



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

Dated: May 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.

External
Affairs



Corporate
Resources



Business
Outreach



Water Resource
Management



Bay-Delta
Initiatives



Water Supply
Conditions



Real Property
Management



Finance



Human
Resources



Water System
Operations



EXTERNAL AFFAIRS (EA)

EIGHTH ANNUAL SOLAR CUP EVENT



Story on page 4



EXTERNAL AFFAIRS (EA)

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 May 5, Director Barbre and Metropolitan staff attended the House Natural Resources Committee mark-up on H.R. 4339 (Napolitano), the Hoover Power Allocation Act. The following day, Director Barbre and staff met with Rep. Dana Rohrabacher and Rep. Ken Calvert to discuss Metropolitan's support for H.R. 4349, among other key federal water policy issues.
- Board Chairman Timothy Brick, Directors Dan Grisct and Glen Peterson, General Manager Jeffrey Kightlinger and Legislative Representative Kathleen Cole attended briefings in Sacramento on May 12 with Assembly Members Jean Fuller (R-Bakersfield), Anna Caballero (D-Salinas), Sam Blakeslee (R-San Luis Obispo) and Senators Joe Simitian (D-Palo Alto), Fran Pavley (D-Los Angeles) and Kip Lipper, lead committee staff, on behalf of Senator President Pro Tempore Darrell Steinberg (D-Sacramento) to express Metropolitan's appreciation for their leadership on last year's Delta legislative package and presented each with a proclamation from Metropolitan.
- Metropolitan hosted a Community Leaders' Briefing with Senator Alan Lowenthal at the Long Beach Ground Water Treatment Plant. The event, held in cooperation with the Long Beach Water Department and Central Basin Municipal Water District, focused on the state's fiscal and water challenges and attracted several dozen local elected officials and community leaders, in addition to Directors Lowenthal and Vasquez. Assistant General Manager/Chief Financial Officer Brian Thomas addressed the group regarding Metropolitan's key water policy issues.
- At Director Blake's invitation, staff provided a presentation on the Delta legislative package to the South Fullerton Rotary Club. In addition, staff made presentations before the 20th Century Roundtable Club and the South Gate Chamber of Commerce.

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:

- Helped coordinate interviews with General Manager Kightlinger and several media outlets regarding the increase

in water supplies announced by the California Department of Water Resources. Among the news media involved were the Associated Press and San Diego Union Tribune.

- Arranged interview with General Manager Kightlinger and Los Angeles Times to discuss status of lawsuits against federal resources agencies over environmental restrictions in the Sacramento-San Joaquin Delta.
- Helped coordinate interviews and coverage of Solar Cup, which attracted extensive media attention. Among those covering the three-day event were KTLA Channel 5 Los Angeles, KABC Channel 7 Los Angeles, Fox Channel 68 San Diego, KUSI Channel 51 Los Angeles, Riverside Press-Enterprise, North County Times, The Californian and Orange County Register.
- Arranged interview with Assistant General Manager Roger Patterson and reporters for the Los Angeles Times and North County Times for a story about new federal court ruling regarding salmon protections in the Sacramento-San Joaquin Delta.
- Issued press releases and media advisories about Metropolitan's Global Water & Technology Forum at Diamond Valley Lake and the three-day Solar Cup event. Also issued a press release regarding the Board of Directors' action to oppose Proposition 16 on the June ballot.

WORK WITH MEMBER AGENCIES – COORDINATE 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 management's monthly meeting with the member agency managers where the FY 2010/11 Budget, Water Supply Allocation Plan, and the Regional Urban Water Management Plan were discussed.
- Metropolitan collaborated with West Basin MWD to sponsor and brief the Redondo Beach Chamber of Commerce 2010 "Leadership Redondo" class for their annual Environmental/Water Issue discussion. Staff provided a presentation on the Comprehensive Delta package to the group, which included elected officials, business owners and community leaders.

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 with the following action:

- Metropolitan's new educational campaign, "50 Percent Less," began May 17. The ads focus on water supply shortages caused by pumping restrictions in the Sacramento-San Joaquin Delta, the need to modernize the water delivery system and the on-going need to practice long-term conservation. The ads run through June 12 on television stations and online and on 36 radio stations in English, Spanish, Mandarin Chinese, Cantonese, Vietnamese and Korean.



"Funnel," one of three television ads running through June, demonstrates the water supply impact of pumping restrictions in the Sacramento-San Joaquin Delta and years of low rainfall.

LEGISLATIVE AND COMMUNITY RELATIONS

State Legislative Update

Metropolitan's two sponsored measures are moving through the legislative process in a timely manner:

- AB 1929, as authored by Assembly Member Isadore Hall (D-Los Angeles) and co-sponsored by Metropolitan and ACWA, clarifies existing law regarding the imposition of civil and criminal penalties regarding the transport and infestation of quagga mussels. This measure passed the full Assembly on consent on a 74-0 vote.
- AB 2336 by Assembly Member Jean Fuller (R-Bakersfield), a measure co-sponsored by Metropolitan, the Modesto Irrigation District and Kern County Water Agency, requires the Delta Stewardship Council to consider the wide range of Delta stressors, including predation, during its development of the Delta Plan. It passed the Assembly Appropriations Committee on May 5 and is scheduled to be considered by the full Assembly.

Other measures of interest to Metropolitan include:

- AB 1594 (Huber, D-Lodi): Would have required legislative authorization for construction of a peripheral canal and directed the Legislative Analyst's office to prepare an economic feasibility study prior to construction. The bill also required that the construction and operation of a peripheral canal not diminish or negatively affect the water supplies, water rights or quality of water for users within the Delta watershed. On April 27, the measure failed in the Assembly Water, Parks and Wildlife Committee for the lack of a second, which renders the measure dead for the session.

- AB 1664 (Swanson, D-Hayward), a measure sponsored by AFSCME, sought to amend the Metropolitan Water District Act to prohibit member agencies from consulting or instructing Metropolitan directors on how to vote on matters before Metropolitan's Board. After significant opposition surfaced, the author pulled the bill from the May 5 Assembly Local Government Committee agenda. Consequently, the bill is dead for the year because it failed to clear its first policy committee prior to the May 7 deadline.
- AB 2092 (Huffman, D-San Rafael): Was completely rewritten to direct the Delta Stewardship Council to develop a long-term financing plan to pay costs associated with implementing the Delta Plan and the Council's ongoing administrative costs. Metropolitan opposed the prior version of the bill because it placed the burden for funding Council activities through the imposition of an interim fee solely on federal and state water contractors. Metropolitan now supports the current version of the bill that eliminates the interim fee and relies upon the funding identified in the Governor's January state budget plan.

