Joe Simitian (D-Palo Alto): Senate Environmental Quality Committee
- Sen. Patricia Wiggins (D-Santa Rosa): Senate Local Government Committee
- Sen. Fran Pavley (D-Agoura Hills): Senate Natural Resources & Water Committee
- Sen. Lou Correa (D-Santa Ana): Senate Public Employees and Retirement Committee

#### Local Government Update

Dec 12: Staff briefed the Beverly Hills/Greater Los Angeles Association of Realtors. Subjects discussed included California's current water conditions and Metropolitan's 2009 legislative agenda.

#### Extraordinary Conservation Outreach

Staff briefed Richard Lambros, Chief Executive Officer for the Building Industry Association of Southern California and others regarding water conservation programs, proposed ordinances, Metropolitan's Draft Model Water Conservation Ordinance, the Statewide Model Landscape Ordinance and related issues.

## CORE ACTIVITIES

### Legislative and Community Relations

#### Education

Activities throughout the month included:

- Staff conducted the annual “Water is Life” Student Art Exhibit and Recognition Ceremony at Metropolitan’s Headquarters. Over 120 were in attendance, including most of the 36 student artists, their teachers, some principals, family members, other guests and sponsoring member and retail agency staff. The new 2009 Student Art “Water is Life” calendar was debuted at the event. Director Al Lopez, Western MWD, attended and extended his congratulations to the students.
- Staff conducted the first of two Technical Workshops at Metropolitan’s Headquarters. Twenty-five teams attended including all seven rookie teams. Staff, in collaboration with the new Technical Advisory Team from Occidental College, conducted workshops regarding electrical and mechanical aspects of Solar Cup. Additionally, sessions regarding technical reports/project planning and Web resources were also conducted. A second workshop, mandatory for all 35 teams, will be held on January 31.
- Employees attended and staffed an exhibit booth at the LA Youth Environmental Education Conference on December 12. Conservation education activities and handouts were provided to more than 900 students. Additionally, Roosevelt High School’s Solar Cup team attended and was featured.
- Staff conducted eight field trips for nearly 300 grade school students from the Hemet, Romoland and Lake Elsinore Unified School Districts.

#### Community Outreach and other Events

Activities throughout the month included:

- An External Affairs team staffed an exhibit at the Colorado River Water Users Association annual conference in Las Vegas.
- A California Friendly Landscape Training Program class was held for more than 25 homeowners and professional landscapers.
- Staff participated in the Western Riverside Council of Governments Youth Environmental Conference at the DVL Visitor Center.
- Staff coordinated and conducted an inspection trip of the West Dam and DVL Visitor Center for representatives from the Golden West College Apprentice Program, sponsored by the Municipal Water District of Orange County.
- Staff coordinated and conducted a meeting with city of Monterey Park staff regarding the Garvey Reservoir operational and property management issues.
- Staff coordinated and conducted a meeting with three newly elected members of the Hemet City Council.
- Staff participated in the city of Hemet’s holiday event for 1,000 guests at the DVL Visitor Center and Western Center.
- Staff coordinated and conducted a presentation for the Menifee emergency service director regarding DVL Dam Safety.

#### Media

Activities throughout the month included:

- Issued press release and arranged for media interviews responding to U.S. Fish and Wildlife Service’s new biological opinion regarding Delta smelt.
- Issued press release and advisory for Student Art Exhibition for 2009 Water Conservation calendar.
- Drafted op-ed pieces for board members and member agencies highlighting the water supply and delivery challenges including those posed by the ongoing drought and restrictions in the Delta. Expected to run December and January.
- Worked with several reporters on various stories regarding water supply, delivery, conservation and other topics. This included New York Times interview with Assistant GM Debra Man; San Diego Union-Tribune interview with General Manager Kightlinger regarding Colorado River quality and other interviews with San Gabriel Valley Tribune, San Bernardino Sun, Time-Warner cable, Los Angeles Times.

## CORE ACTIVITIES

### Water Supply / Colorado River

**Pechanga Band of Luiseño Indians Agreement** - The Pechanga Band of Luiseño Indians and the Rancho California Water District announced on December 17 an agreement on a framework that would resolve the Pechanga Band’s longstanding claims to water rights in the Santa Margarita River Basin. The framework was developed with Metropolitan and the Department of the Interior’s assistance. The framework agreement would provide the Pechanga Band with rights to water that are equal to those that were set forth in the original federal court Fallbrook Decree. The Pechanga Band would receive water from the Wolf Valley Basin and other sources, including water proposed to be sold by Metropolitan to the United States. The Pechanga Band has also agreed to provide a portion of the settlement contribution that they expect to receive from the federal government to the Rancho California Integrated Resource Plan Project. This could result in \$10 million to \$20 million in federal funds for the project. The agreement would also permit Rancho California to supplement its water supplies in dry years.

