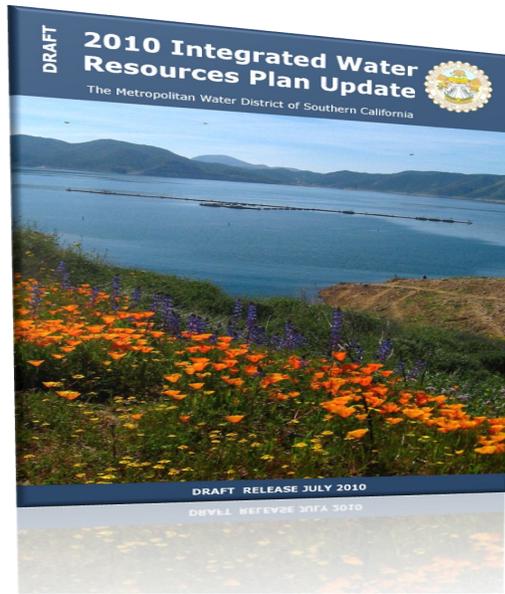


AUGUST 2010

This report identifies the actions/activities taking place during the month that support the objectives of the General Manager's Fiscal Year 2010/11 Business Plan.

INTEGRATED RESOURCES PLAN
STAKEHOLDER FORUMS



In the face of unprecedented water challenges, Metropolitan takes the next step in overhauling the region's long-term resources plan that will provide a roadmap for maintaining water supply reliability over the next 25 years.

In August 2010, a second round of Stakeholder Forums provided a venue for Metropolitan to present the IRP's resource strategy and to hear stakeholder input and feedback. A total of 325 stakeholders attended the forums held at four locations, in the cities of Orange, Ontario, San Diego and Los Angeles. Metropolitan also developed an online survey to collect additional feedback from regional stakeholders on the 2010 Draft IRP. The survey was available on Metropolitan's website from July 14 – August 20, 2010. The questionnaire consisted of a total of ten questions with eight questions asking survey participants to describe their level of agreement with various aspects of the proposed IRP. Staff is currently evaluating and summarizing the feedback for presentation to the Board and appropriate feedback will be incorporated into the final IRP report.

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DATED: AUGUST 31, 2010

CORPORATE RESOURCES GROUP

SCIENCE AND TECHNOLOGY

Mobile Technology Initiative—IT staff continued to support Water System Operations mobile technology initiative to streamline maintenance operations by developing enhancements to the software used in Metropolitan’s mobile technology handheld units. The enhancements provide field personnel better access to information related to materials issued for planned and unplanned work orders from the mobile handheld units. Staff began testing the software enhancements. Once the test phase is completed, staff will perform Water System Operations user acceptance testing, currently planned for next month.

CAPITAL INVESTMENT PLAN

Replace / Rehabilitate Projects for Conveyance and Distribution System

Weymouth Water Treatment Plant Improvements Program—This program was initiated to maintain reliability and to improve operating efficiency of the Weymouth plant through specific improvement projects. The program currently contains 30 active projects, while nine have been completed. Recent activities include the following:

- Weymouth Coagulant Tank Farm Modifications—Construction is 73 percent complete and scheduled to be complete by April 2011.
- Weymouth Electrical Upgrades—Construction is 14 percent complete and scheduled to be complete in mid 2012.
- Fire/Domestic Water & Rapid Mix Systems—Construction is 38 percent complete and scheduled to be complete in May 2011.
- Junction Structure Seismic Upgrades—Construction is 9 percent complete and scheduled to be complete by May 2011.



Weymouth Electrical Upgrades
Installation of duct back

Conveyance and Distribution System Rehabilitation Program—This program was initiated to maintain reliable deliveries through specific repair and rehabilitation projects on Metropolitan’s pipelines, reservoirs, and control structures. Recent activities include the following:

- Middle Feeder Cathodic Protection—Completed installation of cathodic protection stations along a portion of the Middle Feeder to protect the pipeline from corrosion.
- Box Springs Feeder—Completed final design for stages 3 and 4 PCCP repairs and advertised for bids.
- Upper Feeder Service Connections Rehabilitation—Completed final design for the rehabilitation of three service connections and advertised for construction bids.

CORPORATE RESOURCES GROUP

CAPITAL INVESTMENT PLAN

Additional Projects

Oxidation Retrofit Program—This program was established to add pre-ozonation to provide disinfection, control tastes and odors, and 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:

- Diemer ORP—Construction of ozone facilities is 51 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 a quarter of 2011. One of the significant activities during this shutdown will be energizing the new SCE 66kV substation.
- Weymouth ORP—The Weymouth ORP consists of multiple, staged construction contracts. Final design of the Ozone Generation Building and ozone contactors is 65 percent complete and is scheduled to be complete in early 2011. Construction of the Weymouth Inlet Conduit Relocation project, which is required to support the Weymouth ORP, is 38 percent complete and is scheduled to be complete in April 2011.

HUMAN RESOURCES EXCELLENCE

Workforce Succession

Engineering Cooperative Education Program—At the Engineering and Operations Committee in August, student interns were formally introduced to the board members by Corporate Resources Assistant Group Manager/Chief Engineer Gordon Johnson. A total of 14 interns from various universities are performing engineering work in support of Metropolitan’s capital program. The various universities represented this year include University of California, Los Angeles and California State Universities at Pomona, Los Angeles, Northridge, San Luis Obispo, and Fullerton.



CORPORATE RESOURCES GROUP

SYSTEM RELIABILITY

Emergency Management

As part of Information Technology Disaster Recovery training, the Information Technology Section complied with Federal Emergency Management Agency training requirements. Key members of Metropolitan’s IT Incident Management and Recovery Teams successfully completed the required courses on the use of the National Incident Management System (NIMS). NIMS provides a systematic, proactive approach to guide departments and agencies at all levels of government, nongovernmental organizations, and the private sector to work seamlessly to prevent, protect against, respond to, recover from, and mitigate the effects of incidents.