On May 11, the Assembly Water, Parks and Wildlife Committee held an oversight hearing to provide an update regarding the newly seated Delta Stewardship Council and its work on the Delta Plan, as well as follow up on the Bay Delta Conservation Plan (BDCP), including integration of the BDCP with existing habitat conservation plans and natural community conservation plans underway within the Delta counties.

EXTERNAL AFFAIRS (EA)

LEGISLATIVE AND COMMUNITY RELATIONS

Federal Legislation

- Staff attended a hearing on May 6 before the Senate Committee on Environment and Public Works on the subject of upcoming Water Resources Development legislation. During the hearing, Full Committee Chair Senator Barbara Boxer (D-CA) announced her intention to introduce comprehensive water resources legislation this year.
- Staff worked with the Tri-State Coalition supporting the Hoover Power Allocation Act through a variety of scheduled official visits, including several Southern California Members of Congress, as well as the Washington, D.C. staff to the Governor of California.
- In coordination with the Bay Delta Conservation Planning Committee, Assistant General Manager Patterson met with several Members of Congress, Sen. Boxer and Sen. Feinstein, as well as federal executive agencies with Bay-Delta oversight at the departments of Interior and Commerce.

Local Government

- Staff continues to collect letters supporting Metropolitan's positions on legislation, including letters in support of AB 2336 (Fuller) regarding the Delta Stewardship Council and letters in support of H.R. 4349 (Napolitano) and S. 2891 (Reid) the House and Senate versions of the Hoover Power Allocation Act of 2009.
- In coordination with the California Chamber's annual Business Summit in Sacramento, staff helped coordinate legislative meetings, briefing materials and presentations for several local business groups' advocacy efforts related to water policy. Specifically, staff helped lead delegations on behalf of the Orange County Business Council, the United Chambers of Commerce of the San Fernando Valley and the San Gabriel Valley Legislative Coalition of Chambers through meetings with more than 30 state legislators on various topics, including current water supplies and Delta legislation.

COMMUNITY OUTREACH

Efforts and activities to strengthen Metropolitan's community outreach efforts:

- Staff conducted the eighth annual Solar Cup event at Lake Skinner on May 14-16. Thirty-six teams competed with more than 700 students participating. Canyon High School from the City of Anaheim won in the veteran team category; Scripps Ranch High School from San Diego was the winner in the rookie team category. Savanna High School (Anaheim) and Murrieta Mesa High School (Murrieta) rounded out the top three veteran overall teams; while Mountain View High School from Duarte and I-Poly High School from Pomona completed the top three rookie team rankings. Among the participating schools and member agencies, this was the first year that Solar Cup had teams participating from San Diego, Compton and Torrance. A complete listing of all the teams that participated and their final scores may be found on www.mwdh2o.com/SolarCup.
- Staff coordinated and conducted a DVL tour for staff members of the Department of Water Resources.
- Staff participated in the planning and staffing of the Global Water and Technology Forum led by Chairman Brick at DVL.
- Eleven California Friendly Landscape Training Program classes were held for 404 landscapers and homeowners.
- Four Diamond Valley Lake Field Trip Education Program field trips were conducted with a total of 127 students in grades four and six from Hemet and Temecula Valley school districts. An additional field trip, in collaboration with Three Valleys MWD, hosted 105 fifth-grade students from La Fetra Elementary in Glendora. Staff also conducted several in-class presentations at several schools. More than 1,300 students toured the Visitor Center in collaboration with the Western Science Center outreach program.

EXTERNAL AFFAIRS (EA)

LEGISLATIVE AND COMMUNITY RELATIONS

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 distributed notices to 24 residents in Temecula who may be affected by cross-connection work sites.
- Staff coordinated and participated in a meeting with engineering staff and the City of La Verne Planning Department staff regarding the Weymouth water

treatment plant's North Perimeter Wall Project Final Design.

- Staff participated in a meeting with Southern California Edison and the City of La Verne Planning Department staff regarding the sub-transmission line that will serve the Weymouth water treatment plant.
- Staff participated in field visits to Allen McCullough Pipeline urgent repair work sites and participated in a meeting organized by MWDOC regarding coordination of the project construction and outreach.

CORPORATE RESOURCES (CRG)

REPLACE / REHABILITATE PROJECTS FOR CONVEYANCE AND DISTRIBUTION SYSTEM

Lake Skinner Outlet Conduit Shutdown— During a shutdown of the Lake Skinner Outlet Conduit from April 19 to May 12, 2010, three 150-inch diameter distressed pre-stressed concrete cylinder pipe (PCCP) sections were removed and replaced with welded steel pipe. A contractor performed the majority of construction, while Metropolitan forces performed pipe fabrication and dewatering of the conduit.

Allen McCulloch Pipeline Urgent Repair Project—In January 2010, electromagnetic inspections identified that six PCCP pipe sections contain at least 15 to 100 prestressing wire breaks each. PCCP sections with these levels of distress warrant prompt repair. Based on the locations of the distressed sections and their condition, all six sections are planned to be replaced with welded steel pipe. Metropolitan staff has prepared plans and specifications for competitive bids, and will fabricate the steel pipe liner. Installation of the steel lining will be performed by a contractor. The electromagnetic inspection report also identified five pipe sections with possible "broken backs". Metropolitan forces will excavate the five sections to verify their condition.

CRA Pumping Plant Reliability Program—This program was established to maintain reliability of the Colorado River Aqueduct (CRA) pumping plants and support facilities. The program currently contains 5 active projects, while 5 have been

completed. Recent activities include the following:

- Access Cover Replacement—This project will replace deteriorated access covers along the CRA in order to protect the aqueduct from intrusion of soil and debris, and to prevent unauthorized access. The work involves replacement of 36 steel and concrete covers. Metropolitan's Board awarded a construction contract in December 2009 and the Notice to Proceed was issued in January 2010. Construction is presently 6 percent complete and is scheduled to be complete by June 2011.
- Desert Water Tank Access and Safety Improvements—This project is required to improve access pathways to 15 water tanks at the CRA pumping plants, including fire, cooling and domestic water tanks which are located in steep terrain, high above each of the pumping plants. This construction work is being performed in conjunction with the Access Cover Replacement contract described above. Construction is presently 6 percent complete and is scheduled to be complete by June 2011.
- Iron Mountain Expansion Joint Repair—This project rehabilitated leaking joints on the three 10-foot diameter delivery lines at Iron Mountain Pumping Plant. Metropolitan's Board awarded a construction contract in January 2010. Joint repair work was completed during the recent Colorado River Aqueduct shutdown from April 13 to May 1, 2010. All construction work was completed on May 21, 2010.