**Additional Colorado River Supplies** - Metropolitan has received approval from the Bureau of Reclamation to divert a total of 45,000 AF of unused Nevada

apportionment for storage, 41,405 AF of Intentionally Created Surplus water created in 2006 and 2007, and 34,000 AF of water available due to Metropolitan’s participation in the Drop 2 Reservoir Project. The recent storms over Southern California in December has resulted in unused agricultural water that has allowed Metropolitan to increase diversion to over 903 TAF, while reducing its take of Intentionally Created Surplus from Lake Mead by up to 20 TAF.

**Tijuana Emergency Delivery Agreement** - Metropolitan, San Diego County Water Authority, Otay Water District, U.S. Bureau of Reclamation and the U.S. International Boundary and Water Commission finalized Amendment No. 1 to the Tijuana Emergency Delivery Agreement, which would extend the emergency delivery agreement through 2013.

**Following Program** - As part of the Palo Verde Following Program, Metropolitan’s Board authorized funding for community improvements in the PVID service area. At the request of the Palo Verde Valley Community Improvement Fund Board, Metropolitan transferred the remaining balance of approximately \$6,070,000 to their account on December 30, 2008.

### Water Supply / CALFED/Bay-Delta

**Conservation Strategy** - For its December 19 meeting, the Steering Committee unveiled an overview of the Draft Conservation Strategy for the Bay-Delta Conservation Plan. This document provides an overview and synopsis of the draft proposed Conservation Strategy, including core components identified as being the cornerstone actions of the BDCP. It is intended to enable the Steering Committee to confirm a number of the key components of the draft Conservation Strategy as they now stand and thereby help guide the remaining work that is necessary to complete a proposed conservation plan by June 2009. Staff’s work over the next month will focus on further defining the conservation actions, developing operations criteria, and continuing the development of a governance structure for the implementation of the BDCP.

### Water Supply / Current Reservoir Storage

	As of 12/29/08 <u>Storage</u>	End of Month <u>Forecast</u>
Lake Mathews	70,600 AF	74,000 AF
Lake Skinner	34,400 AF	36,000 AF
DVL	410,000 AF	410,000 AF
Lake Perris	70,300 AF	70,000 AF

## CORE ACTIVITIES

### Water Supply / Conservation

**California Friendly® Turf Removal Pilot Program** – Metropolitan executed a \$2 million grant agreement with the Department of Water Resources under the 2008 Water Use Efficiency Proposition 50 Urban Drought Assistance Grant Program. In addition to grant funds, Metropolitan’s \$5 million cost share will provide \$1 per square foot incentive to remove approximately seven million square feet of turf for about 2,000 homes and 300 commercial or institutional properties. The turf removal incentive will provide a potential water savings of 6,750 acre-feet and is expected to begin in January.

**Recycled Water** - Staff provided comments to the State Water Resources Control Board regarding the proposed recycled water policy. Metropolitan’s comments were supportive and generally consistent with those of the California Urban Water Agencies, the Association of California Water Agencies, the California Association of Sanitation Agencies and the WaterReuse Association. The proposed policy holds promise to make permitting recycled water projects more expeditious and user friendly. In addition to support, Metropolitan’s comments focused on conforming with CalEPA’s Bill of Rights for Environmental Permits, and other technical suggestions to reinforce the objectives embraced in the new policy.

**Adopted BMPs** - The California Urban Water Conservation Council, at its December Plenary meeting held at Metropolitan’s headquarters, adopted the newly constituted BMPs (best management practices) for urban water conservation. Metropolitan voted in support, consistent with the Board’s direction. Metropolitan’s representative to the Steering Committee, Tim Blair, was elected for a new two-year term.

**Draft Model Ordinance** - Staff provided comments to the Department of Water Resources regarding the state’s draft model ordinance for landscape irrigation, which is expected to become effective this summer. Metropolitan’s comments were mainly technical in nature regarding how to handle recycled water irrigation, ornamental water features and swimming pools, and suggested linking certification of landscape irrigation auditors to the EPA WaterSense program. Upon issuance of the model ordinance, local agencies must adopt standards at least equal to the water saving provisions of the state ordinance by January 1, 2010.

## System Reliability

### Water Demands

Water Sales Cash Year 2008-09 (May-April)  
 2,104,000 AF Current Sales Projection  
 2,151,000 AF Budget Sales Projection  
 -47,000 AF Difference

### Current Sales / Deliveries

December Sales Estimate 120,000 AF  
 December Delivery Estimate 121,000 AF\*\*

\*\* excludes Desert Water / Coachella Valley deliveries

### Sales Projections for CY 2008

As of December 10, Sales Forecast is 2,113,000 AF\*  
 \*Includes Interim Agricultural Water Program and Replenishment Cuts

## CORE ACTIVITIES

### System Reliability

#### System Operations

System Operations coordinated the deliveries of 121,000 acre-feet of water for the month of December; of this amount 46,000 AF was from the State Water Project. The operational strategy of zero SWP blends at the Weymouth and Diemer treatment plants continued due to low SWP supplies.

Pumping on the Colorado River Aqueduct was increased to seven-pump flow on December 22, one week ahead of schedule, due to a forecasted increase in Metropolitan supply resulting from a decrease in demand by California agricultural water agencies prior to the end of 2008. This change is expected to increase Colorado River diversions by about 14,000 acre-feet in 2008.

