



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Report

Office of the General Manager

● General Manager's June 2009 Activity Report

Summary

The attached report details the activities of the Office of the General Manager for the month of June 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
- Business Outreach
- External Affairs
- Real Property Development and Management
- Corporate Resources
- Human Resources
- Finance

Attachment

General Manager's Monthly Activity Report

The Metropolitan Water District of Southern California

General Manager's Monthly Activity Report—June 2009

INDEX:	
Water Resource Management	2-3
Water System Operations	4-6
Business Outreach	6
External Affairs	7-9
Real Property Development & Mgmt	9
Corporate Resources	10-13
Human Resources	14
Finance	15
Contact Info	16



High Performance Workplace Survey

Voices 2009 was completed and implemented in June. The Survey was distributed to all employees with full support from all bargaining units. Results will be shared with managers at the *Management Forum* slated for July 16. After July 16, survey results will be sent out to all employees for their review. Follow-up will be developed to communicate to all employees with metrics going forward.

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

SWP: State Water Project
CRA: Colorado River Aqueduct

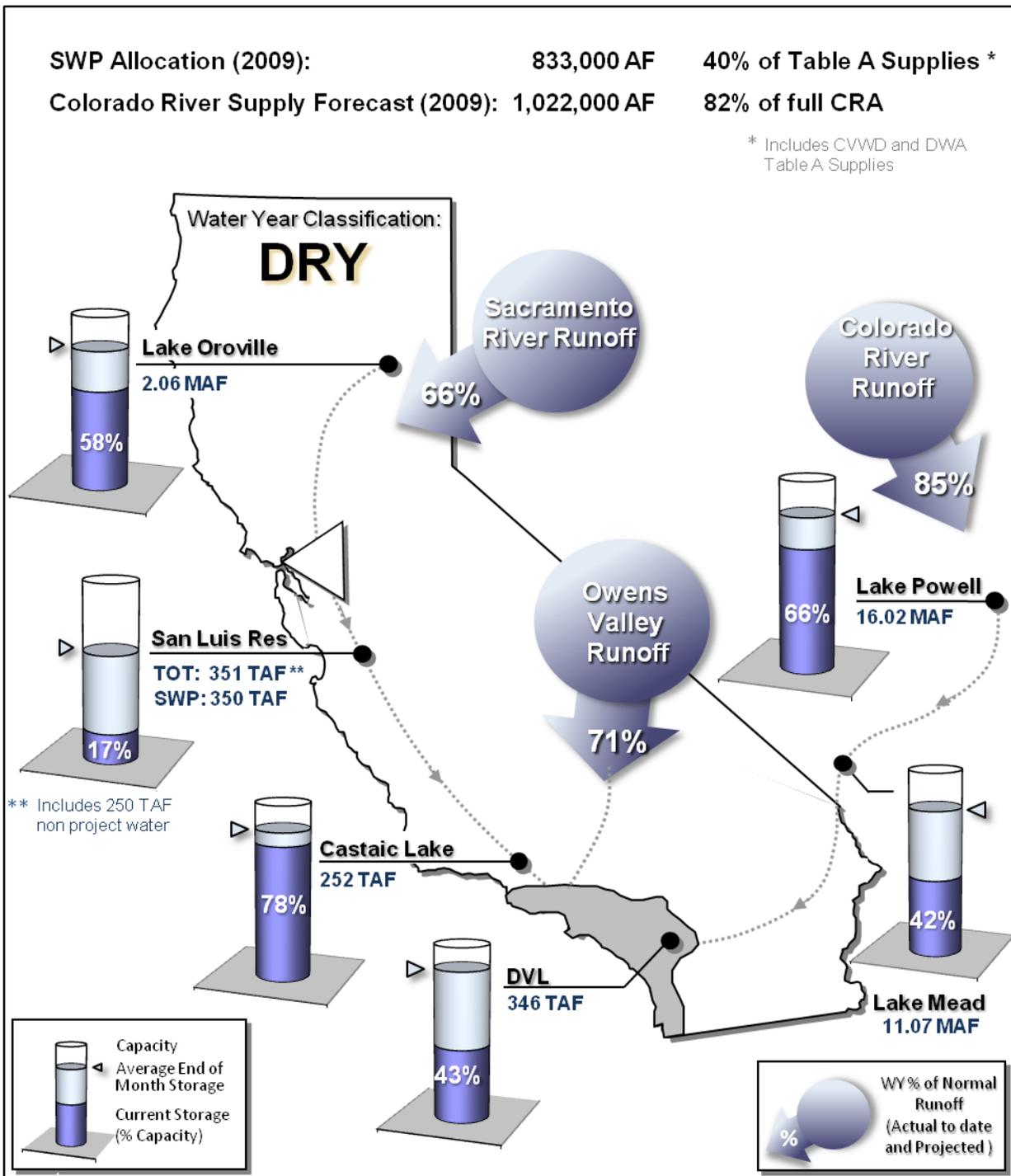
Procurement Award

Metropolitan received the Achievement of Excellence in Procurement® Award. This is Metropolitan's fifth award since 2003. In 1995, the National Purchasing Institute established a program designed to recognize organizational excellence in public procurement on an annual basis. This prestigious award is earned by those organizations that demonstrate excellence by obtaining a high score based on certain criteria. The criteria are designed to measure innovation, professionalism, productivity, e-procurement, and leadership attributes of the procurement organization.



