



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Report

Office of the General Manager

● General Manager's April 2009 Activity Report

Summary

The attached report details the activities of the Office of the General Manager for the month of April 2009. 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 on Strategic Priorities and Core Activities performed by work groups:

- Water Resource Management
- Water System Operations
- External Affairs
- Real Property Development and Management
- Corporate Resources
- Business Outreach
- Human Resources
- Finance

Attachment

General Manager's Monthly Activity Report

General Manager's Monthly Activity Report—April 2009

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Arrowhead West Tunnel—Final Pipe Liner Installation
April 29, 2009



AF: acre-foot, the volume of water to cover an acre of land, one-foot deep. Approximately: 326,000 gallons of water.

TAF: thousand AF
MAF: million AF



WATER RESOURCE MANAGEMENT GROUP

Strategic Priority / Water Supply Reliability

Regional Water Recycling, Groundwater Recovery, Locally Based Projects

Recycled Water

Metropolitan submitted comments to the State Water Resources Control Board on the Draft Landscape Irrigation General Permit for Recycled Water. Comments were supportive of the efforts, but sought changes to clarify the permit process, monitoring requirements, and irrigation prohibitions.

WATER RESOURCE MANAGEMENT GROUP

Water Supply

State Water Project

Revised Delivery Schedules

Metropolitan's revised State Water Project delivery schedules were submitted to DWR consistent with the increased allocation to 20 percent and then to 30 percent. The revised schedules incorporate deliveries from San Joaquin Valley storage programs, water transfers, and withdrawals from Flexible Storage.

Conservation

Request for Vendor Services

Issued Request for Proposal for vendor services for the Regionwide Commercial, Industrial, and Institutional Water Conservation Marketing and Rebate Program. The current vendor contract expires in December.

Desalination

Desalination Testimony

Staff submitted written and oral testimony to the California Coastal Commission on behalf of West Basin's Seawater Demonstration Project. The demonstration project will test the viability of seawater desalination as a stand-alone project and alternative intake technologies that are protective of marine life. The Coastal Commission approved the project on a 9 to 2 vote.

Staff also provided oral testimony in support of member agency seawater desalination projects at a Southern California Marine Life Protection Area meeting run by the Department of Fish and Game. The goal of the Marine Life Protection Area process is to develop new marine reserves along Southern California's coastline. Staff provided the locations of proposed member agency desalination plants and requested that protection zones accommodate them. The San Diego County Water Authority, West Basin Municipal Water District and Municipal Water District of Orange County have provided similar information.

Implement Integrated Resources Plan

IRP Update

Staff continues working through workgroups of member agencies and other stakeholders in completing inventories of existing and potential projects and programs for each water resource. In addition, each workgroup is preparing issue papers identifying opportunities and challenges, and giving recommendation on approaches to overcome obstacles and expand the resource. Staff has completed the initial analysis for project water supplies and demands identifying the "gap" to be met by either additional water conservation beyond the urban conservation best management practices or supply augmentation. In April, the member agencies Technical Oversight Committee discussed the Robust Decision-Making methodology of incorporating uncertainties into the supply and demand analysis. A synergy meeting of the groundwater, stormwater, and recycled water workgroups also met in April to discuss opportunities and approaches to increase groundwater basin recharge. The synergy workgroup has identified the need for coordinated efforts to influence legislation and regulation, public outreach, and pursue grants and funding partners.

WATER SYSTEM OPERATIONS GROUP

Water Demands

Water Sales Cash Year 2008-09 (May-April)
 2,072,000 AF Current Sales Projection
 2,151,000 AF Budget Sales Projection
 -79,000 AF Difference

Current Reservoir Storage

	As of 4/23/09	End of Month Forecast
Lake Mathews	125,700 AF	115,000 AF
Lake Skinner	37,200 AF	35,800 AF
DVL	387,200 AF	380,000 AF
Lake Perris	61,600 AF	61,000 AF

System Operations

System operations delivered 177,000 acre-feet of water for April 2009 to meet an average daily demand of 5,900 AF per day. This was an increase of over 1,500 AF per day compared to March deliveries. The increased demand was due in part to higher temperatures and below normal precipitation.

In April, 62,000 AF of water from the State Water Project was delivered into the service area, to meet about 35 percent of Metropolitan's April deliveries. Withdrawals from Flexible Storage accounts in Lakes Castaic and Perris are included in this total. Due to the low State Water Project supply, deliveries of SWP water continued to be limited to the areas that are exclusively served by the SWP.

Staff successfully conducted a Colorado River Aqueduct eight-pump flow test in April. The goal of this test was to identify any operational issues that could impact optimizing water deliveries or system reliability after a prolonged period of reduced deliveries on the aqueduct. Deliveries of Colorado River water in 2009 are expected to exceed 1 MAF for the first time since 2002.

Current Sales / Deliveries

April Sales Estimate 173,000 AF
 April Delivery Estimate 176,000 AF**

** excludes Desert Water / Coachella Valley deliveries

Sales Projections for Calendar Year 2009

As of April 30, Sales Forecast is 2,056,000 AF

Treatment Plants

On April 1, Metropolitan began complying with a new federal rule regulating the transportation of liquefied chlorine gas by rail. Additional procedures are now in place to further improve security.

The Robert A. Skinner Water Treatment Plant continued operational startup of the new ozone facilities. A new washwater return system was also made operational and staff is continuing the startup of this process.



System Operations—Surge Chamber at Hinds Pumping Plant at a Seven-Pump Flow.

WATER SYSTEM OPERATIONS GROUP

Water Quality

Taste and Odor—Taste and odor was acceptable in all of the source and finished waters.