System Operations and Skinner plant staff have been working together to transfer remote operational control of the distribution system upstream of Lake Skinner (including DVL and the San Diego Canal) to the Operations Control Center at Eagle Rock. This process will bring one of the last remaining areas of the distribution system under centralized operational control and should be completed by the end of January 2009.

Staff continues to work on reopening the lower end of the Palos Verdes feeder with the Palos Verdes reservoir currently out of service due to a tear in the reservoir cover.

#### Conveyance and Operations

Staff is preparing for an eight-pump flow on the Colorado River Aqueduct.

In December, staff conducted ongoing patrols in recently burned areas to verify erosion control measures functioned properly during heavy periods of rain.

#### Treatment Plants

The Weymouth plant maintenance staff began occupying the new Operations and Maintenance building. This building will house approximately 40 mechanics, electricians, and technicians that support the operation of the Weymouth plant.

#### Power Operations and Planning

On December 15, Metropolitan submitted an update to the Western Area Power Administration for the CRA Power Integrated Resource Plan. The plan and the annual updates are required under Metropolitan's existing Hoover power contract.

At the end of December, Metropolitan reviewed its conformance to the national, mandatory electric reliability requirements for calendar year 2008. These requirements are being developed as a result of the 2005 federal Energy Policy Act. Metropolitan determined and certified its compliance with the requirements for the Transmission Owner and energy Purchasing-Selling Entity functions. Metropolitan also reported its compliance with delegated tasks from Southern California Edison for the Transmission Operator and Transmission Planner functions.

#### Emergency Management

Emergency Management staff reviewed After Action Reports from all Incident Command Centers and comments received in Emergency Operation Center evaluations for the Golden Guardian 2008 exercise conducted in November. The information will provide the basis of the comprehensive After Action Report including recommendations for improvements.

#### System Maintenance/ Shutdowns

A three-day shutdown began on December 3 on the Box Springs Feeder, which feeds the Henry J. Mills Treatment Plant. This shutdown allowed the Department of Water Resources to install a roll-out bulkhead section on the Santa Ana Valley Pipeline so that Metropolitan can pump back water from Lake Perris to feed the Mills plant during a 34-day shutdown on the Santa Ana Valley Pipeline. Additional work in December was performed by Metropolitan staff prior to and during the shutdown, including the installation of a 48" butterfly valve for the Perris Valley Pipeline.

Due to lowered State Project Water supplies, the Etiwanda Power Plant is out-of-service from December 8 through December 19 for annual maintenance. [see pg. 7 for picture]

## CORE ACTIVITY

### System Reliability

#### Environmental, Health and Safety

South Coast Air Quality Management District litigation has put a moratorium on the use of priority reserve offset credits for new public agency and small business permits for equipment that is determined to have a net emissions increase of 1 lb/day of Nitrogen Oxides, Sulfur Oxides, Carbon Monoxide, Particulate Matter, or Volatile Organic Compounds. Staff along with Legal is working with the Southern California Alliance of Publicly Owned Treatment Works Association to formulate a strategy to address the issue in the interim.

Staff is working with the Los Angeles Regional Water Quality Control Board (Control Board) on a permit to discharge water from the Palos Verdes Reservoir in preparation for a planned shutdown. An initial order was provided by the Control Board that stipulates conditions that Metropolitan cannot realistically meet. Staff is meeting with the Control Board to resolve issues in an effort to minimally impact the environment and develop a strategy to minimize impacts to discharge operations.

California Air Resources Board issued a fact sheet on December 17 for new regulations that will take effect

January 2009. The regulations are new requirements and deadlines for new emission standards, test procedures, and fleet averaging requirements for equipment with greater than or equal to 25 hp/19 KW off-road Large Spark Ignition (LSI) engines such as LSI engine forklifts, sweepers/scrubbers, and industrial tow tractors. The regulations, which apply to some Metropolitan equipment, include estimated fleet average emission level requirements for medium (4-25 pieces of equipment), and large (> 26 pieces of equipment) fleets that become more stringent over a phased period of time, beginning January 2009, with stricter emission standards for forklift fleets. The imminent initial compliance date to demonstrate adherence to the fleet average emission level standard for large and medium forklift fleets is January 1, 2009.

All annually required Underground Storage Tank Leak Response Plans, Monitoring Plans, Financial Assurance Documents, and Designated Operator Information have been updated and provided to the appropriate Certified Unified Program Agencies.

### Water Quality

#### 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 November for Weymouth, Diemer, and Skinner water treatment plants are 678, 668, and 543 mg/L, respectively. All three plants are currently above the operating goal of 500 mg/L TDS as an annual

#### Taste and Odor

There is a benthic 2-methylisoborneol (MIB) producing blue-green algal bloom in Lake Perris that is continuing to produce levels of MIB between 12 and 15 parts per billion. Taste and odor was acceptable in the other source and finished waters.