WATER SUPPLY RELIABILITY

Water Reclamation Program—The United States Bureau of Reclamation notified Metropolitan of a potential grant funding award in the amount of \$334,200 to support development of a regional water reclamation program in partnership with the Los Angeles County Sanitation Districts (LACSD). Recent activities include the following:

- Completed design, construction, and start-up of a

pilot plant located at LACSD’s Joint Water Pollution Control Plant in Carson. The purpose of the pilot plant is to demonstrate the efficacy of advanced treatment processes to purify treated water from LACSD for groundwater recharge

- Initiated high-level strategic assessment of potential options to implement a regional water reclamation program.

BUSINESS PROCESSES

Business Improvements

E-Discovery Program—IT staff continued final preparations for the new E-Discovery rollout. The first phase, e-mail archiving, will begin in September 2010. The implementation will change how some e-mails will be stored and managed to enable efficient and effective management, search, and retrieval of electronic records. Metropolitan is required by law to provide outside parties with access and copies of paper and electronic records it maintains in response to lawful subpoenas, discovery requests, and Public Records Act requests.

Rideshare Program—Streamlined the transit reimbursement process by developing a form to capture the daily ridership electronically instead of on paper. Employees are being reimbursed in their paychecks instead of waiting in line for a transit voucher check.

Decrease Consumption of Non-Renewable, Non-Recyclable Material / Encourage Sustainable Practices

Published the 47th edition of the Legacy e-newsletter which focused on “Turning Back to School Green.” It provided facts on why the planet is facing a crisis and encouraging families to develop a “Green Plan.”

Online Manual System

Training for the administrators and writers on the new Online Manual System has been completed. The System will manage future water treatment and distribution system operating guidelines.

Grant Management

The grant management process and initiative pursues external financial support, including Federal American Recovery and Reinvestment Act funds and other federal and state funding. The following grant applications have been closed and are in process of awaiting notification for award, shortlist, or denial:

- One education grant opportunity with EPA – Metropolitan shortlisted but not awarded.
 - \$123,000 grant funding
- One grant proposal with Riverside Flood Control District for Lake Mathews Watershed – first round evaluation.
 - \$7 million funding
- One grant proposal with Los Angeles County Sanitation District for a pilot demonstration plant for treatment of wastewater – award notification received.
 - \$334,209 funding

CORPORATE RESOURCES GROUP

BUSINESS PROCESSES

Benchmarking Assessments

Metropolitan submitted two entries for consideration for National Association of State Chief Information Officers (NASCIO) awards. Metropolitan's submissions titled *Water Information System (WINS): Improving the Efficiency and Transparency of Water Billing* and *Smart Operations (SMART Ops): Simulating the Behavior of a Large and Complex Water System to Manage Risk* were evaluated by the California State Chief Information Officer's Office and selected to represent California in the national award competition sponsored by NASCIO in their respective categories. In August, the Awards Committee of NASCIO completed its review of nominees for the 2010 Recognition Awards and selected Metropolitan's

entry on *Water Information System (WINS)* as a finalist. NASCIO's Recognition Awards are given annually to states that have implemented exceptional programs that have made an important contribution to the operation of state government. This year, NASCIO received 134 nominations from 30 states, making this one of the largest competitive fields to date. As NASCIO moves forward to develop best practices, projects such as those submitted by Metropolitan provide valuable insight and models for other states to follow and will be posted on the NASCIO website www.nascio.org/awards.

WATER SYSTEM OPERATIONS

ENERGY MANAGEMENT

Power Resource Management / Greenhouse Gas Reduction

On August 11, Metropolitan provided additional testimony related to its small hydropower projects in response to a request from Representative Grace Napolitano, Chairwoman of the House Natural Resources Subcommittee on Water and Power. This request was made at the Subcommittee hearing on small hydropower on July 29, 2010 during Metropolitan's original testimony. Additionally, on August 20, Metropolitan received further information requests from the Subcommittee. This information will be provided on September 3.

Manage System Power Operations

As part of Metropolitan's continuing efforts to reduce Colorado River Aqueduct energy costs and volatility, an online auction process will be evaluated for supplying supplemental energy resources for CRA pumping requirements. The first auction occurred on August 25 and resulted in Metropolitan committing to purchase 8000 megawatt-hours of off-peak energy in September 2010 for approximately \$205,000. The auction was handled by an independent third party with no direct cost to Metropolitan. Potential suppliers bid their price into the online auction platform. Metropolitan has the option of not selecting the lowest bid if the price is considered too high. Metropolitan is planning to continue its evaluation with additional auctions in the future.

SYSTEM RELIABILITY

System Operations

System Operations delivered approximately 167,000 acre-feet of water to meet member agency demand for August 2010, which is an average of 5,570 AF per day. An additional 39,300 AF was delivered to Desert Water Agency and Coachella Valley Water District in exchange for their State Water Project Table A supplies. Additionally, 45,000 AF was delivered into Diamond Valley Lake via the Inland Feeder to increase storage to

Continue on page 6

WATER SYSTEM OPERATIONS

SYSTEM RELIABILITY

Continue from page 5

approximately 512,000 AF by the end of August. Total imports from the SWP for August were approximately 139,000 AF.

The Weymouth, Diemer, and Skinner treatment plants continued operating at a 30 percent SWP blend. Staff coordinated a flow test with the California Department of Water Resources to test their Inland Feeder flow meter. Staff continued to develop new Interagency Switching agreements with DWR that will enhance safety, interagency coordination, and efficiency. A meeting is scheduled for early September to finalize the agreements.

Conveyance / Distribution

During July’s routine maintenance inspection of the Greg Avenue Facility, staff noticed leakage from the outside thrust bearing on the hydroelectric plant turbine unit. This unit was removed from service, disassembled and inspected. The bearing housing was found to have a crack. The unit was repaired and returned to service on August 17.