WATER RESOURCE MANAGEMENT GROUP

Water Supply Conditions



WATER RESOURCE MANAGEMENT GROUP

Water Supply

Colorado River

Diversion Schedule

Staff provided the Bureau of Reclamation's Boulder Canyon Operations Office with a 2009 diversion schedule totaling 1.05 million acre-feet for 2009. Staff noted that Reclamation's latest end-of-year forecast of Colorado River water use indicates projected unused agricultural entitlement has increased by over 140,000 acre-feet from Reclamation's projection made last January. Given the

projected unused water that has been increasing with each forecast, the additional water anticipated from the Short-term Emergency Fallowing Program in the Palo Verde Valley, and other potential supplies becoming available, staff advised Reclamation that it plans to operate the Colorado River Aqueduct at a 7-pump diversion rate in order to take advantage of the projected available supply.

State Water Project

SWP Delivery Schedule

By letter dated June 4, 2009, Metropolitan transmitted to the California Department of Water Resources a revised State Water Project delivery schedule that incorporates the 40 percent Table A allocation. The revised schedule includes the purchase of approximately 40,000 acre-feet from the Yuba Dry Year Water Purchase Program and approximately 35,000 acre-feet from the 2009 Drought Water Bank. In anticipation of a potential low initial allocation for 2010, the revised schedule provides for the carryover of 100,000 acre-feet into 2010 and the replacement of most if not all of the Flexible Storage withdrawals from Castaic Lake reservoir. Approximately 925,000 acre-feet is scheduled for delivery at

Metropolitan's turnouts and may increase with additional supplies presently being developed including additional withdrawals from the San Joaquin Valley storage programs and other transfers.

SWP Energy Management

The State Water Contractors expressed support to DWR regarding its plan to acquire renewable energy at an initial incremental rate of 36 gwh/year as a means of progressively reducing green house gas emissions through the year 2050 to comply with the Governor's Executive Order. The SWC are coordinating with DWR to issue its first RFP. The acquisition schedule will be part of the upcoming energy Integrated Resource Plan, expected in draft form later this summer.

Desalination

Permit Approved

The California Coastal Commission approved Municipal Water District of Orange County's permit application for the South County Seawater Desalination Project extended pilot study in Dana Point. The study includes longer-term testing of the slant-well intake system water quality and modeling of potential groundwater impacts. MWDOC is partnering with several local agencies on the project. The Dana Point Project is part of Metropolitan's Seawater Desalination Program and would be eligible for up to \$250 per acre-foot once built. Metropolitan provided MWDOC with a support letter on the permit.

Conservation

Water Conservation Summit

Metropolitan staff participated in San Diego County Water Authority's annual water conservation summit. About 300 people were in attendance ranging from landscape, irrigation and green industry professionals to public agency and building industry representatives. The summit focused on water supply issues and potential impacts to San Diego County as well as best management practices for water use efficiency. Staff presented information on ways to incorporate water use efficiency in new homes including the use of California Friendly landscapes. Staff also discussed new landscape conservation ordinances that focus on lowering water use by increasing efficiency and helping to eliminate water waste.

WATER SYSTEM OPERATIONS GROUP

Water Demands

Water Sales Cash Year 2009-10 (May-April)
 1,997,000 AF Current Sales Projection
 1,900,000 AF Budget Sales Projection
 +97,000 AF Difference

Current Reservoir Storage

	As of 6/30/09
Lake Mathews	132,100 AF
Lake Skinner	38,800 AF
DVL	345,600 AF
Lake Perris	62,500 AF

System Operations

System operations delivered 175,000 acre-feet of water for June 2009 to meet an average daily demand of 5,700 AF per day. This was a decrease of 800 AF per day compared to May deliveries.

In June, 82,000 AF of water from the State Water Project was delivered into the service area, to meet about 47 percent of Metropolitan's June deliveries. As the State Water Project allocation was increased to 40 percent, System Operations began importing more from the SWP and conserving surface storage.

Operations personnel and Supervisory Control And Data Acquisition programming staff completed computer programming/testing for the Rio Hondo hydroelectric plant which allowed the plant to be placed back into service.

System Maintenance /Shutdowns

The East Valley Feeder was shut down on June 16 for two days. The shutdown allowed Metropolitan to repair a minor leak and complete other maintenance work. On June 22, Metropolitan began the pre-stressed concrete pipe inspection on the Rialto Pipeline and the Turbine Shutoff Valve seal replacement at the San Dimas Power Plant. The shutdown was scheduled through June 28.

Current Sales / Deliveries

June Sales Estimate	180,000 AF
June Delivery Estimate	174,000 AF

Sales Projections for Calendar Year 2009

As of June 30, Sales Forecast is 2,011,000 AF

Treatment Plants

Testing of new facilities continues at the Skinner water treatment plant with the focus now on the ozone retrofit program. A core team of operators and technicians has been participating in training and start-up of the many systems associated with ozone during June.