CORPORATE RESOURCES (CRG)

CAPITAL INVESTMENT PLAN

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—Construction by Metropolitan forces is 2 percent complete and 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 100 percent complete.
- 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 that 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.

- 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 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 Colorado River Aqueduct pumping plants, all five treatment plants, and the 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 60 percent complete and are scheduled to be completed by November 2010.

Skinner Water Treatment Plant Improvements Program—This program was initiated to maintain reliability and improve operating efficiency of the Skinner plant through specific improvement projects. The program currently contains 18 active projects, while 9 have been completed, one is being executed under the Skinner ORP construction contract, and two have been deferred. Recent activities include the following:

- Electrical Buildings Upgrade—Construction of this project will be divided into two phases. The Phase 1 construction will be performed by Metropolitan forces; the work was authorized by the Board in December 2009. The bid opening for the Phase 1 electrical parts procurement contract is scheduled for late May 2010, while the bid opening for the Phase 2 construction contract is scheduled for early June 2010. Staff plans a July 2010 Board action to award the two contracts.
- Ground Fault Protection Upgrade—This project will upgrade the plant's ground fault protection system to reduce the potential for plant shutdowns caused by electrical ground faults. The project is being executed in conjunction with the Electrical Buildings Upgrade Project.

- Plant No. 2 Filter Surface Wash Valve and Actuator Replacement—This project will replace the existing surface wash valves and actuators in Modules No. 4 through 6. The project will be executed in two phases. The initial phase, consisting of a performance evaluation, commenced in April 2009 and is scheduled to be completed in December 2010. Phase 2 will include the procurement of valves and actuators, based on the results of the performance evaluation, and their installation.
- Modules Nos. 5 and 6 Filter Surface Wash Header Rehabilitation—This project will recoat corroded filter surface wash water pipe headers, replace corroded pipe couplings, and install isolation valves at key locations in the filter surface wash systems. Construction by Metropolitan forces was authorized by Metropolitan's Board in June 2009. The project is scheduled to be completed by December 2010.
- Chemical Systems and Solids Collection Improvements—This project will: (1) replace damaged filter backwash sodium hypochlorite and polymer piping, and will add secondary containment for that piping at Plants No. 1 and 2; (2) add a concrete trench (secondary containment) at Modules Nos. 5 and 6, and relocate existing direct-buried

CORPORATE RESOURCES (CRG)

CAPITAL INVESTMENT PLAN

REPLACE / REHABILITATE PROJECTS FOR WATER TREATMENT PLANTS

...continued from page 6, Skinner Improvement Program...

sodium hypochlorite piping into the trench, to ensure compliance with environmental regulations; and (3) provide a new potable water pump with back-up power supply to supply chlorine solution water during a power

outage, thereby improving the reliability of the chlorine disinfection system.

Construction is 50 percent complete and scheduled to be complete by November 2010.

PROJECTS IDENTIFIED IN IRP AND INTEGRATED AREA STUDIES

Oxidation Retrofit Program—This program was established to add preozonation to provide disinfection, to control tastes and odors, and to reduce the level of disinfection by-products in the finished water at all five of Metropolitan's treatment plants. This program will enable Metropolitan to meet state and federal drinking water regulations. Recent activities include the following:

- Mills Plant—Contractors No. 3 and 4 are in full operation. Fabrication of additional ozone equipment is complete. Installation and testing of the additional ozone equipment is scheduled to be complete by September 2011.
- Skinner Plant—The ozone equipment vendor has completed performance testing of the ozone equipment. Completion of all start-up and testing activities is scheduled to occur in July 2010.
- Diemer Plant—Construction of ozone facilities is 49 percent complete and is scheduled for completion in mid-2012. At this time, the contractor is preparing for the project's second full plant shutdown, which is scheduled for the first quarter of 2011. The second full plant shutdown consists of energizing the new S.C. Edison 66kV substation, which will provide power for the ozonation facilities and the plant and will improve plant power reliability.
- Weymouth Plant—The Weymouth ORP consists of multiple, staged construction contracts. In September 2009, the Board authorized completion of final design for the Weymouth ORP. Final design of the Generator Building, ozone contactors and chemical tank farms is 40 percent complete and is scheduled to be completed in early 2011. Construction of the ORP Switchgear (under the Weymouth Electrical Upgrades project) is 5 percent complete and is scheduled to be completed in June 2011. Construction of the Weymouth Inlet Conduit Relocation project, which is required to support the Weymouth ORP, is 24 percent complete and is scheduled to be complete in April 2011.

Perris Valley Pipeline—This 96-inch diameter pipeline will be approximately 6.5 miles long, extending east and south from the Mills plant to provide treated water to Eastern Municipal Water District and Western Municipal Water District of Riverside County. Recent activities include the following:

- South Reach—Approximately 15,500 feet of pipeline (out of a revised total of 17,931 feet) has been installed. South Reach construction is 57 percent complete and is scheduled to be completed by late 2010. The two remaining tunnels have been deleted from the contract and will be completed under a separate tunnels contract. Staff is negotiating a credit with the South Reach contractor.
- Tunnels—Field geotechnical investigations have been completed. The technical feasibility and comparative costs for various tunneling methods are now being evaluated. Design is 10 percent complete and is scheduled to be complete by October 2010.