Leaking water lines were repaired for unit motors at the Temescal, Corona and Foothill Hydroelectric Power Plants. The leaks were located and repaired before causing any damage to the motors.

Staff completed minor repairs to the Lake Mathews dam by removing and replacing small

sections of the concrete embankment. This repair work was identified during a regularly scheduled inspection by staff engineers. The current water surface elevation of Lake Mathews allowed access to the interior embankment face to complete the repairs.

Coating maintenance was completed for the Covina Pressure Control Structure as part of the infrastructure protection program.

Operations Support Services

Staff continued construction of the sodium bisulfate tank farm at the Lake Skinner Inlet Canal to increase chlorination/ dechlorination effectiveness as part of the Quagga Mussel Control Program.

BEFORE: Covina Pressure Control Structure



AFTER: Covina Pressure Control Structure Coating



SYSTEM RELIABILITY

Security Management

At the invitation of the Association of Metropolitan Water Agencies, the Security Management team presented a web-based seminar on the role of background investigations in insider threat defense. Materials from that presentation, including a self-administered quiz and list of pitfalls appeared on the Water Information Sharing and Analysis Center’s website for the water sector (www.waterisac.org), which is sponsored by the

Environmental Protection Agency.

As a means of reducing proliferation of keys and controlling them with existing employee badges, Security completed the implementation of two prototype electronic and traceable lock boxes at Eagle Rock’s Security Watch Center and Headquarters’ control room. The objective is to limit copying of keys and their routine removal from the premises. Instead,

Continue on page 7

WATER SYSTEM OPERATIONS

SYSTEM RELIABILITY

Continue from page 6

users can check keys out and generate an audit trail automatically by using their employee badge, which is coded for their proper access level.

Environmental, Health and Safety

On August 10, the World Health Organization issued a statement declaring that the H1N1 pandemic officially over, and provided recommendations to health authorities for the post-pandemic phase. This is consistent with the Department of Health and Human Services’ June 23 announcement of the expiration of the public health emergency.

The South Coast Air Quality Management District reviewed Metropolitan’s applications for solar generation credit and confirmed that credits of approximately \$5,932 (Lake Skinner) and \$293 (Diamond Valley Lake) will be issued for this year. Similar credits will be issued each year that Metropolitan submits the applications.

Emergency Management

- Staff conducted a Member Agency Radio System meeting for emergency coordinators from member agencies. Topics included the role of the California Emergency Management Agency’s Regional Emergency

Operations Center in responding to emergencies and lessons learned from response to the Baja California earthquake, including mutual assistance.

- Information Technology conducted an exercise at the Disaster Recovery Facility at Lake Mathews involving loss of the Internet.
- Staff attended meetings of the Water Emergency Response Organization of Orange County and Orange County Emergency Management Organization. Topics included lessons learned from mutual assistance with sewage spills and the earthquake faults affecting Orange County.

Current Distribution & Storage

	8/31/2010 Storage (AF)	Percent of Capacity
Lake Mathews	115,800	64%
Lake Skinner	38,600	88%
DVL	513,700	63%
Lake Perris	61,800	47%

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

WATER QUALITY

Protect Source Water Quality

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

Regulatory Compliance

Bromate levels during July at the Jensen and Mills water treatment plants remained below the goal of 8µg/L.

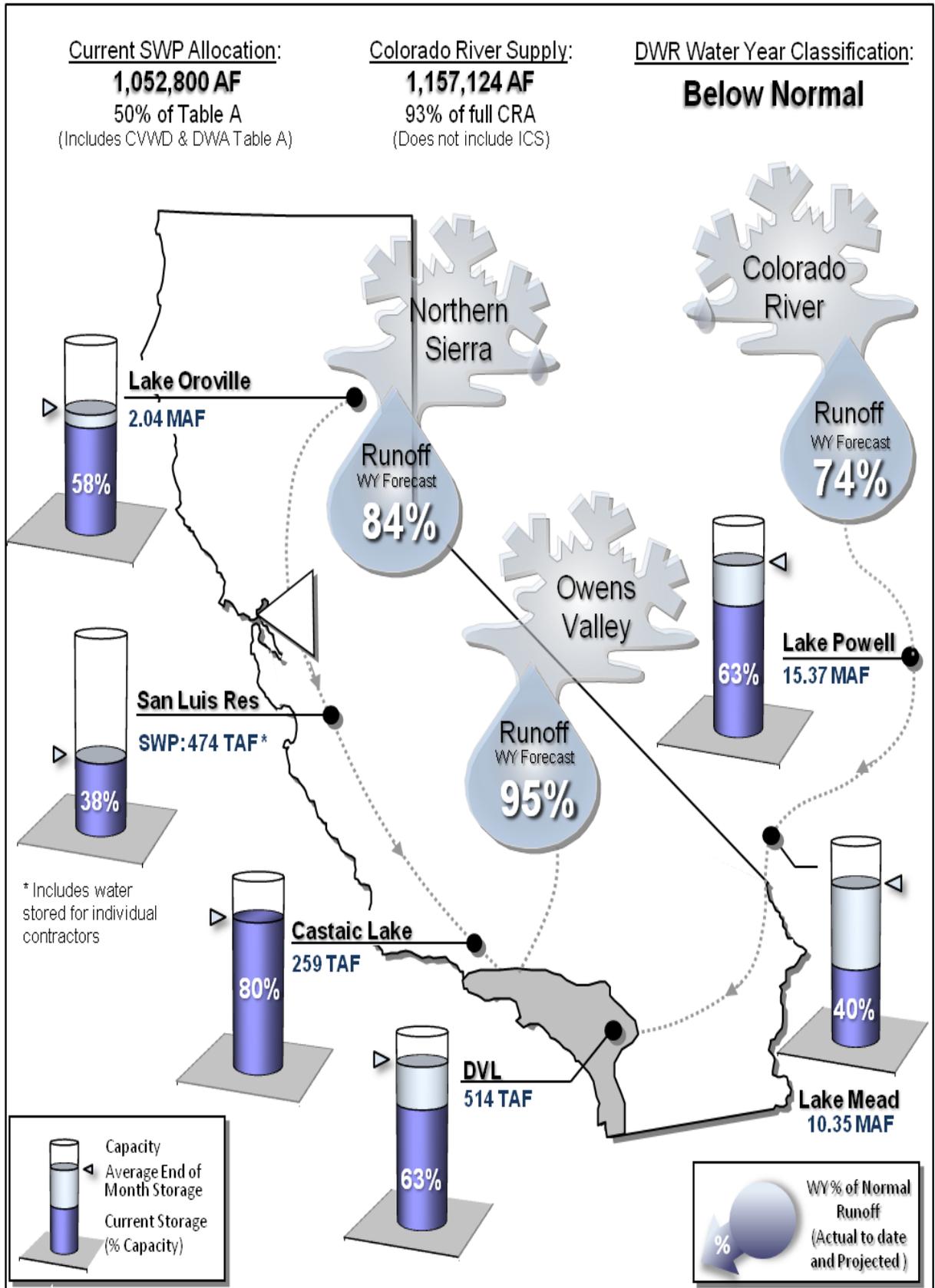
The latest total dissolved solids results from July for Weymouth, Diemer, and Skinner water treatment plants are 513, 531, and 527 mg/L, respectively. Due to the availability of water from the State Water Project, the SWP blend was maintained at 30 percent at the blend plants.

