



The Metropolitan Water District of Southern California General Manager's Monthly Activity Report— March 2010

Dated: March 31, 2010

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

BUSINESS OUTREACH

Business Outreach



Bay-Delta Initiatives



Water Resource Management



Water Supply Conditions



Real Property Management



Water System Operations



Corporate Resources



Finance



External Affairs



Human Resources



Fifth Annual Green Summit and Expo—Staff participated in the “5th Annual Green Summit and Expo” held in Sacramento on March 15-17. Staff introduced 300 businesses to Metropolitan’s Sustainable Business Development Initiatives and Metropolitan’s water conservation programs. The event was co-chaired by Linda Adams, Secretary of the California Environmental Protection Agency, and Will Bush, Director of California Department of General Services. The Summit introduces California government and those who provide products and services to government to emerging environmental programs and policies.

Co-Sponsored the City of Los Angeles 15th Annual Minority Enterprise Development Week Awards Program—The event featured Mayor Antonio Villaraigosa as the keynote speaker along with civic and community leaders. The theme for this year, “On the Path to Recovery,” emphasizes efficiency, environmentally sensitive products, and services that lead to economic empowerment and sustainability in a global market. The event was attended by 700 businesses and government agencies.

National Association of Women Business Owners – Los Angeles Chamber 24th Annual Leadership & Legacy Awards Luncheon—The Business Outreach Program continued partnership and support for the National Association of Women Business Owners.

Over 1,000 government agencies and businesses attended the event and honored the award winners.

Inland Empire Event—On March 12, 2010, The Metropolitan Water District of Southern California, the Inland Empire Utilities Agency, and Metropolitan Vice Chair Angel Santiago provided business owners with an opportunity to participate in Metropolitan’s “Connect 2 MET” Training and Networking Event Program with public agency partners to increase access to government opportunities.

The event attracted over 250 businesses in Southern California, with many of the businesses coming from the Inland Empire and Riverside County. The Metropolitan Water District presented an Overview of The Metropolitan Water District and “Procurement Advantage” and “Strategies for Professional Service Contracting” trainings. The event concluded with networking opportunities for all attendees

Metropolitan Sponsors the National Latina Business Women Association Business Development Training Program— Director Sylvia Ballin introduced Metropolitan to the National Latina Business Women’s Association group which included members from the Los Angeles, Orange County, and Inland Empire organizations. Metropolitan

Continue on page 2...



BUSINESS OUTREACH

Continued from page 1...

sponsored six sessions for the Business Development program for 38 businesses. Business outreach increased awareness of our NETConnect vendor registration and certification system, provided sponsorship for training, and introduced 38 new businesses to Metropolitan's business opportunities and water conservation efforts.

JPL/NASA High Tech Expo and Conference—Staff introduced over 1,000 attendees at the JPL/NASA High Tech Expo and

conference to Metropolitan's NETConnect Vendor E-Procurement, Registration and Certification System and provided information about Metropolitan's business opportunities and water conservation efforts. The conference presented Metropolitan with an opportunity for business owners and government agencies to network, attend strategic sessions and view innovative products and services.

BAY-DELTA PROGRAM INITIATIVES

NATIONAL RESEARCH COUNCIL REVIEW OF BIOLOGICAL OPINIONS

At the request of members of Congress and the U.S. Departments of Interior and Commerce, the National Research Council (NRC), a wing of the National Academy of Sciences, assembled a committee of independent experts to review the fish protection measures contained within the delta smelt and salmon Biological Opinions that are restricting the operations of the State Water Project and Central Valley Project. On March 19, the NRC committee released its preliminary report on the Biological Opinions. While the NRC overall found that the Biological Opinions were "scientifically justified," the review panel expressed considerable uncertainty regarding the amount of flow that should trigger a reduction in exports, as well as a requirement to increase fall flows in wet and above-average years. This preliminary review did not examine the role of other stressors in the decline of the ecosystem, except to say that their effects could be "potentially large." A final report, which will include a review of other stressors, is expected in fall 2011. While this report may not result in immediate changes to project operations, it helps set the stage for better science and better decision-making in the future.

STATE WATER RESOURCES CONTROL BOARD ISSUES

The State Water Resources Control Board held its Informational Proceedings to Develop Flow Criteria for the Delta Ecosystem on March 22 through 24. The purpose of the informational proceeding was to receive scientific information to inform the development of new flow criteria for the Delta. At this proceeding, the expert witnesses for all the participating organizations, were organized into panels and answered questions posed by the SWRCB members. Metropolitan continued to work jointly with the State Water Contractors and CVP contractors to participate in the Informational Proceeding. Metropolitan staff provided scientific expertise and addressed questions from the SWRCB members as a participant for each of the panels. The expert witness panels addressed the following topics: hydrology, pelagic fish, anadromous fish, other stressors, and hydrodynamics. Closing comments are due to the SWRCB in mid-April.

WATER RESOURCE MANAGEMENT (WRM)

WATER SUPPLY RELIABILITY

SEAWATER DESALINATION

Metropolitan organized and hosted a meeting with Costa Mesa High School students competing in a nationwide business plan contest. The students' business plan focused on developing a contract with Metropolitan for the sale of desalinated seawater in Los Angeles County. Staff provided the students with feedback and guidance on the business plan. The students placed seventh in the entire nation. There were 20 states that competed in the virtual enterprise, with over 400 student companies.

LONG-TERM REGIONAL CONSERVATION PLAN

Recycled Water Retrofit—Completed Public Sector Program Recycled Water Retrofit. Under the program, Metropolitan provided approximately \$1.1 million for retrofitting the irrigation systems of 129 public sites such as schools, parks, golf courses, and street and freeway landscaping to use recycled water. These sites will collectively use about 4,000 acre-feet of recycled water per year.

