



DEPARTMENTAL APPENDIX PROPOSED BUDGET

Fiscal Years 2011/12 and 2012/13

Table of Contents

	PAGES
Table of Contents and Understanding the Layout of the 2011/12 and 2012/13 Budget	i
DEPARTMENTAL	
Group/Departmental Budgets	
Office of the General Manager	1
Water System Operations	15
Water Resource Management	41
Corporate Resources	53
Human Resources	77
Real Property Development & Management	91
Office of the Chief Financial Officer	103
External Affairs	117
General Counsel Department	131
General Auditor Department	141
Ethics Office	149
STAFFING SUMMARY	
Staffing Summary by Group/Department	155
Staffing Summaries:	
Office of the General Manager	156
Water System Operations	157
Water Resource Management	159
Corporate Resources	160
Human Resources	161
Real Property Development & Management	162
Office of the Chief Financial Officer	163
External Affairs	164
General Counsel Department	165
General Auditor Department	166
Ethics Office	167

Understanding the Layout of the 2011/12 and 2012/13 Budget

DEPARTMENTAL/GROUP BUDGET

The budget provides detailed information about the Operations and Maintenance (O&M) and capital budgets of each group and department and consists of the following:

Mission, Roles, and Responsibilities:

Describes, at a high level, the scope of the organization’s functions, provides a summary organizational chart, and a high level O&M, capital, and personnel budget summary.

Budget Issues and Constraints: Identifies key challenges and potential constraints the group faces in meeting the budget objectives as identified by the general manager.

Accomplishments: Explains the major accomplishments of the organization for the current year as a measure of its performance.

The extent to which the organization accomplished current year objectives is more a qualitative rather than a quantitative measure.

Objectives: Summarizes the objectives each organization proposes to accomplish in the upcoming fiscal years.

Performance Measures: Identifies the key measures the organization uses to monitor progress toward achievement of business plan priorities.

Financial Summary: Each organization’s financial summary combines the O&M and capital expenditure plans by expense category. The personnel information is shown for regular and temporary employees.

Expense Category	Description
<i>Salaries and Benefits</i>	Labor costs and fringe benefits for Metropolitan’s regular, district temporary, and agency temporary employees.
<i>Professional Services</i>	All costs associated with work performed by outside contractors and consultants.
<i>Property Acquisition</i>	Costs associated with right-of-way and land purchases, including easements, appraisals, and escrow fees.
<i>Construction</i>	Cost of construction contracts.
<i>Operating Equipment</i>	Costs associated with the purchase of capitalized portable equipment, including automobiles, trucks, servers, and other applicable portable equipment.
<i>Other</i>	Cost of purchasing chemicals, materials and supplies, reprographics, travel, telephone, and other necessary items for effective operation of Metropolitan. A breakdown has been provided to itemize those expense categories that are five percent or more of the “other” category.

O&M Expenditure Plan: Provides a summary of the organization’s O&M budgets. For FY 2011/12 and FY 2012/13, O&M expenditures are identified by organization and by salaries and benefits, professional services, and “other” expenditures and incorporate the group objectives.

Capital Expenditure Plan: Provides a listing of all capital projects in which the organization will have a role.

Reasons for Changes: Explains significant variances between various budget years. As the board had already approved a total budget for FY 2011/12, it is identified as budget and the FY 2012/13 budget is referred to as proposed.

Operating Equipment: Lists capitalized portable equipment costing more than \$5,000 requested by the group for the upcoming and following budget years summarized by section.

Understanding the Layout of the 2011/12 and 2012/13 Budget

Three Year Outlook: Represents a summarized budget of each organization's budget and personnel size through fiscal year 2013/14. A variance explanation between the two time periods for each category is provided to assist the reader in understanding factors affecting the budget.

Staffing Summary: Presents a personnel summary by organization for the prior fiscal

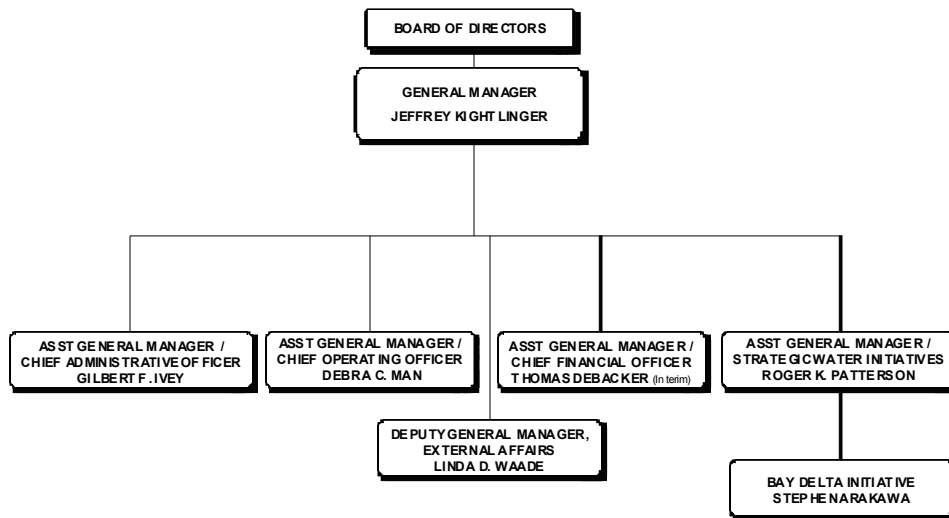
year, current year, and the following budget years.