Manage Water Treatment

Ozone startup activities continue at the Skinner water treatment plant. On August 12, the Riverside County Fire Department approved a plan which provides a balanced approach to shutting down the ozone generators in response to small ozone leaks.

During August, the Weymouth and Diemer plants modified the treatment process to reduce the levels of disinfection by-products formed as the SWP blend increased to 30 percent. Treatment changes included reducing total chlorine dosage, reducing the pH of coagulation, and increasing the aluminum sulfate coagulant dose. These treatment changes allowed Metropolitan to maintain its trihalomethane goal of not-to-exceed 80 parts per billion at any service -connection.

WATER SUPPLY CONDITIONS



WATER RESOURCE MANAGEMENT

WATER SUPPLY RELIABILITY

2010 Regional Urban Water Management Plan

Metropolitan staff, through collaboration with member agencies, completed a draft 2010 Regional Urban Water Management Plan for public review, which was posted on Metropolitan’s website on August 9, 2010. In addition, Metropolitan published in six newspapers within the Metropolitan jurisdiction noticing the public hearing to satisfy requirements for public inspection and encouragement of active involvement of the population during the preparation of the plan. On August 18, Metropolitan and the Southern California Water Committee Urban Task Force co-hosted a workshop to discuss the technical and legal aspects of RUWMP preparation. Over 60 representatives from various wholesale and retail water agencies in Southern California attended. On August 26, staff presented and answered questions at the RUWMP and IRP Coordination Meeting with Orange County member and retail agencies.

Local Resources Programs

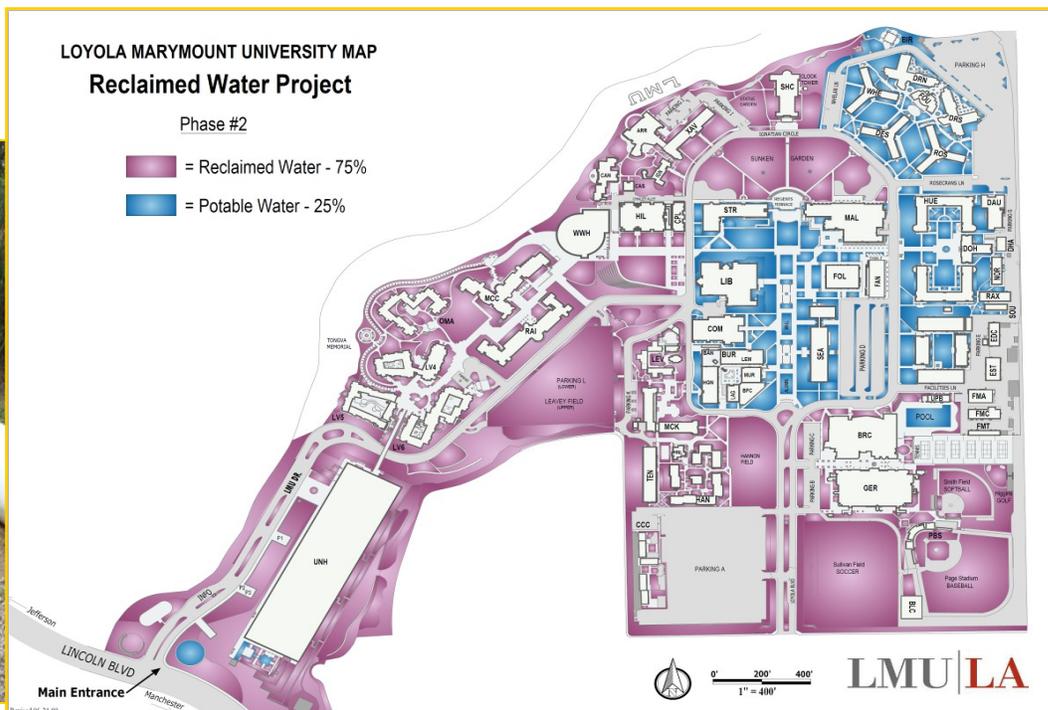
2010 Customer of the Year Award—Loyola Marymount University received the WaterReuse Association’s 2010 Customer of the Year Award for its recycled water project retrofit. Recycled water is provided through a joint arrangement between the city of Los Angeles and West Basin Municipal Water

District, which receives financial incentives under Metropolitan’s Local Resources Program. When excessive sulfide growth in its recycled water pipeline generated unacceptable odors when used for irrigation, Loyola installed a unique hydrogen peroxide treatment system and special pipeline to eliminate the problem. The innovative solution allowed Loyola to increase its recycled water use to about 150 acre-feet per year on more than 75 percent of the campus’ irrigable area. Future plans call for Loyola to expand recycled water use to their entire Westchester campus.

