



THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

# Report

Office of the General Manager

## ● General Manager's May 2009 Activity Report

### Summary

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

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General Manager's Monthly Activity Report

## The Metropolitan Water District of Southern California

## General Manager's Monthly Activity Report—May 2009

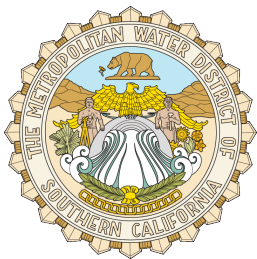
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## Second Annual Spring Green Fair—May 7, 2009



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



The second annual Spring Green Fair was held at Metropolitan's headquarters facility on May 7. Chairman Brick, Directors Ballin, Brown, Dick, Murray, and Wright attended the event. Management from the Metropolitan Transportation Authority also participated and will continue to collaborate with Metropolitan on future efforts on sustainability and resource conservation. The fair was designed to raise awareness about environmentally sustainable products and practices to use at home and work. Double the size of last year's event, the Spring Green Fair showcased over 70 exhibitors, displaying everything from a preview model of the 2010 Prius hybrid, to green building materials and California native plants. Eight workshops were also offered on a variety of topics such as sustainable gardening, renewable energy and California's future water supply. In addition to Metropolitan employees, the fair attracted many visitors from the business community, neighboring organizations, the public, and students of the California Institute of Math and Science (a comprehensive public, four-year high school which seeks to increase the nation's pool of graduates in mathematics and science. The CAMS students were doing research on water conservation and the environment). Over 1,600 people attended the event.

## WATER RESOURCE MANAGEMENT GROUP

### Water Supply

#### Colorado River

##### San Luis Rey Indian Water Rights Settlement

The San Luis Rey Settlement Parties have executed a letter agreement with Metropolitan regarding the terms of three sections of their draft Settlement Agreement. Execution of this letter agreement protects Metropolitan's legal rights and interest in use of water within and outside the service area.

#### State Water Project

##### Request to Postpone East Branch Enlargement

The East Branch Enlargement Specific Committee has asked the California Department of Water Resources to postpone further environmental studies for the East Branch Enlargement. The East Branch Enlargement Contractors believe a delay in initiation of the enlargement is now warranted due to the uncertainty of future SWP supplies.

##### Credits/Refunds for FY 2008/09

Staff continues to work with the SWP Billing and Analysis Office to expedite processing of credits/refunds scheduled for fiscal year 2008/09. This effort has resulted in the refund of \$5.9 million in March, \$35.1 million in April and \$4 million in May, bringing the total fiscal year to-date receipts to \$58.6 million. Efforts will continue on the remaining Surplus Money Investment Fund and Federal Security refunds to facilitate processing before fiscal year end.

#### Desalination

##### Environmental Mitigation Plan

The San Diego Regional Water Quality Control Board approved the Environmental Mitigation Plan for Carlsbad Seawater Desalination project on May 13. The approval is the final step in the permitting process for the privately developed project in San Diego. Next steps include arranging financing and starting construction in late 2009/early 2010. The 56,000 acre-foot project developed by Poseidon Resources Inc. is targeted to be on-line by 2012. There is pending litigation over two of the state approvals.

#### Local Resources Program

##### Recycled Water Project Dedication

Staff participated in a dedication ceremony to mark the completion of a multi-phase recycled water project in the City of Camarillo. Leisure Village has converted 190 acres of golf course and green space from potable water to recycled water use. This project is part of the Conejo Creek Water Recycling Project. Approximately \$89,000 will be provided for this project annually in financial incentives under Metropolitan's Local Resource Program, which is expected to save about 580 acre-feet per year. Metropolitan is a partner with Calleguas Municipal Water District and Camrosa Water District.

##### SWRCB Grant Signing

The Upper San Gabriel Valley Municipal Water District received a grant from the State Water Resources Control Board for their portion of City of Industry's Regional Recycled Water project. The USGVMWD portion will deliver up to 4,000 AFY of recycled water from the San Jose Creek Water Reclamation Plant for irrigation, commercial, and industrial purposes. Metropolitan will contribute up to \$8.2 million toward project operations over 25 years for about 103,200 acre-feet through the Local Resource Program.

#### Conservation

##### Member Agency Funding for Conservation

Staff is working with member agencies to utilize Metropolitan's regional commercial and residential rebate program vendors to provide water conservation incentives paid entirely by participating agencies for their respective service areas after Metropolitan funds are exhausted. Los Angeles Department of Water and Power, San Diego County Water Authority, Irvine Ranch Water District and the City of Pasadena are current participants and other agencies are exploring participation.

## WATER RESOURCE MANAGEMENT GROUP

### Water Supply

#### Conservation continued.....

##### **Building Owners and Managers Association (BOMA) International**

Staff presented information on Metropolitan's conservation programs to the Building Owners Managers Association. BOMA International membership is composed of building owners, managers, developers and leasing professionals that actively represent and promote the interests of the commercial real estate industry through leadership and advocacy, through the collection, analysis and dissemination of information, and through professional development. Topics presented included the commercial rebate program, ordinance requirements, 10 percent water use reduction and rates. Approximately 60 people from the commercial real estate industry were in attendance.

##### **METRO's Sustainability Summit**

The Metropolitan Transportation Authority hosted its second annual Sustainability Summit. This event provides local jurisdictions with information and assistance on sustainability issues such as recent climate change regulations. The program offered attendees from local jurisdictions an opportunity to learn firsthand about recent climate change legislation and what requirements they need to meet. Staff participated in a panel composed of representatives from the Los Angeles Community College District and California Green Workforce Coalition. Staff discussed developments in green technologies in water and landscape.