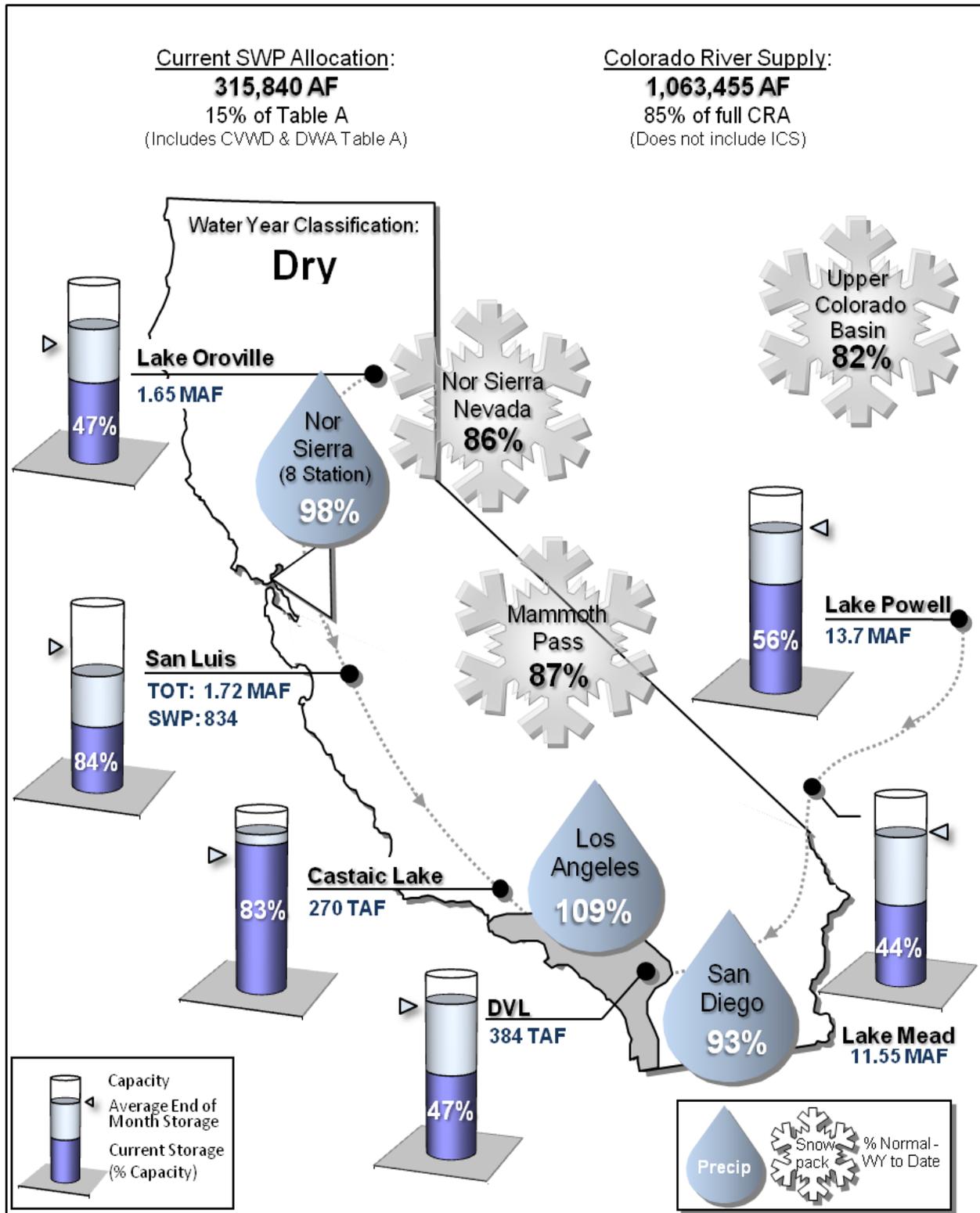
WATER SUPPLY—STATE WATER PROJECT

SWP Delivery Reliability Report—Metropolitan staff completed its review of DWR's December 2009 draft of the State Water Project Delivery Reliability Report. In its March 4 response letter to DWR, staff acknowledged the uncertainty surrounding the potential effects of climate change that DWR attempted to incorporate into future delivery projections. The letter requested DWR to provide more details on the range of estimated deliveries for both Table A and Article 21 deliveries.

Semitropic Arsenic Treatment—In 2009, the Board authorized up to \$1.75 million for staff to continue to remove arsenic from groundwater returned from the Semitropic Water Storage District. The treatment provides Metropolitan with another method of managing arsenic levels in the California Aqueduct and return of additional supply to its service area. There were 32,966 acre-feet returned by direct pumpback last year with a treatment cost around \$900,000. The average cost for the treatment per direct groundwater return was \$27 per acre-foot, lower than the original estimate of \$50/AF.

Delta Wetlands Water Transfer—The Board authorized a water transfer with Delta Wetlands Properties last year. The water transfer resulted from water conserved from fallowing on the Webb Tract within the Delta. The Department of Water Resources determined that after regulatory and conveyance losses, Metropolitan obtained 1,568 AF from the arrangement. The water transfer successfully demonstrated that water could be saved through fallowing on islands within the Delta. The new supply supplemented water transfers last year.

WATER SUPPLY CONDITIONS



REAL PROPERTY DEVELOPMENT & MANAGEMENT (RPDM)

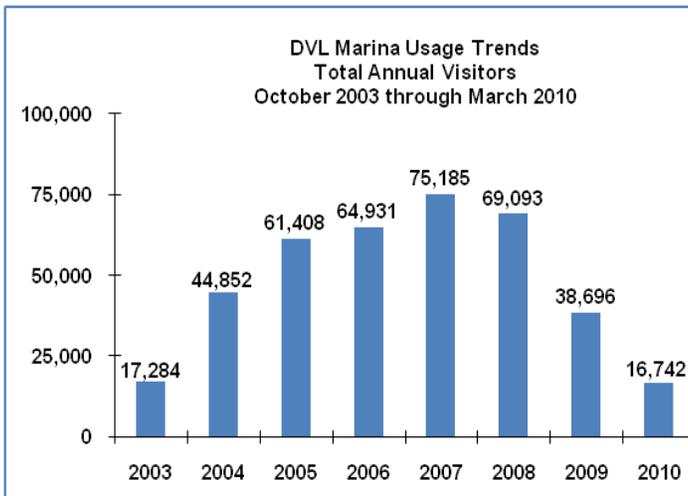
RECREATIONAL FACILITIES—Diamond Valley Lake

Approximately 19,000 anglers have visited Diamond Valley Lake and 3,500 private boats have launched since the boat ramp reopened to the public on December 20, 2009. Increased launch fees collected through March are estimated to be \$22,000.