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. The latest TDS results from March for Weymouth, Diemer, and Skinner water treatment plants are 669, 654, and 640 mg/L, respectively. All three plants are currently above the operating goal of 500 mg/L TDS as a running annual average.

Perchlorate—As part of Tronox' Chapter 11 bankruptcy court proceedings (originally filed on January 12, 2009), Tronox met with its creditors on April 8, 2009. Staff has been in contact with Nevada Department of Environmental Protection who has oversight of Tronox' perchlorate remediation program at Henderson, Nevada. At this time, Tronox has indicated their commitment to NDEP in continuing remediation activities at the Henderson site, with remediation costs through 2010 to be covered under Tronox' existing insurance policy.

Uranium/Moab—To prepare for uranium mill tailings transport, the Department of Energy completed construction of the haul road used to transport tailings containers from the pile to the rail loading area. DOE began movement of the uranium mill tailings pile on April 20, 2008. The initial tailings shipments are being used as an operational check to ensure all equipment and processes are working properly. DOE plans to transition to full operations in early May. Board and staff members joined Congresswoman Napolitano at the Tailings Haul Celebration at the tailings site on May 4.

Source Water Protection—Staff attended an inter-agency meeting organized by the Colorado River Regional Sewer Coalition on April 24. CRRSCo is a consortium of entities seeking to improve wastewater infrastructure and water quality along the lower Colorado River. The meeting included federal and state officials, CRRSCo board members, and congressional staff representing Arizona, California, and Nevada. The meeting's purpose was to discuss potential solutions to lower Colorado River water quality issues, including federal legislation and funding assistance for local communities along the River.

System Reliability

Emergency Management

Staff attended quarterly Mutual Air Regional Advisory Committee meetings sponsored by California Emergency Management Agency. Topics discussed included plans for the 2009 Great Southern California Shakeout (October 15, 2009), the drought, the state's training and exercise program, National Incident Management System, and survey responses regarding Standardized Emergency Management System.

Security

Security program management developed options and cost estimates for integrating perimeter fence intrusion detection, surveillance camera coverage, and access control card readers and supporting hardware and programming for the new solar facility at the Skinner water treatment plant.

Security management and special agents collaborated with treatment section and plant managers to implement new protocols for security of rail car deliveries that satisfy a new regulatory mandate effective April 1, 2009.

Environmental, Health and Safety

Training on environmental, health and safety programs and best practices was provided to 98 managers responsible for facility operations. The training clarified roles, responsibilities, and resources relative to the most critical EHS requirements; communicated tools and resources available to plan and manage daily EHS compliance; provided a common understanding of the internal and external consequences of non-compliance; and provided tips on coaching and mentoring employees to positively impact EHS performance. Remaining managers within Metropolitan will begin training in the fall.

WATER SYSTEM OPERATIONS GROUP

System Reliability continued.....

Power Operations and Planning

The California Independent System Operator implemented their Market Redesign and Technology Upgrade (MRTU) on April 1. MRTU fundamentally changes the way in which energy is priced and transactions take place. So far the new system seems to be working adequately; however, the first real test may occur if California experiences a prolonged heat wave this summer. Metropolitan continues to work with other agencies to make the necessary modifications to operating practices and procedures.

On April 6, Metropolitan certified to Southern California Edison compliance with all tasks and responsibilities that had been delegated by SCE for certain functions related to the national electrical reliability standards and Metropolitan's Colorado River Aqueduct electrical transmission system. Violations of the national reliability standards can result in monetary penalties and sanctions.

On April 3, with assistance from Metropolitan, the State Water Contractors submitted a letter to the Western Area Power Administration (WAPA) with recommendations on how some of the federal stimulus money that has been allocated to WAPA for electrical transmission system improvements should be spent. It was suggested that funding be dedicated to interconnecting the common SWP and Central Valley Project facilities of Banks, San Luis and Dos Amigos to the existing WAPA transmission system. This would provide a path to bring renewable energy to help power these three pumping plants and reduce the load on the CA Independent System Operator's transmission lines. Similar letters were submitted by the DWR and the Bureau of Reclamation.

Also on April 3, Metropolitan submitted comments to The Climate Registry on their proposal to include assumed green house gas (GHG) emissions from reservoirs associated with hydrogeneration. The Climate Registry is affiliated with the California Climate Action Registry and hopes to become the future repository of GHG emission reporting for all of North America. Currently, Metropolitan voluntarily reports its GHG information to CCAR. Metropolitan stated there was no consensus in the scientific community regarding the issue of reservoir emissions and therefore the proposal to include an assumed reservoir emission value could not be supported and should be eliminated. Other hydro agencies negatively commented on the Registry's proposal including DWR and the National Hydropower Association.

Due to the current depressed price of energy, Metropolitan has been investigating forward energy purchases for 2010. On April 14, Metropolitan committed to purchasing 96,200 MegaWatt-hours of energy in 2010 to help satisfy the anticipated Colorado River Aqueduct pumping load. The purchases were for off-peak power from three suppliers throughout the year and represents approximately 14.5 percent of the energy needed that is above the amount supplied by existing contractual sources such as Hoover and Parker. The total cost of this purchase is approximately \$3.5 million. Payment will be made when the energy is delivered. Additional forward energy purchases are being considered.

Apprenticeship Program

Apprentices will be graduating in July of 2009 and are already putting their training and talents to use on some very important projects. Due to the severe summer heat in the desert, the potable water treatment system at the Gene pumping plant was subject to cracking and warping. The apprentices upgraded the Granulated Activated Charcoal filter manifold to stainless steel with welded joints and a modified design. The new system provides reliability as well as reducing future maintenance costs. In partnership with seasoned field staff, apprenticeship instructors continue to develop qualified and capable new journey-level mechanics and electricians.



