



The Metropolitan Water District of Southern California General Manager's Monthly Activity Report— November 2009

Dated: November 25, 2009

This report identifies the actions/activities taking place during the month which support the objectives of the General Manager's Fiscal Year 2009/10 Business Plan.

External
Affairs 1-4

Water System
Operations 5-7

Corporate
Resources 8-12

Water Supply
Conditions Chart 13

Water Resource
Management 14

Business
Outreach 15

Finance 16

Human
Resources 17-18

Real Property
Development &
Management 19-20

HISTORIC WATER LEGISLATION SIGNED INTO LAW

General Manager Jeffrey Kightlinger and Governor Arnold Schwarzenegger



On November 4, a comprehensive package of legislation was passed by the California Legislature to address the crisis in the Sacramento-San Joaquin Delta, to improve water management statewide and invest in water reliability throughout California. The Legislature's approval of this sweeping, bipartisan overhaul of the state's water system reflects an unparalleled effort to move California into a new era of water reliability that will benefit the state's residents and economy for generations to come. The Governor signed the legislative package over a series of days at venues throughout California.

The cornerstone of the comprehensive water package is SBX7 1 (Simitian, D-Palo Alto) which creates a new Delta Plan to address restoration of the Sacramento-San Joaquin Delta ecosystem, which Metropolitan fully supports. The legislation carefully balances the need for Delta improvements with water supply reliability for the State Water Project.

The bill authorizes the creation of a new Delta Stewardship Council that will help coordinate the actions of more than 200 local, state and federal agencies in the estuary. The legislation also establishes a pathway for the necessary conveyance and habitat improvement in the Delta, being developed through the Bay-Delta Conservation Plan (BDCP), to become part of a broader Delta Plan to be drafted by the new Stewardship Council.



EXTERNAL AFFAIRS (EA)

LEGISLATIVE AND COMMUNITY RELATIONS

WATER POLICY AND LEGISLATIVE STRATEGIES continued...

SBX 7 1 (Simitian) also creates a new Delta Conservancy as the primary state agency for Delta ecosystem restoration and to support efforts that advance environmental and economic protections. The measure reconstitutes the Delta Protection Commission and requires that the Commission create a regional economic sustainability plan for the Delta. Under the bill, the State Water Resources Control Board will be required to develop new “flow criteria” to facilitate planning in the Delta Plan and BDCP. The SWRCB is also required to delegate certain enforcement, not adjudicatory, authorities but limits the Delta Watermaster’s authority to in-Delta diversions and SWRCB orders and terms/ conditions on water right permits that apply to conditions in the Delta. SBX7 1 also creates the Delta Independent Science Board and Delta science program.

To advance interim protections in the Delta, SBX7 1 (Simitian) appropriates \$28 million from Proposition 84 for the two gates fish protection demonstration program.

The financial component of the plan is contained in SBX7 2 (Cogdill, R-Modesto) which advances an \$11.1 billion general obligation bond measure for consideration by the voters in November 2010. If passed by voters next November, the bond will help fund Delta restoration, the public benefits associated with new storage projects, groundwater cleanup, recycling and regional water management efforts.

As part of statewide water management reforms, the Legislature also approved SBX7 7 (Steinberg, D-Sacramento) which implements the Governor’s call for a 20 percent reduction in per capita water use by 2020. The measure also requires agricultural water supplies to complete water management plans, similar to that required of urban water suppliers, and to implement specific efficient agricultural water management practices.

SBX7 6 (Steinberg, D-Sacramento) will establish locally controlled groundwater monitoring programs. The California Department of Water Resources would be the default entity for monitoring and reporting groundwater levels in areas where no local programs exist.

SBX7 8 (Steinberg, D-Sacramento) mandates that surface water diversions be measured and reported statewide, ending a specific exemption for diverters within the Delta. The measure

also authorizes 25 additional personnel for the SWRCB’s enforcement of water rights and authorizes the expenditures of existing bond dollars for near-term actions to protect the water supply functions of the Delta.

The package reflects the successful completion of a decades-long effort by Metropolitan and many other water districts and stakeholders to forge a new direction for the Delta, where deteriorating environmental conditions have led to unprecedented water supply restrictions. Governor Schwarzenegger, Senate President pro Tem Darrell Steinberg, Assembly Speaker Karen Bass and minority leaders Sen. Dennis Hollingsworth and Assembly Member Sam Blakeslee are to be commended for their leadership in getting this historic legislation approved.

Local Government Update

At Metropolitan’s request, in the two days preceding the vote

on the Delta legislative package, nearly 50 Southern California business groups, chambers and local government organizations sent letters to the Governor and Legislative leaders urging passage of the comprehensive Delta package. Legislators consistently referenced the show of support through letters, urgent calls for action in meetings and deliberations over the bills.

Staff helped coordinate, and Metropolitan sponsored, several Delta/Water Supply outreach and education events during November including a presentation on the “State of the Utilities” by Jeff Kightlinger to the San Gabriel Valley Council of Governments; the Chino Chamber Legislative Roundtable with Congressman Ken Calvert, Senator Bob Huff and Assemblyman Curt Hagman; the Valley Industry and Commerce Association’s “After Dark” reception honoring Senator Alex Padilla and the Building Industry Association of Southern California’s annual awards and installation breakfast. In addition, staff provided Delta Legislation presentations to the following organizations: Association of Water Agencies of Ventura County, the Conejo/Las Virgenes Future Foundation, and the City of Walnut Rotary International Association, and the South West Legislative Council. Several directors were in attendance at these various events and meetings.

COMMUNITY OUTREACH

Strengthen Metropolitan’s community outreach efforts:

- Fourteen California Friendly Landscape Training Program classes were held for nearly 500 landscapers and homeowners.

EXTERNAL AFFAIRS (EA)

LEGISLATIVE AND COMMUNITY RELATIONS

COMMUNITY OUTREACH continued....

- Staff participated in a Collaborative Teachers' Workshop with Camrosa Water District, Calleguas MWD and the City of Camarillo, conducting a water education workshop with elementary teachers from Pleasant Valley School District in Camarillo.
- Staff conducted water conservation activities at the City of Los Angeles' Environmental Youth Conference. More than 350 middle and high school students attended the conference.
- Solar Cup 2010: Staff conducted two boat-building workshops for students participating in Solar Cup 2010. Thirty-eight teams have committed to participate in Solar Cup 2010, including first-time participants from San Diego County and the City of Compton. Technical Workshops for teams will be held in December and January. Solar Cup 2010 will be held May 14-16 at Lake Skinner.
- Seven Diamond Valley Lake field trips were conducted for more than 250 students in grades 4-6 from Hemet,

Lake Elsinore and Menifee school districts. More than 100 students toured the DVL Visitor Center in collaboration with the Western Science Center outreach program.

