

SEPTEMBER 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.

DISCUSSION SERIES FOR METROPOLITAN EMPLOYEES



In September 2010, General Manager Jeff Kightlinger participated in the third of an ongoing employee communication series called "Making the Connection" sponsored by the External Affairs Group. Some employees attended the session in the board room while others viewed from their computer desktop via "live-streaming" video on MetTube. MetTube also provides the flexibility for employees to view at their convenience at a later time. The GM provided an update on Metropolitan's water supply status and challenges. The goal of the "Making the Connection" series is to educate and engage employees on key issues and initiatives important to Metropolitan's core business. Previous presentations have focused on the challenges in the Bay-Delta and an update on Metropolitan's Education Programs. The program allows management to provide updates, in real time, to employees with a specific reference to the role we all play in helping Metropolitan fulfill its ongoing mission to Southern California.

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DATED: SEPTEMBER 30, 2010

CORPORATE RESOURCES GROUP

SCIENCE AND TECHNOLOGY

Information Technology

iPad Evaluation—Staff continued to support Directors participating in the iPad evaluation, as a cost-saving alternative solution to laptops for board members to view board-related material. A briefing on this initiative was made to the Engineering and Operations Committee on September 13, 2010, as part of the IT Strategic Plan quarterly board update. The iPad evaluation is scheduled to be complete this month followed by a recommendation based on input from the pilot members.

CAPITAL INVESTMENT PLAN

Replace / Rehabilitate Projects for Conveyance and Distribution System

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:

- Box Springs Feeder—Board awarded a construction contract to repair 12 distressed pipe sections of pre-stressed concrete cylinder pipe for Stages 3 and 4 of the Box Springs Feeder. These sections all exhibit cracking identified as “broken backs.” This type of cracking exposes the pipe to accelerated rates of corrosion, leading to eventual leakage.
- Sepulveda Canyon Control Facility—Seismic study is 85 percent complete.

CRA Conveyance Reliability Program—This program was established to maintain reliability of the Colorado River Aqueduct canals, tunnels, conduits, siphons, and reservoirs. Recent activities include the following:

- Eagle Mountain Pumping Plant—Board awarded a construction contract for repair of leaky expansion joints on the delivery pipes at Eagle Mountain Pumping Plant on the Colorado River Aqueduct.
- Fault Current Protection Upgrades—Construction is 65 percent complete
- Dam Sluiceways—Final design is 90 percent complete.
- Hinds Pumping Plant Standby Generator Replacement—Final design is 30 percent complete.

Replace / Rehabilitate Project for Water Treatment Plants

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 75 percent complete and scheduled to be complete by April 2011.
- Weymouth electrical upgrades—Construction is 17 percent complete and scheduled to be complete in mid-2012.
- Rapid Mix Systems—Construction is 41 percent complete and scheduled to be completed in May 2011.
- Junction Structure Seismic Upgrades—Construction is 17 percent complete and scheduled to be complete by May 2011.



Weymouth Plant -Main plant switchgear building

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 53 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. The second full shutdown consists of energizing the new Southern California Edison 66kV substation, which will provide power for the future ozonation facilities and the plant.
- Weymouth ORP—The Weymouth ORP consists of multiple, staged construction contracts. Final design of the Ozone Generation Building and ozone contactors is 70 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 41 percent complete and is scheduled to be complete in April 2011.

Water Quality Lab-sheet Application—The Lab-sheet Application is a tool designed to record water quality analysis results, operational data from the treatment plants, and performs calculations that indicate the level of disinfection being achieved with ozone, chlorine and chloramines. The application stores the information in a database, alerts users when data outside of normal ranges are entered, and provides the information to the users in several report formats.

During the month, software enhancements were made to the application to track ozone and reservoir influent disinfectant at the Skinner water treatment plant. Information Technology and Water Quality staff identified and captured requirements unique to the Skinner plant to ensure tall disinfection requirements are met and accurately recorded. The Skinner plant is operated as three distinct treatment plants with each plant comprised of one to three treatment modules, as well as conventional treatment and direct filtration, which added greater complexity to the project.

SYSTEM RELIABILITY

Emergency Management

- Information Technology staff attended a Disaster Recovery forum bringing together experts and service providers from around the world. This forum benefits Metropolitan by providing training through the various workshops and classes. The conference also allowed staff to exchange insights on the latest developments in Disaster Recovery preparedness with professionals from other organizations.
- As part of an ongoing effort to refine Metropolitan’s ability to recover critical business processes in the event of a disaster, a recent Disaster Recovery exercise was conducted which was designed around Metropolitan’s annual data center electrical system shutdown at Headquarters. The exercise objectives were successfully achieved and included:
 - Validating Website failover (*ability of the technology to shift automatically to a redundant or a standby system, computer server or a network upon failure of the active application or a network*) to Disaster Recovery Facility.
 - Validating ability to meet Recovery Time Objectives and Recovery Point Objectives.
 - Exercising recovery procedures contained in the IT Disaster Recovery Plan and Procedures Guide.

CORPORATE RESOURCES GROUP

WATER SUPPLY RELIABILITY

Water Reclamation Program

In partnership with the Los Angeles County Sanitation Districts, Metropolitan staff continued work on the board-approved study on the feasibility of developing a regional water reclamation program to provide Metropolitan’s member agencies with a new supply of highly purified water for groundwater recharge. Recent activities include the following:

- Completed initial assessment of potential options to implement a regional water reclamation program.
- Finalized the scope for the reservoir reconnaissance study. The purpose of this study is to identify and rank potential reservoir sites for

storing purified water for the regional water reclamation program.