Modified Design of Granulated Activated Charcoal Filter Manifold

EXTERNAL AFFAIRS GROUP

Strategic Priority/ Water Supply Reliability / Water Conservation



Water-saving tip segments with television weathercasters began airing in April:

KABC-TV (L.A.) with Dallas Raines
 KCAL-TV (L.A.) with Jackie Johnson and Josh Rubenstein
 KCBS-TV (L.A.) with Henry DiCarlo and Johnny Mountain
 KFMB-TV (San Diego) with Natasha Stenbock
 KNBC-TV (L.A.) with Fritz Coleman
 KNSD-TV (San Diego) featuring Whitney Southwick
 KTLA-TV (L.A.) with voiceover

KNBC-TV's Fritz Coleman is one of eight weathercasters who taped public service announcements about water conservation and the water supply gauge that aired throughout April.

Online ads promoting water conservation and showing the water supply gauge were featured on latimes.com, signonsandiego.com, Google, Facebook, YouTube and many other sites.

This online ad (pictured to the left) ran on the front page of latimes.com on April 15, 2009.

Radio ads featuring Metropolitan's water supply gauge continued to air in April on top stations throughout Southern California, in English, Spanish, Mandarin, Cantonese, Korean and Vietnamese.

A television ad showing the decline in reservoir levels at Diamond Valley Lake began airing on broadcast and cable on April 27. Two additional television ads were filmed and produced during April and will begin running in May.



Member Agencies\Board of Directors Support

Legislative and Community Outreach

- Staff coordinated a congressional briefing for Congresswoman Grace Napolitano's policy advisor for water. Included in the briefing was an inspection of the Weymouth facility and discussion of chemical security as well as Delta issues. Metropolitan worked with Central Basin MWD to visit the sites of their proposed federal appropriations as well as the Long Beach Water Department to view their test desalination plant. The briefing ended with a tour of the Orange County Water District's Ground Water Recycling plant.
- Staff coordinated and conducted an inspection of the Mills treatment plant and the Perris Valley Pipeline Project for Eastern MWD.
- Staff coordinated and participated in a meeting with the Western Environmental Action Committee at Western MWD.
- Staff participated in the coordination and staffing of the Chairman's Bike Ride, LEED Platinum Certification event and the Community Water Conservation Festival with Eastern MWD and Western MWD at Diamond Valley Lake.

EXTERNAL AFFAIRS GROUP

State Legislative Update

Sustainable Delta Solution - The bi-cameral/bi-partisan legislator workgroups continue to meet weekly to build a foundation for developing a legislative package of actions to promote short-term drought relief and a governance and financing plan to advance the co-equal goals of Delta ecosystem restoration and water supply reliability.

State Budget - The Legislative Analyst's Office (LAO) has projected an \$8 billion shortfall in the current year budget, which could grow to \$14 billion if the May 19 ballot measures do not pass.

In the coming weeks, the Senate and Assembly budget subcommittees will also consider whether or not the State Water Project has sufficient checks and balances to ensure transparency and accountability. The LAO has recommended the enactment of legislation that would subject the State Water Project, in all respects, to the annual legislative budget process. When a fund is "off budget" it means that funds are not appropriated in the

annual budget bill and that the Legislature cannot change (on an annual basis) the level of financial support for the program through the state budget. As an "off budget" program, the State Water Project has "continuous appropriation" authority to spend its revenue and does not require annual legislative authorization to support its positions, operating costs or capital outlay expenditures. The California Department of Water Resources and the State Water Contractors have opposed the LAO recommendation and expressed concerns that changing the existing process would violate the 1960 Burns-Porter Act and that the change may face legal opposition by bondholders who hold outstanding warrants.

Local Government Update

- Staff provided an update on Metropolitan's sponsored bills to the San Fernando Chamber of Commerce, the United Chambers of Commerce and the Valley Industry and Commerce Association and secured support letters on AB 13, AB 804, AB 900 and AB 1061.
- Staff also provided an overview of Metropolitan's portfolio of sponsored bills to the Los Angeles Business Council and received support on AB 13, AB 474, AB 804, AB 900, AB 1061, AB 1253, AB 1366 and SB 407.
- Staff provided an overview of Metropolitan's portfolio of sponsored bills to the Executive Directors of 14 chambers at the Santa Barbara/Ventura Counties Regional Legislative Alliance.
- Staff addressed the Building Industry Association's Riverside County Chapter's Government Affairs Committee and spoke on the current statewide water supply conditions.
- Staff briefed district staff for Congressman Adam Schiff on the current water supply crisis.
- Staff briefed district staff for Assemblywoman Harkey regarding current water supply issues and challenges.
- Staff briefed district staff from Senator Carol Liu's office on the current water supply crisis. The Senator requested Metropolitan's participation in a two-part workshop. The workshop will educate businesses, residences and other entities with large landscapes on actions that can be taken to conserve water and energy.
- Staff briefed more than 100 local elected officials at the League of Cities, Orange County Division, monthly meeting on water issues including supply and conservation and the effect on Metropolitan's service area.
- Staff presented to the Rotary Club South in Fullerton on water issues including conservation supply challenges and the effect on Metropolitan's service area.
- Metropolitan sponsored the Association of Water Agencies of Ventura County's Annual Water Symposium in Oxnard which was attended by more than 100 water leaders throughout the county. General Manager Kightlinger was the opening keynote speaker and provided an update on water supply challenges.