COORDINATE / COMMUNICATE DAY-TO-DAY EFFORTS

Coordinate and communicate day-to-day efforts to maintain and improve: operations and maintenance; source water quality protection and water treatment; infrastructure replacement, refurbishment and development; emergency management; and media communications and community outreach:

- Staff helped coordinate the setup and logistical arrangements at DVL as part of the Directors' Retreat.
- Staff coordinated and conducted a DVL tour for 45 members of the Day Trippers group from San Diego, CA.
- Staff Coordinated and conducted a DVL tour for the City of Riverside Freedom Village residents.

COMMUNICATIONS

SUPPORT BOARD WITH COMMUNICATIONS AND WORKING RELATIONSHIPS

Support Board members' communication and working relationships with elected officials, other government leaders, and business and community leaders with the following actions:

- Metropolitan convened a Community Leaders' Briefing with Senator Curren D. Price, Jr., at the Radisson Hotel in Los Angeles on November 5. More than 50 community leaders joined the Senator and General Manager Jeff Kightlinger for a special briefing highlighting the passage of the historic Delta Legislative package. Joining the Senator for the event were Directors John Murray, Gloria Gray, Ed Little and David Fleming. In addition, Rich Nagel, General Manager, West Basin MWD, and Tom Erb, Director of Water Resources for Los Angeles Department of Water and Power, provided updates on local efforts to address the region's water supply.
- Staff continues to coordinate in-district Delta briefings between Metropolitan directors and state legislators, including a briefing with Assemblyman Charles Calderon, which included Director Vasquez. In addition, staff assisted Director Kristine Murray and Orange County business groups

with briefing materials for the League of Cities Orange County Division's meeting on the Delta Legislation.

- On November 17, at the request of Directors Kavounas and Wunderlich, Water Resource Management and External Affairs staff provided briefings to the Glendale City Council and Water and Power Commission and the Beverly Hills City Council on the water supply and environmental challenges in the Delta and the recently passed Delta water policy legislation.

COORDINATION OF COMMON WATER POLICY ISSUES AND ACTIONS

Communicate and work with member agencies to assist in coordination and delivery of common water policy issues and actions to ensure key priorities identified by Metropolitan and its member agencies are addressed with the following action.

- Staff coordinated executive staffs' monthly meeting with the member agency managers where the 2009 Comprehensive Water Package and issues related to the 2010 Storage Levels, 2010 Legislative Strategy, Water Supply Allocation Plan and IRP were discussed.

EXTERNAL AFFAIRS (EA)

COMMUNICATIONS

PUBLIC EDUCATION / ADVERTISING CONSERVATION EFFORTS

Continue to develop and implement public education, outreach and the advertising campaign focusing on extraordinary conservation efforts:

- Staff arranged for publication of Metropolitan's conservation advertisement in the: Association of California Water Agencies' Fall conference event program; Southern California Water Committee's Silver Jubilee event materials; CORO Southern California's "Surfacing the Solutions" luncheon tribute journal; and, the Southern California Leadership Network's Visionaries Awards program.
- There were more than 400,000 views of bewaterwise.com videos from September to October 2009 by Southern California viewers. More than 75 percent of the videos watched were viewed from start to finish; the industry average is 20 percent.
- The online advertising campaign has driven 56 percent of all visits to bewaterwise.com to date.
- The paid online search on Google Search and the Google Content Network continues this month. Links to bewaterwise.com appear when keywords such as "water," "California weather," and "water rebates" are searched for by Southern California viewers.

PUBLIC INFORMATION PROGRAMS

Continue to develop and manage public information programs to convey Metropolitan's role in water supply, resource planning, water quality protection, conservation and other water policy issues through the following activities:

- Staff arranged interviews with General Manager Jeff Kightlinger and several reporters to discuss the historic water package approved by the Legislature. News media represented included the Associated Press, Reuters news service, North County Times, San Diego Daily Transcript, KNX radio, KQED radio in San Francisco, San Diego Union, Voice of America radio and KGO radio in San Francisco.
- Staff submitted an opinion editorial article about the Delta water legislation by Chairman Timothy Brick in the San Francisco Chronicle. The Op-Ed was published in the Chronicle on November 6.

- Staff coordinated the appearance of Jeff Kightlinger on KNBC-TV's Sunday morning public affairs program "News Conference with Conan Nolan" to discuss the water package and its impact. The General Manager appeared on the show with Assemblymember Mike Feuer and a representative from the Sierra Club.
- Staff facilitated an interview with Assistant General Manager Roger Patterson and a reporter from Associated Press for a story about increased groundwater pumping and salt content in the Colorado River Aqueduct.
- Staff coordinated arrangements with the Scott Martin Challenge cable television fishing program and associated filming at Diamond Valley Lake.
- Staff arranged for an interview with a reporter from Scientific American and GM Kightlinger for a story about shrinking water resources in California and whether the ongoing drought in southern Australia offers lessons for the state.
- Staff facilitated an interview with Assistant General Manager Brian Thomas and a reporter for Voice of San Diego to talk about Metropolitan's most recent water rate increases and the potential for rate increases in the future.
- Staff arranged for an interview with GM Kightlinger and a producer for Open Oceans Productions for a documentary film about California's water history and current status of water reliability.
- Staff issued the following press releases and statements:
 - * Statement by Chairman Brick following the Legislature's passage of the comprehensive Delta legislation for the Sacramento-San Joaquin Delta, statewide water management and the \$11 billion water bond.
 - * Press release on the Association of Metropolitan Water Agencies presenting Metropolitan with its highest award, the Platinum Award for Utility Excellence.
 - * Press release and media advisory about the launch of the eighth annual Solar Cup program.

WATER SYSTEM OPERATIONS (WSO)

POWER RESOURCE MANAGEMENT / GREENHOUSE GAS REDUCTION

On September 24, Metropolitan made forward energy purchases for Colorado River Aqueduct pumping requirements in the third quarter of 2010. The purchases totaled approximately 24,000 MWh at a cost of \$1 million. Payment for the energy is made after confirmation of delivery.

On November 19 and 20, Southern California Edison conducted an audit of Metropolitan's compliance with its delegated tasks for the North American Electric Reliability Corporation Reliability Standards. SCE will report on Metropolitan's compliance status during an audit of SCE's compliance by the Western Electricity Coordinating Council on November 30 through December 4. Findings of noncompliance can result in monetary fines. SCE stated Metropolitan had fully complied with the delegated tasks.

On November 20, the Western Area Power Administration published in the Federal Register, an announcement of the start of their administrative process to remarket the energy and capacity from the Hoover Dam power plant when the current power contracts expire September 30, 2017. Metropolitan will be actively involved in this process as well as continue to promote our legislative initiative in Washington, DC.

Metropolitan submitted third party verified Green House Gas inventory values for calendar year 2008 to the California Climate Action Registry. Metropolitan has reported GHG emissions to this registry since 2005.

SYSTEM RELIABILITY

SYSTEM OPERATIONS

System Operations delivered approximately 139,000 acre-feet of water for November 2009, which is an average of 4,600 AF per day. An additional 20,000 AF was delivered to the Desert Water Agency and Coachella Valley Water District connections, as part of the exchange for their SWP Table A supplies.