In March, 4,000 pounds of rainbow trout were planted into DVL by Mt. Lassen Trout. The bi-weekly 2,000-pound plants are paid for using Fishing Access Permit funds.

PLANNING/PROPERTY ACQUISITION FOR FUTURE FACILITIES

- An easement was conveyed to County of Riverside to accommodate the widening of El Sobrante Road and to install utilities to benefit Western Municipal Water District's operation center expansion. The property is located in close proximity to Lake Mathews.
- An easement was conveyed to County of Riverside for the installation of a traffic signal. This signal will provide traffic control signalization to Western Municipal Water District's operation center expansion located near Lake Mathews.
- An easement was conveyed to City of San Bernardino for the widening of Kendall Drive. The area consists of a 10-foot-wide strip of land that is a perpendicular crossing over the Rialto Pipeline right-of-way and adjacent to Kendall Drive. The widening allows for the construction and maintenance of curb, gutter, sidewalk and paving and provides a continuation of improvements from adjacent properties.
- A year-to-year lease was granted for landscaping purposes over a portion of Upper Feeder right-of-way. A license was granted to James Benton to allow for a water line, roof eave, fence and landscaped yard on a portion of the Foothill Feeder right-of-way near Newhall. This section of right-of-way was acquired subject to existing uses.
- An existing license to C. L. Smith was amended to allow for temporary storage of equipment on a portion of the Box Springs Feeder right-of-way.
- An entry permit was issued to Solar Reserve and CH2M Hill to allow pedestrian survey access across Metropolitan's Rice Wasteway property located near Rice, California in Riverside County.
- An entry permit amendment was issued to State of California, Department of Water Resources to extend the term and to provide additional sites to perform environmental and archeological studies along a portion of the Inland Feeder right-of-way for DWR's Phase II East Branch Extension (Santa Ana Valley Pipeline Program).



Note: Boat launch ramp closed to private launches in October 2008 and reopened in December 2009

2010 usage represents only through March.

OPERATE HEADQUARTERS FACILITY

Received a rebate check from participation in Los Angeles Department of Water and Power's Customer Performance program. This program offers incentive to non-residential customers for the installation of energy saving measures, equipment, or systems.

WATER SYSTEM OPERATIONS (WSO)

POWER RESOURCE MANAGEMENT / GREENHOUSE GAS REDUCTION

On February 23, the American Public Power Association adopted a resolution urging Congress to pass the Hoover Power Allocation Act of 2009. The resolution was sponsored by Metropolitan and the other APPA members who are Hoover power contractors.

SYSTEM RELIABILITY

SYSTEM OPERATIONS

System Operations delivered approximately 97,500 acre-feet of water for March 2010, which is an average of 3,150 AF per day. An additional 28,000 AF was delivered to the Desert Water Agency and Coachella Valley Water District (DWCV) connections as part of the exchange for their State Water Project Table A supplies. Deliveries are being made to the DWCV exchange account as a result of the significant drawdown of the account over the past several years.

Significant local precipitation in early March contributed to extremely low system demands in the first half of the month. However, system demand recently increased to over 4,000 acre-feet a day, with the onset of warmer weather. As a result of these factors, the Colorado River Aqueduct was increased to a seven pump flow on March 15 and to an eight pump flow on March 22, as overall demand supported the increased pumping levels. Water System Operations expects to divert more than 1.1 million acre-feet on the CRA in 2010.

In light of the currently low State Water Project allocation of twenty percent, Water System Operations continues to focus on conserving limited State Water Project resources for areas served exclusively by SWP supplies. SWP blends at Weymouth, Diemer and Skinner have remained at zero percent and will likely remain low during early 2010. SWP imports for the month of March were 37,500 AF.

Operations Control Center staff and California Department of Water Resources staff have initiated coordination meetings to update old interagency operating agreements that date back to 1983. The new agreements will lead to improved efficiency and communications between the agencies.

EMERGENCY MANAGEMENT

- In response to the 4.4 Pico Rivera earthquake, patrollers checked all pipelines in the western part of the service area. No damage was found. The Emergency Operations Center, Eastern, and Western Incident Command Centers activated at a low level.
- Incident Command Center emergency exercises were conducted for Weymouth, Water Quality, Skinner, and Eastern Conveyance & Distribution areas. Headquarters ICC conducted evacuation training for assigned staff. Staff was also trained to use MIR3, a reverse-911 system that provides automated notifications and tabulation of responses.
- Staff attended training for Water Liaison for Fire Incident Command Post. Orange County Fire Authority and Water Emergency Response Organization of Orange County developed this training in response to needs recognized in the 2007 and 2008 wildfires.

CONVEYANCE AND DISTRIBUTION

- Staff responded to and repaired the electrical outage at the Lake Mathews Power Center. The electrical outage was the result of a failed underground cable.
- Desert staff supported work on the installation of the new 230 kV shunt reactors at Gene, Eagle Mountain and Hinds pumping plants. The new shunt reactors are being installed to protect Metropolitan's high voltage equipment due to added generation on the high voltage grid.
- Desert staff performed access road maintenance to repair damage from recent thunderstorms throughout the Desert Region. There were over 60 miles of patrol and access roads repaired or cleared of storm debris. This included the Copper Basin access road, Metropolitan road from Parker Dam to Gene Field Headquarters and a portion of Camino to Mead 230 KV powerline road.