Water Resource Development and Conservation Initiatives

CalDesal, a new nonprofit advocacy group dedicated to advancing desalination in California, briefed staff and the member agencies on its current activities. CalDesal initiated dialogue with the State Water Resources Control Board about regulatory processes for desalination projects currently under development. CalDesal is planning to select an executive officer and form a board of directors to guide future direction and activities. Metropolitan joined CalDesal in June to support regional facilitation of seawater desalination issues. CalDesal is presently comprised of 29 water agencies and 9 businesses.

LMU hydrogen peroxide system



WATER RESOURCE MANAGEMENT

WATER SUPPLY

State Water Project

Edmonston Pumping Plant—The California Department of Water Resources initiated installing the third of four new pumps at the Edmonston Pumping Plant. The new pump will improve infrastructure reliability and energy efficiency of the State Water Project. The new equipment will lower pumping costs and save power. The Edmonston plant with 14 pumps is integral to delivering water to Southern California.

Colorado River

Palo Verde Irrigation District/MWD Forbearance and Following Program—In August, Metropolitan made annual payments totaling \$15.6 million to landowners under the PVID/MWD Forbearance and Following Program for contract year 2010/11. Landowners were paid \$681.11 per fallowed acre. Metropolitan called on the maximum acreage of 25,947 acres, which includes the 3,096 acres owned by Metropolitan. Water savings for contract year 2010/11 are estimated at 120,000 acre-feet.

BAY-DELTA INITIATIVES

BAY-DELTA SOLUTIONS

Near-Term Solutions

Two-Gates Fish Protection Demonstration Project: Assembly Joint Resolution No. 38 (AJR 38), as amended, was passed by the Assembly Water, Parks and Wildlife Committee on May 11, and by the Senate Natural Resources and Water Committee on August 10. AJR 38 resolves by the Assembly and the Senate, jointly, that the California Legislature request the U.S. Department of the Interior to complete its study of the Two-Gates Fish Protection Demonstration Project

Long-Term Measures

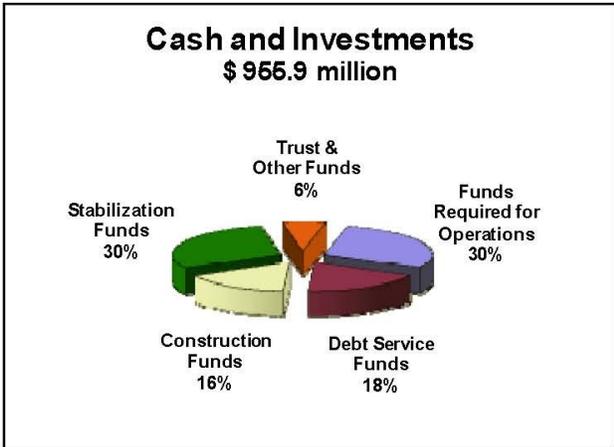
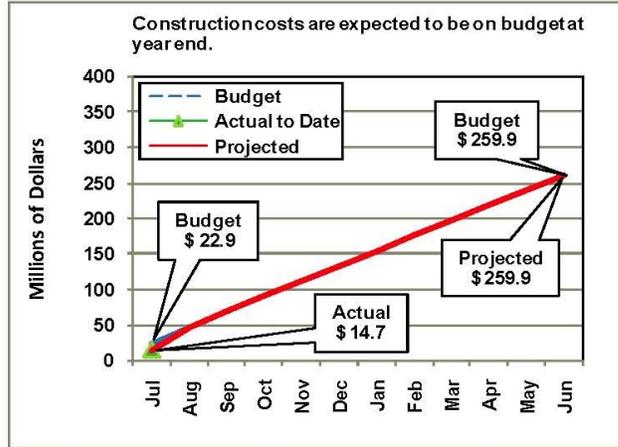
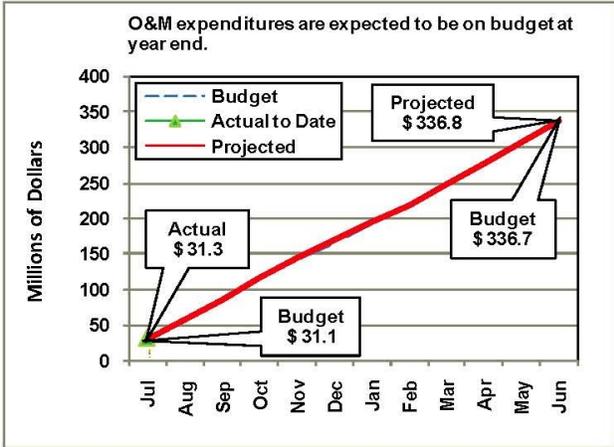
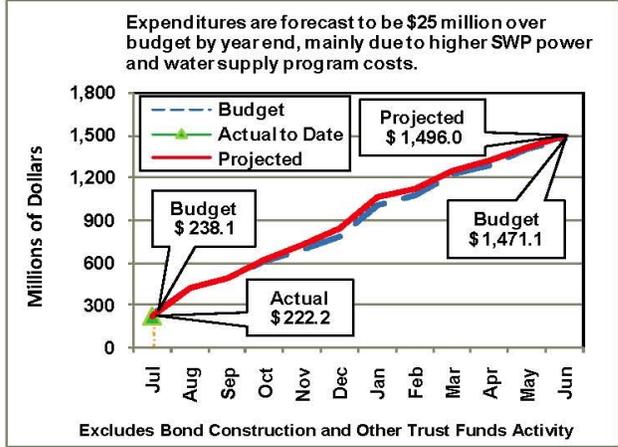
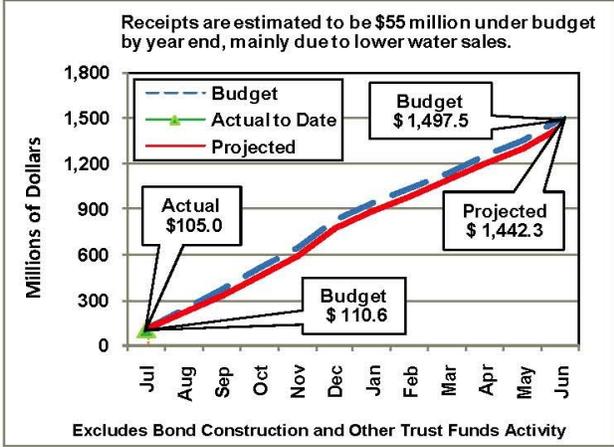
Delta Stewardship Council—The Delta Stewardship Council adopted the Interim Plan at their August 27 meeting after an extensive public review process. The Interim Plan is the first of two primary documents required by statute to guide state and local agency planning and management efforts in the Delta. The expressed purpose of the