Water System Operations continues to focus on conserving limited SWP resources for areas served exclusively by SWP supplies for this year and next. SWP blends at Weymouth, Diemer and Skinner have been reduced to zero percent and could also be low during early 2010. Reduced SWP deliveries have also resulted in several hydroelectric plants being taken offline. This resulted in a reduction in Metropolitan's average generation from over 40 megawatts per hour to 18 megawatts per hour. Metropolitan's hydroelectric program will generate 12,900 megawatts for the month of November.

SECURITY

- Staff reviewed security protocols with the Los Angeles Police Department associated with chemical deliveries by rail to local treatment plants.
- Staff completed security system installations at Lake Mathews and at Copper Basin to enhance local oversight at the control-room level for quagga mussel-related mitigation activities.
- Staff met with Federal Energy Regulatory Commission inspector Dr. Samuel Lee to address security-related questions during his November 17 inspection of the Coyote Creek Hydro-electric Plant.
- Security management collaborated with System Operations staff in updating sabotage response protocols mandated by electrical power industry regulators.

SYSTEM MAINTENANCE / SHUTDOWNS

A 10-day shutdown on San Diego Pipeline numbers 3 and 5 began on November 1. This shutdown allowed San Diego County Water Authority to perform work on their portion of the pipeline. Metropolitan also performed some repair and maintenance work on the Lake Skinner East Bypass Screening Structure.

WATER SYSTEM OPERATIONS (WSO)

SYSTEM RELIABILITY

EMERGENCY MANAGEMENT

Staff conducted a functional exercise involving Engineering, Western Incident Command Center, Maintenance Support Unit, and Construction Services Unit to assess the ability to repair two major pipeline breaks simultaneously. Materials and supplies stocks were found to be sufficient; a need to securely store pipeline plan and profile data in multiple, redundant locations was identified. A complete after action report is being prepared to guide further improvements.

Incident Command Center (ICC) Emergency Exercises were conducted for Water Quality and Skinner. Mills plant conducted an employee evacuation drill. Headquarters staff conducted ICC staff training on communications. These training exercises continue to strengthen employee skill levels needed in responding to a major Metropolitan-wide emergency or disaster.

ENVIRONMENTAL, HEALTH AND SAFETY

- A limited supply of H1N1 vaccines has been made available to Metropolitan. The vaccine is being offered to regular employees, district temporary employees and the Board of Directors on a "first come, first served" basis.
- On September 11, 2009, SB 827 was passed and lifted the South Coast Air Quality Management District (SCAQMD) Permit Moratorium. The Moratorium, in effect since November 2008, halted essential public services and businesses from obtaining air quality permits unless costly emission reduction credits (Credits) were purchased on the open market to offset the emission increases from the new equipment. SB 827 becomes effective January 1, 2010. At that time, SCAQMD can again issue permits to operate applicable equipment without requiring the purchase of Credits. Therefore, Metropolitan's critical projects can proceed on time without the purchase of Credits. The most significant of these were the two emergency standby generators for the Diemer Oxidation Retrofit Program, resulting in an estimated cost savings of \$900,000; and the two emergency standby generators for the Weymouth Oxidation Retrofit Program, resulting in an estimated cost savings of \$750,000.

WATER QUALITY

PROTECT SOURCE WATER QUALITY

Levels of 2-methylisoborneol (MIB) in Lake Skinner continue to decline. The plant is currently on partial Lake bypass, and MIB levels leaving the plant are at acceptable levels. MIB levels in Lake Perris reached 45 ng/L, but are declining. Taste and odor was acceptable in all other source and finished waters.

MANAGE WATER TREATMENT

In preparation for a three and one-half month outage to replace the floating cover on the Skinner water treatment plant reservoir, staff completed testing operational procedures to minimize the impacts to member agencies. The reservoir outage began on November 30 and will continue through mid-March 2010.

The latest Total Dissolved Solids results from September for Weymouth, Diemer, and Skinner water treatment plants are 575, 602, and 456 mg/L, respectively. Due to limited supplies of State Project Water, all three plants are currently above the operating goal of 500 mg/L TDS as a running annual average.

WATER SYSTEM OPERATIONS (WSO)

TALENT ACQUISITION

WSO APPRENTICESHIP PROGRAM

Eleven apprentices graduated from the Program this month and received their Journey-level Certificates from the state of California. Six of these graduates were from the electrical program and five from the mechanical program. Each certificate culminates 7,280 hours of on-the-job training, including 640 hours of instruction, and 90 written and practical subject-matter tests over the course of their four-year program.



Class of 2009 Apprenticeship Program Graduates

WATER SUPPLY RELIABILITY

CLIMATE CHANGE IMPACTS

On October 30, at a workshop to discuss a proposed outline on how to implement the Governor's order to require utilities to meet 33 percent of their load with renewable energy by 2020, the California Air Resources Board (CARB) solicited comments on whether the requirements should apply to the State Water Project and the Central Valley Project. Staff is working with the State Water Contractors, Department of Water Resources and California Municipal Utilities Association to provide comments back to CARB.

Current Storage	11/22/2009 Storage (AF)	Percent of Capacity	End of Month Forecast (AF)
Lake Mathews	113,500	59%	106,900
Lake Skinner	34,600	80%	35,000
DVL	380,400	48%	387,700
Lake Perris	63,700	48%	63,000

Useful information:
AF = acre-foot, the volume of water to cover an acre of land, one-foot deep. Approximately 326,000 gallons of water, serves annual needs of two typical California families.
TAF=thousand acre-feet

CORPORATE RESOURCES (CRG)

CAPITAL INVESTMENT PLAN

REPLACE / REHABILITATE PROJECTS FOR CONVEYANCE AND DISTRIBUTION SYSTEM

Quagga Mussel Control Program—This program includes a comprehensive plan that incorporates enhanced detection, surveillance and mitigation strategies for controlling quagga mussel growth. This program will be conducted in at least three phases. Phase I addressed immediate quagga mussel detection, surveillance and mitigation strategies for the first seven months of infestation, which has been completed. Phase II consists of a comprehensive, multi-year approach for mussel management, and Phase III will address long-term needs and cost-minimization strategies. Phase II currently includes the following six projects:

- Copper Basin Interim Chlorination Facility—The interim chlorination system was placed into service in June 2008. Construction of the roof cover over the tank farm was completed in July 2009.
- Lake Mathews Chlorination Facility—The interim chlorination system was placed into service in November 2008. The construction of the roof cover over the tank farm is scheduled to be completed by December 2009.
- Conceptual and Preliminary Design of Permanent Disinfection Systems—Staff has begun conceptual design for construction of permanent disinfection systems to control quagga mussel populations.
- Isolation Barriers Along the Colorado River Aqueduct—This study seeks to control quagga mussel populations by installation of isolation barriers. The study identified

alternatives for controlling quagga mussels on the Intake pumping plant trash racks. Alternatives include isolating the pumping plant from Lake Havasu using metal or Hypalon barriers, and treating the water inside the barrier with chlorine to kill the mussels. Another alternative is to replace the trash racks with new racks specially coated to resist quagga colonization. Various coatings are currently being tested for resistance to quaggas. A draft study report was completed in September 2009. Staff is awaiting inspection results from the upcoming April 2010 shutdown before recommendation of a final alternative.