Pipe installation in deep, shored section of Western Way

C O R P O R A T E R E S O U R C E S (C R G)

CAPITAL INVESTMENT PLAN

CONSTRUCTION CONTRACTS

Construction Contract Activity	Percent
Skinner Treatment Plant Oxidation Retrofit and Washwater Reclamation Plant No. 3	99%
Perris Valley Pipeline, South Reach	57%
Diemer Water Treatment Plant – Oxidation Retrofit Program	49%
Lake Skinner East Bypass Screening Structure Rehabilitation	100%
Jensen Water Treatment Plant Solids Thickeners 5 & 6	99%
Weymouth Water Treatment Plant Coagulant Tank Farm Modifications	66%
Weymouth Water Treatment Plant Inlet Conduit Relocation and Rapid Mix System	24%
Diemer Water Treatment Plant North Access Road	15%
Weymouth Water Treatment Plant – Power System Upgrades	5%

REGULATORY PROJECT

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:

- Chemical Unloading Facility (CUF)—Preliminary design for a chlorine containment facility is 38 percent complete and is scheduled to be completed by December 2010. Construction of the dechlorination system is 95 percent

complete and is scheduled to be complete by July 2010.

- Filter Outlet Chlorine Capacity Increase Projects—Final design is complete for the Mills and Skinner facilities. Final design of the Jensen facility is 95 percent complete and is scheduled to be complete by June 2010. Construction of the Skinner, Mills, and Jensen facilities is scheduled to be complete by June 2010, July 2010, and December 2011, respectively. Preliminary design of the Diemer and Weymouth projects is 50 percent complete and is scheduled to be complete by August 2010.

BUSINESS PROCESSES

EMPLOYEE AWARENESS SUSTAINABLE PRACTICES

Spring Green Expo—Staff continues to prepare for Metropolitan's 3rd Annual Spring Green Expo and is scheduled for June 10, 2010, at Metropolitan's Headquarters facility. There will be over 40 exhibits of green products and services that will showcase innovative sustainability concepts along with interactive hands-on



demonstrations educating participants on energy, fuel and water conservation. In addition, a number of seminars will be given by experts in the fields of sustainable innovation for the home, organic vegetable gardening and climate change.

CORPORATE RESOURCES (CRG)

LEARNING AND DEVELOPMENT

In May, Corporate Resources Group conducted its semiannual leadership forum for all CRG managers, with a focus on preparing for the future. This forum included special presentations on technology trends, Board evolution, Bay-Delta Solutions initiative, employee relations challenges, Affirmative Action Plan Update, and mounting budgetary challenges.



Assistant General Manager/Chief Operating Officer Debra Man presenting GM's Business Plan to CRG managers

BUSINESS OUTREACH

Maintain an effective Business Outreach Program for small businesses, locally owned businesses, disabled veterans, women, minorities, and economically disadvantaged business enterprises to ensure broad participation and competitive cost through the following activities:

- Partnership and support for the National Association of Women Business Owners in Ventura and San Diego Counties Bravo Awards.
- Metropolitan Directors Larry D. Dick and John V. Foley supported veterans at the 18th Annual Disabled Veteran Business Enterprise Alliance annual "Keeping the Promise" conference. Over 1,500 sponsors, exhibitors and disabled veteran business men and women participated in the event.
- Participated in the Governor's Second Annual Conference on Small Business and Entrepreneurship. Produced by the Governor's Office of Economic Development and the state's Small Business Development Centers, the conference gathered more than 800 small business owners, association leaders and small business support organizations from all over California to share ideas and practical solutions to drive the small business economy forward.

Metropolitan welcomed a global audience, member agencies, businesses, investors, innovators, academia and the public to Metropolitan's Global Water & Technology Forum at Diamond Valley Lake on May 20. Over 800 people attended the day-long forum. The Global Water & Technology Forum showcased the latest innovations in water and

technology from all over the world. The program featured presentations, panel discussions and consumer "how to" sessions, along with exhibitors displaying working models and prototypes in robotics, water and clean technology. Metropolitan's Business Outreach Program was also able to have participants from all over the world by live web streaming of the workshops. One of the panelists from the Canadian Embassy opened The Global Water & Technology Live Stream on her Blackberry, sent the link to the Canadian Ambassador, who in turn sent it by email to participants all over Canada.



WATER RESOURCE MANAGEMENT (WRM)

WATER SUPPLY RELIABILITY

LONG-TERM REGIONAL CONSERVATION PLAN

Metropolitan participated in Southern California Gas Companies' fifth annual Energy Efficiency Expo at their Energy Resource Center in Downey. Staff shared information on commercial water efficient technologies with energy officials and high water use customers throughout Metropolitan's service area.

Staff provided a workshop on California's 20 percent by 2020 water use reduction requirement for Three Valleys MWD and its retailers. Staff provided information on compliance options, data needs, and California Department of Water Resources' process to develop technical guidelines.

Staff presented at a landscape conservation seminar sponsored by the LA-San Gabriel Rivers Watershed Council. Staff provided information on the State Model Water Efficient

Landscape Ordinance and local ordinance adoption and facilitated the discussion on trends in water efficient landscapes.

SEAWATER DESALINATION

Metropolitan met with member agency staff to discuss the State Water Resources Control Board's hearing on proposed regulations for coastal power plant seawater intakes used for once-through cooling systems. The new regulations are meant to reduce the impact of seawater intakes to marine life, and could set precedents for seawater desalination intakes. The proposed regulations specify compliance timelines for individual power plants, along with monitoring requirements and interim mitigation measures. Seawater desalination projects that are planning to co-locate with coastal power plants may be affected. The State Office of Administrative Law will determine the effective date of the proposed regulations.

WATER SUPPLY—STATE WATER PROJECT

The California Department of Water Resources increased the SWP Table A allocation twice, first from 30 percent to 40 percent and then to 45 percent.

Metropolitan and Arvin-Edison Water Storage District are operating Metropolitan's storage program to benefit the water quality of the California Aqueduct. In May, Arvin-Edison began returning between 15,000 AF to 28,850 AF under its water quality sub-account. The water delivered to Metropolitan is low in total organic carbon and bromide improving the water quality of the California Aqueduct. Metropolitan does not incur any put or take regulation costs from operating the water quality sub-account. The water delivered to Metropolitan will be returned back to Arvin-Edison during the summer.

The agreements for the construction and operation of the Lodi Energy Center (a state-of-the-art natural gas-fired power plant) have been signed by the participating parties, including the Department of Water Resources. Next steps include securing financing in June 2010 and starting construction in July 2010.