Installation of a 48" butterfly valve  
Perris Valley Pipeline

## CORE ACTIVITY

### Business Processes and Operations

#### Update IT Strategic Plan

##### IT is Using New Technology to Shrink Data Center

IT has a project underway to use an advanced software technology to “virtualize” Metropolitan’s data center. Currently, over 200 servers are required to run the wide range of systems required to support Metropolitan’s critical business functions. Staff is continuously looking for ways to keep the data center costs down. In addition to the purchase and maintenance costs, these servers consume over 3,000 kilowatt-hours of electricity per year for power and cooling. One method to reduce costs is through a technique called “virtualization.”

Advanced software technology now enables multiple “virtual” servers to run on the same physical machine at the same time. Metropolitan is currently implementing this technology to consolidate up to 10 virtual servers onto a single machine. Although the project is still underway, IT has already been able to respond to needs for over 20 new servers without having to purchase any new machines. This translates to a reduction in hardware purchases of approximately \$300,000. IT envisions substantial additional cost savings over the next several years from implementing this technology.

##### Continued Deployment of the Fuel Management System

The Fuel Management System will allow Metropolitan to more effectively and efficiently manage fuel inventory. Metropolitan currently tracks fuel usage and fuel inventory information manually. The Fuel Management System will automate the capture of this information. The automated system is expected to reduce costs by eliminating the manual data entry of fueling information by automatically capturing relevant data (vehicle number, amount of fuel dispensed, etc.) at the fuel island and automatically adjusting fuel inventory. The result is an estimated productivity savings of approximately \$180,000 annually with a payback period of approximately six years, once the system is fully implemented. To date, seven of the 12 sites have been equipped with the Fuel Management System. The seven sites are Weymouth, Diemer, Soto Street, Sunset, Jensen, Mills and Skinner.

#### Business Outreach

Metropolitan’s Business Outreach Section partnered with Director Robert Apodaca and Central Basin Municipal Water District to bring The Business Advantage to the local business community. On December 4, 2008, over 200 small business owners attended a morning networking and resource event held at Whittier College. Also in attendance was Director John Murray. The program activities included presentations on Metropolitan Water District, Central Basin’s water conservation program for business, as well as break-out workshops on *Strategies for Professional Service Contracting* and *The Procurement Advantage*.

#### Security

Activities occurring this month include:

- Staff delivered a presentation before the annual meeting of the Association of California Water Agencies in a session attended by Director De Jesus.
- Security, WSO management and staff conducted an annual risk and vulnerability assessment review of Metropolitan’s critical infrastructure.
- Special agents and security managers accompanied plant staff on security inspection tours of three of Metropolitan’s hydroelectric facilities.
- Staff conducted annual sabotage awareness and reporting training now necessary for responders in order to satisfy new Federal Energy Regulatory Commission requirements.
- Staff was involved with evaluating ramifications of new efforts to restrict chlorine use in favor of alternative technologies.

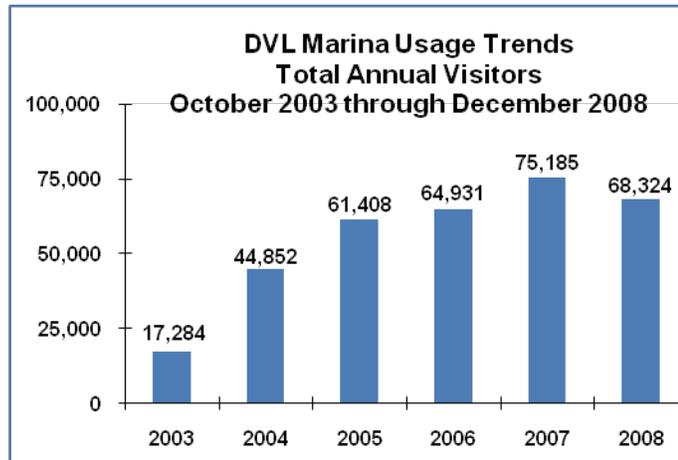
## CORE ACTIVITY

### Real Property Management

#### DVL Visitor Center

A Request For Bid was issued and contract awarded for ongoing janitorial services, resulting in a 47 percent annual savings.

The Visitor’s Center and Western Center for Archaeology and Paleontology hosted an “Old-Fashioned Holiday” event. Cosponsors also included Valley-Wide Recreation District and the DVL marina concessionaire and 974 guests and 20 vendors participated.



#### 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
<b>Estimated expenditure as of 11/30/08</b>	\$64.3 M

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

#### Real Estate Activities

Activities throughout the month included:

- An easement was granted to Eastern Municipal Water District for the operation, maintenance and repair of Eastern’s EM-1 Service Connection in the City of Perris. The connection is along Metropolitan’s Lakeview Pipeline and right-of-way.
- An easement was granted to Inland Empire Utilities District for the operation, maintenance and repair of Service Connection CB-19. CB-19 will help to provide supplemental water deliveries from the Rialto Pipeline (Foothill Feeder System).
- An easement was granted to Southern California Gas Company for the operation and maintenance of a natural gas pipeline that crosses Metropolitan’s Rialto Pipeline and right-of-way. The utility provides service to an adjacent property.
- An easement was granted to City of Riverside for the operation, maintenance and repair of a sewer pipeline crossing the Box Springs Feeder right-of-way and servicing an adjacent development.