- Relocation of Chlorine Injection at Skinner Plant—The chlorine injection point on the Lake Skinner Outlet Conduit is being relocated to a point downstream of the new ozone contactor inlet connection to prevent chlorinated water from entering the contactors. Construction was completed in October 2009, and the new chlorine injection system was placed into service in early November 2009.
- Skinner Ozone Cooling Water System Chlorination—This project includes the design and construction of a chlorination system to control the growth of quagga mussels in the open loop cooling water system for the ozone generators. Construction was completed in October 2009, and the new chlorine injection system was placed into service in early November 2009.

REPLACE / REHABILITATE PROJECTS FOR WATER TREATMENT PLANTS

Diemer Water Treatment Plant Improvements Program—This program was initiated to maintain reliability and to improve operating efficiency of the Diemer plant through specific improvements projects. There are 22 active projects, while 7 have been completed. Recent activities include the following:

- Diemer North Access Road—In October, the Board awarded a contract in the amount of \$9,085,000 for construction of the Diemer North Access Road. Construction is scheduled to be completed by June 2011.
- Diemer Power Systems Upgrade to 66kV—Southern California Edison is preparing final design drawings for its new sub-station and transmission line which will supply

power to the Diemer plant. These facilities will be constructed by SCE and are scheduled to be ready to energize on August 1, 2010. In October, Metropolitan transmitted the second payment to SCE (\$5.68 million) out of a total cost of \$16.2 million for SCE to construct the facility.

- Finished Water Reservoir and East Washwater Tank Seismic Upgrades—Final design is 60 percent complete and is scheduled to be completed by December 2009.
- Filter Outlet Conduit Seismic Upgrades—This study is 80 percent complete and is scheduled to be completed by March 2010.

CORPORATE RESOURCES (CRG)

CAPITAL INVESTMENT PLAN

REPLACE / REHABILITATE PROJECTS FOR WATER TREATMENT PLANTS

Diemer Water Treatment Plant Improvements Program continued....

- New Fire and Potable Water Pump Station— Final design is 70 percent complete and is scheduled to be completed by January 2010. In order to coincide with the shutdown schedule of the Diemer Oxidation Retrofit Program, the large pumps (which have long fabrication lead-time) will be pre-purchased to reduce the overall construction duration.
- Public Address System Upgrades— Final design is 75 percent complete and is scheduled to be completed by January 2010.
- Filter Valves Replacement— Preliminary design is 75 percent complete and is scheduled to be completed by December 2009.
- Electrical Improvements— The Phase 2 preliminary design is 95 percent complete and is scheduled to be completed by November 2009. Phase 1 construction is being performed under the Diemer ORP contract and is 30 percent complete. The work is scheduled to be completed by December 2011.

Jensen Water Treatment Plant Improvements Program—This program was initiated to maintain reliability and to improve operating efficiency of the Jensen plant through specific improvement projects. The program currently contains 23 active projects, while 6 have been completed. Recent activities include the following:

- Alum-to-Polymer Tank Conversion—Final design is complete, and construction by Metropolitan forces is scheduled to be completed by June 2010.
- Administration Building Seismic Upgrades—The project consists of installation of steel and concrete beams, steel cross bracing, seismic connections, electrical work, and asbestos abatement. Construction is 50 percent complete and is scheduled to be completed by April 2010.
- Entrance Improvements—This project will improve access and security at the Jensen plant's San Fernando Road and Balboa Street entrances. A value engineering study was completed which identified several cost-saving opportunities to be incorporated into the project. Final design is 99 percent complete and is scheduled to be completed by December 2009.
- Module No. 1 Filter Valve Replacement—The preliminary design report to replace 76 valves in Module No. 1 is complete. A value engineering study was completed which identified potential cost savings. As a result, a pilot project to refurbish one of the corroded valves is in progress. A request to the Board to authorize final design is planned for spring 2010.
- Solids Handling Facility—This project will design and construct on-site solids dewatering facility and lagoons. Preliminary design, preparation of environmental documentation, and geotechnical investigations are 15 percent complete and are scheduled to be completed by July 2010.
- Solids Thickener Capacity Increase—This project will construct two solids thickeners and a washwater recirculation pipeline, and will repair a leaking sedimentation basin. Construction is 80 percent complete and is scheduled to be completed by June 2010.



Jensen Solids Thickeners Nos. 5 and 6

CORPORATE RESOURCES (CRG)

CAPITAL INVESTMENT PLAN

PROJECTS IDENTIFIED IN IRP AND INTEGRATED AREA STUDIES

Hayfield Groundwater Storage Program—In February 2009, the Board authorized installation of a full-scale prototype well and geotechnical investigations to characterize the hydrogeological behavior of the Hayfield aquifer. The authorized work was completed in August 2009. The 24-inch-diameter carbon steel well is 1,015-feet deep. The well was developed and then tested to determine the pumping capacity of the confined aquifer. The aquifer extraction capacity exceeded expectations, with pumping rates as high as 3,500 gallons per minute, which is estimated to yield 4,000 to 5,000 acre-feet per year. Following the test, the prototype well was disinfected and capped to protect against contamination.

Staff has developed an approach for extraction of the previously stored 70,000 to 100,000 acre-feet of water in the Hayfield basin. A request to the Board to begin final design to convert the existing prototype well into a production well is scheduled for January 2010.

Hayfield Prototype Well Testing



Inland Feeder deliveries to Diamond Valley Lake

Inland Feeder Program—This program consists of 44 miles of pipeline and tunnels that will enable Metropolitan to convey State Water Project flows from the Devil Canyon Second Afterbay to Diamond Valley Lake. Eight of the nine construction contracts have been completed. The final element of the Inland Feeder, which is the Arrowhead Tunnels, commenced service in late September 2009. Test flow rates

approached 850 cubic feet per second for short periods of time. Due to recent increases in allotments to Metropolitan, it is expected that initial sustained deliveries through the Inland Feeder will range up to 800 cfs. The Arrowhead Tunnels were completed 14 months ahead of the contract schedule, and within the board-authorized budget. Recent activities include the following:

- Arrowhead East Tunnel—In November, all remaining work was completed on the Strawberry Creek portal site including grading, drainage, access roads, and punch list items.
- Arrowhead West Tunnel – In November, the contractor completed all remaining work at the Waterman Canyon portal site including grading, access road construction, landscaping and irrigation work, and punch list items. All remaining work at the Waterman Canyon access structure was also completed.

The contractor completed all remaining contract work on the tunnels and the Notice of Completion was filed in late November.