BAY-DELTA PROGRAM INITIATIVES

DELTA STEWARDSHIP COUNCIL

After holding two meetings in April largely focused on organizational issues, the Delta Stewardship Council had a two-day meeting on May 27 and 28. At the May meeting, the Council focused on the appointments to the Delta Independent Science Board, the schedule and process for developing the Interim Plan and Delta Plan, and discussion of the Council's role with regard to the Bay-Delta Conservation Plan. Metropolitan staff worked with the state and federal water contractors to jointly develop and provide comments and recommendations regarding the Interim Plan. Staff will continue to monitor Council activities and coordinate with the water contractors to provide input to the Council.

WATER SUPPLY CONDITIONS

Current SWP Allocation:

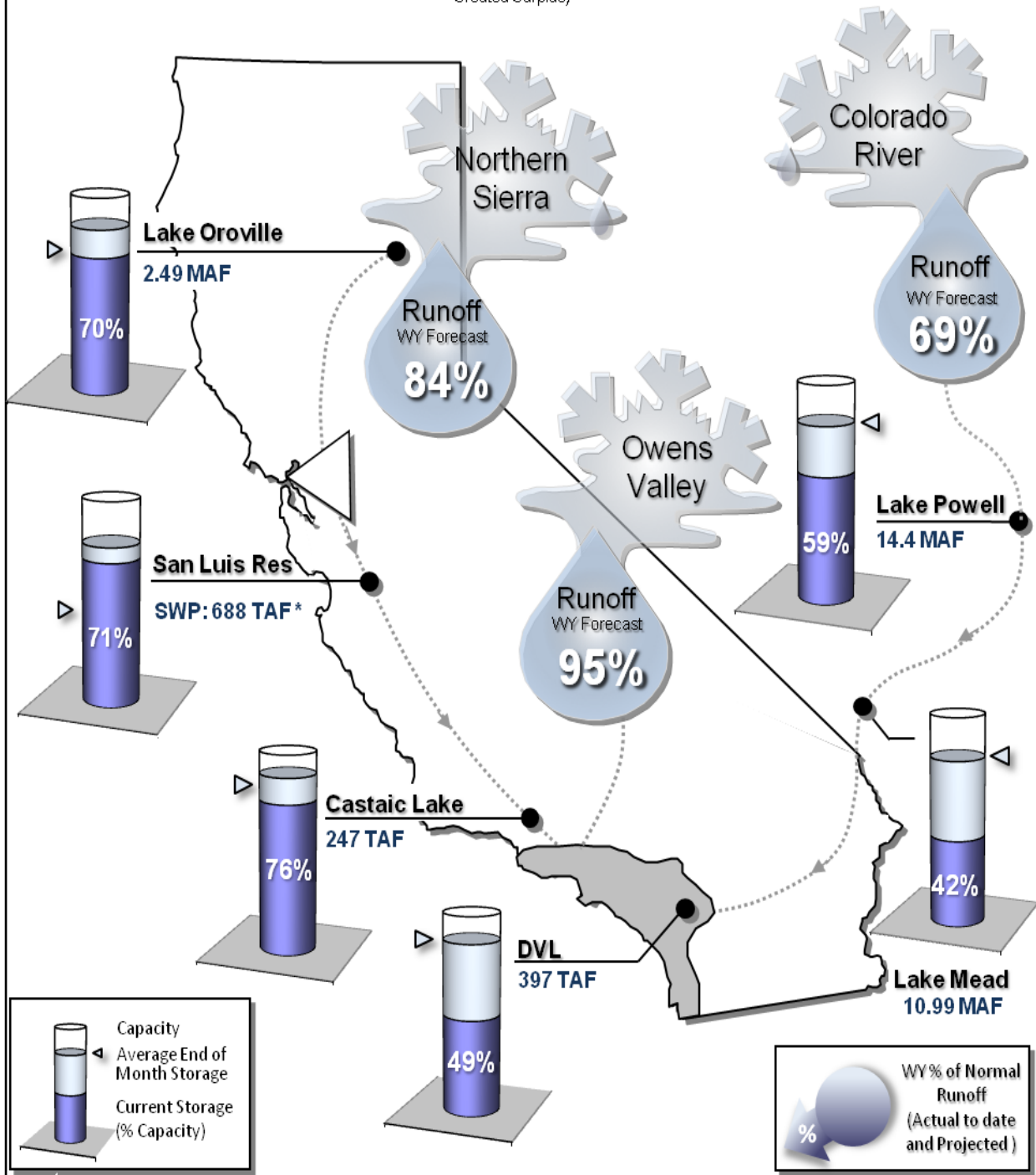
947,520 AF
 45% of Table A
 (Includes CVWD & DWA Table A)

Colorado River Supply:

1,117,384 AF
 89% of full CRA
 (Does not include Intentionally
 Created Surplus)

DWR Water Year Classification:

Below Normal

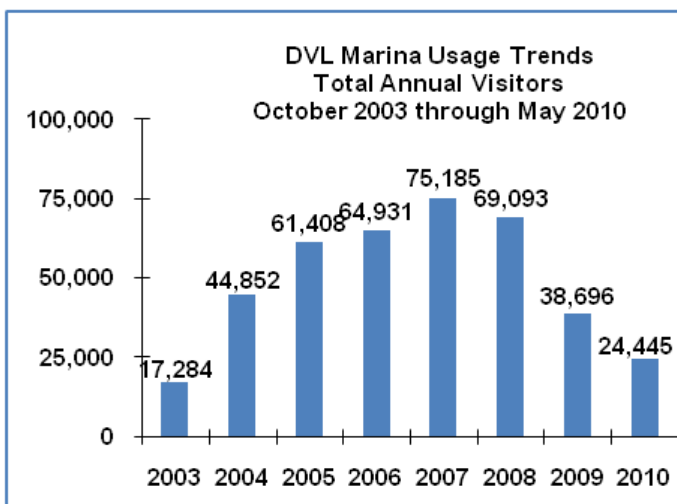


REAL PROPERTY DEVELOPMENT & MANAGEMENT (RPDM)

RECREATIONAL FACILITIES—Diamond Valley Lake

Approximately 30,000 anglers have visited Diamond Valley Lake and 5,000 private boats have launched since the boat ramp reopened to the public on December 20, 2009. Increased launch fees collected through May are estimated to be \$33,000.

In May, 3,000 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.



DIAMOND VALLEY LAKE VISITOR CENTER

A net metering agreement for the Diamond Valley Lake Visitor Center has been signed and returned to Southern California Edison. This agreement will add two additional net meters to the Visitor Center's solar panel system and will allow more of the electricity generated by the panels to be utilized. It will also reduce the electricity bill.