On June 3, a power outage at the Skinner water treatment plant occurred as the result of strong electrical storms. The plant's main emergency generators started and carried the electrical load for approximately four hours. This outage was the longest emergency operation period in several years.

Staff continued to follow draft Congressional legislation released in June that would establish new security requirements and procedures at the nation's drinking water facilities. The draft describes that drinking water systems would continue to be exempt from the Department of Homeland Security's Chemical Facility Anti-Terrorism Standards. Instead, EPA would regulate security at drinking water systems. Second, the power to impose nationwide "inherently safer technology" mandates on drinking water systems would be vested with individual states rather than the federal government and only then after considering the positive and negative consequences on a case-by-case basis.

WATER SYSTEM OPERATIONS GROUP

Conveyance and Distribution

Staff continued working on the plan for the upcoming Colorado River Aqueduct 8-pump flow test scheduled for July 20. The test will help optimize the conveyance capacity of the aqueduct.

Water Quality

Taste and Odor—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 May for Weymouth, Diemer, and Skinner water treatment plants are 673, 674, and 596 mg/L, respectively. All three plants are currently above the operating goal of 500 mg/L TDS as a running annual average.



Conveyance and Distribution
Sunset Relief Pressure Control Structure

Emergency Management

Staff is working with Engineering to plan an exercise to verify the ability to obtain needed reference materials, contractors, equipment, and supplies in case of a disaster. Engineering worked with Construction Services Unit, Maintenance Support Unit, and Warehouse staff to ensure availability of sufficient supplies and materials to handle two pipeline breaks at a time.

The California and Federal Emergency Management Agencies sponsored a Federal Region IX Stakeholder Kickoff Briefing for the Southern California Catastrophic Earthquake Plan at CalTech to discuss infrastructure impacts of sizeable earthquakes. Staff attended to provide input on behalf of water agency interests.

Environmental, Health and Safety

Staff continued to refine the Pandemic Action Plan. The Memorandum of Understanding for distribution of anti-virals and vaccines was signed by the Los Angeles County Department of Public Health and management.

Staff completed the Phase II Enhanced Vapor Recovery Installation Project at all facilities. This project was required to meet new air quality regulations.

Apprenticeship Program

The Apprenticeship Program conducted Demonstrated Proficiency Assessment (DPA) examinations for the Class of 2009 Electrical apprentices. This DPA is the final exercise required to satisfy the related instruction portion of the program and consists of individual practical exercises that examine the Apprentices' knowledge, abilities, and competency in core areas. Subject matter experts from the Water System Operations electrical trades consisting of journey-level, specialists and managers from outside the program are utilized for DPA evaluation in order to maintain objectivity and ensure fairness in the exercise assessments. The Class of 2009 Mechanical apprentice DPA's are scheduled for July. Apprentices will graduate to journey-level status upon successful completion of the DPA and achieving the required minimum hours of on-the-job training.

WATER SYSTEM OPERATIONS GROUP

Power Operations and Planning

Due to the current depressed price of energy, Metropolitan has been investigating forward energy purchases for the Colorado River Aqueduct for the months of July, August and September 2009. In late May and June, Metropolitan committed to purchasing 97,600 Megawatt-hours of supplemental energy in the third quarter of 2009 to help satisfy the anticipated CRA pumping load. The purchases were for off-peak power from three suppliers and represents approximately 16 percent of the total amount of energy needed on the CRA for the three months. The total cost of these purchases is approximately \$2.5 million. Payment will be made after the energy is delivered.

On June 26, Metropolitan submitted comments to the California Energy Commission on a draft report prepared by the Renewable Energy Transmission Initiative (RETI) working group. The initiative was launched to facilitate achieving the goal of serving 33 percent of California's energy requirements with renewable energy by 2020. The draft report suggested several transmission projects that would impact Metropolitan's CRA transmission system.

Metropolitan's comments provided a description of the unique nature of the Colorado River Aqueduct Transmission System and the critical role it plays in bring water to southern California.

Metropolitan provided comments to the California Air Resources Board on June 24 regarding their proposal to implement a fee on imported energy into California. The imported energy fee is part of a broad effort by the Resources Board to collect revenue from green house gas emitting activities to support the state's efforts to implement AB32. Metropolitan has requested changes to the Resources Board's imported energy fee proposal to clarify that imported energy from hydro plants, such as Hoover, will not pay a fee.

BUSINESS OUTREACH

Compliance and Accountability Program (CCAP) on "NETConnect"

The Business Outreach Team developed and successfully launched Metropolitan's new On-Line Contract Compliance and Accountability Program on NETConnect. The new system integrates NETConnect's On-line Bidding, Vendor Registration, Small Business Certification, Construction, Professional Services, and Insurance Systems to create an intuitive integrated system that links data from all modules to populate CCAP. Internal users and prime contractors have already started using the system and Business Outreach and Planet Bids will soon be training other internal users and prime contractors on how to use the reporting system to produce reports for both internal and external use. After testing Metropolitan's Contract Compliance and Accountability Program, the San Diego Airports decided to adopt the program for their Contract Compliance.