EXTERNAL AFFAIRS GROUP

Federal Legislative Update

- General Manager Kightlinger met in Washington, D.C. with counterpart western state water officials for the annual Board Meeting of the Western Urban Water Coalition.
- Staff worked with representatives of various California-based water agencies to organize an Issues Briefing in Washington, D.C. regarding the status of the Bay-Delta Conservation Plan.

Media

- Issued press release on Board of Directors decision to limit water supply for the first time in 18 years effective July 1 because of drought and environmental restrictions in the Delta.
- Facilitated more than a dozen interviews related to the Board's allocation action, ranging from the San Diego Union-Tribune, Los Angeles Times and Orange County Register to Riverside Press Enterprise, North County Times and San Gabriel Valley Tribune. Broadcast outlets included KPCC public radio and KNBC-TV Channel 4 in Los Angeles. Both Chairman Brick and General Manager Kightlinger were interviewed.
- Arranged interview with the San Diego Union-Tribune for General Manager Kightlinger to discuss the water challenges facing California.
- Drafted letters-to-the editor for Chairman Brick and Director Record complimenting the Riverside Press Enterprise for its series "Crisis on Tap."
- Issued press release on Compton City Councilmember Yvonne Arceneaux and West Basin Municipal Water District Director Gloria D. Gray being seated as new members of Metropolitan's Board of Directors.

Community Outreach and other Events

- Thirty-two California Friendly Landscape Training Program classes were held for more than 1,100 homeowners and professional landscapers.
- Staff gave a "Metropolitan 101" presentation to the Riverside County Fire Hazard Reduction Task Force.
- Staff participated in a planning meeting for the City of Hemet's 100th Anniversary.
- Staff coordinated and conducted a meeting with the City of Anaheim engineering staff regarding the Cross Connection Project.
- Staff participated in a meeting with the Lake Perris Coordination Committee regarding water levels and recreation availability.

Education

- Staff conducted activities and provided conservation materials for approximately 9,000 young people and families at the following "Earth Day" festivals and events: Earth Day at the Los Angeles County Sanitation Districts, Ag Day Festival, Annual Water Conservation Festival at Diamond Valley Lake, Cerritos Family "Earth Day" Festival and the Orange County Children's Water Festival.
- Ten Diamond Valley Lake School Program field trips were conducted (grades four through six) for more than 300 students from Hemet, Lake Elsinore, Murrieta Valley, Perris, Romoland, and Temecula Valley Unified School Districts. Nearly 800 additional students came to the DVL Visitor Center as a part of Western Center field trips.

REAL PROPERTY DEVELOPMENT & MANAGEMENT

Diamond Valley Lake Visitor's Center

The 7th Annual Community Water Conservation Festival was held Saturday, April 25. A number of activities and water wise demonstrations were scheduled throughout the day. More than 1,200 people enjoyed the festival.

The LEED Platinum Certification Plaques were presented to Chairman Brick for the DVL Visitor Center and to President Bruce Wallis for the Western Center for Archaeology and Paleontology during the festival on April 25. Seven Metropolitan Directors attended the ceremony.

Recreational Facilities

The Annual Chairman's Bike Ride was held on Saturday, April 25, at Diamond Valley Lake. More than 150 riders participated.

Real Property Activity Related to Future Water Infrastructure

- The Sacramento office lease in the Senator Building was amended to extend the term through August 31, 2018.
- An agreement for storage was entered into with Total Transportation Logistics for storage of the Oxidation Retrofit Program ozone generation equipment for both the Weymouth and Mills treatment plants.

Leases, Licenses and Entry Permits

- An entry permit was issued to Dolores Mission for use of a portion of the parking areas at 700 North Alameda Street for an event held at Union Station on April 18.
- An entry permit was issued to Homeboy Industries for use of a portion of the parking areas at 700 North Alameda Street for an event held at Union Station on April 25.
- An entry permit amendment was issued to the Los Angeles Department of Water and Power extending the term to access, survey and perform investigations for the LA-30 Service Connection Project at Metropolitan's Venice Pressure Control Structure site.
- An entry permit was issued to Southern California Edison Company for construction of related facilities associated with the existing interconnection and switch racks at Julian Hinds Pumping Plant. The work is included with the interconnection of Blythe Energy's 230kV intertie (gen-tie) line. SCE will also relocate their control panel from the Julian Hinds Pumping Plant control room to a separate shelter.

Real Estate Activities

- A permanent easement was granted to City of Orange. The City will use the path for a bike and pedestrian trail which runs parallel to Metropolitan's right-of-way and is located east of Metropolitan's Santiago Creek Pressure Control Structure. This easement will provide continuity for the City's Santiago Creek Bike Trail. This trail is one of the components of the Santiago Creek Conceptual Master Plan and is also one of the major trails shown on the City and Orange County Master Plans.
- A letter of consent was given to Arizona Game & Fish Department to access specific Metropolitan-owned roadways at the Gene Wash area near Parker Dam, California. Access will facilitate their study in the vicinity of the Lower Colorado River Region to determine the presence of protected bat species and to record their unique calls.
- A letter of consent was given to the State of California Department of Transportation (Caltrans) to use a portion of Metropolitan's Palo Verde Irrigation property for a temporary laydown area during a bridge reconstruction and expansion project along State Highway Route 78.

CORPORATE RESOURCES GROUP

Capital Investment Plan

Contracts Summary

Ongoing Contracts

21 construction contracts and 4 related procurement contracts were ongoing through March. The total bid amount of these contracts is \$952 million.