WATER SYSTEM OPERATIONS (WSO)

SYSTEM RELIABILITY

SECURITY

- Metropolitan and contract security staff briefed counterparts from three Department of Water Resources divisions on the design and operations of our Security Watch Center.
- Security staff arranged for a customized field workshop on infrastructure defense by a Department of Homeland Security instructor experienced in protecting utilities against terrorist attack in the Middle East.
- A Special Agent and contract guard management recognized a sentry and guard supervisor for outstanding initiative in reporting suspicious activity and assisting police detectives with investigating allegations of an alleged kidnapping outside the perimeter of a treatment plant.



Securitas VP Doug Bryant, guard supervisor Nisan Ahmad and Metropolitan Special Agent Mark Sovern

ENVIRONMENTAL, HEALTH AND SAFETY

Tunnel safety gas tester training was provided to staff in preparation for the upcoming Colorado River Aqueduct shutdown. Staff subsequently passed the state gas tester training certification. Gas testing will be required to ensure a safe atmosphere while performing tunnel cleaning, inspections and repairs during the shutdown.



Securitas VP Doug Bryant, sentry Daniel Figini and Metropolitan Special Agent Mark Sovern

WATER QUALITY

PROTECT SOURCE WATER QUALITY

On March 1 and 2, Metropolitan hosted the Topock Leadership Partnership meeting at the Gene Pumping Plant Facility. The Partnership meets periodically to discuss the Topock Chromium 6 remediation project and allow for leadership input and communication transparency. Officials from the California Department of Toxic Substance Control, U.S. Department of the Interior, U.S. Bureau of Land Management, Colorado River Basin Regional Water Quality Control Board, Pacific Gas and Electric and chairs of several Indian Tribes were in attendance.

WATER SYSTEM OPERATIONS (WSO)

WATER QUALITY

Reservoir cover replacement at the Skinner water treatment plant



- The replacement of the reservoir cover at the Skinner water treatment plant was completed in March. The expected life of the new reservoir cover is 15-20 years. Plant staff successfully operated the system and met all member agency demands during the challenging three and a half month outage of the reservoir. The affected member agencies (SDCWA, Eastern MWD and Western MWD) all participated in the planning and execution of special operating conditions to ensure continuous operation of the plant.
- Construction of the new plant inlet conduit continued at the Weymouth water treatment plant. The rail spur is out of service during the conservations phase of this project.

Adequate supplies of chemicals are available to allow the 80-day outage of the rail spur to be extended if needed due to rain delays.

- Staff at Mills and Jensen conducted two, one-day ozone optimization workshops with Process Applications, Inc., a firm specializing in water treatment and ozone system optimization. A number of ideas were identified that may result in cost savings for the operation of the ozonation facilities at those plants, including increasing the ozone concentration and tracking ozone production efficiency using specialized software.
- The latest Total Dissolved Solids results from February for Weymouth, Diemer, and Skinner water treatment plants are 555, 596, and 619 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 SUPPLY RELIABILITY

FIVE-YEAR WATER SUPPLY PLAN

Metropolitan's Board approved final design for conversion of an existing prototype well into a production well for the Hayfield Project. The anticipated schedule for water production is late 2011.

In addition, the Board approved purchasing up to 100 TAF of Sacramento Valley water transfer supplies through a State Water Contractors Buyers Group. Department of Water Resources's most recent allocation study indicates there is capacity to convey this water at Banks Pumping Plant at SWP allocations less than 50 percent. A decision to purchase these transfer supplies will be made on April 16.

Work continues on the Semitropic Agricultural Water Recovery Project. A second site visit is planned for March 31 to determine well locations for test wells.

CLIMATE CHANGE IMPACTS

On March 15, Metropolitan submitted comments to the California Air Resources Board (CARB) on their proposal to impose fees on the import of energy to help pay for the administrative costs incurred by CARB in implementing AB32. Metropolitan acknowledged the clarification that non-greenhouse gas emitting imported energy, such as from hydro and solar facilities, would be exempt from the fee. However, there remains a question of whether the imported energy fee would interfere with interstate commerce and be in conflict with federal law.

WATER SYSTEM OPERATIONS (WSO)

Current Storage	As of 3/31/2010 Storage (AF)	Percent of Capacity
Lake Mathews	150,800	83%
Lake Skinner	36,000	82%
DVL	384,200	47%
Lake Perris	66,000	50%

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)

BUSINESS PROCESSES

Enhanced Efficiency by Implementing the Industrial Waste Water Reporting Application for Treatment Plants—As part of industrial wastewater handling for the Jensen, Weymouth, and Diemer water treatment plants, Metropolitan must provide comprehensive data regarding direct measurement of the discharge flow rates per the permit requirements. Previously, data was manually extracted from the SCADA system at each treatment plants. The data must then be downloaded into an Excel spreadsheet in order to calculate average and total flows and provide a summarized report containing the information required for compliance reporting.

With the new Industrial Waste Water Reporting Application, the system eliminates the time required for staff to manually obtain, summarize, and report the data necessary for the mandatory compliance reports. Currently, these compliance reports are required for Weymouth, Jensen, and Diemer. As a result, the benefits of the new application could benefit additional users if/as the requirement expands to additional treatment plants.

Conducted On-Going Disaster Recovery Training—In March, as part of Information Technology Section’s continuing effort to ensure Metropolitan is prepared for emergencies, IT and Emergency Management staff conducted training on the Emergency Notification System with Gene, HQ ICC and IT Logistics staff. The system allows for rapid, clear and efficient delivery of alerts, notifications, reporting instructions and other vital emergency communications in the event of a disaster.

Headquarters and La Verne Facilities Exceeded AQMD goals—The South Coast Air Quality Management District requires Metropolitan to conduct an annual Average Vehicle Ridership (AVR) Survey at the Headquarters and La Verne sites to provide a snapshot of Metropolitan employees’ commuting patterns. This year we had an outstanding AVR survey response, 90 percent for La Verne and 93 percent at the Headquarters facility.

The tremendous response contributed to the Metropolitan’s success in meeting the goal set by SCAQMD at the La Verne facility and exceeding it at the Headquarters facility. This is directly related to employees sharing the ride and reducing the number of cars arriving to the work site thus, reducing mobile source emissions. At the La Verne facility, 24 percent of the employees participate in the Rideshare program and 43 percent participate at the Headquarters facility.