The Contract Compliance System has already benefited Metropolitan by creating internal partnerships between

Business Outreach, Construction, Engineering, Purchasing, and Professional Services, cutting costs, streamlining processes, and implementing time saving measures.

Support of Disabled Veteran Business Community

Metropolitan Directors Dick and Foley supported veterans along with Business Outreach at the 17th Annual Disabled Veteran Business Enterprise Alliance "Keeping the Promise" conference in Irvine. Over 1,500 sponsors, exhibitors and disabled veteran business men and women participate in this annual event.

Partnership with State of California

Metropolitan was invited to be on dais with Governor Schwarzenegger at the California's Annual Small Business Day - *A Salute to Small Business*. The event was hosted by California Speaker Karen Bass and the Legislative Leadership - President pro Tem Steinberg, Republican Senate Leader Hollingsworth, and Assembly Republican Leader Villines.

EXTERNAL AFFAIRS GROUP

Strategic Priority/ Water Supply Reliability / Water Conservation



The “Move the Needle” water conservation advertising campaign ran from February 23 to June 30 throughout Southern California. Ads and campaign materials using the water supply gauge were developed following a series of English and Spanish focus groups in January. Four radio ads, three television commercials, two print and outdoor ads and multiple online banner ads were created. These ads ran on 10 broadcast channels and 3 cable networks, 106 radio stations and more than 50 websites and search engines. Seven television weathercasters taped video vignettes that aired during the campaign promoting water conservation and the gauge, including KNBC-TV’s Fritz Coleman and KCAL-TV’s Jackie Johnson. Messages were delivered in English, Spanish, Mandarin, Cantonese, Korean and Vietnamese. Social network marketing was done through creation of profiles, sites, and postings on Facebook, YouTube, Photobucket, Care2, StumbleUpon, Reddit, Diig, Squiddo, and HubPages. As of June 4, bewaterwise.com has received 439,768 unique visitors for the fiscal year, a slight increase from the year prior, and nearly double the number from 2006/07.

Member Agencies\Board of Directors Support

- Staff coordinated a series of local legislative briefings on the current water supply crisis and Metropolitan’s sponsored legislation for Assembly Members Miller, Smyth, Solario, Strickland and Torres and Senators Cedillo and Liu. Present at various briefings were Chairman Brick and Directors Ackerman, De Jesus, Grandsen, Griset, Morris, Robinson and Santiago.
- The General Manager convened three Community Leader Briefings with Senators Harmon and Huff and Assemblyman Cook’s office to provide information and educate more than 250 community leaders on the current water supply crisis and the long-term measures needed to help ensure a reliable water supply for the region. Metropolitan Directors Ackerman, Apodaca, De Jesus, Dick, Griset, Record and Santiago were present.

Legislative and Community Relations

Federal Legislative Update

- The General Manager worked with the Western Urban Water Coalition to provide technical comments to Senator Boxer in connection with a Senate Environment and Public Works Committee Markup on S. 787, legislation to amend the Clean Water Act.
- The General Manager and Assistant General Manager Patterson along with staff from other water agencies met with U.S. Interior Deputy Secretary David Hayes, Commissioner Mike Connor and other federal representatives to discuss recent progress on the Bay-Delta Conservation Plan and related Bay-Delta issues.

EXTERNAL AFFAIRS GROUP

State Legislative Update

Metropolitan-Sponsored Legislation

All of Metropolitan's 2009 sponsored legislation successfully cleared the June 5 house-of-origin deadline and are now in the second house for consideration. One bill of note, SB 407 (Padilla), has evolved into an approach that we anticipate will no longer be opposed by the California Association of Realtors. Amendments to SB 407 will move away from a retrofit-upon-resale approach, and, instead require that all residential and commercial properties, by date certain, replace inefficient plumbing fixtures with more efficient models.

Delta-Related Legislation

Six bills from the Senate and four from the Assembly have been identified as legislative vehicles for the comprehensive Delta reform package. Senate and Assembly Democrats are developing bill language that should be available for public review in late June. Policy committee hearings on the bill package are anticipated after the July 4 holiday. The Senate and Assembly Democratic leaders hope to adopt the comprehensive bill package by the September interim recess.

Water Use Efficiency Legislation

AB 49 (Feuer/Huffman) and SB 261 (Dutton/Ducheny) are two legislative measures designed to advance the Governor's call for a 20 percent reduction in per capita water use by 2020. SB 261 (Dutton/Ducheny), sponsored by Santa Ana Watershed Project Authority, and AB 49 (Feuer/Huffman), sponsored by National Resources Defense Council and Metropolitan, await policy committee hearings in the second house.

State Budget

The failure of the May 19 ballot measures sparked a heightened awareness of the need to stabilize the state's finances by July 1, in part, to provide some degree of confidence for bond sales to bridge the state's cash-flow shortage expected by the end of the fiscal year. The State Controller continues to urge an immediate budget resolution and reiterated the state will be unable to pay its bills on or about July 24.