## CORE ACTIVITY

### Real Property Management

#### Operate Headquarters Facility

Facility Management renewed the application for the Energy Star certification for 2008. Metropolitan's energy efficiency rating increased by four points over last year to 91 points. A minimum of 75 points is required for certification.

Installation of the California Friendly® landscape and water saving irrigation system in the Headquarters' courtyard area was completed.

#### Real Property Activity Related to Future Water Infrastructure

Real Property activity this month included:

- A replacement pipeline easement was received from Alameda Corridor Transportation Authority for the Palos Verdes Feeder Pipeline.
- An Entry Permit was received from the City of La Verne for the installation of a permanent block wall on the north property line of Weymouth Plant.
- An Encroachment Permit from the city of El Segundo and an Entry Permit from the Los Angeles Metropolitan Transportation Authority were received for temporary outdoor storage of construction equipment to be used in conjunction with installation and improvements to WB-28 Service Connection.
- The construction cost/impact analysis of the identified properties within each of the four potential alignments of the San Diego Pipeline No. 6 South Reach Study was completed.
- Three easements were obtained from Caltrans and recorded providing easement rights for the portion of the Calabasas Feeder Pipeline which was previously relocated by Caltrans.

#### Leases, Licenses and Entry Permits

Leases, Licenses and Entry Permits granted this month include:

- Separate entry permits were granted to LA Care Health Plan Organization and Equestrian Committee of the Pasadena Tournament of Roses. The permits allowed temporary parking at Metropolitan's Headquarters building for events held at Union Station.
- Two entry permits issued to the Inland Empire Utilities Agency were amended to extend the term for the initial construction of Service Connection Nos. CB-14 and CB-20. Inland Empire has also requested two permanent easements for the continuing operation and maintenance of these two Service Connections. Both CB-14 and CB-20 will help to provide supplemental water deliveries from the Rialto Pipeline (Foothill Feeder System).
- An entry permit with San Diego Zoological Society was amended to extend the term and to provide additional study sites near Metropolitan's Robert A. Skinner Water Treatment Plant and the Lake Skinner area. The permit allows for observation, survey, and transfer of a sampling of Stephens' kangaroo rats.
- Two entry permit amendments were issued to Riverside County Transportation Commission to extend the term and to provide additional study sites in conjunction with RCTC's environmental studies for the proposed Mid-County Parkway alternate routes.

## CORE ACTIVITY

### Capital Investment Plan

#### Contracts Summary

##### Ongoing Contracts

26 construction contracts and 4 related procurement contracts were ongoing through December. The total bid amount of these contracts is \$955 million.

##### November's Construction Payments

Approximately \$19 million in contract payments were made in December for construction performed in the month of November. Nearly \$4 million were related to work at the Skinner plant, including the ongoing construction of ozonation facilities, and Washwater Reclamation Plant 3. Over \$7 million were expended on the Arrowhead Tunnels construction. Over \$1 million were expended on 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 \$400 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.

##### Significant Contracts

###### Arrowhead East Tunnel

The city of San Bernardino raised the transportation permit to haul the reinforced concrete cylinder pipe from Metropolitan's Etiwanda Reservoir to the Strawberry Canyon portal

site to nine pieces of pipe per day. In order for the work to proceed on budget and within schedule, daily pipe deliveries will need to be increased to at least 15 per day by late January. Staff will continue to work with San Bernardino to increase the daily delivery limit. The prolonged delay in issuing a transportation permit by San Bernardino has delayed the initiation of pipe lining at the tunnel by nearly ten weeks. The contractor installed 945 feet of pipe in November and another 700 feet in the first few weeks of December. The total length of pipe installed through December 17 is 1,645 feet (7 percent of the tunnel's length).

###### Arrowhead West Tunnel

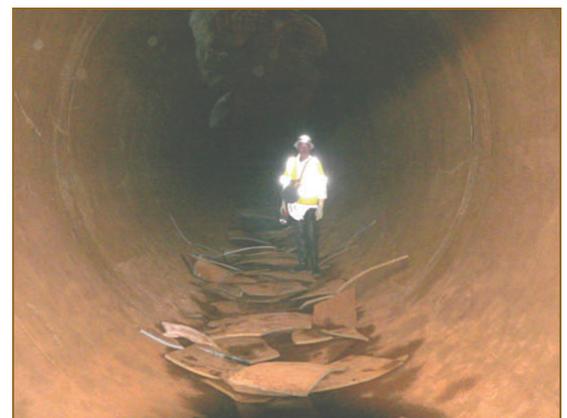
The contractor completed mobilizing equipment to receive and install the

reinforced concrete cylinder pipe for the West Tunnel. Approximately 350 feet of pipe were installed through December 17 via the Waterman Canyon portal. The total length of pipe installed through December 17 is 630 feet (3 percent of the tunnel's length).