CORPORATE RESOURCES (CRG)

CAPITAL INVESTMENT PLAN

REPLACE / REHABILITATE PROJECTS FOR CONVEYANCE AND DISTRIBUTION SYSTEM

Capital Program for Projects Costing Less Than \$250,000—

The minor capital projects program supports timely and essential repairs and upgrades throughout the distribution system, including equipment such as pumps and valves, structural components, plumbing or electrical treatment plants and equipment, HVAC systems, etc. Each fiscal year, the Board is requested to authorize the General Manager to execute capital projects costing less than \$250,000. Recent activities include the following:

- **Lake Mathews Retrofit of Lower Entrance Gate**—This project adds a vertical swing gate at the high-use entrance at El Sobrante Road. The new gate will improve traffic flow during peak hours by substituting for an existing slower operating security gate. Construction is 20 percent complete and is scheduled to be completed by June 2010.
- **Mills Rain Valve Diversion Structure at Maintenance Building**—The project installs a rain diversion valve to direct storm runoff to the local storm drain. The current system disposes both the maintenance building vehicle wash runoff and storm runoff into the local sewer system. Construction is 10 percent complete and scheduled to be complete by June 2010.
- **Lake Perris Control Facility Emergency Generator Replacement**—This project replaces the emergency generator that powers critical auxiliary systems in the event

of loss of power. The existing generator has exceeded its life span and has required continual repairs over the past two years. Final design was completed in March 2010. Construction is scheduled to be complete by June 2010.

- **Weymouth Acid System Rehabilitation**—This project installs a new pump and piping to enhance system reliability. Construction is 90 percent complete and is scheduled to be complete by June 2010.



Weymouth Acid Feed System

REPLACE / REHABILITATE PROJECTS FOR WATER TREATMENT PLANTS

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 9 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 December 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 85 percent complete and is scheduled to be complete by May 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 now complete. However, construction of this project has been deferred in accordance with Metropolitan's current Capital Investment Plan prioritization criteria.

...continue on page 11

CORPORATE RESOURCES (CRG)

CAPITAL INVESTMENT PLAN

REPLACE / REHABILITATE PROJECTS FOR WATER TREATMENT PLANTS

..continued from page 10 Jensen water treatment plan

- Module No. 1 Filter Valve Replacement – The preliminary design report to replace 76 valves in Module No. 1 is complete. A VE study was completed which identified potential cost savings. As a result, a pilot project to refurbish one of the corroded valves is in progress and is scheduled to be completed in July 2010. The outcome of the pilot project will be used to develop a valve refurbishment specification applicable to valves at all of Metropolitan's facilities including all five pumping plants, all five treatment plants, and our conveyance and distribution system.
- Solids Handling Facility – This project will provide an on-site solids dewatering facility and lagoons. Preliminary design, preparation of environmental documentation, and geotechnical investigations are 50 percent complete and are scheduled to be complete 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 96 percent complete and is scheduled to be complete by June 2010.



Installation of metal deck roofing at Jensen Administration Building lobby

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 29 active projects, while 7 have been completed. Recent activities include the following:

- Diemer North Access Road—Construction is 10 percent complete and is scheduled to be completed in spring 2011. Due to recent heavy rainfall, contractual rain delay days were granted while maintaining storm runoff controls to ensure proper site drainage.
- Diemer Power Systems Upgrade to 66kV—Southern California Edison has completed final design of its new substation and transmission line which will supply power to the Diemer plant. SCE is now working with the California Public Utilities Commission to obtain final approval, and will then commence construction. Construction completion is scheduled for late 2010.
- Finished Water Reservoir and East Washwater Tank Seismic Upgrades—Final design is 80 percent complete and is scheduled to be complete by May 2010.
- Filter Outlet Conduit Seismic Upgrades—This study is 80 percent complete and is scheduled to be complete by April 2010.
- New Fire and Potable Water Pump Station—Final design is complete and the project was advertised for bids on Feb. 25, 2010. Bids are scheduled to be opened on April 6, 2010. The procurement contract for the large pumps was awarded in March 2010.
- Public Address System Upgrades—Final design is 90 percent complete and is scheduled to be complete in March 2010.
- Filter Valves Replacement—A pilot project to refurbish a corroded valve removed from the Jensen plant is in progress and is scheduled to be completed in July 2010. A request to the Board for authorization of final design is planned for September 2010.

....continue on page 12

CORPORATE RESOURCES (CRG)

CAPITAL INVESTMENT PLAN

REPLACE / REHABILITATE PROJECTS FOR WATER TREATMENT PLANTS

..continued from page 11 Diemer water treatment plan

- Electrical Improvements—The Phase 2 preliminary design has been completed and a request to the Board for authorization of final design is planned for June 2010. Phase 1 construction is being performed under the Diemer ORP contract and is 40 percent complete. The work is scheduled to be complete by December 2011.

- Filter Media Replacement—Final design will be complete in March 2010. Advertisement for bids is scheduled for March 2010. Award of the construction contract is expected in July 2010.

PROJECTS IDENTIFIED IN IRP AND INTEGRATED AREA STUDIES

Construction Contract Activity	Percent
Skinner Treatment Plant Oxidation Retrofit and Washwater Reclamation Plant No. 3	99%
Perris Valley Pipeline, South Reach	53%
Diemer Water Treatment Plant – Oxidation Retrofit Program	43%
Air Release and Vacuum Valve Relocation for Treated Water Pipelines – Packages 4, 5, & 6	99%
Lake Skinner East Bypass Screening Structure Rehabilitation	94%
Jensen Water Treatment Plant Solids Thickeners 5 & 6	96%
Weymouth Water Treatment Plant Coagulant Tank Farm Modifications	63%
Weymouth Water Treatment Plant Inlet Conduit Relocation and Rapid Mix System	16%
Diemer Water Treatment Plant North Access Road	10%
Weymouth Water Treatment Plant – Power System Upgrades	3%

Inland Feeder Program

This program consists of 44 miles of pipelines and tunnels that enable Metropolitan to convey State Water Project flows from Devil Canyon Afterbay to Diamond Valley Lake. All construction contracts have been completed.