##### **Industrial Process Improvement Program**

During Orange County's Water Summit, Metropolitan's Director Dick presented Marcel Electronics Incorporated with \$42,092 incentive payment and a commendation, for its industrial process improvements. Marcel Electronics Incorporated, a circuit board manufacturer in the City of Orange, recently completed their one-year water savings monitoring. This project demonstrated a water savings of 14 million gallons this past year. Marcel is also a participant of Municipal Water District of Orange County's Industrial Water Use Reduction Program.

##### **Inland Green Expo**

Metropolitan participated in a green expo hosted by Inland Empire Utilities Agency and Three Valleys Municipal Water District. Staff presented information on how to design, install and maintain an efficient irrigation system.

##### **Recycled Water Comments**

Metropolitan commented on the State Water Resources Control Board's 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.

## Strategic Priority / Water Supply Reliability

### Groundwater Resources (Water Quality)

##### **Emerging Constituents Monitoring Program**

The Santa Ana Watershed Project Authority Emerging Constituents (EC) Workgroup finalized its Phase I Report in April 2009 documenting its findings regarding EC monitoring. The Phase 2 effort, to be concluded by December 2009, has a goal to propose an appropriate EC monitoring program. ECs are unregulated constituents in water that are being detected at ultra low concentrations (parts per trillion) and include pharmaceuticals, personal care products, endocrine disruptors, and industrial chemicals. The public has become increasingly concerned about the presence of ECs in drinking water. The Santa Ana Regional Water Quality Control Board has requested EC monitoring be extended from recycled water to imported water used for groundwater recharge. The environmental and health significance of ECs is often unknown. Monitoring is currently not for compliance purposes, but will contribute to greater understanding of the incidence of these chemicals in water supplies.

## WATER SYSTEM OPERATIONS GROUP

### Water Demands

Water Sales Cash Year 2008-09 (May-April)  
 1,995,000 AF Current Sales Projection  
 1,993,000 AF Budget Sales Projection  
 2,000 AF Difference

### Current Reservoir Storage

|              | As of 5/21/09 | End of Month<br>Forecast |
|--------------|---------------|--------------------------|
| Lake Mathews | 124,900 AF    | 126,000 AF               |
| Lake Skinner | 39,500 AF     | 40,000 AF                |
| DVL          | 358,300 AF    | 345,000 AF               |
| Lake Perris  | 62,100 AF     | 62,000 AF                |

### System Operations

- System operations delivered 201,000 acre-feet of water for May 2009 to meet an average daily demand of 6,500 AF per day. This was an increase of over 600 AF per day compared to April deliveries.
- In May, 65,000 AF of water from the State Water Project was delivered into the service area, to meet about 32 percent of Metropolitan's May 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.
- Deliveries of Colorado River water in 2009 are expected to exceed 1 MAF for the first time since 2002. The CRA remains at a 7-pump flow.

Staff participated in Operating Committee meetings for the groundwater Conjunctive Use Programs and the Central Valley Banking Programs, to facilitate the return of water stored in previous years and to plan for additional groundwater production for the remainder of the year to augment lower than normal imported supplies. Returns of about 200 TAF from these programs are planned for CY 2009.

Operations personnel and Supervisory Control And Data Acquisition programming staff were able to overcome the loss of an inaccessible flow meter for the Lake Mathews hydro electric plant. The loss of the flow

### Current Sales / Deliveries

May Sales Estimate 192,000 AF  
 May Delivery Estimate 194,000 AF\*\*

\*\* excludes Desert Water / Coachella Valley deliveries

### Sales Projections for Calendar Year 2009

As of June 4, Sales Forecast is 1,950,000 AF

meter prevented the automatic flow transfer process from working to protect the facility. An alternate method of flow transfer was developed that protects system reliability without the flow meter, and the facility was returned to service to generate an average of four megawatts of power equivalent to \$5,000 per day.



System Operations—Lake Mathews Hydro Electric Plant

## WATER SYSTEM OPERATIONS GROUP

### Water Quality

**Taste and Odor**—There is a blue-green algae bloom in Castaic Lake that is producing geosmin in the surface of the lake. Taste and odor was acceptable in all of the other 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 April for Weymouth, Diemer, and Skinner water treatment plants are 690, 660, and 622 mg/L, respectively. All three plants are currently above the operating goal of 500 mg/L TDS as a running annual average

**Chromium 6**—On May 21, staff attended the Topock Leadership Partnership meeting in Palm Springs to discuss the Corrective Measure Study treatment alternatives. The Study is expected to be finalized in 2009.

### Emergency Management

A comprehensive review of materials and supplies was completed to ensure adequate inventory for repairing pipelines in emergencies. Additional material was ordered as needed (e.g., plate steel for rolling pipe).

Staff attended Earthquake Research Associates semiannual meeting at CalTECH. Information was provided on the recent Chino Hills earthquake and the recent earthquake swarms near the Salton Sea. Staff also participated in a discussion with United States Geologic Survey and other agencies regarding the installation of additional ground fault monitoring equipment at Metropolitan facilities that are near the San Andreas Fault and the San Jacinto Fault.

### Security

Special agents assisted federal and state Homeland Security representatives with site visits to Diemer and Skinner treatment plants, as part of a national program of assessing critical infrastructure sites to comprehend their regional significance.

Security management accepted an invitation for and began working on a joint initiative between the American Society for Industrial Security and the Society for Human Resource Management to develop an American National Standards Institute standard for workplace violence prevention and intervention.