- Developed a scope for a Water Research Foundation Project which will assess criteria for reservoir augmentation with purified water in California.
- Continued to work with LA County Sanitation District staff on the pilot plant study. The purpose of the pilot plant study is to demonstrate the efficacy of advanced treatment processes to purify treated water from LACSD for groundwater recharge.

BUSINESS PROCESSES

Business Improvements

E-Discovery Program—E-Discovery software provides efficient and effective management, search, and retrieval of electronic records maintained by Metropolitan, including e-mails, in response to lawful subpoenas, discovery requests, and Public Records Act requests. A briefing on the E-Discovery project was made in September to the Engineering and Operations Committee as part of the IT Strategic Plan quarterly Board update.

Rideshare Program—Effective September 1, 2010, Metropolitan began receiving rebates from Metropolitan Transportation Authority and the Orange County Transportation Authority to help offset the costs of the Rideshare Program. These rebates will result in an estimated cost savings of over \$65,000 a year.

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

Assure Our Legacy E-newsletter—Published the 48th edition of the “Assure Our Legacy” e-newsletter focusing on improving our pets’ overall health and longevity while preserving the environment.



Paperwise Program—Metropolitan achieved a 60 percent reduction in office paper consumption for the first quarter of Fiscal Year 2010/11 as measured against the 2007 usage baseline.



Rideshare Diamond Award—Metropolitan was selected as a Diamond Award recipient for outstanding achievement in Rideshare. The winners are selected from Los Angeles, Orange and Ventura counties. Metropolitan won in the “Solution on a Shoestring” category, which recognizes an organization for program changes that provided a direct and measurable benefit to the program and cost less than \$1,000 to implement.

WATER SYSTEM OPERATIONS

ENERGY MANAGEMENT

Manage System Power Operations

During September, Metropolitan procured 146,250 megawatt hours of forward energy for Colorado River Aqueduct pumping operations in 2011 and 2012. Total cost of the energy is just under \$5 million. Metropolitan pays the suppliers after the energy is delivered. Forward energy procurement is part of Metropolitan’s operational strategy to reduce CRA energy cost volatility and uncertainty.

SYSTEM RELIABILITY

System Operations

System Operations delivered approximately 170,000 acre-feet of water for September 2010, which is an average of 5,650 AF per day. An additional 37,500 AF was delivered to Desert Water Agency and Coachella Valley Water District in exchange for their State Water Project Table A supplies. SWP blends continued at 35 percent for the Weymouth, Diemer, and Skinner treatment plants. Additionally, 45,000 AF was delivered into Diamond Valley Lake via the Inland Feeder to increase storage to approximately 555,000 AF by the end of September. DVL storage has increased by over 170,000 AF since the beginning of 2010. Total imports from the SWP for September are approximately 150,000 AF.

System operations continued to maximize West Branch deliveries as part of the operations plan to

optimize SWP usage. Deliveries into regional groundwater conjunctive use programs continue at several groundwater storage connections.

Staff continued to develop new Interagency Switching agreements with the California Department of Water Resources, and the first of these agreements will be used during the January 2011 shutdown of the Box Springs Feeder, which will require an interagency clearance from DWR.

System Operations continues to maximize power generation whenever possible. For the month of September Metropolitan’s hydroelectric plants generated an average of 47 megawatts per hour for a total of 33,800 megawatts.

Conveyance / Distribution

Staff acquired a mobile, sodium hypochlorite (bleach) trailer which will be used for spot chlorination along the aqueduct for algae and quagga mussel control. The unit can also be used at other locations for emergency chlorination. The bleach trailer consists of a trailer-mounted 5,500 gallon double-walled fiber glass tank and associated feed and health and safety systems. The pump can feed up to 10 gallons per minute of 12.5 percent bleach at 165 per square inch pressure. The unit has a sliding tarp cover. The necessary Department of Transportation permits have been obtained. The bleach trailer will be stationed at Iron Mountain. Staff will receive training from the manufacturer during the first part of October.

A pinhole leak repair on the East Orange County Feeder No. 2 venturi meter was completed with the feeder in service on September 22.

(photos on page 6)



Mobile Sodium Hypochlorite (Bleach) Trailer

Continue on page 6

WATER SYSTEM OPERATIONS

SYSTEM RELIABILITY

Continue from page 5

Conveyance/ Distribution

Lake Skinner was successfully treated with nine tons of copper sulfate on September 9 to control an algae bloom (*Fragilaria*). The algae bloom was affecting operations at treatment plants in the region by reducing filter run lengths. The treatment required Lake Skinner to be taken out of service and placed on Bypass Operations. The reservoir was returned to service beginning September 21.



Lake Skinner copper sulfate treatment by helicopter

BEFORE: Orange County Feeder No. 2 leak repair



AFTER: Orange County Feeder No. 2 leak repair



Maintenance / Shutdowns

The Shutdown Schedule for Fiscal Year 2010/11 was distributed to the member agencies on September 17.

Operations Support Services

- The Municipal Water District of Orange County requested re-activation of Service Connection OC-38 on the East Orange County Feeder. Staff conducted a routine inspection of the facility and worked cooperatively with MWDOC to return the connection to service. The connection was reactivated on September 20 with a capacity of 30 cubic feet per second.
- Construction continued on the sodium bisulfate tank farm at the Lake Skinner Inlet Canal to increase chlorination/dechlorination effectiveness as part of the Quagga Mussel Control Program.
- Staff began to roll pipe for the Box Springs Feeder repair scheduled for January 2011 which consists of 35 sections of 84-inch diameter pipe.
- Staff completed the fabrication of a prototype stop log

gate and lifting beam for The Department of Water Resources’ Hyatt Pump Plant. DWR authorized the manufacture of the remaining three gates and eleven lifting beams. These gates compliment the on-site emergency response equipment.