Local Government Update

- Staff provided water supply briefings to Rosemead Mayor Maggie Clark, Signal Hill Councilman Ed Wilson and both Congressman Baca's and Senator Walter's district staff. Staff also provided presentations on the water supply outlook to the Los Angeles Downtown Chapter of the Shriner's Club and gave an overview of water issues at the Montebello High School Career Fair.
- Staff participated in Orange County Business Council's June 15 Sacramento Advocacy Trip at which Kathy Cole presented Metropolitan's legislative platform to key business leaders. The trip included advocacy meetings with the Governor and members of the Legislature on Bay-Delta concerns and various water bills among other business interests.
- Metropolitan co-sponsored the Los Angeles Business Council's Annual Sustainability Summit on June 29 at the Getty Museum, which was attended by over 500 Los Angeles County community leaders. Chairman Brick provided an update on the current water supply crisis and Metropolitan's efforts to help meet demand through expanded recycling and conservation. Other key presenters included U.S. Senator Barbara Boxer, State Senator Alex Padilla, Assembly Member Bob Blumenfield, and Mayor Antonio Villaraigosa.

Community Outreach and other Events

- Nine California Friendly Landscape Training Program classes were held for more than 256 homeowners and professional landscapers.
- Staffed booth for Southern California Water Committee's Los Angeles County Water Summit on June 3 in Long Beach and at the Los Angeles Business Council's Third Annual Sustainability Summit on June 29 in Los Angeles.

EXTERNAL AFFAIRS GROUP

Education

- The 2009 Annual "Water is Life" Travelling Student Art Exhibit Tour through 20 participating member and retail agencies ended this month. This year, over 5,400 agency staff and community members viewed the 36 K-12 water conservation pieces.
- Five Diamond Valley Lake school program field trips were conducted (grades four and five) for 160 students from Hemet, Perris and Temecula Valley Unified School Districts.

Media

- Arranged logistics for live coverage by television station KTLA, Channel 5, of low water levels at Diamond Valley Lake that included interviews with General Manager by reporter Gayle Anderson and several live broadcast segments as well as a taped story for later newscasts. Coverage focused on the region's water supply and the region-wide call for conservation.
- Arranged for National Geographic magazine staff photographer Edward Burtynsky to photograph Metropolitan intake facilities along the Colorado River at Lake Havasu.
- Set up logistics and interview between KABC-TV Channel 7 News and Metropolitan staff at a local home to show viewers various water-saving appliances such as front-loading clothes washers and water efficient toilets as well as outdoor devices such as smart irrigation controllers and water-saving sprinkler heads.
- Facilitated interview by Water Efficiency Magazine for story about Metropolitan's use of computer software to help in its water resource and conservation modeling.

REAL PROPERTY DEVELOPMENT & MANAGEMENT

Real Estate Activities

- Metropolitan received a permanent easement for access purposes over Metropolitan's Orange County Feeder and Extension right-of-way. Metropolitan quitclaimed the area no longer in use.
- A permanent easement was granted to the City of San Jacinto over a portion of the right-of-way along Metropolitan's Colorado River Aqueduct. This easement provides for use in conjunction with the City's Sanderson Avenue Widening Project.
- A permanent easement for ingress and egress was granted to a private landowner over a portion of Metropolitan's Foothill Feeder right-of-way in Newhall. This completed a transaction wherein the landowner had quitclaimed an existing area in exchange for an alternate access.
- A permanent easement was granted to Los Angeles County Sanitation District No. 2 for operation and maintenance of its sewer pipeline near Metropolitan's Rio Hondo Pressure Control Structure.

Leases, Licenses and Entry Permits

- A lease was granted to Los Angeles and San Gabriel Rivers Watershed Council for use of office space and parking at Metropolitan's Headquarters Building.
- A lease was granted to Los Angeles Opportunities Industrialization Center for use of office space and parking at Metropolitan's Headquarters Building.
- An entry permit was issued to LSA Associates, Inc., over a portion of Metropolitan's Middle Cross Feeder right-of-way. This permit allows for environmental studies necessary for the California Department of Transportation's Interstate 710 freeway project.
- A license was granted to Castaic Lake Water Agency to allow invasive on-site investigations and temporary construction activities to install and maintain an expanded turnout over a portion of the Foothill Feeder right-of-way.

CORPORATE RESOURCES GROUP

Capital Investment Plan

Contracts Summary

Ongoing Contracts

19 construction contracts and 4 related procurement contracts were ongoing through May. The total bid amount of these contracts is \$932 million.

Construction Payments

Approximately \$21 million in contract payments were made in June for construction performed in the month of May. Over \$7 million were expended on the Arrowhead Tunnels construction. Over \$2 million were related to work at the Skinner plant, including the ongoing construction of ozonation facilities, and Washwater Reclamation Plant 3. Over \$6 million were expended on the Diemer Oxidation Retrofit. Over \$1 million were expended on the northern and southern reaches of the Perris Valley Pipeline.

Total projected capital expenditures for the 2008/09 fiscal year were originally estimated 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 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 FY09/10 budget process, staff recommended the deferral of \$240 million in projects.