The intent is to show, at a glance, the personnel trend at Metropolitan as a whole as well as at the organization level. This is followed by a comparative breakdown of each organization's labor budget by categories of labor including regular payroll, overtime, district temporary, agency temporary, and fringe benefits for those years.

MISSION, ROLES, AND RESPONSIBILITIES

The Office of the General Manager is responsible for the management and administration of all Metropolitan activities except those functions specifically delegated by statutes and Board order to the General Counsel, General Auditor, or Ethics Officer. This includes the management of all matters

pertaining to the business of the Board and research on actions and policies of the Board by staff for directors, member agencies, and the public. The General Manager’s Business Plan outlines the strategies that this office will use to accomplish the priorities, both strategic and core.



BUDGET ISSUES AND CONSTRAINTS

The Office of the General Manager is taking steps to minimize increases in the budget without impacting key priorities. The General Manager’s Business Plan outlines the strategies that this office will use to accomplish the

strategic and core priorities of Metropolitan. The budget includes modest increases to promote key initiatives related to Bay-Delta and Colorado River supplies.

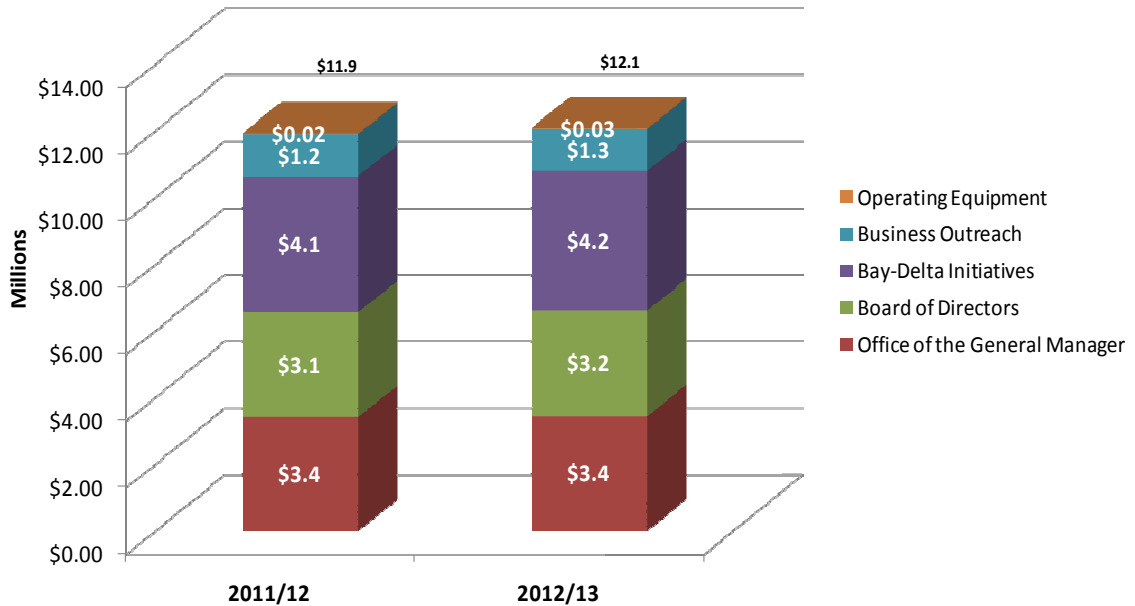
Office of the General Manager

Budget Summary

	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
O&M	9,779,300	11,401,400	11,902,200	12,060,100	500,800	157,900
% Change	—	—	—	—	4.2%	1.3%
Capital	0	0	0	0	0	0
% Change	—	—	—	—	0.0%	0.0%
Totals	9,779,300	11,401,400	11,902,200	12,060,100	500,800	157,900
% Change	—	—	—	—	4.4%	1.3%
Regular	37	45	45	45	0	0
Temporary	1	1	1	1	0	0
Total Personnel	37	46	46	46	0	0

Note – Totals may not foot due to rounding.

Program Expenditure Comparison



2010/11 ACCOMPLISHMENTS

Board of Directors

Conducted 71 director sponsored inspection trips with approximately 2,840 participants.

Maintained open communication and accessibility between directors and executive staff.

Provided ongoing support for committee chairs and vice chairs to support the effectiveness of Board committees.

Business Outreach

Partnered with internal and external groups to integrate shared systems and developed new technologies to streamline processes, including a new On-line Contract Compliance and Accountability Program.

Maintained an effective Business Outreach Program for small, locally owned, disabled veteran, women, minority, and economically disadvantaged business enterprises to ensure broad participation and competitive costs.