CORPORATE RESOURCES (CRG)

CAPITAL INVESTMENT PLAN

PROJECTS IDENTIFIED IN IRP AND INTEGRATED AREA STUDIES

Colorado River Aqueduct Discharge Containment Program—The CRA Discharge Containment Program was established to address waste discharges at the five CRA pumping plants. The program currently contains 4 active and 2 completed projects, and one deferred project. Recent activities include the following:

- Desert Septic System Study—This study will assess the aging sewer pipes and leach fields, and will provide recommendations for repair and rehabilitation to avoid potential spills of sewage at all five CRA pumping plants. A portion of the study requires internal inspection of the existing sewer lines that will be performed by a specialty firm. This study is 50 percent complete and is scheduled to be completed by January 2010.
- Hinds Equipment Wash—This project will upgrade the existing heavy equipment wash facility at Hinds pumping plant to meet current environmental regulations. A request to the Board for authorization of final design is scheduled for December 2009.
- Transformer Oil and Chemical Containment—This project will be completed in two phases. Phase 1 is to construct the secondary containment structures for transformer oil, diesel, and sodium hypochlorite at Intake Pumping Plant. Phase 2 is to construct the remaining containment structures at the

four other CRA pumping plants. Phase 1 was completed in March 2007. Phase 2 will be initiated after polychlorinated biphenyls (PCB) remediation at Gene and Iron Mountain pumping plants is complete. The PCB remediation for Gene and Iron Mountain pumping plants are being performed by Metropolitan forces.

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



Completed Secondary Containment Structure for the Sodium Hypochlorite at Intake Pumping Plant

Construction Contract Activity	Percent Complete
Skinner Treatment Plant Oxidation Retrofit and Washwater Reclamation Plant No. 3	99%
Perris Valley Pipeline, North Reach	99%
Perris Valley Pipeline, South Reach	43%
Mills Treatment Plant - Ozone Contactors No. 3 and No. 4	99%
Diemer Water Treatment Plant – Oxidation Retrofit Program	32%
Diemer Ozone Equipment Fabrication	99%
Air Release and Vacuum Valve Relocation for Treated Water Pipelines – Packages 4, 5, & 6	94%
Lake Skinner East Bypass Screening Structure Rehabilitation	87%
Jensen Water Treatment Plant Solids Thickeners 5 & 6	75%
Weymouth Water Treatment Plant Coagulant Tank Farm Modifications	54%
Weymouth Water Treatment Plant Inlet Conduit Relocation and Rapid Mix System	4%
Diemer Water Treatment Plant North Access Road	0%

CORPORATE RESOURCES (CRG)

WATER SUPPLY RELIABILITY

WATER CONSERVATION CONTROL MEASURES

- Since the Board authorized an increase to Metropolitan's Conservation Credits Program, and amended a contract with Honeywell International in July 2009, staff has processed approximately \$6.2 million in payments that were accrued against the 2008/09 budget of \$40 million. With these payments, all invoices accrued against the 2008/09 budget have been paid.
- Staff re-activated the regional commercial and residential programs on September 21. The total reported reservations through the second week of November are at \$2.7 million, the most recent reservations were for high-efficiency toilets.

BUSINESS PROCESSES

UPDATE OF INFORMATION TECHNOLOGY STRATEGIC PLAN

Conducted Supervisory Control and Data Acquisition SWOT (Strengths-Weaknesses-Opportunities-Threats) workshop as part of the IT Strategic Plan Update. Metropolitan's Information Technology Section is currently updating its IT Strategic Plan which provides a roadmap to guide the investment and deployment of information technology at Metropolitan. The goal of the plan is to leverage IT investments to increase long-term reliability, while improving Metropolitan's overall efficiency and effectiveness. During the period, staff (1) completed a SWOT workshop with key stakeholders, comprised of technical staff from WSO, IT and Consultant SCADA experts. The workshop focused on Metropolitan's SCADA system which is used to monitor and control many mission critical water treatment and distribution processes and (2) Conducted IT Strategic Plan update to the ITSP Steering Committee comprised of managers from across Metropolitan's key business functions.

A draft SCADA assessment report has been completed and submitted to staff for review. The final SCADA assessment report will be included as part of the IT Strategic Plan refresh, currently

BUSINESS IMPROVEMENTS

Corporate Resources conducted a two-day leadership forum for all CRG managers at the Water Quality Lab in La Verne. The forum, attended by approximately 80 managers, addressed an array of management issues such as: resolving ethical issues, effective relationships with member agencies, understanding cost of service, the Voices 2009 employee survey, and CRG's use of consultants.



Corporate Resources Leadership Forum
Group Manager Roy L. Wolfe

WATER SUPPLY CONDITIONS

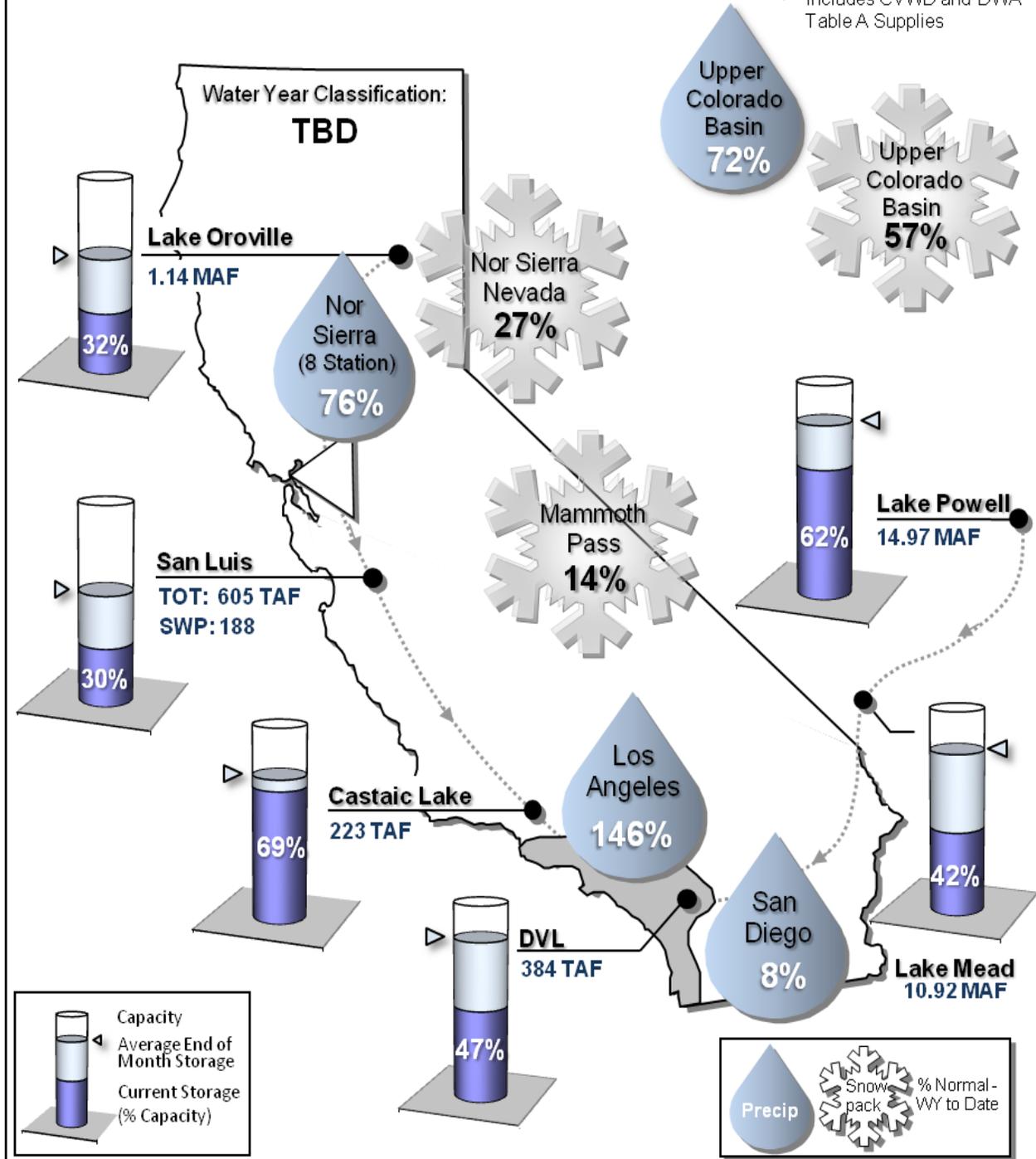
SWP Allocation (2009):