Construction Payments

Approximately \$24 million in contract payments were made in April for construction performed in the month of March. Nearly \$6 million were expended on the Arrowhead Tunnels construction. Over \$3 million were related to work at the Skinner plant, including the ongoing construction of ozonation facilities, and Washwater Reclamation Plant 3. Over \$4 million were expended on the Diemer Oxidation Retrofit. Nearly \$1 million were expended on the Perris Valley Pipeline.

Total projected capital expenditures for the 2008/09 fiscal year were originally estimated to 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 \$375 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 recommends that the Board defer that project. As part of the FY2009/10 budget process, staff has recommended the deferral of \$240 million in projects.

Significant Contracts

Arrowhead East Tunnel

In April, a significant milestone was achieved as the contractor installed the tunnel's remaining 6,600 feet of pipe liner from the Strawberry Creek Portal. The pipe installation was completed approximately six weeks ahead of schedule. Cellular grouting (grout injected between the pipe and the outer bolted-gasketed mining segments) continued from the City Creek portal and is approximately 85 percent complete. Grouting work will continue into June as the contractor makes a second pass through the tunnel to fill voids that typically remain from the first pass. The contractor initiated preliminary demobilization activities at the Strawberry Creek portal. [see pictures on page 18]

Arrowhead West Tunnel

In April, a significant milestone was achieved as the contractor installed the tunnel's remaining 4,200 feet of pipe liner from the Waterman Canyon Portal. As with Arrowhead East Tunnel, this was also completed approximately six weeks ahead of schedule. Cellular grouting continued from the Devil Canyon Portal and is approximately 75 percent complete. Grouting work will continue through July as the contractor makes a second pass through the tunnel to fill voids that typically remain from the first pass. Construction continued on the access structure at the Waterman Canyon portal.

Other Construction Contracts

Project	Percent Complete
Skinner Treatment Plant Oxidation Retrofit and Washwater Reclamation Plant No. 3	99%
Mills Water Treatment Plant - Chemical System Upgrades	99%
Perris Valley Pipeline, North Reach	96%
Perris Valley Pipeline, South Reach	20%
Mills Treatment Plant - Ozone Contactors No. 3 and No. 4	89%
Diemer Water Treatment Plant - Oxidation Retrofit Program	14%
Diemer Ozone Equipment Fabrication	80%
Skinner Water Treatment Plant - Solar Power Generation Facility	80%

CORPORATE RESOURCES GROUP

Capital Investment Plan/Recent Events

Engineering Cooperative Education Program

Each year, the Engineering Services Section recruits students to participate in its year-round Cooperative Education Program, which is designed to provide college undergraduate students the opportunity to augment their studies with practical work experience in the water industry.

On March 27, 2009, staff marked the end of the 12 month intern for 11 students that participated in the fiscal year 2008/09 program. Colleges that were represented during this fiscal year were California State University at Long Beach, California State University at Northridge, and California State Polytechnic University, Pomona.

For FY 2009/10, staff advertised for five new interns with the local colleges and universities. The program will begin June 1, 2009 and end March 31, 2010.



2008/09 Undergraduate Interns for Engineering Services

Supply and Delivery Reliability

Perris Valley Pipeline

This 96-inch diameter pipeline will be approximately 6.5 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—Deliveries to Service Connection EM-23 have commenced. West-bound traffic on Alessandro Boulevard was restored to the north lanes last month. Remaining work includes installation of medians and curbing on the south side of Alessandro Boulevard and punch-list items. The contract is currently expected to be completed in May 2009.
- South Reach—The contractor is continuing with pipe installation. South Reach pipe installation is approximately 27 percent complete (5,545 feet out of 20,313 feet) and is scheduled to be completed in October 2009. Overall, construction is anticipated to be completed in January 2010.



South Reach installation

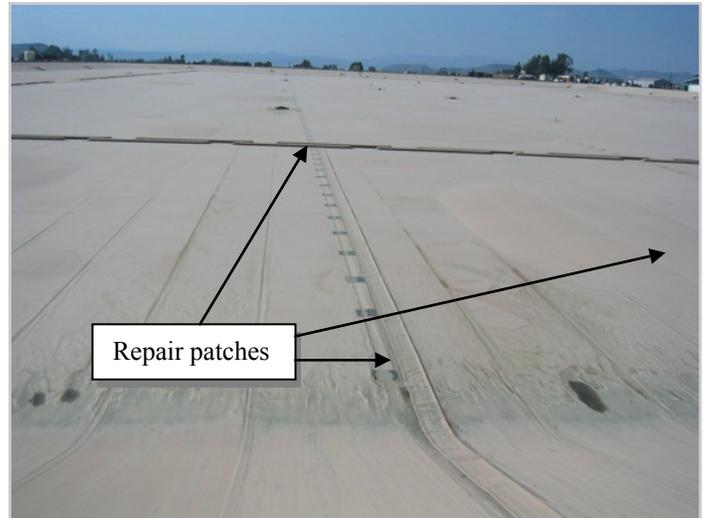
CORPORATE RESOURCES GROUP

Infrastructure Reliability

Reservoir Cover Replacement Program: This program consists of replacement of the floating covers, installation of liners, and related repairs at Orange County, Palos Verdes, and Skinner Finished Water Reservoirs, and at Jensen Finished Water Reservoir No. 2.