Fabricated prototype of stop log gate and lifting beam for DWR’s Hyatt Pump Plant

WATER SYSTEM OPERATIONS

SYSTEM RELIABILITY

Security Management

A special agent fielded a regulatory visit by Transportation Security Administration inspectors who were tracking the movement, protection, and transfer of a chlorine rail car from a rail yard to one of Metropolitan’s water treatment plants. Metropolitan passed the inspection without any adverse findings.

Environmental, Health and Safety

Staff attended the California Air Pollution Control Officers Association Forum on Climate Change on August 30-31, along with over 650 participants from various public, private, and other organizational sectors. The conference focused on harmonizing California, federal, regional, and

local climate change programs, and impacts on the environment, energy and the economy

On September 8, staff met with the South Coast Air Quality Management District on proposed changes to the architectural and metal/metal parts coatings’ rules in advance of public workshops and meetings. The purpose of the meeting was for SCAQMD to solicit advance input on the impacts of proposed lower volatile organic compound (VOC) limits on Metropolitan utilized coatings. Staff will continue to work with SCAQMD to identify areas where exempt categories can be created to provide for continued use of higher VOC coatings for specific applications.

Emergency Management

Staff attended a California Emergency Services workshop where topics included the Baja California earthquake response and lessons learned. Discussion centered on the mutual assistance after the quake, including Metropolitan’s help with assessing damage to water tanks.

Staff attended an Orange County Emergency Management Organization meeting. Potential changes to the rules and procedures for Federal Emergency Management Agency reimbursement of disaster-related costs were discussed.

WATER QUALITY

Manage Water Treatment

Skinner plant staff continued to operate the newly installed ozone process and will begin operating for disinfection credit in October. Also at the Skinner plant, a chemical optimization project was initiated to optimize the ferric chloride dosage by achieving water quality criteria while minimizing the production of solids.

At the Mills water treatment plant, staff began testing a new process to minimize the formation of bromate, an ozonation disinfection byproduct, by adding ammonia and chlorine upstream of the ozone contactors. Initial results are promising and show that operating costs may be reduced further by using this method.

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

The latest total dissolved solids results from August for Weymouth, Diemer, and Skinner water treatment plants are 537, 530, and 525 mg/L, respectively. The blend at the Weymouth, Diemer, and Skinner treatment plants was increased to 35 percent State Water Project on September 10. TDS levels are anticipated to decrease to approximately 500 mg/L due to this change.

Protect Source Water Quality

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

Future Regulations

Water Quality staff participated in an American Water Works Association workshop on Nitrosamines Regulatory Option Analysis which examined the potential regulatory outlook for the emerging disinfection by-product. The Environmental Protection Agency is expected to propose a primary drinking water regulation for nitrosamines in the near future. AWWA hopes to work with the EPA and provide expertise to assist with the development of a regulation based on sound science.

WATER SYSTEM OPERATIONS

Apprenticeship Training Program

Testing and approval for implementation of the new Enterprise Learning Manager (ELM) training database was concluded in September. The ELM system is a powerful training management tool that will replace the existing system utilized for the past 15 years. ELM is a key element in support of Water System Operations’ technical training initiatives by providing user-friendly and efficient access to scheduling and tracking courses, as well as maintaining training records for all employees. The system also contains new features including automated enrollment and reminder notifications, as well as warnings when certifications are due to expire or compliance requirements have not been met. The initial rollout of the system including site visits to conduct training should be completed by mid-November.

Additionally, background checks and job offers are being completed by Human Resources in anticipation of the start of 17 pre-apprentices on October 4. In their first days of employment, the pre-apprentices will receive a comprehensive orientation of Metropolitan, and the state-approved Apprenticeship Program. They will also receive key safety training to allow them to begin immediately contributing to their respective teams.

BAY-DELTA INITIATIVES

BAY-DELTA SOLUTIONS

Near-Term Solutions

Habitat Restoration—Progress continued in September on the 700-acre Lower Yolo Bypass tidal marsh restoration project located on the Yolo Ranch. The 3,400-acre Yolo Ranch, also known as McCormack Ranch, is located in the lower Yolo Bypass just to the north of Liberty Island. This location presents an ideal opportunity to expand tidal wetlands in the Sacramento-San Joaquin Delta. Metropolitan and the state and federal water contractors held meetings with and provided briefings and tours for state and federal resource agencies to address the regulatory process for moving forward with the project. The restoration project has been well received by the agencies.

Project planning is continuing to move forward. Most of the field survey work is complete. The wetlands delineation is about 80 percent complete and the soils testing associated with this

delineation is 100 percent complete. The last topographic surveys are now complete, as is the existing irrigation/drainage mapping. The Yolo Ranch Restoration Project final California Environmental Quality Act document is targeted for completion in 2011.