### Treatment Plants

The chlorine and caustic soda supplier for Metropolitan provided a two-day seminar as part of their Responsible Care program to improve chemical safety. Several Metropolitan staff members attended the seminar and toured the chlorine manufacturing plant in Henderson, Nevada.

### Conveyance and Distribution

To address restrictions in capacity identified during the April 8 pump flow test of the Colorado River Aqueduct, staff chlorinated portions of the CRA from Hinds pump plant to the San Jacinto Tunnel. Chlorination is used to remove algae growth that restricts flow in the tunnels and siphons. Gains in capacity will be determined once flow measurements are completed this week.

Staff performed external inspection of the leak site on the Orange County Feeder. The inspection verified the pipe was damaged by a prior directional boring operation that caused the leak. The external coating was repaired, cathodic protection anodes were installed and the site restored.

A Quagga Mussel Release Plan was submitted to the Department of Fish and Game for delivery of CRA water from Service Connections OC-28 and Cen B-28. The Plan was approved.

Staff responded to the May 16 4.7 Magnitude earthquake by patrolling portions of the Central Pool. There was no damage to any facilities.

### Environmental, Health and Safety

Staff implemented portions of the Pandemic Plan in response to an influenza (2009 H1N1) outbreak in Mexico and the World Health Organization's pandemic alert levels.

Final testing of the upgrade to the Human Resources Management System or "PeopleSoft" is underway and going well. The new system will be used to track all environmental, health and safety training requirements.

## WATER SYSTEM OPERATIONS GROUP

### Power Operations and Planning

Due to the current depressed price of energy, Metropolitan has been investigating forward energy purchases for 2010. On April 30, Metropolitan committed to purchasing 88,000 megawatt-hours of supplemental energy in 2010 to help satisfy the anticipated CRA pumping load. The purchases were for off-peak power from three suppliers throughout the year and represents approximately 13.2 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 \$3.1 million. Payment will be made when the energy is delivered. With this commitment, Metropolitan has now acquired 184,200 megawatt-hours or 27.6 percent of the supplemental energy required in 2010 at a total cost of \$6.6 million. Additional forward energy purchases are being considered.

Metropolitan is participating in a state-wide initiative to facilitate achieving the goal of serving 33 percent of California's energy requirements with renewable energy by 2020. This effort, called the Renewable Energy

Transmission Initiative (RETI), includes representatives from utilities, generation developers and state and federal agencies. RETI is proposing remote sites for clusters of renewable generation facilities and the transmission lines that are necessary to bring the energy to where it is needed. RETI suggests the CRA transmission system maybe a candidate for conveying renewable energy. Comments were provided to RETI on May 10 and to the California Energy Commission on May 22 expressing the position that the primary and paramount mission of the CRA transmission system is to provide power to the pumps that convey Colorado River water to Southern California and any other use of the transmission system would have a secondary priority.

Metropolitan continues to work with existing Hoover power contractors to define positions on an allocation of Hoover power to new contractors and drafting of potential legislation for the renewal of existing Hoover power contracts. The next meeting of the existing contractors' negotiating committee will take place in late June.

### System Maintenance /Shutdowns

Staff disassembled the pumps at the Greg Avenue Pump Station to remove damaged impellers. The damage was observed in a routine inspection in February. The impellers were shipped to the La Verne Shops for repair. Staff also prepared the Sepulveda and Etiwanda Hydroelectric Plants for operation due to the increase in the SWP allocation.

The West Coast Feeder was shutdown, on May 4, to modify the WB-28 Service Connection to allow lower flows. The work is complete and the Feeder is back in service. San Diego Pipeline No. 5 was shutdown on May 3, to perform Pre-Stressed Concrete Pipe inspection. The results of the inspection will be used to plan future repair work as needed.

### Apprenticeship Program

The treatment plants and pumping plants have small well-equipped shops where parts can be quickly fabricated to keep crucial systems in operation. The Apprenticeship program has added courses in general fabrication skills to ensure that the future workforce can effectively make on-site repairs during emergencies or to equipment that is no longer supported by the manufacturer.



Mechanical Apprentice performing work on shop lathe.

## EXTERNAL AFFAIRS GROUP

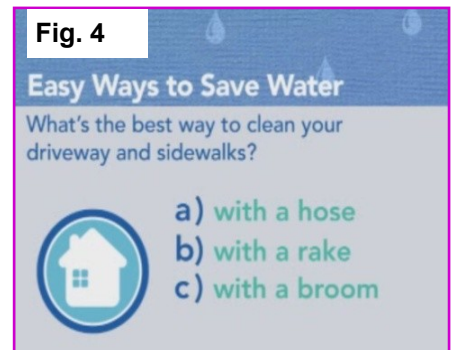
### Strategic Priority/ Water Supply Reliability / Water Conservation



Three television ads ran on 10 broadcast stations and multiple cable stations in May.

- The television commercial “Reservoir” (fig. 1) uses 2005 photography of Diamond Valley Lake and computer generated imagery to create a dramatic demonstration of our decreasing water reserves.
- The “Glass” commercial (fig. 2) draws a parallel between water waste, our dwindling water supply and what it could mean for future generations.
- The most light-hearted of the conservation ads, “Shower” illustrates (fig. 3) everyday wastes of water with a touch of humor to get attention.

Commercials and quizzes ran on video screens (fig. 4) at check-out lanes in select stores including Albertson’s throughout May.