- Orange County Reservoir – Final design is 40 percent complete and is scheduled to be completed by November 2009.
- Skinner Finished Water Reservoir – Final design is complete. Advertisement for bids is planned for April 2009. Staff will return to the Board in July 2009 to request award of a construction contract.
- Palos Verdes Reservoir – Final design has been initiated and is scheduled to be completed in early 2010. Staff has completed dewatering the reservoir. A minor construction contract for the removal of the existing cover is planned to be advertised in May 2009. The floating cover will be removed to inspect the condition of the reservoir liner and to prepare specifications for repair.

The program is on schedule to be completed by fiscal year 2012/2013 and is within budget.



Business Processes

Update Information Technology Strategic Plan

Began Upgrades to Union Station Committee Room

In April, upgrades began in the board committee room (US2-456) as part of the Headquarters Technology Project. Upgrades to the committee room include the audio and video system, in-room electronic signage for closed sessions / recording and centralized microphone controls. Upon completion of US2-456, construction/upgrades for the other committee rooms will begin. Upgrades to the main board room will start after the June board meetings and complete prior to the August meeting.

Other IT Highlights

Web streaming infrastructure installed, tested, and successfully launched for April Board meeting.

In April, Gartner hosted their Executive Programs Community Event at Metropolitan's Headquarters. The event, for government Chief Information Officers, focused on "Demonstrating the Value of IT in Tough Times," and

looked strategically and tactically for ways of reducing costs and finding alternative sources of funds. The meeting was attended by Metropolitan IT staff.



Committee Room Upgrades

CORPORATE RESOURCES GROUP

Strategic Priority/Sustainability

Decrease Consumption of Non-renewable Energy/ Fuels

Metropolitan has completed voluntary greenhouse gas emissions inventories for calendar years 2005 through 2007. Inventory reports for these years have been verified by a third-party consultant for compliance with quality standards established by the California Climate Action Registry, and have been accepted into the California Registry's emissions database. These reports are now available to the public through the Registry's website. Data-gathering for Metropolitan's 2008 emissions inventory is underway. Submission to the Registry is scheduled to occur in June 2009, with verification activities to follow.

Reduce Life Cycle Environmental Impacts of Facilities

DVL Visitor Center Recognition

Metropolitan's Diamond Valley Lake Visitor Center was recognized for green building and development practices when it received the country's highest acknowledgement for sustainable design and architecture. The platinum LEED certification was awarded to Metropolitan by the U.S. Green Building Council at an April 25 ceremony. LEED, or Leadership in Energy and Environmental Design, is the standard for environmentally sensitive building design.

Sustainable Procurement

Contracting On-line Training

To increase training efficiency an on-line version of the popular Metropolitan Contract Administration Training Academy is now offered to staff. The online training, which was developed by internal staff, consists of three training modules covering public contracting basics, developing requests for proposal and statements of work, and contract administration. The program is designed to provide all Metropolitan agreement administrators with the knowledge and skills to successfully initiate and manage their agreements.

Renewable Energy Projects

Skinner Solar

Construction of the Skinner 1 MW Solar Power Generation Facility was completed on schedule in April 2009. This 1-MW capacity system will begin generating electricity in early May 2009 and will meet up to 20 percent of the plant's current annual electricity consumption. Preliminary design of a similar 1-MW system for the Weymouth plant continues.

Employee Awareness

Spring Green Fair

Staff was preparing throughout the month of April for Metropolitan's Second Spring Green Fair at Metropolitan's headquarters facility on May 7.



BUSINESS OUTREACH

Supported Veteran and Disabled Veteran Business Community

- Business Outreach met with over 300 small and veteran businesses in Ventura County at the 2nd Annual Navy Business & Community Expo. Business Outreach increased awareness of Metropolitan's NETConnect vendor registration and certification system, introduced businesses to Metropolitan's business opportunities and water conservation programs, and supported the Navy, Veteran, and Ventura County Business Communities.
- Business Outreach staff spoke at the 8th Annual Veterans and Small Business Training and Outreach Conference. Metropolitan extended outreach to the California Disabled Veteran Community, engaged the U.S. Army Corp of Engineers, encouraged the Veteran Community to participate in Metropolitan's Disabled Veteran Initiatives and Board approved programs, and introduced Metropolitan's Sustainability Initiatives and Water Conservation Programs to 400 businesses.

Supported the Southern California Construction Industry by Hosting Professional Training Development Seminars

- Hosted and participated in seminars sponsored by McGraw-Hill Construction, The American Institute of Architects California Council, and Hanson Bridgett Construction
- Hosted and participated in the "Integrated Project Delivery Seminars" at Metropolitan. The workshops discuss challenges in delivering projects in the design and construction industry, introduce and discuss advantages and disadvantages of Integrated Project Delivery, educate businesses on how to obtain sustainability goals, and showcase the synthesis of collaborative processes and collaborative technologies.

Participated in and Supported Business Communities

- Business Outreach participated in the National Association of Women Business Owners 6th Annual Amazing Women of the Inland Empire Awards Program.
- Joined the U.S. General Services Administration for the 5th Annual Opening Doors for Small Business Conference, "Providing Opportunities in a Challenging Economy."
- Partnered with the University of Southern California to introduce 200 businesses in Los Angeles to Metropolitan's Vendor Registration, Small Business

Enterprise Certification, and Water Conservation Programs.

- Co-Sponsored the Caltrans Los Angeles Small Business Fair with 200 businesses participating.
- Addressed 70 Orange County businesses at the Professional Environmental Marketing Association Event about Business Outreach Program's Business and Economic Development Program and Metropolitan's Capital Investment Plan.
- Partnered with the Southern California Minority Development Council to participate in a panel discussion on Small Business Certification at the Orange County Asian Business Association Small Business Day.
- Participated in the 50th Anniversary Celebration of the National Association of Women in Construction in San Diego.
- Introduced Metropolitan to 500 attendees at the San Diego County Hispanic Chamber of Commerce Business Awards.