Significant Contracts

Arrowhead East Tunnel

The contractor completed contact grouting to fill voids that typically remain after cellular grouting. As contact grouting was completed, inflows of water into the tunnel were reduced to zero. Work began on the installation of pipe outside the tunnel at Strawberry Creek, which connects the tunnel to the eastern end of the previously constructed pipeline running between the east and west tunnels. The contractor continued demobilization activities at the Strawberry Creek portal.

Arrowhead West Tunnel

In June, the contractor completed cellular backfill grouting from both the Devil Canyon and Waterman Canyon portals. Contact grouting work continued to fill voids remaining from the cellular grouting. The contractor began installation of pipe outside the tunnel at Waterman Canyon, which connects the tunnel to the western end of the previously constructed pipeline running between the east and west tunnels. Construction continued on the access structure at the Waterman Canyon portal. (See photo next page.)

Other Construction Contracts

Project	Percent Complete
Skinner Treatment Plant Oxidation Retrofit and Washwater Reclamation Plant No. 3	99%
Perris Valley Pipeline, North Reach	97%
Perris Valley Pipeline, South Reach	28%
Mills Treatment Plant - Ozone Contactors No. 3 and No. 4	96%
Diemer Water Treatment Plant - Oxidation Retrofit Program	21%
Diemer Ozone Equipment Fabrication	95%
Skinner Water Treatment Plant - Solar Power Generation Facility	99%
Weymouth Water Treatment Plant Coagulant Tank Farm Modifications	41%

CORPORATE RESOURCES GROUP

Capital Investment Plan

Supply and Delivery Reliability

Mills Water Treatment Plant Capacity Upgrade: This program will upgrade specific components of the Mills plant to match the plant's hydraulic capacity of 326 million gallons per day. The program consists of four projects. Recent activities include the following:

- Ozone Contactors Nos. 3 and 4—Under the original Mills Oxidation Retrofit Program project, Ozone Contactors Nos. 1 and 2 were installed with a combined capacity of 160 mgd. To increase the ozonation capacity to 326 mgd, two new ozone contactors are required. Construction is approximately 95 percent complete and is scheduled to be completed by July 2009.
- Solids Handling Upgrades—This project will upgrade the solids system to reliably handle solids after the plant's full 326-mgd capacity is achieved. The recommended upgrades include addition of a washwater reclamation plant and thickeners. Preliminary design is scheduled to be completed by mid-2009.
- Modules Nos. 1 and 2 Rehabilitation—To fully upgrade the Mills plant, Modules Nos. 1 and 2 will be rehabilitated and returned to service. Final design is 90 percent complete and is scheduled to be completed by December 2009. Advertisement for bids has been deferred pending reassessment of projected flow demands in the Mills service area.
- Chemical System Capacity Upgrades—Portions of the existing chemical facilities will be upgraded to support the full 326-mgd plant capacity. Final design is 99 percent complete and is scheduled to be completed by December 2009. Advertisement for bids has been deferred pending reassessment of projected flow demands in the Mills service area.

The program is scheduled to be completed in 2013/14 and is within budget.



Arrowhead West Tunnel
Construction of the Access Structure
to the Waterman Portal



Mills Water Treatment Plant Capacity Upgrade
Installation of Ozone Piping
on Contactors Nos. 3 & 4 roof deck

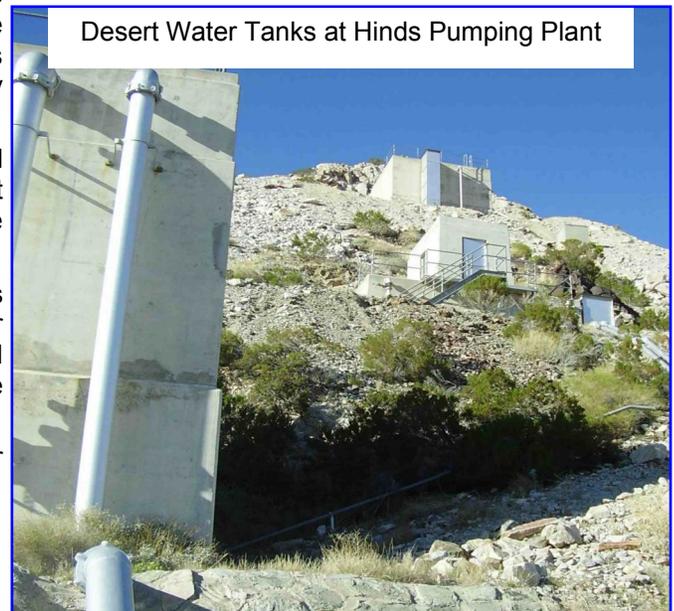
CORPORATE RESOURCES GROUP

Infrastructure Reliability

CRA Pumping Plant Reliability Program: The Colorado River Aqueduct Pumping Plant Reliability Program was established to maintain the reliability of pumping plants and support facilities. The program currently contains 9 active projects, while 4 have been completed. Recent activities include the following:

- Intake Pumping Plant Instrumentation Replacement and Automation—A pilot project will automate Pump No. 1 and several support systems. Construction was completed in April 2009. Start-up and testing activities are in progress and are scheduled to be completed by July 2009. Performance evaluation will continue through June 2010.
- Circulating Water Strainers—This project will replace worn-out water strainers used to filter domestic, cooling, fire and circulating water at the pumping plants. Construction is 40 percent complete and is scheduled to be completed by June 2010.
- Suction/Discharge Line Expansion Joints—This project will rehabilitate leaking joints on the delivery and suction lines at all five CRA pumping plants. Preliminary design is complete and final design is scheduled to commence in July 2009.
- Desert Water Tank Access and Safety Improvements—This project is required to improve access and safety to the water tanks located in the hills above the pumping plants. Final design is complete and specifications are scheduled to be advertised in July 2009.