Long-Term Measures

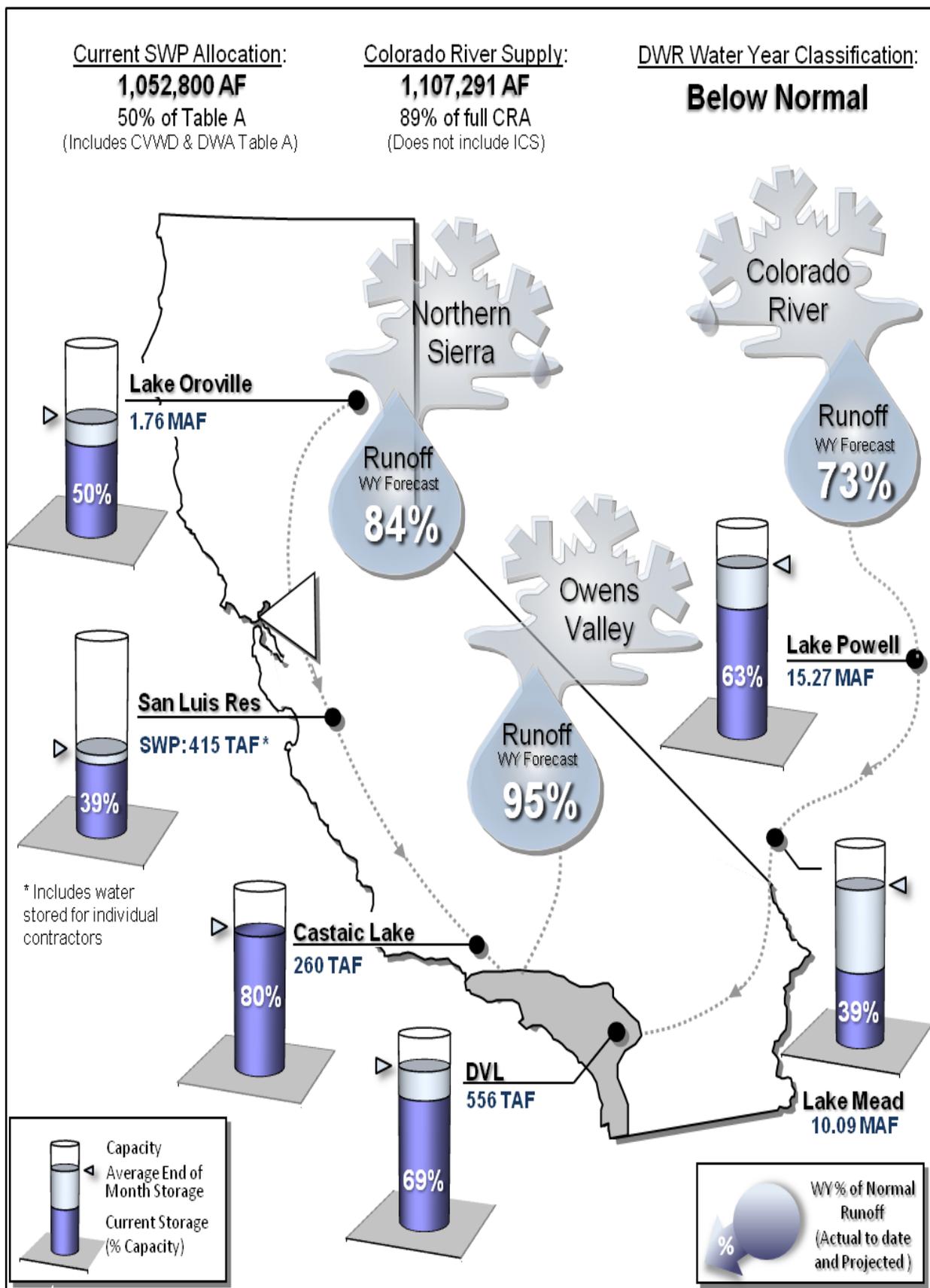
The Delta Stewardship Council had its monthly meetings on September 23 and 24, and continued its efforts to consider early actions proposed for inclusion in the Interim Plan and the process and schedule for development of the Delta Plan. The DSC was established within the 2009 Delta legislation as a key means to provide a governance structure for oversight and accountability on delta related issues. One of the charges of the legislation was for the DSC to prepare a Delta Plan by January 2012 that makes recommendations to other

agencies and authorities on reducing conflicts and providing certainty within the Delta region regarding its various uses.

Metropolitan continues to coordinate with the state and federal water contractors to provide comments to the DSC.

The Interim Delta Plan, approved by the DSC at its August 2010 meetings, provides a process for a responsible agency or proponent with an action, project, or program to be considered by the DSC before the Delta Plan is adopted. The DSC considered five early action applications at its September meeting. The DSC plans to consider additional early action applications at its October 2010 and November 2010 meetings as well. The DSC also discussed the process for development of the Delta Plan. A Draft Delta Plan and Draft Environmental Impact Report is scheduled for June 2011, and the Final Delta Plan and Final EIR is scheduled for completion by December 2011.

WATER SUPPLY CONDITIONS



WATER RESOURCE MANAGEMENT

WATER SUPPLY RELIABILITY

Update Integrated Resources Plan

Updated Integrated Resources Plan Board Workshop—On September 14, 2010, a workshop was held for the Board of Directors on the 2010 IRP Update. The Board workshop followed the second round of stakeholder forums held in August 2010 and provided a review of the IRP process, strategy, stakeholder forums, online survey results, and comment letters. The Board was also provided with a report containing detailed information on the input received at the forums, the results of the online survey, and copies of the comment letters. The final IRP Update report will be considered by the Board for approval in October.