HUMAN RESOURCES GROUP

Workforce Effectiveness

Risk Management

- Completed 81 incident reports communicating instances of Metropolitan property damage, liability, workplace injuries, regulatory visits and spills.
- Completed 65 risk assessments on contracts including professional service agreements, construction contracts, entry permits, special events and film permits.

Workers' Compensation

- Workers' Compensation conducted initial investigations on 15 injury incidents and submitted 9 new claims to Metropolitan's workers' compensation claim administrator.
- Settlements were negotiated in 4 claims and 17 claim files were closed.
- Medical staff conducted Medvans at Desert facilities (Gene, Iron Mountain, Eagle Mountain and Weymouth and arranged 11 medical evaluations (7 vanpool and 4 respirator).
- One accommodation request was addressed.

Classification and Compensation

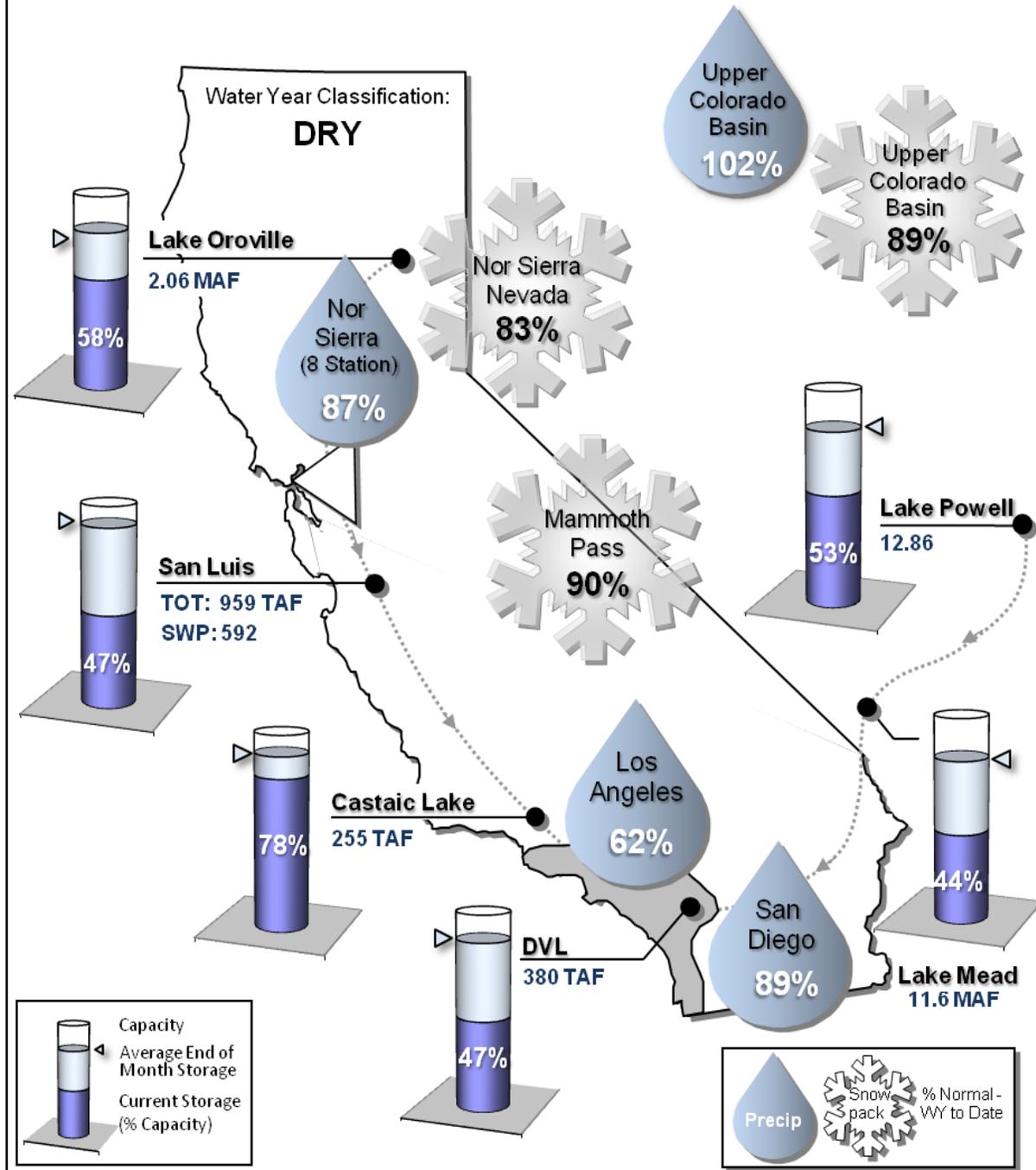
Employee Relations working with Classification/ Compensation staff, American Federation of State, County and Municipal Employees leadership and management representatives, continued to draft new Job Descriptions as part of the *AFSCME Class Study*. In the past month, this working group has conducted validation sessions, from which 73 new AFSCME Job Descriptions have been written. These sessions are scheduled to continue on a weekly basis through at least September 2009.

Training

- Continued to provide coaching through internal resources to ten managers and coordinated the efforts of five external coaches for other interventions to support management development and coaching.
- Delivered a two-hour module on Interest-Based Approaches for Corporate Resources Group managers as part of the CRG Leadership Forum on Delivering Value Through People.
- Conducted a Tuition Reimbursement Workshop at La Verne on How to Best Use Online Learning Resources.
- Staff achieved certification in American Society for Training and Development Train-the-Trainer and in the Interest-Based Approaches methodology Success Signals being used in Metropolitan's Labor Negotiation Process.
- Collaborated with Environmental Health and Safety program manager to craft quick and useful communications to the workforce on "Swine-flu" pandemic preparedness.