The entire program is on schedule to be completed in fiscal year 2010/11 and is within budget.



Strategic Priority/Sustainability

Decrease Consumption of Non-Renewable Energy/Fuels

Greenhouse Gas Emissions Inventory

Metropolitan is a member of the California Climate Action Registry. This Registry is a non-profit organization established by the State of California. Its purpose is to develop and promote credible, accurate and consistent greenhouse gas reporting standards which participating organizations use to measure, monitor, verify and report their greenhouse gas emissions. Metropolitan has been a voluntary member since 2007 and has submitted verified emissions reports for calendar years 2005 through 2007. Metropolitan's emissions report for calendar year 2008 was submitted to the California Air Resources Board in June.

Renewable Energy Projects

Weymouth—Solar Collection

Preliminary design of a 1-MW solar generation system for the Weymouth plant is underway.

Employee Awareness

Employees continue to be encouraged to think green in their work and home lives through the publication of bi-weekly 60-second E-newsletters, Our Legacy.

CORPORATE RESOURCES GROUP

Business Processes/Update Information Technology Strategic Plan

Completed installation in Committee Room 2-145 and began upgrades in the main board room

During the period, installation of equipment in 2-145 was completed and the committee room is back in operation. Upgrades to the committee rooms included the audio and video system, in-room electronic signage for closed sessions/ recording and centralized microphone control. The adjacent committee room 2-456 was completed in the prior period. With installation completed in both committee rooms 2-145 and 2-456, the next phase of the project focuses on the main board room. Upgrades in the Board room began on June 17 and the room will be undergoing upgrades and testing during the next two months and is scheduled to re-open for the August Board meeting.



Upgrades in the Board Room

Implemented the Transportation Management System and completed MAXIMO 6.2 Upgrade

As part of the Transportation Management System project, staff implemented the Maximo Transportation Module on June 8, 2009, to effectively manage Metropolitan's Fleet operations. The Transportation Management System was successfully implemented concurrently with the Maximo 6.2 upgrade.

Key benefits of the system include:

- Increase efficiency by systematically tracking the current age, condition, utilization, replacement cost, and salvage value of fleet units to regularly determine replacement needs as well as reallocation strategies.
- Improve controls and oversight by providing fleet asset information, maintenance alerts based on vehicle specific meters, warranty tracking and recovery capabilities, manufacturer's recall identification and progress tracking, industry standard maintenance coding, life cycle cost reporting and key performance indicators.
- Enhance effectiveness by consolidating all fleet asset and maintenance records.
- Leverage existing maintenance management system with integrated Transportation module.



Transportation Management System for Fleet

HUMAN RESOURCES GROUP

Strategic Priority

HR Reorganization

Grant Burton, previously with the Legal Department as Senior Deputy Counsel, joined the Human Resources management team. He will be primarily working on strategic projects for HR and on operations management issues with Water System Operations.

Workforce Effectiveness

Benefits

Benefits & Employee Services finalized its Financial Education Contract with Financial Finesse to begin offering workshops to all employees for fiscal year 2009/2010.

Risk Management

- Completed 56 incident reports communicating instances of Metropolitan property damage, liability, workplace injuries, regulatory visits and spills.
- Completed 49 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 19 injury incidents and submitted 8 new claims to Metropolitan's workers' compensation claim administrator.
- Settlements were negotiated in 5 claims and 13 claim files were closed.
- Medical staff coordinated random drug/alcohol testing at three facilities and arranged 12 medical evaluations.
- 4 accommodation requests were addressed.

Employee Relations

Staff conducted half-day training on various employee relations issues to managers of Water System Operation's Support Services Section. To support further training efforts in the near future, the ER Unit will be producing an updated Manager's Guide to Employee Relations, a document originally produced in 2004. The updated Manual will be distributed within the next month.

Equal Employment Opportunities

EEO Staff completed analyses of First Quarter workforce data and developed related workforce tables.

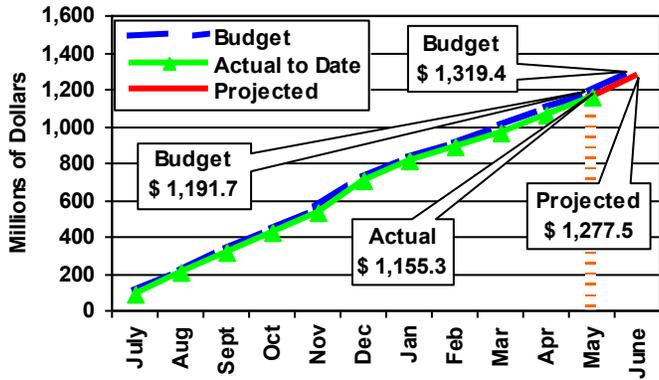
The Voluntary Self-Identification for Veterans survey was implemented and employees were given the opportunity to voluntarily provide a response as required by Metropolitan's federal contractor status. Data from the survey will assist with completing the required VETS 100 Report due later this year.