Local Resources Programs

Seawater Desalination Support—Metropolitan expressed support at the public hearing where the Huntington Beach City Council certified a revised environmental document for the proposed 50 million-gallon-per-day seawater desalination plant developed by Poseidon Resources. Anaheim, Fullerton, Santa Ana and Municipal Water District of Orange County are potential Metropolitan member agency participants.

WATER SUPPLY

State Water Project

Revised 2010 State Water Project Water Delivery Schedule—Metropolitan submitted a revised 2010 SWP water delivery schedule to DWR that incorporates the 50 percent SWP allocation and Metropolitan’s additional transfer water. The revised schedule provides for delivery of over 1.2 MAF to Metropolitan’s service area, including over 0.18 MAF of Inland Feeder deliveries from September through December. Also scheduled is placing over 0.35 MAF into storage with the Castaic Lake and Perris Lake flexible storage accounts, San Joaquin Valley programs, and San Luis Reservoir.

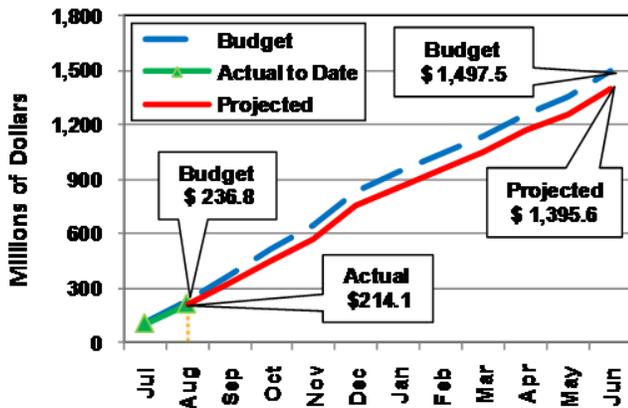
Recommendations to Little Hoover Commission—Staff is working with the State Water Contractors to comment on the conclusions released by the Little Hoover Commission in August regarding state government water administration. Recommendations were (1) reorganize the State Water Project into a separate and independent state-owned California Water Authority with a Governor-appointed and Senate-approved board, (2) move water rights administration from the State Water Resources Control Board to a new Department of Water Management, and (3) have the California Water Commission oversee all water resources bond expenditures and funded programs.

Colorado River

IID Diverts Delivery to Salton Sea—The Bureau of Reclamation’s latest projection of consumptive use of Colorado River indicates that Imperial Irrigation District would leave over 210,000 acre-feet of its Priority 3a entitlement unused. Pursuant to The Law of the River, including the Quantification Settlement Agreement and its Related Agreements, this otherwise unused IID water would become available for diversion by Metropolitan. In a September 20, 2010 letter, IID notified the Bureau of Reclamation of its intention to divert an additional 41,250 acre-feet for direct delivery to the Salton Sea during calendar year 2010. A Metropolitan response letter has been sent to the Bureau of Reclamation outlining opposition to this apparent unilateral action by IID noting that it would be unlawful.

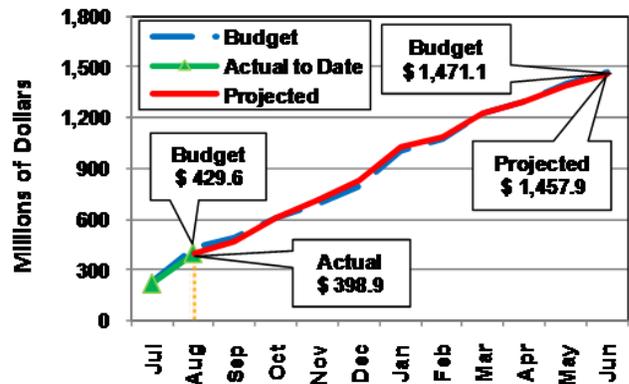
FINANCE AS OF AUGUST 31, 2010

Receipts are estimated to be \$102 million under budget by year end, mainly due to lower water sales.



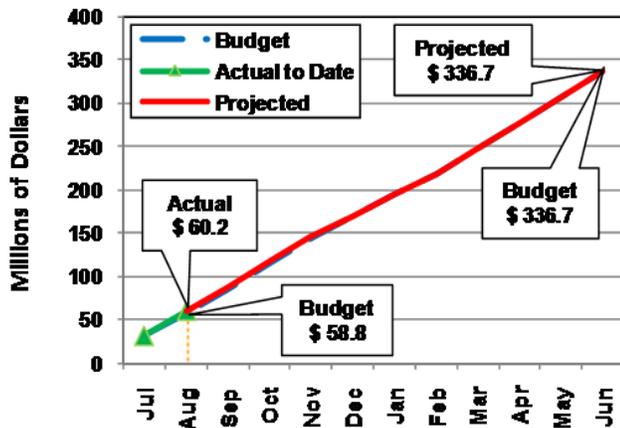
Excludes Bond Construction and Other Trust Funds Activity

Expenditures are forecast to be \$13 million under budget by year end, mainly due to lower CRA power costs.

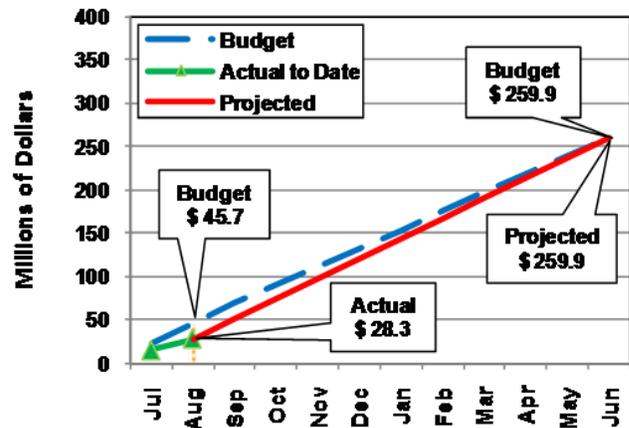


Excludes Bond Construction and Other Trust Funds Activity

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



Construction costs are expected to be on budget at year end.