A Memorandum of Understanding with the city of San Bernardino to resolve all outstanding issues has been executed. The MOU includes terms for payment for road damage on 40th Street due to muck and pipe hauling. The city of San Bernardino and the County of San Bernardino Flood Control District will also contribute to the overall cost for repaving the street.

In March, Metropolitan received verbal notice from the Department of Fish and Wildlife that Metropolitan's mitigation efforts on the Highland and Mentone pipeline sections of the Inland Feeder have been successfully completed. Staff continues to conduct regular monitoring of ground and surface water conditions along the Arrowhead Tunnels alignment as part of the multi-year environmental impact report commitment to conduct this work.

During March, the Inland Feeder received recognition at the American Society of Civil Engineer's Opal Awards event. The Arrowhead Tunnels project was one of five finalists.

CORPORATE RESOURCES (CRG)

CAPITAL INVESTMENT PLAN

PROJECTS IDENTIFIED IN IRP AND INTEGRATED AREA STUDIES

Chlorine Containment and Handling Facilities—This program includes construction of facilities that handle and contain chlorine to prevent a chlorine leak and to comply with security and safety regulations and other related facilities that handle chlorine to meet water treatment process requirements. Recent activities include the following:

- Water Treatment Plants—Chlorine containment facilities are operational at each of Metropolitan's five treatment plants.
- Chemical Unloading Facility (CUF)—Preliminary design for a chlorine containment facility is 32 percent complete and is scheduled to be completed by July 2010. Construction of the dechlorination system is 85 percent complete and is scheduled to be complete by April 2010.
- Filter Outlet Chlorine Capacity Increase Projects—Final design is complete for the Mills and Skinner facilities. Final design of the Jensen facility is 65 percent complete and is scheduled to be complete by June 2010. Construction of the Mills, Skinner, and Jensen facilities is scheduled to be complete by April 2010, June 2010, and June 2011, respectively. At Mills, the upgraded chlorine diffuser was installed during the plant shutdown in February. Preliminary design of the Diemer and Weymouth projects is 15 percent complete and is scheduled to be complete by June 2010 and August 2010, respectively.

The program is on schedule to be completed in fiscal year 2015/16 and is within budget.

COMMUNICATIONS

WORK WITH MEMBER AGENCIES—COORDINATION OF COMMON WATER POLICY ISSUES AND ACTIONS

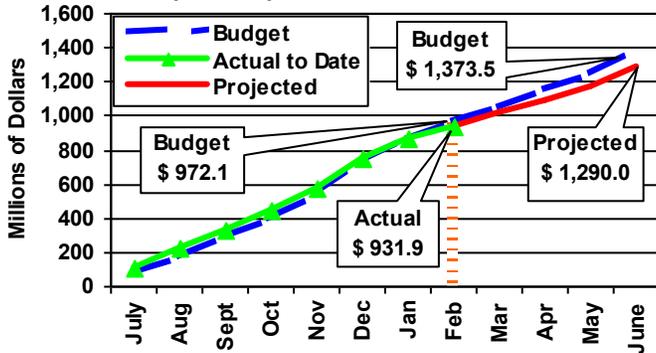
Member Agencies Workshop on Infrastructure Reliability—Metropolitan conducted an Infrastructure Reliability workshop on March 4. The workshop provided information on Metropolitan's approach to maintenance of its distribution system, with special emphasis on corrosion control, inspection, and rehabilitation methods. The presentations included information on the design, construction, and inspection of pipelines. The workshop included two field trips and two panel discussions.



Member Agencies Attend Workshop on Infrastructure Reliability

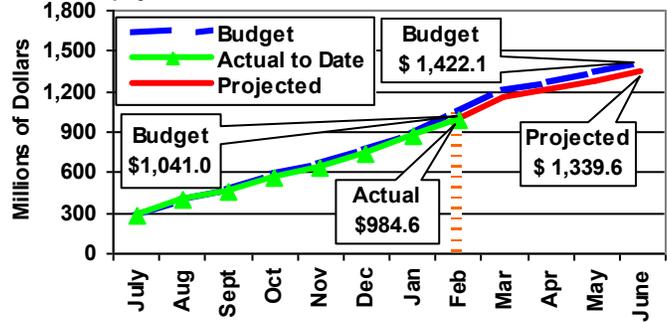
FINANCE as of February 28, 2010

Receipts are expected to be \$84 million under budget by year end, mainly due to lower water sales and interest income, partially offset by the receipt of Proposition 13 funds.



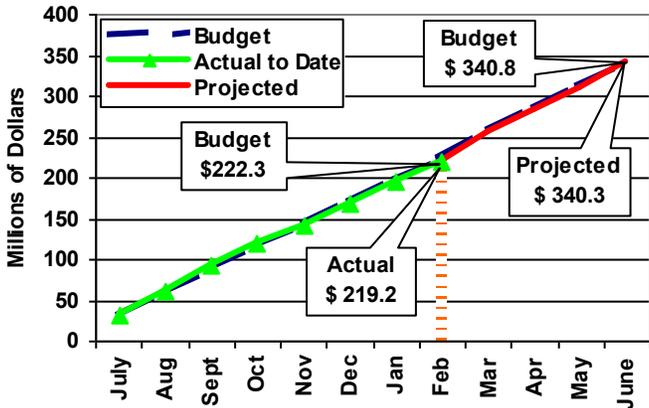
Excludes Bond Construction and Other Trust Funds Activity

Expenditures are expected to be \$83 million under budget by year end, mainly due to lower SWP capital, debt service and water supply costs; partially offset by higher conservation incentive payments.