## Member Agencies\Board of Directors Support

### Legislative and Community Outreach

- Staff provided in an inspection trip, co-sponsored by Three Valleys MWD, of Metropolitan facilities including DVL and Lake Skinner for 100 California State Polytechnic University at Pomona engineering students.
- During the Association of California Water Agencies’ Spring Conference in Sacramento, Metropolitan directors and staff participated in briefings with several elected officials and/or their staff, including: Assembly Members Arambula, and Torlakson; Senators Ashburn, Cogdill, Desaulnier, Hancock, and Yee. Directors emphasized the need for a comprehensive solution to Delta water supply and ecosystem challenges and urged support for Metropolitan-sponsored bills.
- Staff participated with Eastern MWD and Western MWD in the planning and coordination of the annual Riverside County Water Symposium. Speaking on behalf of Metropolitan at the day-long event were Brian Thomas, Assistant GM/Chief Financial Officer, and Kathy Cole, Executive Legislative Representative.



## EXTERNAL AFFAIRS GROUP

### State Legislative Update

#### Legislation

Metropolitan-sponsored legislation continues to move through the legislative process. Questions and concerns have been raised, along with some opposition, about two measures, in particular: (1) AB 1253 (Fuller, R-Bakersfield) which was substantively amended to now require a review of existing studies on fish predation in the Delta and a report back to the Legislature. While a less proactive approach from the original version of the measure, AB 1253 will still provide important information on predation impacts that are expected to lead to solutions for improving conditions in the Delta while keeping a legislative vehicle moving to the Senate; and, (2) SB 407 (Padilla, D-Pacoima) is continuing to evolve into an approach to address concerns from the opposition while achieving installation of water-efficient plumbing fixtures on residential and commercial real property. ACWA, the San Francisco Public Utilities Commission,

Metropolitan and the author continue to discuss amendments with the business property and realtor interests.

#### State Budget

In light of the current condition of the state's fiscal health and economy, all avenues are being explored to identify funds to support state services, programs and obligations, according to the Governor's staff. The Department of Finance has estimated that nearly \$2 billion in property tax revenues could be borrowed from local agencies while still meeting the eight percent constitutional limit under Proposition 1A. And, to further illustrate the state's serious financial situation, the Legislative Analyst's Office has estimated that without necessary legislative and fiscal remedies, and with the voters' rejection of the May ballot propositions, the state could face a \$23 billion shortfall in FY 2009/2010.

### Local Government Update

- Staff coordinated and attended local briefings between Metropolitan Directors and Assembly Members Brownley, Adams and Krekorian and Senator Price to provide the members with an overview of Metropolitan's water supply challenges and a review of Metropolitan-sponsored legislation.
- Staff attended the California Chamber of Commerce Legislative Summit in Sacramento and briefed state legislators on a variety of water-related issues including Metropolitan's legislative package.
- Staff continues to work with local elected officials and district office staff for state legislators, providing briefing materials and bill information to legislative staff. Meetings were held with La Puente Mayor Louie Lujan and staff members for Senator Romero.
- Staff briefed about 100 engineers and architects from the Business Development Association of Orange County on water issues in Metropolitan's service area.
- Staff briefed the Los Angeles County Consumer Affairs Commission on water issues in Metropolitan's service area.

### Federal Legislative Update

- Assistant General Manager Patterson testified on behalf of Metropolitan at a Congressional Field Hearing in Tucson, Arizona on the subject of Colorado River water quality.
- Metropolitan sponsored and staff moderated the Montebello Chamber of Commerce Legislative Luncheon featuring Congresswoman Grace Napolitano. The discussion focused on water quality, recycled water and water reliability issues.

### Community Outreach and other Events

- Thirty-three California Friendly Landscape Training Program classes were held for more than 950 homeowners and professional landscapers.
- Staff worked a booth at West Basin Municipal Water District's Smart Landscape Expo in El Segundo.
- Staff coordinated and conducted meetings with the City of La Verne regarding the leasing of Metropolitan property and the Site Master Plan for the Weymouth treatment plant.

## EXTERNAL AFFAIRS GROUP

### Education

- Staff, along with approximately 75 Metropolitan and Member/Retail Agency volunteers conducted Solar Cup 2009, the seventh annual event. Directors De Jesus, Lopez and Gray attended the event. Nearly 600 students from 33 high schools in four counties competed in the May 15-17 event at Lake Skinner in Temecula. The overall winners were Canyon High School in the veteran category and Savanna High School in the rookie category. Both schools are from Anaheim. The complete set of overall scores is posted on Metropolitan's Solar Cup Web site. The event resulted in significant media coverage again this year.
- Staff conducted the Southern California World Water Forum College Grant Program Expo on May 26 at Metropolitan's Headquarters. This was the culminating activity of an almost two-year process that featured exhibits and presentations about the 17 locally and globally focused team projects from the 14 colleges and universities. Each team received \$10,000 to create an innovative water conservation technology, communication or policy prototype or project. The Expo also featured comments and recognition by Honorary Chairperson U.S. Congresswoman Grace Napolitano. In addition to Metropolitan, partners include the United States Bureau of Reclamation, Los Angeles County Sanitation Districts, Friends of the United Nations, Water for People and the Los Angeles Regional Chapter of American Society of Civil Engineers.
- Staff conducted hands-on activities and made presentations to more than 800 students at the City of Oxnard Children's Water "Exploratorium" Festival, Hollywood High School and in the City of Compton. Staff also sent water conservation materials to elementary schools in Redondo Beach.
- Nine Diamond Valley Lake school program field trips were conducted (grades four through six) for nearly 300 students from Hemet, Lake Elsinore and Temecula Valley unified school districts. Nearly 1,000 additional students came to the DVL Visitor Center as part of the Western Center for Archaeology and Paleontology's field trip programs.