SUSTAINABLE REAL PROPERTY ACTIVITIES

The Diamond Valley Lake Visitor Center and adjacent Western Science Center hosted a Global Water Technology and Innovations Forum on May 20. This one-day interactive forum was attended by over 800 people and brought together thinkers and innovators, the investment community, academia, science, and the government together with the public. The purpose of the event was for participants to develop a deeper understanding of how issues and people are connected and to work towards meaningful and far-ranging solutions for the challenges brought about by water and climate change. The program format featured presentations, panel discussions and consumer "how to" sessions along with an exhibit hall displaying working models and prototypes in water and clean technology.

OPERATE HEADQUARTERS FACILITY

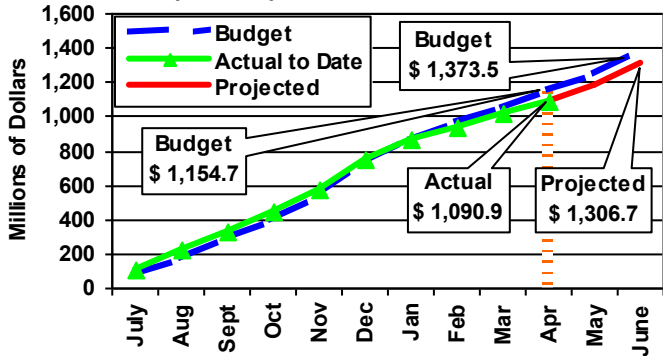
Monthly preventive scheduled maintenance procedures for the month of May were completed on the Headquarters building. Examples of preventative maintenance include cleaning, replacing, adjusting and lubricating mechanical equipment and systems and checking pumps for vibration and overheating.

PROPERTY FOR FUTURE WATER INFRASTRUCTURE AND OTHER REAL PROPERTY GOALS

- An easement was conveyed to the Morongo Band of Mission Indians for the access, construction, operation, maintenance and repair of a 10-inch-diameter water line. The alignment is perpendicular to Metropolitan's Colorado River right-of-way and would convey well water to a bottling plant located on an adjacent property.
- An easement was conveyed to Southern California Edison to construct and maintain electrical infrastructure required for Western Municipal Water District's operations center expansion. The property is located in close proximity to Lake Mathews.
- A lease was granted to the County of Riverside for the construction and operation of a telecommunications facility located near Metropolitan's Lower Feeder and Eagle Valley Property west of Lake Mathews.
- An existing lease with Cemex Construction Material Pacific, LLC was amended to increase the annual rent and to revise the area being leased. This amendment allows for the continued compatible use of a parcel within the right-of-way of the San Diego Pipelines No. 4 and 5.
- A license was granted to Mission Resource Conservation District to allow for the control and/or removal of the invasive, non-native plant, *Arundo Donax*, over specific portions of the Colorado River Aqueduct - San Diego Pipeline No. 4 right-of-way. Following treatment, native plants may be installed to assist in re-vegetation of the site.
- A license was granted to Sunesys, LLC to allow for the construction of an underground fiber optic communication transmission line crossing a portion of the Colorado River Aqueduct right-of-way near the city of Perris. This transmission line will facilitate a high speed computer network for the Riverside County Office of Education.
- An entry permit to the County of Riverside was amended to extend the term for access to perform studies for improved wireless communication signals and modulation being considered at a proposed telecommunication facility near Iron Mountain Pumping Plant.

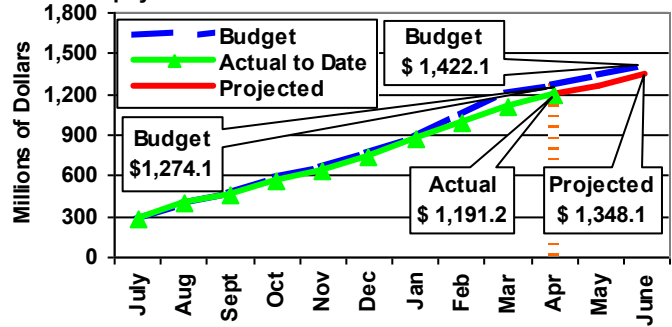
FINANCE as of April 30, 2010

Receipts are expected to be \$67 million under budget by year end, mainly due to lower water sales and interest income, partially offset by the receipt of Proposition 13 funds.



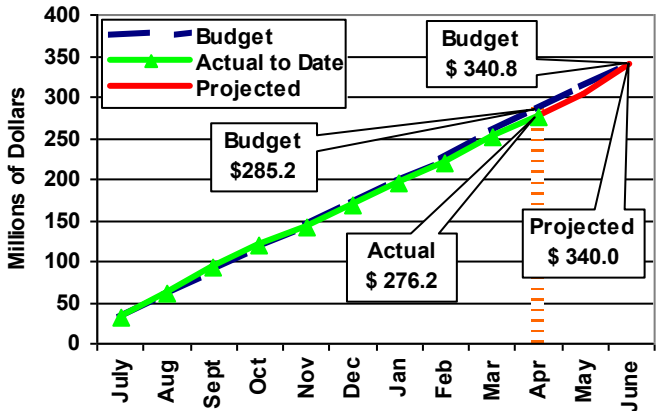
Excludes Bond Construction and Other Trust Funds Activity

Expenditures are expected to be \$74 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.

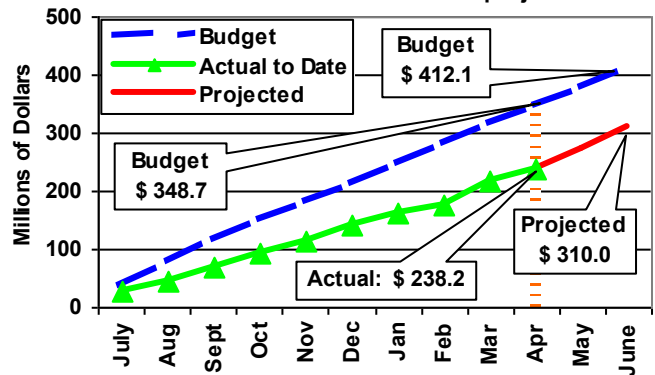


Excludes Bond Construction and Other Trust Funds Activity

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

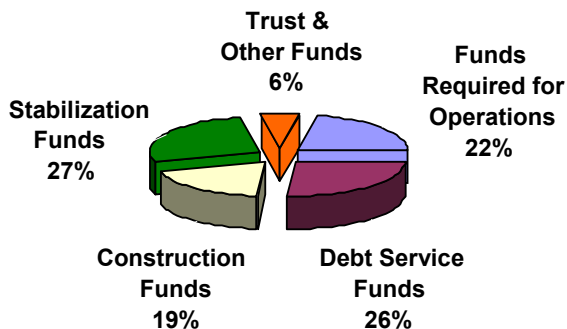


Construction costs are expected to be \$102M under budget by year end due to scheduling changes and the deferral of land purchases associated with future treatment projects.