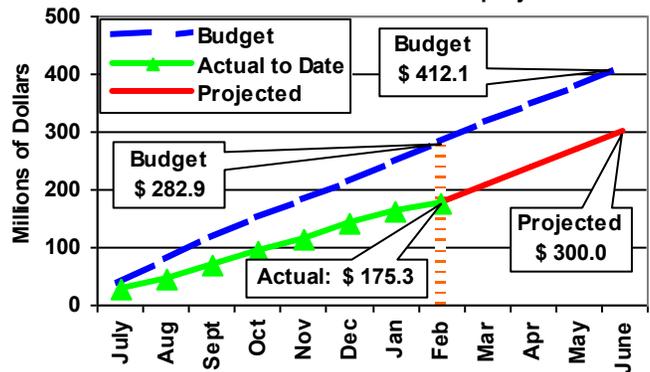


Excludes Bond Construction and Other Trust Funds Activity

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

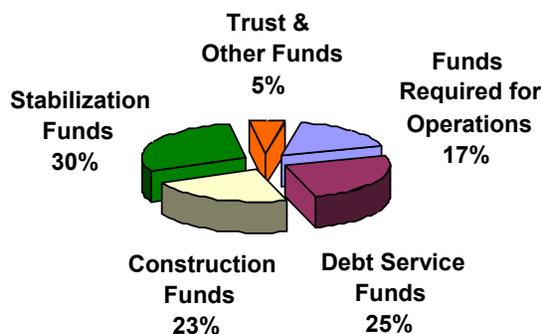


Construction costs are expected to be \$112M under budget by year end due to scheduling changes and the deferral of land purchases associated with future treatment projects.



Cash and Investments

\$ 1,157.0 million



Summary Financial Statistics

	Target	Actual
Fixed Charge Coverage	≥ 1.20 x	1.20 x
Revenue Debt Service Coverage	> 2.00 x	1.72 x
Revenue Bond Debt / Equity Ratio	< 100.0%	76.0%

Credit Ratings

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

EXTERNAL AFFAIRS (EA)

LEGISLATIVE AND COMMUNITY RELATIONS

WATER POLICY AND LEGISLATIVE STRATEGIES

Federal Legislation

Staff met with the D.C. environmental counsel and appropriations specialists to both Senators Dianne Feinstein and Barbara Boxer to discuss and promote Metropolitan's support for funding the Water Research Foundation through grants from the U.S. Environmental Protection Agency.

Staff, in coordination with the Alliance for Water-Use Efficiency, met with the Senate Energy and Natural Resources Committee Majority and Minority Counsel to promote Senate authorization of the U.S. EPA's Water Sense Program.

State Legislative Update

- During the week of the bill introduction deadline, over 1,300 bills were introduced for a total of 4,245 bills introduced for the 2009-10 legislative session. Nearly three dozen bills were introduced regarding Delta or California Endangered Species Act issues.
- Assembly Member John A. Pérez (D-Los Angeles) was sworn in as the 68th Speaker of California on March 1. In his first speech as Speaker, he urged the Assembly to be "creative and open to new ideas and reforms" and pledged to immediately begin work on the budget. Speaker Pérez also called for enhanced transparency in the state budget process.
- A joint oversight hearing was convened by the Assembly Water, Parks and Wildlife Committee, the Senate Natural Resources and Water Committee and the Senate and Assembly budget subcommittees on March 9 to focus on funding and implementation of the 2009 Delta package. Selected officials from the federal and state Administration were invited to comment on funding commitments and progress on implementation of the Delta package.

Local Government

- In support of Metropolitan's outreach objectives, staff arranged for or provided several presentations on the Delta Legislative Package to the following organizations: the Camarillo Chamber of Commerce, the El Monte/South El Monte Chamber, the Orange County Water Association, the League of Cities San Bernardino City/County Conference, the Los Angeles Business Council, the Oxnard Chamber, and the Regional Legislative Alliance of Ventura and Santa Barbara Counties.

- Staff joined with the Southern California Contractors Association (SCCA) for their Annual Sacramento Legislative Conference, which featured a special water briefing by Kathy Cole on the Delta package. Staff briefed several groups on state and federal legislation, and requested support for both H.R. 4349 (Napolitano) and S. 2891 (Reid), the House and Senate versions of the Hoover Power Allocation Act of 2009. Briefings were made to the Corona Chamber Legislative Action Committee, Elsinore Valley MWD, Riverside Chamber of Commerce, and Upland Chamber Legislative Affairs Committee.
- Staff continues to collect letters supporting Metropolitan's positions on legislation, including support for H.R. 4349 (Napolitano) and S. 2891 (Reid), the House and Senate versions of the Hoover Power Allocation Act of 2009 and letters of opposition to AB 1594 (Huber).

COMMUNITY OUTREACH

Strengthen Metropolitan's community outreach efforts:

- Staff coordinated and conducted outreach to approximately 100 residents regarding potential impacts of the Calabasas Feeder Shutdown.
- Staff participated in meetings with Southern California Edison and the cities of La Verne and Yorba Linda staff regarding the proposed route for the sub-transmission line that will serve the Weymouth treatment plant and the Diemer transmission line construction project;
- Sixteen California Friendly Landscape Training Program classes were held for 671 landscapers and homeowners.
- Nine Diamond Valley Lake Education Program field trips were conducted with a total of 415 students in grades 4 and 6 from Hemet, Elsinore Valley and Temecula Valley school districts.
- Staff conducted in-class presentations for a total of 174 students (grades 4-5). Students (715) toured the Visitors Center in collaboration with the Western Science Center outreach program.
- Staff conducted water education activities for nearly 200 middle school students as a part of this Western Riverside Council of Governments' Environmental Youth Conference annual conference.

EXTERNAL AFFAIRS (EA)

LEGISLATIVE AND COMMUNITY RELATIONS

Community Outreach continued....

- Staff conducted water education activities for nearly 1,000 students (grades 4-6) at the annual Orange County 2010 Children's Water Education Festival on the grounds of the Richard M. Nixon Library in Yorba Linda.
- Staff provided water conservation information and conducted activities for approximately 1,000 middle and high school students and their teachers at the Jet Propulsion Laboratory Climate Day Education Event held at the Pasadena Convention Center.