Cash and Investments \$ 871.3 million



Summary Financial Statistics

	Target	Actual
Fixed Charge Coverage	≥ 1.20 x	1.04 x
Revenue Debt Service Coverage	> 2.00 x	1.47 x
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

Completed Department Head Performance Evaluations with 91 percent of board members participating. Findings were reviewed by the Board's Executive Committee and the entire process is now complete.

Partnerships with Labor

The Employee Relations Section continued participation in Memorandum of Understanding negotiations with Management and Professionals Association and American Federation of State, County, and Municipal Employees, both of whose agreements expire on December 31, 2010. This also included various planning sessions with senior management, as well as presentations to the Organization and Personnel Committee.

HUMAN RESOURCES EXCELLENCE

Total Compensation

- HR Benefits extended their financial education contract with Financial Finesse to provide educational workshops on Investment Basics, Retirement Planning, and Estate and Trust Planning to all Metropolitan employees.
- HR Benefits provided Service Pins to 22 employees with 15+ years of service, and coordinated service awards gifts for 18 employees with 20+ years of service.
- HR Benefits conducted open enrollment site visits at 14 various locations, providing one-on-one consultations to assist employees with 2011 health and voluntary benefit changes. Record high enrollment is expected this year due to changes regarding age of dependents.
- HR Benefits provided Retirement, Deferred Compensation, and Service Credit counseling to 12 employees at Mills on September 21, 8 employees at Jensen on September 23, and 13 employees at Lake Skinner on September 30.
- HR Benefits conducted a Stepping Into Retirement Workshop at La Verne on September 29 for 40 employees.

Talent Acquisition

Coordinating with the South Bay Workforce Investment Consortium to establish a contract to facilitate a process for summer employment and work-study programs for youth under the Greater Avenues for Independence work assignment program.

Risk Management

The Risk Management Unit completed a projected 64 incident reports communicating instances of Metropolitan property damage, liability, workplace injuries, regulatory visits and spills.

Risk Management completed a projected 42 risk assessments on contracts, including professional service agreements, construction contracts, entry permits, special events and film permits.

Workers' Compensation / Medical

- Conducted initial investigations on 17 injury incidents.
- Submitted 6 new claims to Metropolitan’s workers’ compensation claim administrator.
- Settlements were negotiated in 1 claim and 14 claim files were closed.
- Conducted Medvans at Lake Skinner, Lake Mathews and Weymouth facility.
- Arranged 16 medical evaluations (DMV medical surveillance, etc).
- Addressed 3 accommodation issues.
- Completed and submitted 2009/10 Public Self-Insurer's Annual Report.
- Finalized and distributed annual flu shot memo and schedule.

HUMAN RESOURCES

HUMAN RESOURCES EXCELLENCE

Learning and Development

- Completed an informal training needs assessment and education on training resources with several managers from Corporate Resources, Water Resource Management, and Water System Operations. Expanded online learning curriculum from the MindLeaders catalog based on input received. “Avoiding Litigation Landmines” and “Preparing for Job Interviews” training DVDs are now posted on MetTube.
- Worked directly with Office of the Board staff and consultants on board letter process improvement. Created an Advanced Board Letter Training Series which includes elements of process improvement by the Office of the Board, training on influence skills, and writing techniques.
- Working closely with Water Quality managers to support reorganization and change initiatives. Provided change management consultation and delivered training modules on Cross-Training and Mentoring.
- Six onsite classes were delivered, including an eight-hour Navigating Organizational Politics module for Water Resource Management employees.
- Launched the revised and expanded five-day New Manager Orientation of experiential learning, expert speakers, tours, roundtables, and panel presentations.
- Continuing Face-to-Face coaching and consultations with six established managers. Also supporting ongoing external coaching engagements for three managers with external coaches.

EXTERNAL AFFAIRS

LEGISLATIVE AND COMMUNITY RELATIONS

Community Outreach

Efforts and activities included:

- Eighteen California Friendly Landscape Training program classes were held for more than 400 landscape architects and homeowners.
- On September 30, staff conducted a workshop for member agency education coordinators on the revamped “Conservation Connection: Water and Energy in Southern California” curriculum. The session featured an overview on the water and energy content, activities, and water and energy surveys. In addition, staff asked agencies to participate in a pilot program this Fall by identifying one middle school teacher from each agency to teach the curriculum and conduct the online surveys to two classes. A workshop for agencies participating in the pilot program will be conducted in October.

Coordinate and Communicate Day-to-Day Efforts

Staff coordinated and participated in a meeting with the City of La Verne and residents regarding the schedule and potential impacts of the North Perimeter Wall Construction Project at Weymouth. The project will fulfill a need to improve maintenance of the property boundary and enhance security. Staff also coordinated and participated in a meeting with La Verne and Southern California Edison regarding the Weymouth 66kv transmission line project scenarios and potential impacts.

Staff participated in a meeting with Foothill Municipal Water District regarding potential outreach needed for the Upper Feeder Shutdown scheduled for 2011.