##### Other Contracts

Skinner Treatment Plant Oxidation Retrofit and Washwater Reclamation Plant No. 3 is approximately 96 percent complete. At the Jensen treatment plant, a project for chlorine containment, unloading and handling remains approximately 99 percent complete. The Perris Valley Pipeline North Reach is 89 percent complete and the South Reach is 6 percent complete. Two additional Ozone Contactors at the Mills treatment plant is 74 percent complete.

**Etiwanda Pipeline**—During a recent shutdown of the Etiwanda Facility, staff discovered significant damage to the mortar lining in the Etiwanda Pipeline. This pipeline is a 12-foot diameter, 6.5-mile long mortar-lined steel pipeline. Large areas of the mortar lining were found to be missing from the pipeline. Engineering Services staff inspected approximately 1,500 feet of the pipe at the Etiwanda Reservoir, and approximately one mile of the pipe at the north end of the pipeline. Findings in both locations indicate large areas of the mortar lining have delaminated, that long longitudinal cracks are present, and that in some areas the mortar lining has fallen off the crown of the pipe. Staff is preparing to measure the loss of steel due to corrosion in areas where the mortar lining has fallen off. The damaged mortar lining will need to be removed and replaced. Staff is investigating the cause of the mortar lining failure and is preparing recommendations on a repair strategy. The structural integrity of steel pipe is believed to be intact but the lining will need to be repaired during the next shutdown season.



Inspection of the Etiwanda Pipeline

## CORE ACTIVITY

### Capital Investment Plan/Supply and Delivery Reliability

#### San Diego Pipeline No. 6

**San Diego Pipeline No. 6:** Based on the Integrated Area Study completed in 2007, the South Reach of San Diego Pipeline No. 6 is scheduled to be on-line by 2018. An alignment evaluation workshop with San Diego County Water Authority staff is planned for January 2009. The workshop will address ratings and weighting factors for each reach of the alternative alignments being considered. Key criteria to be evaluated include construction and right-of-way constraints, environmental impacts, construction costs, operations and maintenance costs, schedule, and operational flexibility. The final feasibility report will include the results of the workshop along with separate reports prepared by Metropolitan and by San Diego County Water Authority.

## Workforce Effectiveness

### Benefits

Activities throughout the month included:

- Benefits Confirmation Statements were sent to all employees by interoffice mail on December 4.
- Arnerich Massena & Associates, Inc., completed the audit of fees for the 401(k) and 457 Plans. A report and results on the findings will be presented to the Deferred Compensation Committee in January 2009.
- Staff coordinated the distribution of Service Pins for employees with 5, 10, 15+ years of service for 17 recipients for December 2008, and a total of 313 recipients for the entire calendar year. Pins are also provided to Board of Directors with 5, 10, 15+ years of Service. A total of eight were issued to the Board in 2008.

### Training

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

- Eighty six managers participated simultaneously at four locations in an audio conference on *Decrease Liability Through Effective Documentation*. It was facilitated by Training and Organizational Effectiveness and Employee Relations staff at four sites - Headquarters, Weymouth, Mills and Gene.
- *Conflict Resolution* classes were delivered to the Facilities Support Team at Gene and Engineering Services Managers at Headquarters.
- Announced several On-line learning opportunities (including Web-based self-learning through ElementK and PDI/Ninth House) and classroom training sessions available through January 2009 for the workforce and managers.
- Twenty-two employees attended a two-day *Business Writing* class and ten employees participated in the New Employee Orientation Day 2 session.
- Staff delivered a training module on *Effective Performance Appraisals* to the desert facilities managers.
- Continued to deliver coaching support for managers and monitored contracts with outside consultants providing coaching.

## CORE ACTIVITY

### Workforce Effectiveness

#### Apprenticeship Program

Expansion of the program into Journey Level Skills Development received very positive feedback as the first group received in-house training on Programmable Logic Controllers. The class utilized existing resources from the Apprenticeship Program including training simulators and the Mobile Training Unit. The next class is scheduled for the Weymouth facility in January. Class sites are being selected according to their need for training associated with new processes including Ozone.

#### Equal Employment Opportunities

The EEO Office continues to provide and administer mandatory unlawful workplace harassment training to new employees and employees who are returning from leaves of absence with at least a 99 percent training completion rate.

In addition, it conducted its third quarter analyses of hires, promotions, recruitments and termination data to assist management in its efforts to recruit, employ and retain a diverse workforce.

#### Recruitment

The number of current open recruitments to date in December 2008 is 45. There were three job offers and additional letters were sent for approval by the General Manager for critical need positions. There were two staffing requisitions received to begin recruitment processing. The reinstatement recruitment program is concluding in 2008. There are numerous projects in process by recruitment staff.

#### Risk Management

The Risk Management Unit completed a projected 66 incident reports communicating instances of Metropolitan property damage, liability, workplace injuries, regulatory visits and spills.

Risk Management completed a projected 55 risk assessments on contracts including professional service agreements, construction contracts, entry permits, special events and film permits.