Interim Plan is to achieve the following: First, it is the primary “framework” of early Delta actions for the Council until the Delta Plan is adopted by the Council in January 2012 and implementation begins. Second, it will inform and assist the Council with its responsibilities in relation to other agencies, as required in the Delta Reform Act and other statutes. Third, it provides linkage to the Delta Plan by establishing legal authority, work processes and procedures, and ways to build effective relationships. In addition, the Interim Plan outlines processes the Council could use to develop its recommendations for early actions, projects, and programs in the fourth quarter of 2010. The final recommendations will subsequently be added to the Interim Plan.

Emergency Preparedness

Metropolitan continued to participate in the preparation of Department of Water Resource’s Delta Flood Emergency Preparedness and Response Plan in coordination with the U.S. Army Corps of Engineers. The Plan is focused on the stockpiling of emergency preparedness materials that would facilitate implementation of an emergency freshwater pathway to the export pumps in the event of a catastrophic levee failure in the Delta region. The California Department of Water Resources advises the draft Plan will be completed in 2011, and the final Plan will be completed in the third quarter of 2012.

FINANCE AS OF JULY 31, 2010



Summary Financial Statistics

	Target	Actual
Fixed Charge Coverage	≥ 1.20 x	1.27%
Revenue Debt Service Coverage	> 2.00 x	1.49%
Revenue Bond Debt / Equity Ratio	< 100.0%	73.1%

Credit Ratings

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

HUMAN RESOURCES

HIGH PERFORMANCE WORKPLACE

High Performance Culture

Continued to gather Department Head Performance Evaluations from Board Members. Findings will be reviewed by the Executive Committee and the entire process will be complete by the end of September.

Human Resources Excellence

Completed analysis and response on Human Resources Audit, this was then submitted to General Auditor and accepted as submitted. Organization and Personnel Committee deliverables begin in September.

HUMAN RESOURCES EXCELLENCE

Talent Acquisition

- Another 110 interviews were completed in August for the 17 Pre-Apprentice positions for a total of 397 interviews completed. Background checks and reference checks are in progress.
- Attended two Job Fairs:
 - 1st Annual Southeast Los Angeles Job & Resource Fair sponsored by Speaker of the Assembly, John A. Perez
 - Ventura County Job Fair at Port Hueneme Naval Base

Total Compensation

- Conducted quarterly benefits site visits at Lake Mathews and all four desert locations. On August 17, visited Mills and provided one-on-one consultation for Deferred Compensation (401K and 457) plans, CalPERS Service Credit purchases, and retirement assistance.
- On August 18, hosted the Great-West Deferred Compensation annual compliance workshop at Headquarters for Metropolitan and other local public agencies such as LA City, LA County, Los Angeles City Police and Fire, City of Torrance, etc.
- Provided service pins for 22 employees with milestones of 5, 10, 15+ years of services, and coordinated the service awards gifts for 13 employees with 20, 25, and 30+ years of service.
- Coordinated an Employee Emergency Relief Fund campaign that generated 174 donated hours for employees in need, and a Direct Donation campaign which generated an additional 675 donated hours for two specific employees in need of hours.

Workers' Compensation / Medical

- Conducted initial investigations on 10 injury incidents.
- Submitted 7 new claims to Metropolitan's workers' compensation claim administrator.
- Settlements were negotiated in 3 claims, finalized in 2 claims, and 7 claim files were closed.
- Conducted Medvans at Mills facility.
- Arranged 23 medical evaluations (DMV medical surveillance, etc).
- Coordinated random drug/alcohol testing at two facilities.
- Addressed 5 accommodation issues.

Risk Management

The Risk Management Unit completed a projected 46 incident reports communicating instances of Metropolitan property damage, liability, workplace injuries, regulatory visits and spills.

Risk Management completed a projected 28 risk assessments on contracts, including professional service agreements, construction contracts, entry

permits, special events and film permits.

Performance Management

Received support from Group Managers for proposed Performance Management System. Staff is continuing evaluations of vendor capabilities to automate and streamline the proposed process.

Workforce Succession

- Continuing to expand succession management efforts. Reviewed a template for collecting information about critical job gaps with Group Managers. Staff is developing a web-based process to enable simple data collection from the Metropolitan management team.
- Continued support to the Board's Blue Ribbon Committee workgroup, which is developing recommendations for Metropolitan's future workforce development needs.

Learning and Development

Three onsite classes were delivered on Teamwork, and Rewards and Recognition.