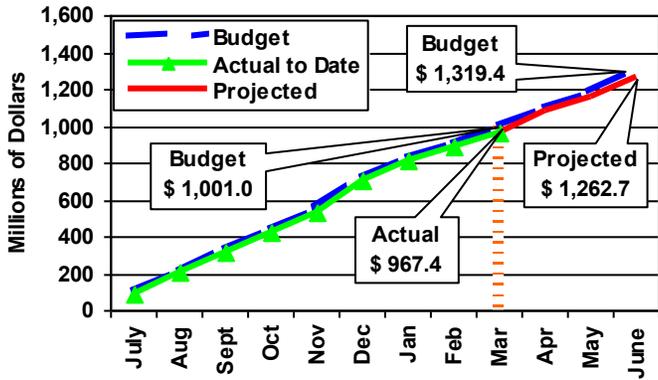
Water Supply Conditions

SWP Allocation (2009): 625,000 AF 30% of Table A Supplies
 Colorado River Supply Forecast (2009): 955,000 AF 76% of full CRA



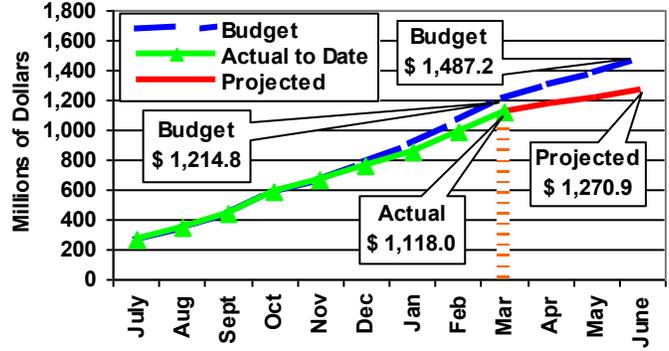
Finance as of March 31, 2009

Receipts are expected to be \$57 million under budget by year end, mainly due to lower water sales, interest income, and power sales.



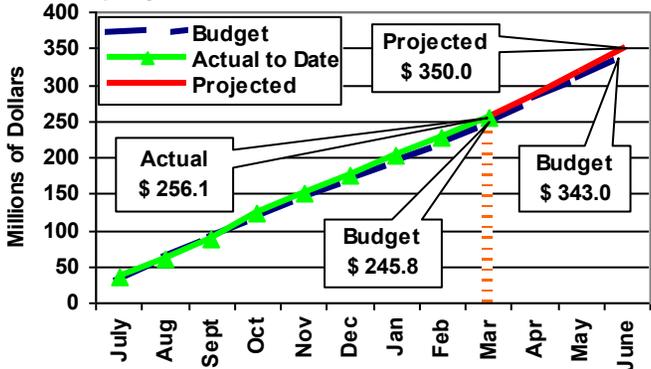
Excludes Bond Construction and Other Trust Funds Activity

Expenditures are expected to be \$216 million under budget by year end, mainly due to lower capital expenditures, SWP power costs, and water supply costs.

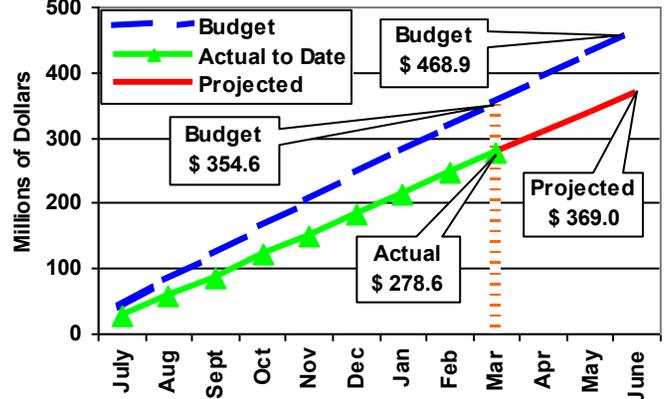


Excludes Bond Construction and Other Trust Funds Activity

O&M expenditures are expected to be \$7 million over budget at year end due to Cargill legal expenses, and workers compensation and third party claims.

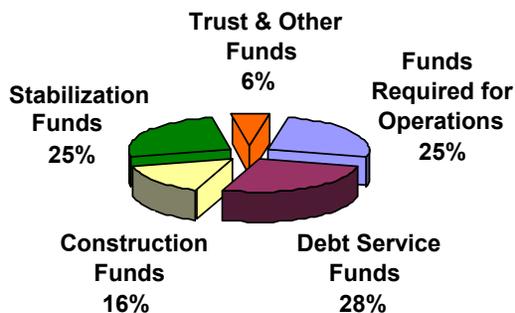


Construction costs are expected to be \$100 million under budget at year end, mainly due to the deferral of capital spending.



Cash and Investments

\$ 954.3 million



Summary Financial Statistics

	Target	Actual
Fixed Charge Coverage	≥ 1.20 x	1.04 x
Revenue Debt Service Coverage	> 2.00 x	1.48 x
Revenue Bond Debt / Equity Ratio	< 100.0%	74.5%

Credit Ratings

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

The Metropolitan Water District of Southern California—GM's Monthly Activity Report—March 2009



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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

Arrowhead West Tunnel / Waterman Canyon Portal—Final Pipe Liner Installation