Colorado River Supply Forecast (2009):

40% of Table A Supplies *

91% of full CRA

* Includes CVWD and DWA Table A Supplies



WATER RESOURCE MANAGEMENT (WRM)

WATER SUPPLY RELIABILITY

UPDATE INTEGRATED RESOURCES PLAN

The second IRP Board Workshop was held on October 27. The primary focus of the Workshop was to identify key policy criteria for the evaluation of resource approaches. Additionally, the Board was provided with a review of the IRP evaluation criteria and alternatives, and potential resource issues. The third IRP Board Workshop was scheduled for November 30.

WATER SUPPLY

IMPLEMENT INTEGRATED RESOURCES PLAN

WaterReuse Training—Staff recently attended WaterReuse training “Strategies for Operating under the SWRCB's Recycled Water Policy.” The training consisted of a series of presentations on California’s Recycled Water Policy, constituent of emerging concern, basin plan amendments, and regional salt and nutrient planning.

Long-Term Conservation Program—Staff is engaged in a collaborative process with the member and retail agencies developing a Long-Term Conservation Program to achieve goals consistent with the current IRP Update process. It is anticipated that the Program would consist of an updated policy and action plan that would be integrated with other elements of resource development. Staff will deliver a status report on the process at the December Water Planning and Stewardship Committee meeting and anticipates a Board action item on the updated policy and action plan in March.

STATE WATER PROJECT

Yuba Purchase Program—Under Yuba Accord Dry Year Water Purchase Program, Metropolitan received 33,497 AF of Yuba transfer water from July through the end of September 2009.

Flexible Storage Account—By the end of May 2009, Metropolitan had withdrawn over 152,000 acre-feet from its Flexible Storage account in Castaic Reservoir. The flexible storage account permits Metropolitan to withdraw from Castaic Reservoir in excess of Metropolitan’s allocation; however the water must be repaid within five years. In order to prepare for 2010, at Metropolitan’s request, DWR has been replacing that flexible storage account with Metropolitan’s Table A supplies since October. Metropolitan’s full replacement deliveries is scheduled to be completed by the end of December 2009.

COLORADO RIVER

Yuma Desalting Project - Metropolitan made the first payment of \$3.3 million for up to 23,200 AF under the recently board-authorized (September 2009) Funding Agreement for the Yuma Desalting Plant pilot project.

PVID Loan Operations Manual - At a special meeting held on November 19, the Palo Verde Valley Community Improvement Fund (Improvement Fund) Board approved their Loan Operations Manual. This is a significant step for the Improvement Fund Board to finally begin issuing loans and grants to the community within the PVID Service Area. Funds will be available to businesses and projects that demonstrate the ability and commitment to provide a benefit to the Palo Verde Valley community at large. The purpose is to encourage economic growth and development of the Palo Verde Valley. The source of the fund originated from Metropolitan’s one-time investment for local community improvement as part of the PVID Fallowing Program.

BUSINESS OUTREACH

Metropolitan honors its military family of employees and supports the disabled veteran-owned business enterprises with the following activities:

- Director 'Bud' Pocklington was the featured speaker at a Veterans Day Program on the U.S.S. Midway in San Diego. He spoke about his experiences flying an H3 helicopter in Vietnam. The event was held to honor Service Disabled Veteran business owners and corporations and government agencies that support them. Metropolitan has invested more than \$2 million back into the Service Disabled Veteran Owned Business Enterprise business community.
- On November 6, Metropolitan employees and veterans David Cole, Michael Long, Magdalena Smull, and Rick Gervais were honored at a Veterans Day program hosted by the State of California's Disabled Veteran Business Enterprise Alliance. The alliance is composed of 900 certified DVBEs. David Cole is a U.S. Navy Commander, Magdalena Smull served in the Air Force as an Airman First Class, and Rick Gervais and Michael Long served in the Army.

On November 4, Business Outreach Manager John Arena represented Metropolitan on a panel of judges at the 10th Annual State Agency Recognition Awards (SARA) hosted by the Department of General Services. The SARA Awards honor state departments for outstanding achievement in advocating for and contracting with Small Business and Disabled Veteran Business Enterprises. The panel evaluated criteria and selected winners for using best practices and creativity.

This year the SARA Awards merged with the Connecting Point Expo and Conference sponsored by the California Small Business Association and the California DVBE Alliance. The purpose of the expo was to introduce small businesses to procurement officials. The Business Outreach team was able to introduce over 600 business owners to opportunities at Metropolitan, promoted Metropolitan's water conservation efforts, and encouraged business owners to register as vendors and obtain Small Business Enterprise Certification in Metropolitan's NETConnect system.