EXTERNAL AFFAIRS

COMMUNICATIONS

Support Board with Communications and Working Relationships with Stakeholders

Support Board members’ communication and working relationships with elected officials, other government leaders, and business and community leaders.

- Metropolitan was one of the sponsors of the San Gabriel Valley Economic Partnership’s 20th Annual Recognition Awards event. Chairman Brick, Director Edwards, Director Fellow, Director Morris and Metropolitan staff were in attendance as more than 350 community leaders and elected officials gathered to honor Pasadena Mayor Bill Bogaard and others for their respective contributions to the community.
- Metropolitan was also one of the sponsors and assisted with planning the annual San Bernardino County Water Conference. The Conference, which attracted more than 400 people, featured topics on local conservation programs and a trade show floor where Metropolitan provided an exhibit booth on Metropolitan’s water conservation programs and the current Integrated Resources Plan process as

well as information on the Bay-Delta. Directors Evans and Santiago were in attendance in addition to several local elected officials.

Public Education / Advertising Conservation Efforts

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

- Metropolitan continued the online Google Search and the Google Content Network this month. Links to bewaterwise.com appear when keywords such as “water,” “California weather,” and “water rebates” are searched for by Southern California users.

Work with Member Agencies (Coordinate Common Water Policy Issues and Actions)

Staff coordinated executive management monthly meetings with the member agency managers where issues related to the Integrated Resources Plan were discussed.

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. Efforts and activities included:

- Arranged interview for North County Times reporter for a story on Hoover Dam hydropower and water levels at Lake Mead.
- Responded to a request and coordinated interviews regarding the Solids Handling Project and athletic fields at the Jensen treatment plant.
- Issued press release and several media advisories regarding public forums in Southern California to update the Integrated Resources Plan.
- Issued press release about the Board of Directors adopting new energy management policies to help contain future energy costs.

LEGISLATIVE AND COMMUNITY RELATIONS

Local Government

- Staff arranged for General Manager Kightlinger to address members of the Orange County Business Council’s Infrastructure Policy Committee on critical issues related to Delta and Colorado River supplies as well as Metropolitan’s investments in local resources. In addition, staff briefed the Council’s Infrastructure and Government Affairs committees on the delay of the water bond and progress with implementing the Delta Water Package.
- Staff participated in the State Watershed Advisory Committee meeting in Sacramento with Natural Resources Secretary Lester Snow to discuss plans for an Integrated Natural Resource Management Summit and to review objectives for the Advisory Committee.

EXTERNAL AFFAIRS

LEGISLATIVE AND COMMUNITY RELATIONS

Local/ State/ Federal Water Policy and Legislative Strategies

State Legislature

- AB 1929 (Hall, D-Los Angeles), which was co-sponsored by Metropolitan and the Association of California Water Agencies, was signed by Governor Schwarzenegger on August 18. The bill clarifies existing law with respect to criminal and civil penalties related to transportation and infestation of quagga mussels.
- Following the Governor’s call for a delay on the November 2010 public vote on the \$11.14 billion water bond, the Legislature passed two legislative measures in response to the Governor’s action. AB 1265 by Assembly Member Anna Caballero (D-Salinas) delays the public election for the water bond until November 2012. The measure also clarified existing law to prohibit any for-profit corporation or mutual water company from participating in a joint powers authority that would seek bond funding for surface storage projects. In addition, AB 1260 by Assembly Member Jean Fuller (R-Bakersfield) extended terms for Governor Schwarzenegger’s appointments to the California Water Commission. The Governor signed both bills on August 10.
- AB 2092 (Huffman, D-San Rafael) will require the Delta Stewardship Council to develop a long-term finance plan for the Delta Plan. Metropolitan is in support of this measure, which is currently before the full Senate for a floor vote.
- AB 2776 (Huffman, D-San Rafael and Arambula, I-Fresno) would have imposed unnecessary

restrictions on voluntary water transfers between agricultural and urban water users. AB 2776 was amended in the Senate to resemble the previously defeated Assembly measure (AB 2049/Arambula). AB 2776 passed the Senate water committee with the bare minimum of votes necessary but was subsequently defeated in the Senate fiscal committee.

- The media focus surrounding City of Bell officials has stimulated a flurry of legislative activity during the final weeks of the 2009/10 legislative session. No less than seven measures have been amended thus far. A full report will be provided at the September Communications and Legislation Committee meeting.
- Senate and Assembly Democrats released details for their joint budget proposal in early August. An update on the budget will be provided at the Communications and Legislation Committee in September.

Federal Legislature

Staff worked with representatives of the Grand Canyon Trust, and elected officials from Grand County, Utah to organize congressional briefings about Colorado River water quality issues related to uranium mining legislation, currently pending in the House of Representatives, as well as the on-going issue of the U.S. Department of Energy’s multi-million ton removal of uranium mine tailings in Moab, Utah.

Congress remains in recess and will reconvene on September 13.

Community Outreach

Efforts and activities included:

- Staff conducted an educational training program for Los Angeles area high school teachers on legislative regulatory issues impacting water supplies and Metropolitan’s conservation programs, including a review of Metropolitan Education Program materials as a part of the Los Angeles Infrastructure Academy’s summer teacher orientation and staff development session.
- Staff coordinated and conducted Diamond Valley Lake tours, including tours for interns from the Municipal Water District of Orange County, residents of Orange County, and members of the Riverside County Sheriff’s Department.

- Staff coordinated and conducted a planning meeting with the Western Science Center staff regarding their 2010/11 school field trip program, which includes Metropolitan’s DVL Visitor’s Center. External Affairs staff has begun preparatory work to launch the 2010/11 DVL education program in September/October.

Coordinate and Communicate Day-to-Day Efforts

Staff coordinated and participated in a meeting with the City of Tustin Public Works and Cross-Connection Project Staff regarding the potential impacts of the work site and alternatives.