Cash and Investments

\$ 1,054.7 million



Summary Financial Statistics

	Target	Actual
Fixed Charge Coverage	≥ 1.20 x	1.07 x
Revenue Debt Service Coverage	> 2.00 x	1.56 x
Revenue Bond Debt / Equity Ratio	< 100.0%	76.0%

Credit Ratings

	Target	Actual
- Moody's Investors Service	Aa2	Aa1*
- Fitch Ratings	AA	AAA*
- Standard & Poor's	AA	AAA

* Reflects recalibration by Moody's and Fitch to align municipal and corporate sector ratings

HUMAN RESOURCES (HR)

HIGH PERFORMANCE WORKPLACE

HIGH PERFORMANCE CULTURE

Continuing briefings and support for the Voices 2009 Survey improvement efforts with various Groups and Sections throughout Metropolitan.

MANAGEMENT EXCELLENCE

- Conducted a mini-workshop on Building Teamwork Through Effective Recognition to 90 WSO managers at their semiannual managers meeting in Etiwanda Gardens.
- Conducted mini- workshop with managers in the Corporate Resources Group on Preparing Staff for the Future at CRG's Leadership Forum.

HUMAN RESOURCES EXCELLENCE

TOTAL COMPENSATION

- HR Benefits hosted two financial education workshops during the month of May, *Investing in Today's Market*, and *Achieving Your Dream Retirement* at Jensen, and one all-day *Stepping Into Retirement Workshop* at Headquarters. There were a total of 45 employees attending the two classes in Jensen and 42 employees in attendance at Headquarters.
- HR Benefits also posted a Request For Proposal which closes on June 2, 2010, for the Service Awards Program.
- Continued to work with management on the AFSCME Class Study in finalizing the revised AFSCME job descriptions.

LEARNING AND DEVELOPMENT

- Successfully completed the second cycle of the New Manager Orientation program.
- Provided face-to-face coaching and consultations to nine managers. Continued ongoing administration of seven coaching engagements with external coaches, including oversight.
- Coordinated the delivery of Customer Service classes at the La Verne facility for all fleet employees and managers.

RISK MANAGEMENT

Completed 62 incident reports communicating instances of Metropolitan property damage, liability, workplace injuries, regulatory visits and spills.

Completed 52 risk assessments on contracts, including professional service agreements, construction contracts, entry permits, special events and film permits.

WORKERS' COMPENSATION

Workers' Compensation

- Conducted initial investigations on 13 injury incidents.
- Submitted 8 new claims to Metropolitan's workers' compensation claim administrator.
- Settlements were negotiated in 1 claim, finalized in 2 claims, and 19 claim files were closed.
- Continued negotiating agreement with successful respondent to the RFP for Workers' Compensation third party claim administration services.
- Presented "Workers' Compensation at Metropolitan" to the O&P Committee.

Medical

- Conducted Medvans at Soto Street, Iron Mountain, Eagle Mountain and Gene facilities.
- Arranged 8 medical evaluations (DMV medical surveillance, etc).
- Coordinated random drug/alcohol testing at 2 facilities.
- Addressed 4 accommodations issues.

HUMAN RESOURCES (HR)

HUMAN RESOURCES EXCELLENCE

WORKFORCE PLANNING AND SUCCESSION PLANNING

Recruitment for Pre-Apprentice positions to develop a talent pipeline for electrical and mechanical positions was kicked-off with 490 participants attending a Pre-Apprenticeship Testing Preparation class.

TALENT ACQUISITION

- Recruitment automation pilot got off to a flying start for the 17 Pre-Apprentice positions. The target 1,300 applications were received and processed in the automated system within 12 hours of opening the system to receive online applications. The system also screened applications for minimum qualifications. Teamwork, collaboration, learning and flexibility between the HR Information System and staffing units were critical to setting up the pilot on time for this recruitment. Full implementation of the automated applicant tracking system is anticipated in Fall 2010.
- Completed recruitment activities and selected 10 General Maintenance Assistants for part-time summer employment at the desert facilities.
- Staff participated in Career and Job Fairs at the Los Angeles Trade and Technical Center, Global Water Forum (Diamond Valley Lake), Hire-a-Vet event (San Bernardino) and San Fernando Valley Veterans Memorial event (Panorama City).

PERFORMANCE MANAGEMENT

Continued development of an improved performance assessment process and met with HR Advisory Council to review proposed prototype of a new performance assessment process in preparation for a review with Group Managers.

Continued support of WSO managers on use of improved tools to enhance interim performance feedback.

EQUAL EMPLOYMENT OPPORTUNITY

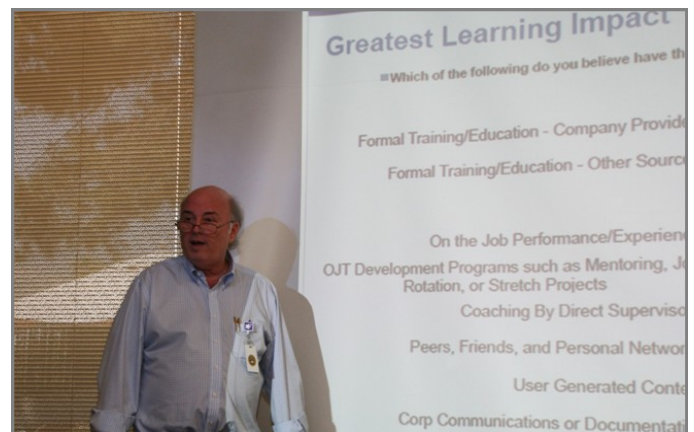
- Briefings were conducted for managers on the Affirmative Action Plan, providing direction on their responsibilities and obligations under the Plan.
- Completed analysis of First Quarter 2010 workforce data and presented it at the Operations and Personnel Committee.
- Administered EEO training on sexual harassment prevention and unlawful workplace harassment prevention for 153 employees.
- Addressed 7 concerns raised by managers or employees related to potential EEO complaints.