EXTERNAL AFFAIRS

LEGISLATIVE AND COMMUNITY RELATIONS

Local/ State/ Federal Water Policy and Legislative Strategies

State Legislature

- Metropolitan-sponsored AB 1929 (Hall, D-Los Angeles) was signed by the Governor. The measure, co-sponsored by Association of California Water Agencies, clarifies that water system operators and employees, who have prepared, initiated and comply with approved plans for quagga mussel control, are not subject to any civil and criminal penalties for the transport and infestation of quaggas.
- AB 2336 (Fuller, R-Bakersfield), a bill co-sponsored by Metropolitan, Modesto Irrigation District and the Kern County Water Agency, was held in committee by Senator Fran Pavley and other Democrats on the Senate water committee. Despite the outcome, Assemblymember Jean Fuller and Senator Dave Cogdill (R-Modesto) secured 44 signatures from their colleagues in the Senate and Assembly to urge the Delta Stewardship Council to direct the Delta Independent Science Board to conduct an assessment of stressors on native fish species in the Delta, the Sacramento and San Joaquin rivers and tributaries. The letters also request that the Council recommend statutory changes and agency actions necessary to remedy the problem.
- AB 2049 by Assemblymember Juan Arambula (I-Fresno), a bill to restrict water transfers from agricultural to urban water suppliers, was defeated twice on the Assembly floor. Despite its demise in the lower house, it was subsequently amended in the Senate into AB 2776 by Assemblymember Jared Huffman (D-San Rafael). AB 2776 was ultimately defeated in the Senate fiscal committee.
- AB 2583 (Hall, D-Los Angeles) which sought to establish a framework for assessing “safer technologies” that did not fully reflect the relative risks of transport and use of chemicals necessary to provide consistently high-quality potable supplies for Metropolitan’s service area and throughout California died in the Assembly fiscal committee.
- Two measures, designed to reopen the 2009 Delta/water management package, were also defeated including AB 1594 (Huber, D-Lodi) and AB 1797 (Berryhill, R-Stockton).
- AJR 38 (Caballero, Arambula, Fuller) passed overwhelmingly in the Legislature. The resolution urges the U.S. Department of the Interior to complete its study of the Two-Gates Fish Protection Project.
- State Controller John Chiang established a system for reporting compensation (beyond salary). Although reporting thus far is limited to cities and counties, he plans to broaden reporting to include special districts.

Local Government

Metropolitan sponsored a Bay-Delta briefing for nearly 100 mayors and city council members who attended the State League of Cities Annual Conference held in San Diego. Steve Arakawa, Metropolitan’s Manager of Bay-Delta Initiatives made a presentation to the Inland Empire and Desert Mountain Divisions of the League.

Federal Government

Metropolitan staff attended a meeting with their counterparts from the Central Arizona Project Conservation District and the Southern Nevada Water Authority to develop a legislative strategy to gain federal assistance in protecting the quality of drinking water imported from the Colorado River Lower Basin.

Staff met with the Majority Counsel of the Senate Committee on Environment and Public Works to request that Senator Boxer introduce legislation with a provision authorizing and directing the U.S. Army Corps of Engineers to develop a comprehensive Flood Control and Prevention Program, consistent with the habitat conservation objectives of the Bay Delta Conservation Plan.

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.

- Chairman Brick and Directors Gloria Gray, John Murray, Jr., Aaron Grunfeld, General Manager Kightlinger and Linda Waade met with Assembly Speaker Emeritus Karen Bass to present her with a proclamation to acknowledge her leadership in securing passage of the 2009 Comprehensive Water Package. The Chairman, Directors Grunfeld, Murray, Jr., and Quinonez and staff also met with Assemblymember Kevin De Leon to acknowledge his leadership on the water package and presented a proclamation to him as well.
- Staff coordinated a Community Leaders' Briefing with Assemblymember Mike Eng in the City of San Gabriel which featured a regional water supply briefing by General Manager Kightlinger. Assemblymember Eng presented a Sacramento update for the group.
- Metropolitan co-sponsored the 15th annual Association of Water Agencies of Ventura County event at the Ronald Reagan Library in Simi Valley. In addition to Directors Grandsen, Little and Peterson, over 250 Ventura County business leaders and elected officials attended the event, which featured a presentation by Delta Stewardship Council Chairman Phil Isenberg.
- Metropolitan also sponsored the United Chambers of Commerce's 6th Annual Mayors' Luncheon. Chairman Brick and staff attended the event. Los Angeles Mayor Antonio Villaraigosa was the keynote speaker. Mayors from Burbank, Calabasas, Glendale, San Fernando, Santa Clarita and Simi Valley were also in attendance.
- Staff assisted Director Griset with the preparation of a briefing on the region's water supply outlook for a presentation that Director Griset provided to the Santa Ana Kiwanis Club.
- Staff accompanied Director John Morris to meetings with Members of the House and Senate Appropriations committees to discuss support of the WaterReuse Foundation's pursuit of federal funding for a series of local water recycling projects in California and throughout the western United States.

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

Staff coordinated executive management monthly meeting with the member agency managers. Issues discussed included the Blue Ribbon Committee, 2010/2011 Shutdown Schedule, Sacramento Regional Permit and IRP.