#### Classification/Compensation

HR staff shared the data gathered from Employee/Supervisor AFSCME Focus Groups with managers who have been designated as Group Primary Contacts to draft job descriptions. Validation sessions will commence in January.

Employee Relations and Class/Comp staff conducted an additional briefing on the Class/Comp Study at the request of Corporate Resources management.

The Non-Human Resources Association of Confidential Employees portion of a Class/Comp Study was completed. Human Resources portion of the Class/Comp Study is scheduled for completion in January/February 2009.

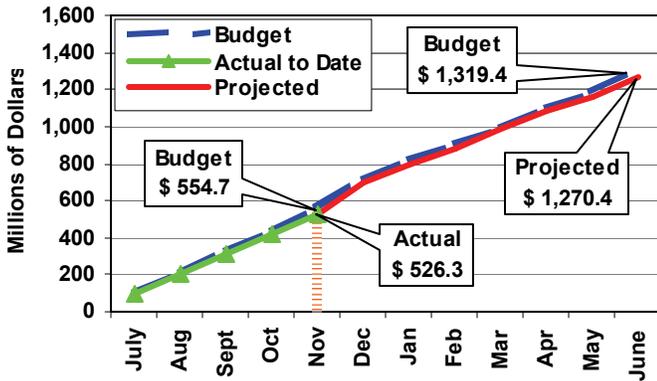
#### Worker's Compensation

Workers' compensation conducted initial investigations on an estimated 23 injury incidents and submitted 13 new claims to Metropolitan workers' compensation claim administrator. Settlements were reached in 4 claims and 19 claim files were closed.

Medical processed four clearances for new employees, conducted a Medvan at Soto Street, and arranged 10 medical appointments (DMV and respiratory physicals). Additionally, five accommodation issues were addressed.

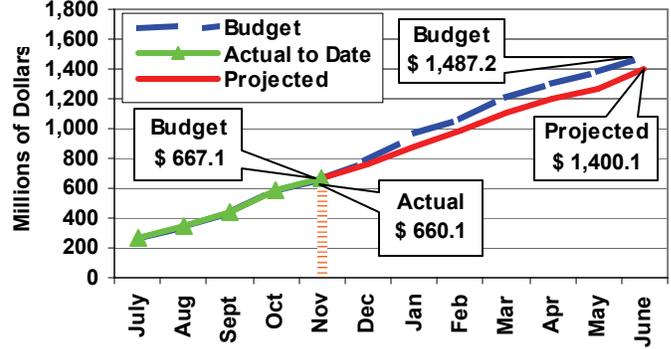
## Finance as of November 30, 2008

Receipts are expected to be \$49 million under budget by year end, mainly due to lower water sales, CRA power sales and interest income.



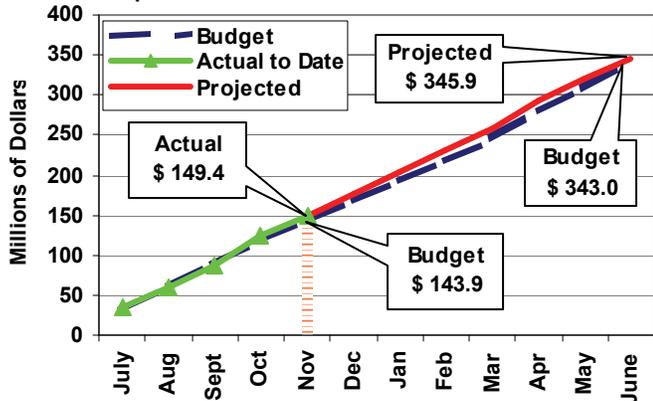
Excludes Bond Construction and Other Trust Funds Activity

Expenditures are expected to be \$87 million under budget by year end, mainly due to lower debt service payments, water supply costs and SWP power costs.

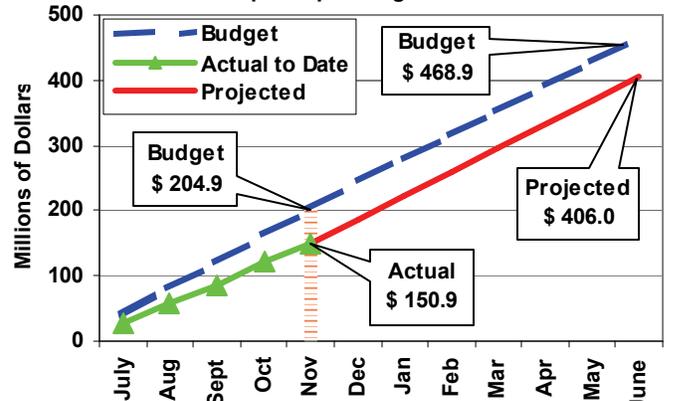


Excludes Bond Construction and Other Trust Funds Activity

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

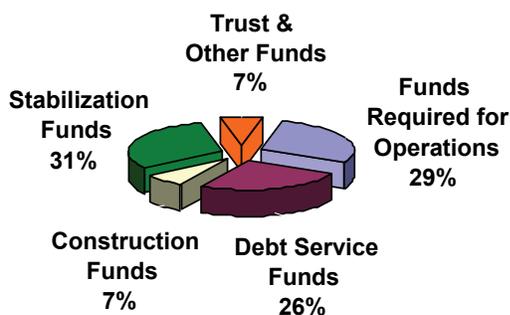


Construction costs are expected to be \$63 million under budget at year end, mainly due to the deferral of capital spending.