EMPLOYEE RELATIONS

The Employee Relations Section participated in the Corporate Resources Group's two-day Leadership Forum on May 20 and May 21. The ER Section Manager addressed a number of challenges facing Metropolitan managers now and in the near future, and discussed how managers can effectively manage within those challenges.

Employee Relations also supported the semiannual Water System Operations Managers meeting at Etiwanda on May 19, by providing data on grievances and disciplinary actions. This data was used by Group Manager Jim Green to facilitate a discussion with his managers about the 2009 Voices Employee Survey, including how managers can continue addressing poor performance.

CRG Leadership Forum Discussion on
Learning in Preparing for the Future



WATER SYSTEM OPERATIONS (WSO)

WATER SUPPLY RELIABILITY

FIVE-YEAR WATER SUPPLY PLAN

On May 18, the Los Angeles Department of Water and Power's Groundwater Demonstration Program (Tujunga Well Field) began pumping water into LADWP's distribution system. This marks the successful completion of this Five-Year Water Supply Plan Project.

STRATEGIC POWER / CARBON REDUCTION PLANNING

POWER RESOURCE MANAGEMENT/GREENHOUSE GAS REDUCTION

On May 6, staff met with representatives of American Maglev Technology (AMT) at several sites along the San Diego Canal. AMT is pursuing federal grant funding to develop a low-head turbine for use in canals and pipelines that would use magnetic bearings in place of standard mechanical bearings. AMT was interested in potential locations where they could test their prototype, assuming they received funding. If the prototype is successful, it could expand the locations where Metropolitan can economically generate hydroelectric power from its pipelines and canals.

SYSTEM RELIABILITY

SYSTEM OPERATIONS

System Operations delivered approximately 154,500 acre-feet of water for May 2010, which is an average of 4,980 AF per day. An additional 1,460 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 were made as the Colorado River Aqueduct transitioned to an eight pump flow. Per the plan developed by operations planning staff, the flows at the DWCV connections were reduced incrementally to verify that the cleaning of the San Jacinto tunnel was successful.

Operations staff, in coordination with staff from the California Department of Water Resources, developed a plan to peak flows on the Inland and Rialto feeders to increase peak hydroelectric production at DWR's Devil Canyon power plant.

System operations began blending with 25 percent of State Water Project at the Weymouth and Skinner treatment plants on May 16. Due to an upcoming shutdown on the Yorba Linda Feeder, blending at the Diemer plant was postponed until June 13 when the plant will be at a 25 percent SWP blend.

As of June 1, system operations staff have completed training and assimilation of the Lake Mathews, Temescal, and Corona hydroelectric plant facilities. Remote operational control of these facilities is now handled by the Operations Control Center at Eagle Rock.

SYSTEM MAINTENANCE / SHUTDOWNS

The Lake Skinner outlet conduit shutdown was completed on May 20. The contractor repaired two sections of pre-stressed concrete cylinder pipe. Staff repaired the 144-inch butterfly valve by replacing the seal ring and cleaning the Lake Skinner outlet tower of quaggas. The Lake Skinner Outlet Tower was returned to service on May 20.

Lake Skinner Outlet Conduit Shutdown repair of Pre-stressed Concrete Cylinder Pipe



WATER SYSTEM OPERATIONS (WSO)

SYSTEM RELIABILITY

SECURITY

Metropolitan special agents joined regional counterparts for terrorism liaison officer training and a drill on active shooter responses in Riverside and Los Angeles Counties, respectively. Parties shared lessons learned on what to expect from responders in reaction to threatening incidents.

Security staff finalized drafts and technical review of a competitive request for proposals to re-bid Metropolitan's guard contract, hosted a mandatory bidders' conference, and supplied additional answers and data to facilitate a robust competition.

EMERGENCY MANAGEMENT

Incident Command Centers and the Emergency Operation Center staff were trained on the use of the MIR3 emergency notification system.

Staff attended training on an internet-based, incident management system referred to as WebEOC. This system is widely used by cities, counties, and water agencies.

ENVIRONMENTAL, HEALTH AND SAFETY

On May 17, staff attended a California Air Resources Board (CARB) workshop on development of Greenhouse Gas Cap-and-Trade regulations. Because of California's economic situation, CARB is proposing an initial allocation of free allowances in lieu of immediate auction of allowances. Proposed initial recipients of allowances are retail electric utilities subject to CARB's renewable energy regulations and certain industrial sectors with potential for emissions leakage out of California. CARB will be holding a series of meetings and workshops over the next few months on different elements of the proposed Cap-and-Trade Program, and still expects to have approved regulations by the end of this year.

WATER QUALITY

PROTECT SOURCE WATER QUALITY

Taste and odor continues to be acceptable at all reservoirs and treatment plants.

In April 2010, the California Department of Toxic Substance Control issued the Draft Environmental Impact Report and selected the groundwater treatment technology for the Topock Chromium 6 remediation project. DTSC is expected to finalize the EIR by December 2010.

MANAGE WATER TREATMENT

- The Skinner water treatment plant successfully completed a two-week operational test of the new ozone system. This was one of the last major milestones in bringing ozone fully on-line.
- As of April, the water treatment chemical budget was \$10.2 million or 40 percent under budget due to lower treatment plant flows and favorable conditions which minimized bromate formation and optimized the control of aluminum residuals.
- The latest Total Dissolved Solids results from March for Weymouth, Diemer, and Skinner water treatment plants are 641, 629, and 581 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.

Current Storage	As of 5/31/2010 Storage (AF)	Percent of Capacity
Lake Mathews	124,000	68%
Lake Skinner	41,500	94%
DVL	396,500	49%
Lake Perris	63,900	49%

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

The Metropolitan Water District of Southern California

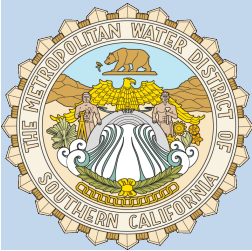
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Metropolitan's Mission is to provide its service area with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way.

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