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 with General Counsel Karen Tachiki and reporter for the Los Angeles Daily Journal for a Q&A profile about Metropolitan's legal department and legal issues in the water world.
- Coordinated interview with Assistant General Manager/Chief Financial Officer Brian Thomas and San Diego Union-Tribune reporter for stories about Metropolitan's rate structure, budget, the lawsuit filed by the San Diego County Water Authority challenging Metropolitan's water rates and the Capital Improvement Program.
- Arranged interview with Assistant General Manager/Chief Operating Officer Debra Man and San Diego Union-Tribune reporter for article about Metropolitan's Integrated Resources Plan.
- Helped arrange response and provided information to San Gabriel Valley Tribune and San Diego Union-Tribune regarding separate stories about Metropolitan salaries and benefits paid to General Manager Jeffrey Kightlinger, Chairman Brick and other members of the Board of Directors.
- Issued press release about Diana Sanchez joining the Metropolitan Board of Directors as the representative from the City of Compton.

REAL PROPERTY DEVELOPMENT AND MANAGEMENT

REAL PROPERTY MANAGEMENT

Sustainability in All Aspects of Real Property

Presentation of the surplus action on the Box Springs Feeder right of way has been delayed until the October 26 Real Property and Asset Management Committee meeting to allow for receipt of the updated appraisal. The Box Springs Feeder right of way, which runs from the Henry J. Mills Water Treatment Plant to Lake Mathews, is excess to Metropolitan’s operational needs.

Property for Future Water Infrastructure and other Real Property Goals

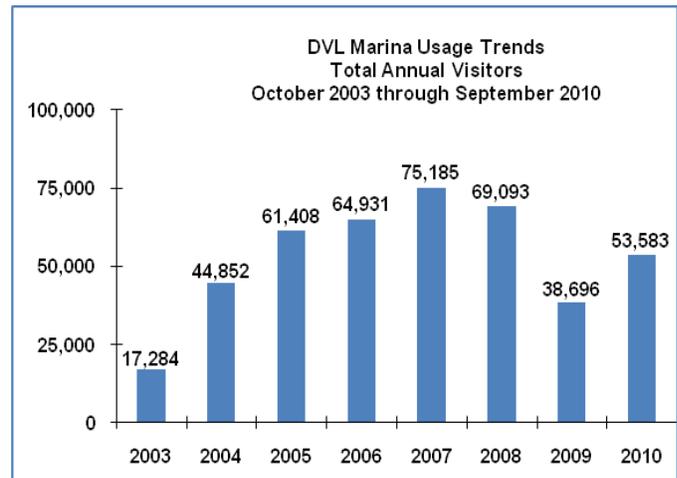
- A lease was granted to the County of Riverside for the construction and operation of a telecommunications facility located near Metropolitan’s Iron Mountain Pumping Plant.
- California Department of Transportation was issued an entry permit on a portion of Metropolitan’s Sepulveda Feeder right of way to allow for construction activities and access for vehicles and equipment in connection with its project to construct on ramps and off ramps to the adjacent Interstate 405 Freeway.
- 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 and to allow for staging and parking areas during construction of a telecommunications facility near Iron Mountain Pumping Plant.
- An amendment to an existing entry permit was issued to RECON Environmental, Inc., to allow continued access for the observation, collection and research of species and habitats within the Lake Mathews Multiple Species Reserve. These activities include the research of Stephen’s kangaroo rats, coastal California gnatcatcher, Quino checkerspot butterfly, potential jurisdictional wetlands and waters of the United States and sensitive plants and habitats.

Recreation Facilities DVL and Skinner

Approximately 51,000 anglers have visited Diamond Valley Lake, and 9,000 private boats have launched since the reopening of the boat ramp December 20, 2009. Increased launch fees collected through September are estimated to be \$54,000.

Diamond Valley Lake Visitor Center

- Repaired security camera.
- Continued preventive maintenance tasks as required.
- Performed emergency repair on malfunctioning backflow device.



BUSINESS OUTREACH

Efforts and activities included:

- Trained 34 employees at the LaVerne, Soto, and Mills facilities on the resources available from the Business Outreach Program and how to use “NETConnect.” This was a major objective of the Business Outreach Awareness Campaign. The program consists of two sections. The first section starts with a discussion to understand how employees at various facilities approach the procurement process. The next part of the discussion develops an awareness of the resources that the Business Outreach Program and team can offer to internal employees. The second section trains employees on the how to use “NETConnect” as a tool to help them in the procurement process. Internal users have already started using the system. Business Outreach will also provide webinars, one-on one and/or small group trainings to develop internal relationships and to help internal employees with the procurement process.
- Co-sponsored, with Director John W. Murray, Jr. and the Southern California Minority Business Development Council, the 5th Annual Business Development and Networking Event, “The Power of Networking Connecting Corporate America with Southern California Suppliers.” Over 250 businesses and 26 public and private partners participated in the event.
- Metropolitan partnered with the National Association of Women Business Owners Los Angeles and the City of Los Angeles to survey businesses in the Greater Los Angeles Business Community about the needs of business and how government and business organizations can help the Greater Los Angeles Business Community. Over 2,000 businesses responded to the survey. Following the release of the survey results, Metropolitan also partnered with local, state, and national organizations to help the Los Angeles Business Community in a Vendor Registration and Certification Workshop. The event streamlined the certification process and was the third in a series of successful Vendor Registration and Certification Events.
- Continued partnership and support for the Native American Chamber of Commerce, the Latin Business Association, and the Disabled Veteran Business Community by participating in their 2010 Conferences and Expos.

Current Distribution & Storage

	9/30/2010 Storage (AF)	Percent of Capacity
Lake Mathews	106,000	58%
Lake Skinner	38,750	88%
DVL	554,750	68%
Lake Perris	60,900	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

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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