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 through the following actions:

- On March 16-17, staff prepared briefing materials and assisted in organizing meetings for the Access DC Conference in Washington, D.C., organized by the Los Angeles Chamber of Commerce in collaboration with other Southern California business groups. The conference featured a Congressional Briefing on California Water Solutions hosted by Representative Grace Napolitano, and included presentations by Chairman Brick and representatives of Los Angeles and San Francisco regional business and labor groups. Several members of Congress and Congressional staff were in attendance, including Representatives Baca, Chu and Costa, as were Metropolitan directors Ackerman, Arceneaux, Ballin, Dick, Fleming, John Murray, Kris Murray, Santiago and Wunderlich.
- During the Access DC Conference, Chairman Brick and other Directors met with Senators Barbara Boxer and Dianne Feinstein, and Representatives Adam Schiff, John Garamendi, Ken Calvert, Eddie Bernice-Johnson and Tom McClintock.
- On March 18, Chairman Brick, accompanied by Assistant General Manager Gilbert Ivey and Brad Hiltcher, attended a legislative hearing in Washington, D.C. concerning H.R. 4349 (Napolitano, D-CA), the Hoover Power Allocation Act.
- On March 24-25, Director Dan Griset, accompanied by staff, met with Representative Loretta Sanchez, and Ryan Maxson, from the office of Representative David Dreier, to discuss support and co-sponsorship for H.R. 4349 (Becerra), the Clean Renewable Water Supply Bond Act.

- Staff also helped facilitate presentations on Water Reliability and the Comprehensive Water Package by Directors Blake, Evans and Morris to the Damas de Queridad (one of St. Judes Medical Clinic's support groups), the Riverside Rotary Club and Los Angeles Chapter of the American Public Works Association, respectively.

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:

- General Manager Jeff Kightlinger met with reporters from the Los Angeles Times, Riverside Press Enterprise, Fresno Bee and Reuters News Service to discuss the state's most recent water allocation decision; and a reporter for the Fresno Bee regarding water transfers in the Central Valley.
- Chairman Timothy Brick and a reporter for the Pasadena Star News/San Gabriel Valley Tribune for a story about the water challenges facing Australia and lessons to be learned by Southern California water managers.
- Chief Financial Officer Brian Thomas and a reporter for North County Times to discuss Metropolitan's proposed rate increase.
- John Schlotterbeck, Legal Dept., and San Diego Union-Tribune reporter to discuss latest developments in the Quantification Settlement Agreement case.
- Provided information to the Los Angeles Daily News for a story about the use of federal stimulus funds for capital water projects.

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 conservation ads with various organizations, including California Greenworks, the Los Angeles Business Council's 2010 Sustainability Summit, Friends of Ballona Wetlands, Green LA Coalition, the city of El Segundo's Third Annual Environmental Expo and the 60th Annual Los Angeles County Science and Engineering Fair.

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. Efforts and activities included:

- Staff coordinated and conducted a Diamond Valley Lake tour for 40 members of the San Diego 55+ Group and with Water System Operations staff for approximately 75 members of SKANSKA (conglomeration of contractors and engineering firms).
- Staff coordinated and conducted a presentation with Western MWD for approximately 20 members of the Riverside Optimist Club regarding Mills water treatment plant operations.

HUMAN RESOURCES (HR)

HUMAN RESOURCES EXCELLENCE



Metropolitan at California Employment Development Department Job Fair at Dodger Stadium

HUMAN RESOURCES (HR)

HIGH PERFORMANCE WORKPLACE

MANAGEMENT EXCELLENCE

Days 3 and 4 of the *New Manager Orientation* (NeMO) pilot were completed successfully according to feedback from the 12 participants. The second cycle of NeMO is starting in April.

Staff conducted face-to-face coaching and consultation sessions with nine established managers and administered and monitored eight engagements with external coaches.

HUMAN RESOURCES EXCELLENCE

TOTAL COMPENSATION

- Continued to work with AFSCME and management on the AFSCME Class Study to finalize revised job descriptions. As of this month, there are 63 job families and 18 stand alone job descriptions for a total of 229 job descriptions completed.
- Renewed contract with Great-West for 401(k) and 457 plan administration.
- Hosted the following workshops:
 - *Achieving Your Dream Retirement* (4 hours) and *Investing in Today's Market* (2 hours) as part of its fiduciary responsibility for explaining and educating participants regarding their CalPERS defined benefit plan and the 401 (k) and 457 defined contribution plans.

LEARNING AND DEVELOPMENT

- Fourteen onsite classes were delivered, including a two-day course on *Moving Into Management, Teamwork, Conflict Resolution, Success Signals, and Rewards and Recognition*. Staff developed a comprehensive *career development curriculum* for "aspiring managers" and the first session, on *Customer Service*, was presented on March 24.
- Final session of *Reasonable Suspicion Training for Managers* was held on March 3. This mandatory class has been attended by 245 managers.
- Staff provided brief 10-minute presentations on *Effective Meetings* at five different locations.

RISK MANAGEMENT

Completed 78 incident reports communicating instances of Metropolitan property damage, liability, workplace injuries, regulatory visits and spills.

Completed 65 risk assessments on contracts, including professional service agreements, construction contracts, entry permits, special events and film permits.

WORKERS' COMPENSATION

- Conducted initial investigations on 12 injury claims.
- Submitted 14 new claims to Metropolitan's workers' compensation claim administrator.
- Settlements were negotiated in 3 claims, finalized in 10 cases, and 11 claim files were closed.
- Arranged 13 medical evaluations (DMV, medical surveillance).
- Addressed 3 accommodation issues.
- The RFP for Third Party Claim Administration Services closed on March 18 and the responses are being evaluated.

EMPLOYEE RELATIONS

- The Water System Operations HR Manager has continued working with WSO Management to reduce grievances and PERB charges as well as enhancing front-line, one-stop HR support.
- Staff provided training on Employee Relations as part of New Manager Orientation.

The Metropolitan Water District of Southern California

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

General Manager: Jeffrey Kightlinger
Office of the GM No.: 213 217-6139
E-Mail:
OfficeoftheGeneralManager2@mwdh2o.com



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