## REAL PROPERTY DEVELOPMENT & MANAGEMENT

### Real Estate Activities

- Maintenance work was performed by Mission Lakes Country Club, a neighboring land owner near Desert Hot Springs, to remove unauthorized landscaping materials from Metropolitan property. Mission Lakes Country Club provided Metropolitan with a release of liability before doing the work.
- An agreement was executed for consultant services to assist with development of an overall telecommunications leasing plan throughout the Metropolitan service area.

### Leases, Licenses and Entry Permits

- An entry permit was issued to Andy Domenigoni to allow horseback riding in conjunction with the 2009 Domenigoni Ranch Charity Ride for Diabetes. Portions of the ride occurred on Metropolitan-owned property located west of Diamond Valley Lake.
- A license was issued to Riverside County Transportation Commission to allow temporary storage of geotechnical core drilling samples on Metropolitan-owned property located west of Lake Skinner. The samples were obtained from geotechnical explorations in the Cleveland National Forest. Metropolitan was given shared use of the information gathered from these explorations.
- An entry permit amendment was issued to State of California, Department of Water Resources to extend the term and to provide an expanded area to perform environmental and archeological studies along a portion of the Inland Feeder right-of-way for DWR's Phase II East Branch Extension (Santa Ana Valley Pipeline Program).

## CORPORATE RESOURCES GROUP

### Capital Investment Plan

#### Contracts Summary

##### Ongoing Contracts

21 construction contracts and 4 related procurement contracts were ongoing through April. The total bid amount of these contracts is \$953 million.

##### Construction Payments

Approximately \$24 million in contract payments were made in May for construction performed in the month of April. Nearly \$9 million were expended on the Arrowhead Tunnels construction. Nearly \$4 million were related to work at the Skinner plant, including the ongoing construction of ozonation facilities, and Washwater Reclamation Plant 3. Nearly \$6 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, with various project deferrals, staff's current estimate for the fiscal year is approximately \$375 million. As a result of 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. As part of the FY2009/10 budget process, staff recommended the deferral of \$240 million in projects.

##### Significant Contracts

###### Arrowhead East Tunnel

Cellular grouting (grout injected between the pipe and the outer bolted-gasketed mining segments) continued from the City Creek portal. The final stage of grouting, termed contact grouting, will continue through June to fill any voids in the cellular grout. In June, the contractor began installation of the pipe outside of the tunnel at Strawberry Creek. This pipe will connect the tunnel to the previously constructed pipeline running between the East and West tunnels. The contractor also initiated demobilization activities at the Strawberry Creek portal.

###### Arrowhead West Tunnel

Cellular grouting continued from the Devil Canyon Portal will continue through July as the contractor conducts contact grouting to fill voids that remain after cellular grouting. Construction continued on the access structure at the Waterman Canyon Portal.

###### Inland Feeder Phase 1 – Equipment Auction

On May 22, the Phase One equipment auction of mining, tunneling and support equipment was completed by Ritchie Brothers Auctioneers. The first phase netted over \$1 million in proceeds that will be credited back to the Inland Feeder appropriation's remaining budget.

##### 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                           | 100%             |
| Perris Valley Pipeline, North Reach  | 96%              |
| Perris Valley Pipeline, South Reach  | 23%              |
| Mills Treatment Plant - Ozone Contactors No. 3 and No. 4                         | 93%              |
| Diemer Water Treatment Plant - Oxidation Retrofit Program                        | 17%              |
| Diemer Ozone Equipment Fabrication   | 90%              |
| Skinner Water Treatment Plant - Solar Power Generation Facility                  | 99%              |

## CORPORATE RESOURCES GROUP

### Capital Investment Plan

#### Profile on Recent Event

##### Engineering Managers Member Agency Forum

On May 6, staff held an Engineering Managers Member Agency Forum. Over 15 member agencies attended and shared common interests, issues, and challenges. Some of the items include managing capital programs, infrastructure reliability, tight budgets, service connection requests, water resources.

#### Supply and Delivery Reliability

##### Skinner Water Treatment Plant Expansion No. 4

This program includes construction of a new 110-mgd water treatment module (Module No. 7) and supporting facilities. Module No. 7 commenced operation in July 2007, while Washwater Reclamation Plant No. 3 and a coal removal structure were completed in December 2006. Construction of the Chemical Systems Modifications was completed in October 2007. All chemical systems under this program have been placed into service. The reclaimed washwater return pumping station was placed into service in March 2009. Remaining work includes the completion of As-Builts which are scheduled to be completed by December 2009. The program is on schedule and within budget.



Paving around Skinner's reclaimed washwater return pumping station.



Lake Skinner East Bypass Screening Structure Rehabilitation—Installation of new trash racks at bypass entrance.

## CORPORATE RESOURCES GROUP

### Infrastructure Reliability

**Conveyance and Distribution System Rehabilitation Program:** This program was initiated to maintain reliable deliveries through specific repair and rehabilitation projects on Metropolitan's pipelines, reservoirs, and control structures. The program currently contains 36 active projects, while 39 have already been completed. Recent activities include the following:

- Middle Feeder Cathodic Protection – This project will install cathodic protection stations along the Middle Feeder to protect the pipeline from corrosion. Final design is complete and advertisement is scheduled for June 2009.
- Lake Skinner East Bypass Screening Structure Rehabilitation – This project involves rehabilitation of the existing screening structures, enabling the removal of algae mats and other floating debris. Installation of the new trash racks was completed during a March shutdown, while construction is continuing on the installation of the screening structure and appurtenant facilities. Construction is 40 percent complete and is scheduled to be completed by October 2009. (See picture on page 11.)
- OC-71 Service Connection Fire Repairs – This project will repair fire damage caused by the 2007 wildfires. Construction is 60 percent complete and is scheduled to be completed by July 2009.
- Valve Replacement for San Fernando Tunnel at Magazine Canyon – This project involved the replacement of an inoperable 24-inch turnout valve located approximately 160 feet below ground surface in the Magazine Canyon Shaft. Construction is complete.
- Flow Meter Modifications – This project to install flow meters at two locations to improve collection of flow data. Installation at the Wadsworth Cross Channel was completed in May 2009. Metropolitan had previously installed a new meter at the Lake Skinner Inlet.
- Lake Skinner Outlet Conduit – This project will repair three distressed pipe segments on the Lake Skinner Outlet Conduit. Preliminary design is complete. Final design was approved by the Board in May and is scheduled for completion by October 2009.

The entire program is on schedule to be completed in fiscal year 2018/19 and is within budget.

## Strategic Priority/Sustainability

### Sustainable Procurement

#### Member Agency Purchasing Managers' Forum

On May 12, Metropolitan hosted a Member Agency Purchasing Manager's Forum focused on sustainable procurement. The meeting included a discussion of best green purchasing policies and a presentation by US Communities on its green product line. Metropolitan staff also reviewed their pilot total cost solicitation for light-duty fleet vehicles which member agencies can piggyback. This type of solicitation considers not just initial cost but the overall life cycle cost of a product including fuel consumption, maintenance costs, longevity, environmental impact and residual value.

### Renewable Energy Projects

#### Skinner Treatment Plant—Solar Collection

On May 22, Chairman Brick flipped a switch activating a 10-acre field of solar panels providing 1-megawatt, or 25 percent, of clean renewable energy used by the plant. Skinner's solar collection field features 462 sun-tracking stations, each supporting ten 230-watt panels. In addition, the panels will employ a tracking system that allows the panels to follow the sun's path from east to west, producing 25 percent more power than fixed panels. Preliminary design of a similar 1-MW system for the Weymouth plant continues.

## CORPORATE RESOURCES GROUP

### Business Processes/Update Information Technology Strategic Plan

#### **Completed Upgrades to Headquarters Committee Room (US2-456)**

During the period, upgrades were completed in the board committee room (US2-456) as part of the Headquarters Technology Project. Upgrades to the committee room included the audio and video system, in-room electronic signage for closed sessions / recording and centralized microphone controls. Currently, upgrades to US2-145 are underway. The main board room upgrades will start after the June board meetings and are scheduled to complete prior to the August meeting.

#### **Completed User Acceptance as part of the Plant Inlet Flow Metering Upgrade Project**

The purpose of the Plant Inlet Flow Metering Upgrade project is to ensure WSO operators and the SCADA system receives accurate inlet flow readings. Accurate inlet flow readings are critical for determining proper chemical feed dosages. This project involved upgrading the SCADA Automated Process Control programs to calculate plant inlet flow using multiple methods to help ensure the inlet flow figures provided to the WSO treatment plant operators are correct, even when one of

the meters is not providing accurate readings. During the period, the project was successfully completed and the users have signed off on the project.

#### **Initiated Phase Two of the Water Billing System Upgrade**

The Water Information System (WINS) project will upgrade Metropolitan's water billing system. The WINS system processes, stores and reports water transactions, incentive payments, customer usage, revenue data and storage account balances. WINS is used to invoice member agencies and incentive payments for the Local Resources Program and Conservation Credits Program. During April, Phase One of the project was successfully completed and the new billing system was rolled out to Metropolitan staff. The March and April water invoices were sent to the member agencies using the new system. In May, staff initiated Phase Two, which will release the new system to the member agencies.

## BUSINESS OUTREACH

The Business Outreach Program participated in the following events:

- Metropolitan Transportation Authority's 2009 Second Annual Sustainability Summit. Metropolitan Board Chairman Timothy Brick co-chaired the event with Metro Board Member and Santa Monica Council Member Pam O' Connor.
- The National Association of Women Business Owners Bravo awards in Ventura and San Diego Counties.
- The National Association of Women in Construction Networking Event.
- The National Latina Women's Business Association Awards Dinner.
- The Caltrans Los Angeles Small Business Fair with 200 businesses participating.
- The Los Angeles Basin Public Agency Council Meeting.

## HUMAN RESOURCES GROUP

### Workforce Effectiveness

#### Risk Management

- Completed 53 incident reports communicating instances of Metropolitan property damage, liability, workplace injuries, regulatory visits and spills.
- Completed 48 risk assessments on contracts including professional service agreements, construction contracts, entry permits, special events and film permits.

#### Benefits

- Hosted the Spring 2009 Service Awards Luncheon on May 13 at the Pomona Valley Mining Company Restaurant in which 42 recipients were honored for years of service. A total of 123 attended, including supervisors, executive management, board members, and guests.
- Hosted an all-day *Stepping Into Retirement* workshop on May 21 with 40 participants in attendance.
- Finalized a short-term contract with Financial Finesse to provide financial education on site to active employees in conjunction with Benefits Unit staff, Great West, and/or CalPERS.

#### Workers' Compensation

- Workers' Compensation conducted initial investigations on 10 injury incidents and submitted 6 new claims to Metropolitan's workers' compensation claim administrator.
- Settlements were negotiated in 6 claims and 11 claim files were closed.
- Medical staff conducted Medvans at Soto Street and Headquarters facilities, coordinated random drug/alcohol testing at one facility and arranged 7 medical evaluations.
- 2 accommodation requests were addressed.