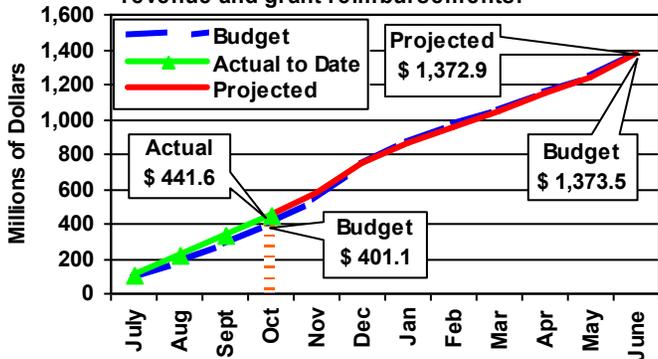


Veterans Day Tribute—San Diego

Retired Navy Commander Tom Pocklington, DVBE Business Owner Rob Morrow, Metropolitan Director 'Bud' Pocklington, Ms. Socorro M. Burk, Business Outreach Manager John Arena

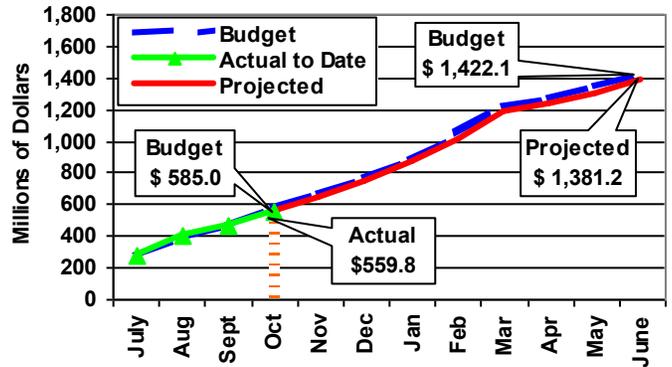
FINANCE as of October 31, 2009

Receipts are expected to be on budget by year end, due to lower water sales and interest income, substantially offset by higher wheeling revenue and grant reimbursements.



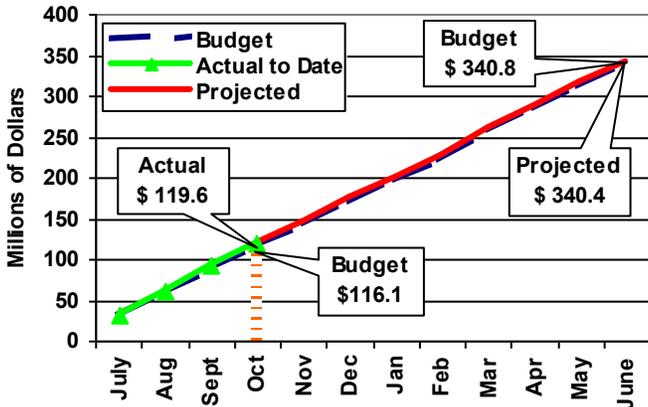
Excludes Bond Construction and Other Trust Funds Activity

Expenditures are expected to be \$41 million under budget by year end, mainly due to lower SWP capital costs.

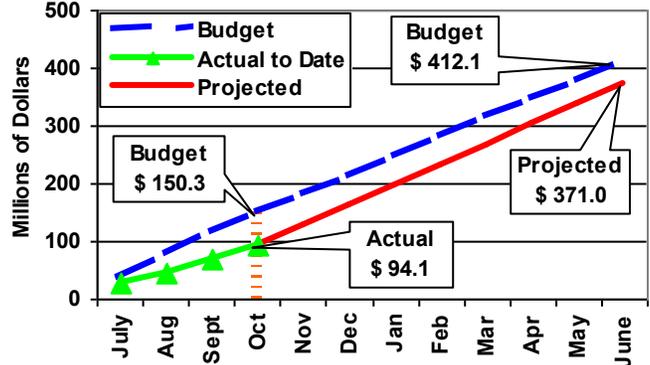


Excludes Bond Construction and Other Trust Funds Activity

O&M expenditures are expected to be on budget at year end.

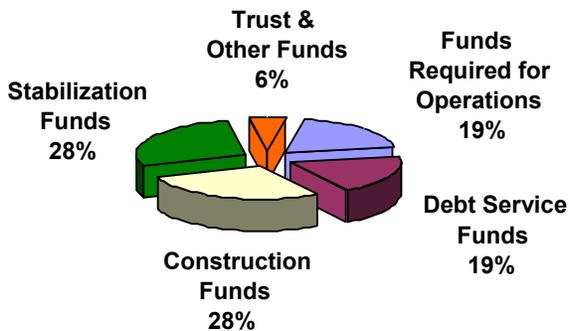


Construction costs are expected to be \$41 million under budget by year end due to scheduling changes and the deferral of land purchases associated with future treatment projects.



Cash and Investments

\$ 1,158.1 million



Summary Financial Statistics

	Target	Actual
Fixed Charge Coverage	≥ 1.20 x	1.31 x
Revenue Debt Service Coverage	> 2.00 x	1.79 x
Revenue Bond Debt / Equity Ratio	< 100.0%	76.3%

Credit Ratings

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

HUMAN RESOURCES (HR)

HIGH PERFORMANCE WORKPLACE

STRATEGIC HR

Initiated a Human Resources Audit update. This HR Audit is designed as a follow-up to the 2006 HR Audit.

DEVELOP PARTNERSHIPS WITH LABOR

A Board Workshop on negotiation strategy has been scheduled for November 30, 2009. Continuing meetings between management and bargaining units' leadership to ensure coordination on continuation of existing contract and implementation of items now due.

HIGH PERFORMANCE CULTURE

Continuing management briefings and follow up on the *Voices 2009 Survey* with various Groups and Sections throughout Metropolitan.

MANAGEMENT EXCELLENCE

- Facilitated two sessions of a *Communication for Teamwork* experiential learning for managers at the Corporate Resources Group Leadership Forum.
- Provided face-to-face coaching and consultation for eight managers and supported extensive external coaching administration of 14 engagements with external coaches.

HUMAN RESOURCES EXCELLENCE

WORKFORCE PLANNING AND SUCCESSION

- Reviewed deliverables for Workforce Planning and Talent Management with Operations and Personnel Committee.
- Equal Employment Opportunity staff completed analyses of third quarter workforce data and developed related workforce tables. It presented workforce data to the Operations and Personnel Committee.
- Launched an Internship Program Web page within the *MWD Careers With Met* section on Metropolitan's Web site.

TALENT ACQUISITION

- Recruitment staff attended the 2009 Annual Personnel Testing Council of Southern California Conference which focused on *Disrupting the Status Quo in Personnel Selection*. This conference provided an opportunity to meet with peers from other public agencies to discuss current issues in personnel selection and testing and examine more progressive ways of delivering services and programs.
- As part of ongoing recruitment outreach efforts, Metropolitan participated in a regional *Hire a Hero/Hire a Vet* job fair.

TOTAL COMPENSATION

- Reached agreement with ACE on the HR ACE Class Study. Approval from management has been obtained. Implementation of agreement will occur in December.
- Continued to work with American Federation of State, County, and Municipal Employees bargaining unit and management on the AFSCME Class Study to finalize revised job descriptions. A total of 156 of the AFSCME job description revisions have been completed.
- HR Benefits coordinated and hosted with CalPERS, Social Security Administration and Great-West Retirement Services an all-day Stepping Into Retirement Workshop at Gene for all the desert facilities on November 4 for employees who are planning to retire within the next five. In coordination with CalPERS, staff also hosted, for the first time, a series of personalized Retirement Consultations that were open to all employees.
- HR Benefits also hosted a Retirement Outreach Seminar that was coordinated and administered by Great-West that targeted retirees to provide financial education with regards to their 401(k) and 457 plans.