Classification / Compensation

Over 93 new American Federation of State, County and Municipal Employees job descriptions have been developed.

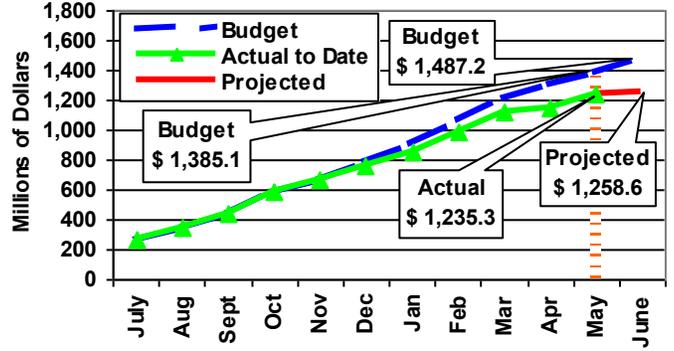
Finance as of May 31, 2009

Receipts are expected to be \$42 million under budget by year end, mainly due to lower water sales, interest income sales, and power sales.



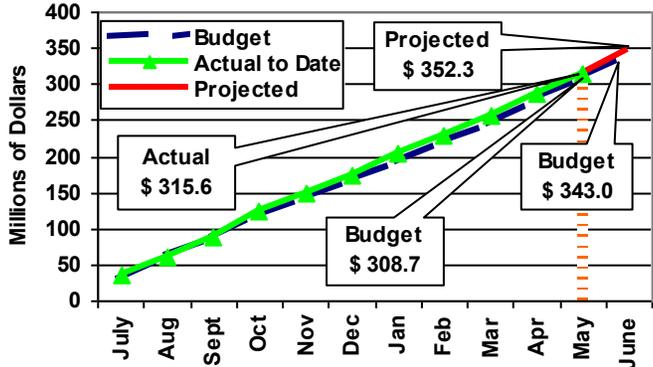
Excludes Bond Construction and Other Trust Funds Activity

Expenditures are expected to be \$229 million under budget by year end, mainly due to lower capital expenditures, SWP power costs, and water supply costs.

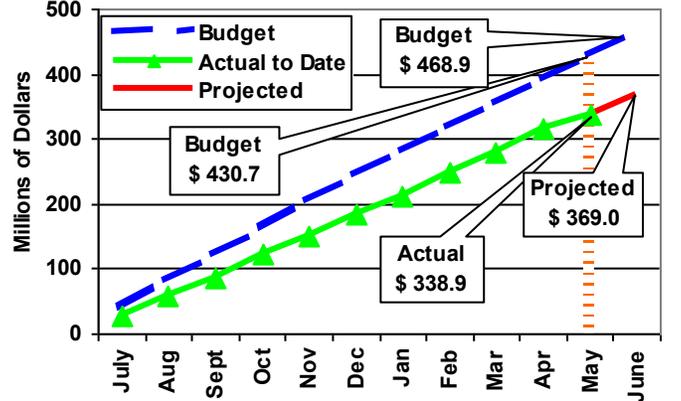


Excludes Bond Construction and Other Trust Funds Activity

O&M expenditures are expected to be \$9 million over budget at year end due to workers' compensation and third party claims, Cargill legal expenses, and leave payouts.

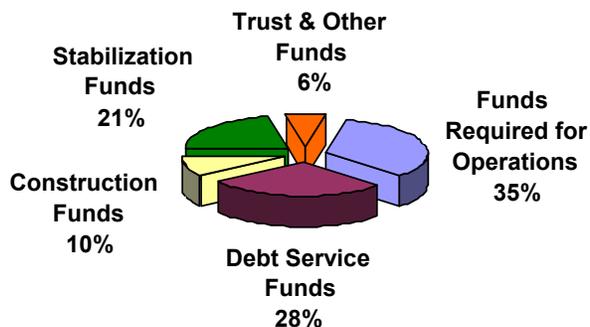


Construction costs are expected to be \$100 million under budget at year end, mainly due to the deferral of capital spending.



Cash and Investments

\$ 954.2 million



Summary Financial Statistics

	Target	Actual
Fixed Charge Coverage	≥ 1.20 x	1.26 x
Revenue Debt Service Coverage	> 2.00 x	1.73 x
Revenue Bond Debt / Equity Ratio	< 100.0%	74.3%

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—May 2009



700 No. Alameda Street
Los Angeles, CA 90012

General: 213 217-6000

Office of GM: 213 217-6139

E-mail: OfficeoftheGeneralManager2
@mwdh2o.com

General Manager Jeffrey Kightlinger

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

About Metropolitan

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

Statement of Values

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

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



Apprenticeship Class of 2009 Electrician Demonstrated Proficiency Assessment Examination