#### Training

##### Organization Development and Coaching

- Provided *Face-to-Face Coaching* and consultations for 10 established managers.
- Provided extensive oversight and coordination with Contracts, external coaches, Employee Relations and managers of coaches through face-to-face meetings or teleconferences to ensure proper administration and monitoring of interventions.

##### Management Training

- Final draft of topics and presenters for *Management Fundamentals curriculum* is ready for approval to start scheduling classes in first quarter of the next Fiscal Year. Delivered two sessions of "How to Engage Employees" class for 25 managers.
- Provided support and delivered *Success Signals* – a module on Interest-Based Negotiation approaches to managers at the Corporate Resources Group Leadership Forum.

##### Other Training

- Delivered *Moving into Management Training* to five participants.
- Lunchtime sessions were delivered on *Elder Care* and *Online Learning Opportunities*.

## Strategic Priority

### HR Reorganization

Completed Human Resources Group reorganization to improve focus and efficiency of HR operations. Combined Recruiting and Training and Organizational Effectiveness into Talent Management function with a reduction of recruiting staff. Also, combined Benefits and Compensation with Human Resources Information Systems to increase utilization of HR systems and focus on Total Compensation.

### Labor Negotiations

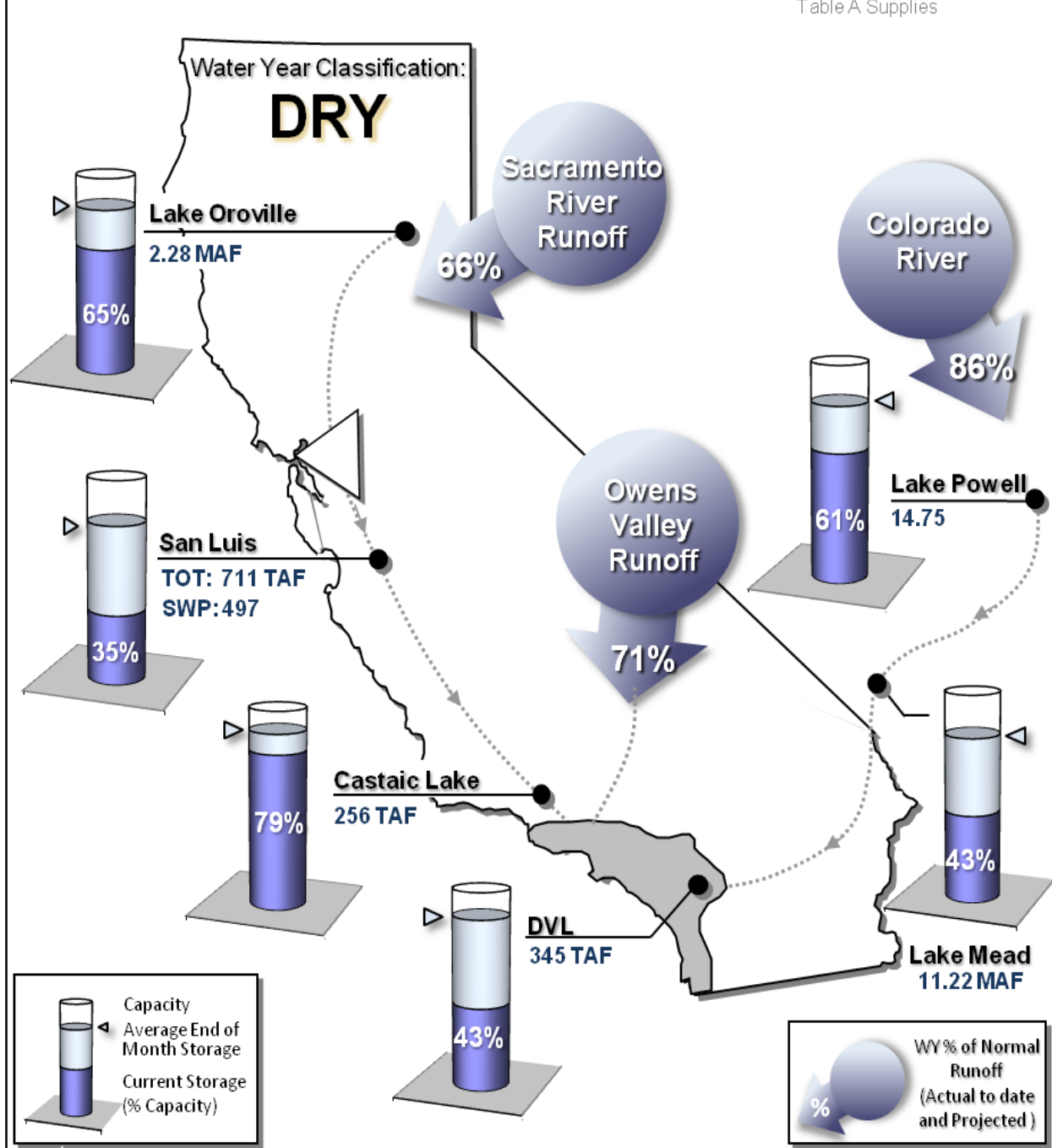
Have completed *Stated Interests Phase of Interest-Based Bargaining* for both the bargaining units and management; now moving forward with identifying areas for common ground. Issued third Labor/Management Joint Negotiations Communiqué to workforce outlining key interests that have emerged.