HUMAN RESOURCES (HR)

HUMAN RESOURCES EXCELLENCE

EMPLOYEE RELATIONS

Employee Relations staff continued partnering with Talent Management to deliver Reasonable Suspicion Training to managers. More than two-thirds of Metropolitan managers have now completed the training. The training is designed to teach managers how to identify signs that an employee may be under the influence of drugs or alcohol, and what steps to follow if there is a reasonable suspicion.

LEARNING AND DEVELOPMENT

- Launched pilot deployment of online curriculum through MindLeaders, with access to over 1,500 courses. During the first week, 50 courses were accessed by 68 employees with 26 completions and 62 are still in progress.
- Two sessions of the Conflict Resolution module were delivered at Lake Skinner and Headquarters facilities.
- Delivered Success Signals – personality styles through ‘colors’ modules for Corporate Resources Business Support Services as a follow-up to Voices 2009 employee survey. The same class was presented to all Water System Operations employees at the Diemer plant.

HR INFORMATION SYSTEMS

- Complete the upgrade and implementation of the PeopleSoft 8.9, improved non-employee tracking module, and the Employee Relations module. The Enterprise Learning Module is in the final stage of acceptance and will be ready for implementation after the holidays.
- Finalized selection of automated recruitment system vendor. Implementation to begin in December with estimated completion in early 2010.
- Continued to implement the various facets of the Cargill Settlement Agreement to comply with the court deadlines.
- Provided training to Corporate Resources Group management regarding use of consultants to ensure compliance with CalPERS regulations and Cargill Settlement.

RISK MANAGEMENT

Completed 47 incident reports communicating instances of Metropolitan property damage, liability, workplace injuries, regulatory visits and spills.

Completed 32 risk assessments on contracts, including professional service agreements, construction contracts, entry permits, special events and film permits.

WORKERS' COMPENSATION

- Conducted initial investigations on 4 injury incidents.
- Submitted 4 new claims to Metropolitan's workers' compensation claim administrator.
- Settlement were negotiated in 2 claims, finalized 2 additional claims, and 14 claim files were closed.
- Arranged 10 medical evaluations.
- Coordinated random drug/alcohol testing at one facility.
- Addressed 2 accommodation issues.
- H1N1 flu shots were provided at 2 facilities.



Managers at CRG Leadership Forum
Experiential Learning Exercise Demonstrating
the Value of Team Collaboration

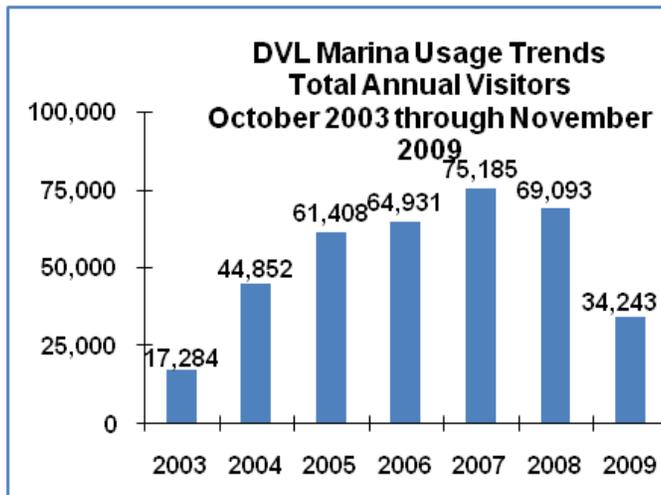
REAL PROPERTY DEVELOPMENT & MANAGEMENT (RPDM)

SUSTAINABILITY IN ALL ASPECTS OF REAL PROPERTY

- Metropolitan's Headquarters Building has received silver certification for Leadership in Energy and Environmental Design.
- The Headquarters Building also received Energy Star certification for 2009. Energy Star is a joint program of the United States Environmental Protection Agency and the United States Department of Energy helping to save money and protect the environment through energy efficient products and practices. This strategic approach to energy management and conservation produces savings to both the environment and in the efficient operation of a facility.

RECREATIONAL FACILITIES DVL AND SKINNER

Grand Pacific Contractors has completed all work on the Diamond Valley Lake boat ramp extension, approximately 90 days ahead of schedule. The ramp is scheduled to reopen for public use on December 20 following the required concrete curing period and several pre-opening events.



2009 usage represents January through November period.

Note: Boat launch ramp closed to private launches and is scheduled to reopen December 2009.

PROPERTY FOR FUTURE WATER INFRASTRUCTURE AND OTHER REAL PROPERTY GOALS

- An entry permit was issued to Southern California Edison Company to conduct surface and subsurface geotechnical investigations to facilitate construction of electrical poles, conduits, subsurface conduits and an electrical substation located at Metropolitan's Robert B. Diemer Treatment Plant.
- A temporary license was granted to Los Angeles Department of Water and Power to provide access over Metropolitan's Foothill Feeder right-of-way in Magazine Canyon near the Joseph Jensen Water Treatment Plant. LADWP is using this route to access their adjacent property during construction of a second Los Angeles Aqueduct project.
- Metropolitan representatives met with staff from the State of California Department of Toxic Substances Control and Los Angeles County Public Works Department about site remediation of the former torpedo test facility (U.S. Department of the Navy) at the Morris Dam peninsula. The Morris Dam peninsula is partly owned by Metropolitan. The meeting was organized at the request of Supervisor Michael D. Antonovich of Los Angeles County. Navy contractors explained they were recommending restoring the site to a condition suitable for human habitation. Site material will be removed to a depth of 30 feet below finished grade and result in some detectable traces of perchlorate in the fractured bedrock. Groundwater testing completed by the Navy indicates little or no leaching into the groundwater or reservoir. The Navy intends to install four monitoring wells on the site as part of the site remediation and then monitor for three years. The Navy would then return in three years and reassess if further remediation is needed.
- Twenty quitclaim deeds were executed for the release of the remaining temporary construction easements in connection with the San Diego Pipeline No. 6 – North Reach Project.
- A Right of Entry permit was acquired from the State of California, Department of Parks and Recreation in connection with the Diemer North Access Road Project.

The Metropolitan Water District of Southern California

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Los Angeles, CA 90012
General No.: 213 217-6000

General Manager: Jeffrey Kightlinger
Office of the GM No.: 213 217-6139
E-Mail:
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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.

www.MWDH2O.com
www.BeWaterWise.com

Diamond Valley Lake Boat Ramp Extension
Work in Progress



November 5 Community Leaders' Briefing with
Senator Current Price

Pictured from left to right are:

West Basin GM Rich Nagel, LADWP Director of Water Resources Tom Erb, Metropolitan GM Jeff Kightlinger, Metropolitan Director Ed Little, Senator Curren Price, Metropolitan Director Gloria Gray, Metropolitan Director John Murray, Central Basin Director Ron Smith and Water Replenishment District of Southern California Director Rob Katherman.