REAL PROPERTY DEVELOPMENT AND MANAGEMENT

REAL PROPERTY MANAGEMENT

Sustainability in all Aspects of Real Property

- Proposals were received from two respondents in response to the Request for Proposal for solar facility development on Metropolitan’s Palo Verde property located near Blythe, California. A recommendation will be presented at the Real Property and Asset Management Committee meeting on September 28.
- The RFP deadline for solar development at Diamond Valley Lake was extended to October 9 in order to address additional questions from the potential respondents.
- A proposal was received from a broker representing a non-profit entity interested in leasing the entire third floor annex at Metropolitan’s Headquarters Building at market rent. The proposed 10-year lease will be presented at the September 28, Real Property and Asset Management Committee meeting for approval.
- Staff prepared a surplus action on the Box Springs Feeder right of way to be heard at the September 28 committee meeting. The right of way, which runs from the Henry J. Mills Water Treatment Plant to Lake Mathews, is excess to Metropolitan’s operational needs.
- Staff is evaluating a proposal received for developing a Recreation Vehicle Park at Diamond Valley Lake, which will be discussed at a future Real Property and Asset Management Committee meeting.

Property for Future Water Infrastructure and other Real Property Goals

- An amendment to a lease with Nextel Communications, Inc., was granted to allow for Nextel’s sublessee to place new equipment on an existing telecommunications site at F. E. Weymouth Water Treatment Plant. The monthly rent was also increased as a result of this additional equipment.
- A permanent easement was granted to City of Santa Ana for street construction and maintenance over a portion of the Orange County Feeder right of way.
- The City of Riverside was issued an entry permit to allow for construction activities and vehicle access over a portion of the Colorado River Aqueduct – Upper Feeder Pipeline right of way. These activities are in conjunction with the City’s Santa Ana River Trunk Sewer replacement project.

- A three-day entry permit was issued to Open 4 Business Productions, LLC for the filming of scenes for the television series “The Event.” Filming occurred in portions of the tunnels, ramp, gravel parking lot and ozone basement at Joseph Jensen Water Treatment Plant.
- Staff worked with the Legal Department to obtain an entry permit and commenced appraisal of 452 acres of potential restoration land in the Sacramento Bay-Delta area.

Recreation Facilities DVL and Skinner

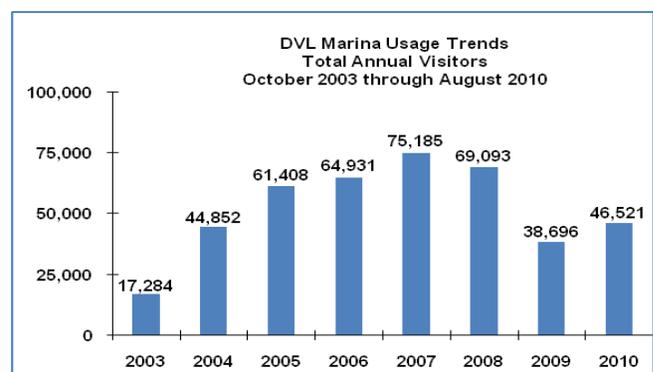
Approximately 45,000 anglers have visited Diamond Valley Lake, and 8,000 private boats launched since the reopening of the boat ramp December 20, 2009. Increased launch fees collected through August are estimated to be \$48,000.

Diamond Valley Lake Visitor Center

The Western Science Center took possession of the DVL Visitor Center classrooms under the executed ground lease for the Western Center Academy, a high-tech charter middle school. On August 23, Academy students (256) started the new school year on campus. Staff worked closely with the Academy staff to ensure that the school enjoyed a smooth and successful beginning. Staff issued security access cards to Academy personnel, repaired security cameras located at the building, and continued preventive maintenance as needed.

Operate Headquarters Facility

- Performed a backflow device certification.
- Completed regulation 4 testing of fire and emergency generator system.
- Conducted the annual power system shutdown to perform system maintenance.
- Repaired electrical buss duct that provides power to emergency systems.



BUSINESS OUTREACH

Efforts and activities included:

- On August 12, Governor Schwarzenegger toured the Fifth Annual California Construction Expo “Building on Five Years of Success” co-sponsored by Metropolitan, Los Angeles Unified School District, Los Angeles World Airports, Port of Long Beach, the Association of General Contractors, the State of California Department of General Services, and Metro. Public agencies, contractors, engineering firms, and resource partners from all over California converged at the Pasadena Convention Center, to showcase construction projects estimated at over \$150 billion. Chairman Brick represented Metropolitan at the ceremonial ribbon cutting. Metropolitan staff (Business Outreach, External Affairs, Human Resources, Business Services, and Engineering Services) spoke at workshops, manned exhibit booths, and were on hand to answer questions. Over 2,500 people attended the one-day Expo. *[photos below]*
- Metropolitan’s continued a partnership with the California Hispanic Chamber of Commerce by sponsoring the 31st Annual Statewide Convention in Los Angeles on August 13. Governor

Schwarzenegger was the Keynote Speaker. Metropolitan Director Angel Santiago represented Metropolitan at the convention.

- Metropolitan staff exhibited at events for the Orange County Black Chamber of Commerce, Orange County Asian Chamber of Commerce, and the Filipino American Chamber of Commerce of Orange County and also participated in panel discussions on “How to Do Business with the Government.” Over 700 businesses attended the events and participants were provided information on opportunities, training and certification programs.
- On August 18, Metropolitan’s Chairman Brick was the keynote speaker at the Imagine H2O’s - “Global Opportunities in the New Water Economy” held at Metropolitan's headquarters. Over 130 people attended various workshops (*Water Energy Nexus, Resources for Start-ups, Opportunities Here and Abroad* and more). Panelists were from Metropolitan, UCLA Anderson School, Southern California Edison; Canadian Embassy; and CleanTech LA.



www.MWDH2O.com
www.BeWaterWise.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.

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