# Water Supply Conditions

SWP Allocation (2009): 833,000 AF 40% of Table A Supplies \*

Colorado River Supply Forecast (2009): 976,000 AF 78% of full CRA

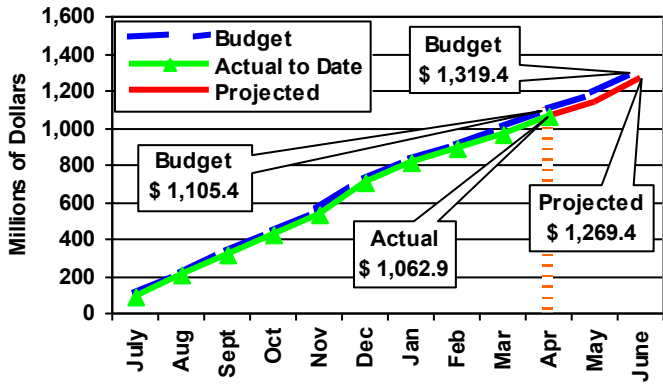
\* Includes CVWD and DWA Table A Supplies



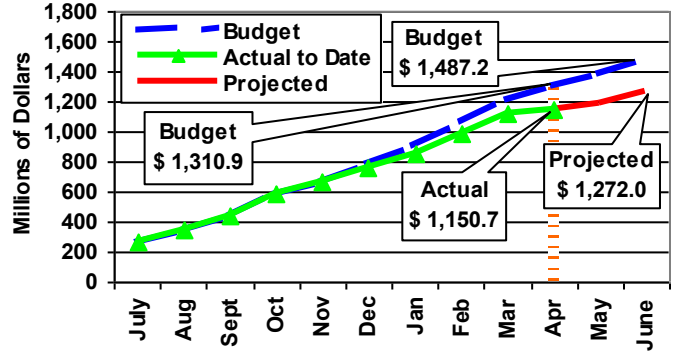


## Finance as of April 30, 2009

Receipts are expected to be \$50 million under budget by year end, mainly due to lower water sales, interest income sales, and power sales.



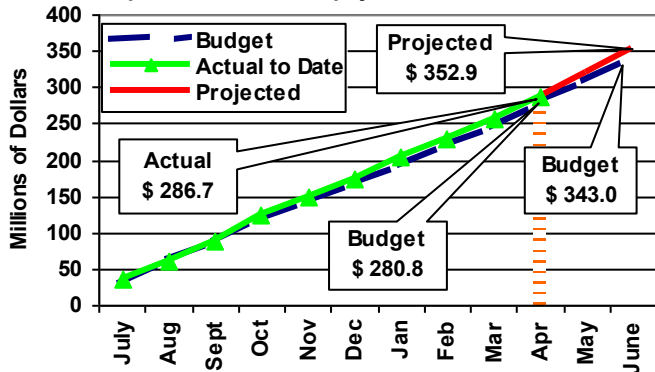
Expenditures are expected to be \$215 million under budget by year end, mainly due to lower capital expenditures, SWP power costs, and water supply costs.



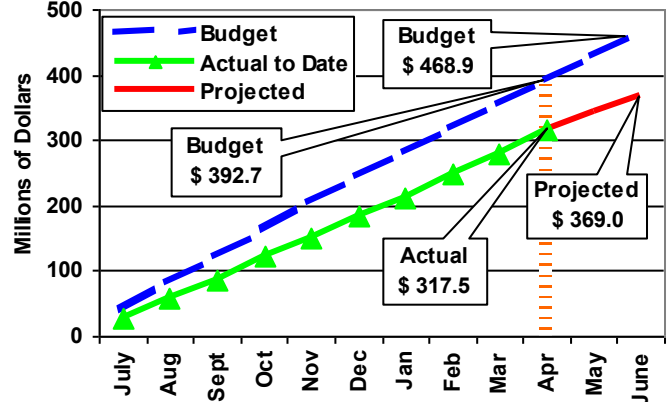
Excludes Bond Construction and Other Trust Funds Activity

Excludes Bond Construction and Other Trust Funds Activity

O&M expenditures are expected to be \$10 million over budget at year end due to workers' compensation and third party claims, Cargill legal expenses, and leave payouts.

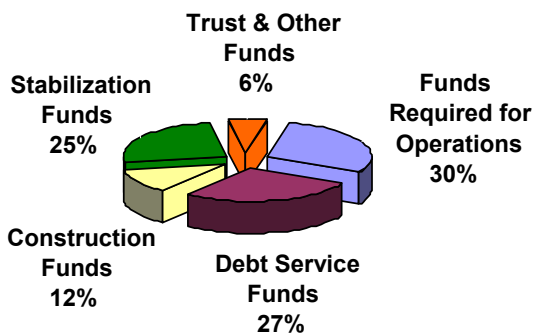


Construction costs are expected to be \$100 million under budget at year end, mainly due to the deferral of capital spending.



### Cash and Investments

\$ 979.7 million



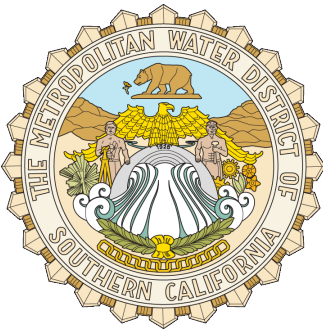
### Summary Financial Statistics

|                                  | Target   | Actual |
|----------------------------------|----------|--------|
| Fixed Charge Coverage            | ≥ 1.20 x | 1.30 x |
| Revenue Debt Service Coverage    | > 2.00 x | 1.71 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



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

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General Manager Jeffrey Kightlinger

# Spring Green Fair



Thank you to all of the employees who contributed to the success of this Metropolitan-sponsored event.