### Cash and Investments

**\$868.3 million**



### Summary Financial Statistics

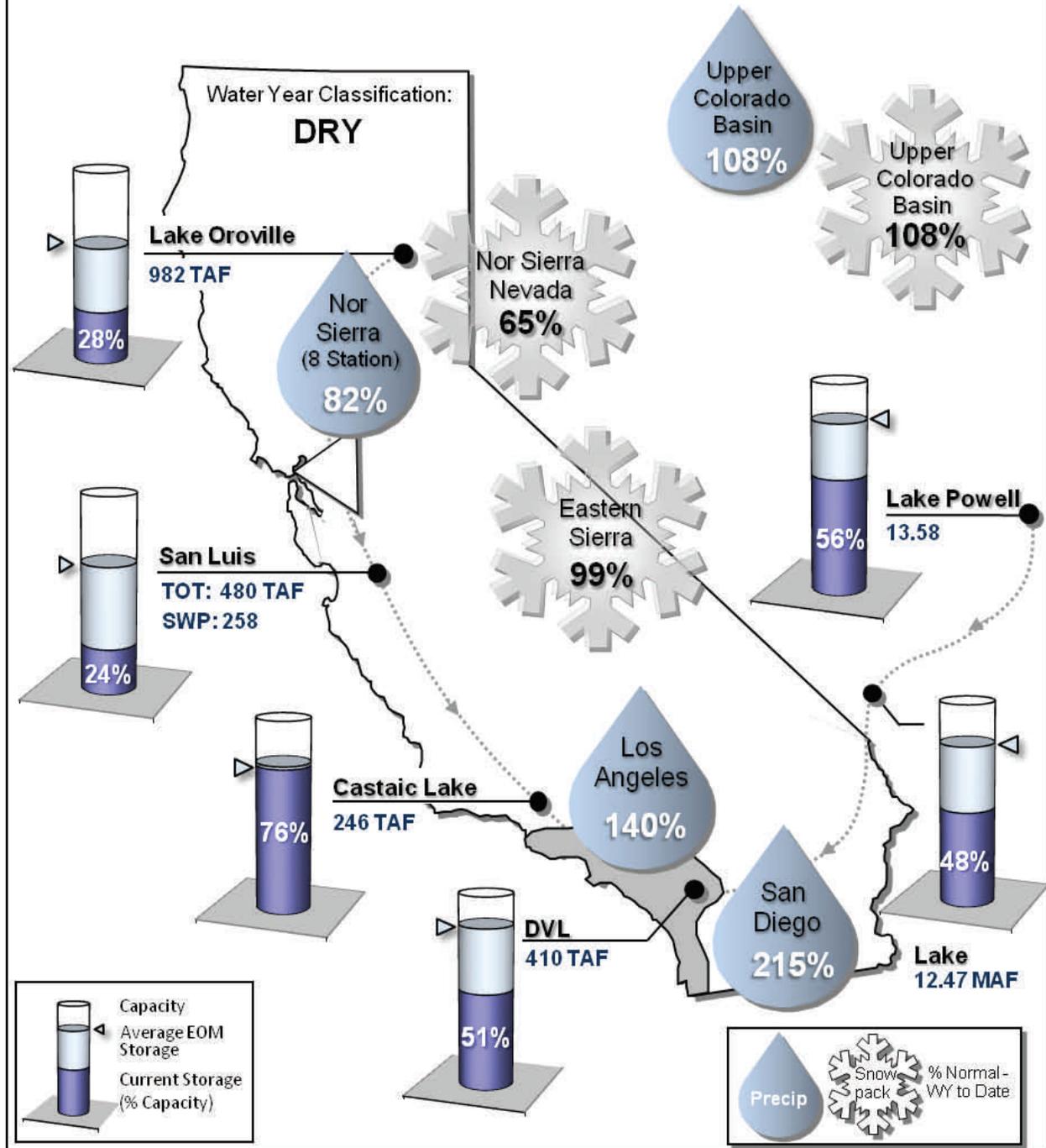
	Target	Actual
Fixed Charge Coverage	≥ 1.20 x	1.08 x
Revenue Debt Service Coverage	> 2.00 x	1.50 x
Revenue Bond Debt / Equity Ratio	< 100.0%	71.1%

#### Credit Ratings

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

# Water Supply Conditions

SWP Allocation (2009): 312,000 AF 15% of Table A Supplies  
 Colorado River Supply Forecast (2009): 904,000 AF 72% of full CRA



## The Metropolitan Water District of Southern California—General Manager’s December ‘08 Activity Report



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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](http://www.mwdh2o.com)**  
**[www.bewaterwise.com](http://www.bewaterwise.com)**