Bay-Delta Initiatives

Partnered with key parties for the release of the draft Bay Delta Conservation Plan that addressed key areas including a covered species list, habitat restoration targets, conveyance size and facilities, draft long-term operational criteria, adaptive management process, governance and implementing structure, and preliminary cost estimates.

OBJECTIVES FOR 2011/12 AND 2012/13

The Office of the General Manager will provide overall leadership and management of Metropolitan's mission. Ensuring that Metropolitan's activities recognize and balance sustainable water resource management practices in advancing the mission continues to be a priority. The General Manager's Business Plan outlines the strategic and core priorities along with the strategies and initiatives employed to support the mission, including:

Water Supply Reliability

Continue to develop and implement plans to provide a high degree of water supply reliability to Metropolitan's service area. The Integrated Resources Plan (IRP) Update will set the direction for the development of objectives, resource targets, and implementation strategies.

Bay-Delta Solutions

Continue pursuit of near- and long-term Bay-Delta solutions to ensure a greater degree of water supply reliability for Metropolitan's State Water Project supplies. Partner with key parties and complete the Bay Delta Conservation Plan and draft Environmental Impact Report / Environmental Impact Statement for the Delta Habitat Conservation and Conveyance Program.

Financial Strength and Capabilities

Update financial policies as necessary to meet the Board's objectives. Ensure that Metropolitan continues to have access to capital markets at cost-effective rates. Manage costs to ensure reliable, quality water service at reasonable rates.

Science and Technology Development

Continue to take a leadership role in technological advancements and focus particularly in water treatment and monitoring, energy, water conservation, information technology, infrastructure assessment, and reliability technology.

Energy Management

Continue efforts to finalize those policies for adoption as described in the draft Energy Management and Reliability Study. Seek partnerships and aggressively pursue funding opportunities to continue to implement energy projects.

High Performance Workforce

Provide the workforce with career development and technical training opportunities and tools, including application of advanced technologies, to continually improve workforce skills, competencies, and productivity to improve

services to member agencies and other customers.

Communications

Continue to ensure consistent, clear communications, internally and externally, about Metropolitan operations, policies, and programs.

Water Supply

Continue to implement short-term actions to augment water supply and demand management to help meet year-to-year challenges. For the long term, Metropolitan will aggressively manage and execute strategies and programs to acquire water supply and implement demand management measures to meet development targets specified in the IRP.

System Reliability

Continue to ensure the capability to deliver and treat supplies from all sources of water available to Metropolitan.

Capital Investment Plan (CIP)

Implement Board-approved CIP to ensure the quality and reliability of the region's water supply and infrastructure.

Water Quality

Develop and implement comprehensive programs to ensure Metropolitan delivers water that meets or exceeds all water quality regulations and objectives.

Legislative and Community Relations

Provide leadership and proactively address local, statewide, and national issues to ensure water policy changes meet regional objectives and coordinate legislative activities with member agencies. Develop and maintain effective working relationships with other public entities,

water agencies, business and community partners, and the media to advance Metropolitan's mission.

Human Resources Excellence

Optimize use of Human Resources Information Systems and invest in e-learning training solutions to increase learning and development opportunities. Implement effective processes to ensure filling of critical positions and develop cost-effective and flexible performance management tools.

Real Property Management

Maintain and improve Metropolitan's real property assets and facilities in a condition needed to support future demands, operational challenges, and business needs. Continue to enhance revenue generation through real property assets.

Business Processes

Implement business process improvements to increase organizational effectiveness and manage the organization to achieve budget objectives.

Business Outreach

Continue to ensure broad participation, competitive costs, and promotion of Southern California business and economic development. This will be achieved by meeting or exceeding the Board's goal of 18 percent of contracting dollars with certified small businesses.

Financial Management

Continue to record and report financial activity in a timely and transparent manner. Effectively manage expenditures, promote informed fiscal policy decisions, and maintain internal financial controls.

Performance Measures Summary – GM Business Plan

Performance Measure	Measurement Intent	FY 09/10 Performance	FY 10/11 Performance*	Target
Five-Year Water Supply Plan	Ensure Metropolitan has water supplies available in accordance with the Five Year Supply Plan.	350 TAF	663 TAF	350 TAF
IRP Update Milestones	Monitor progress of IRP implementation goals.	94%	100%	90%
Near- and Long-term Delta Solutions	Monitor progress toward implementation of solutions to problems in the Bay-Delta.	91%	-	90%
Credit Rating	Enable Metropolitan to access capital markets at the lowest borrowing cost.	Moody's – Aa1 S&P – AAA Fitch – AAA	Moody's – Aa1 S&P – AAA Fitch – AAA	AA, Aa2 or better
Maintain Reserve Balances	Ensure financial strength by managing reserves to within Board-established policy.	\$299.7 M	\$227.2 M	≥ \$231.7 M and ≤ \$565.3 M
Innovative Conservation Program contracts	Ensure successful completion of contracts in support of advanced conservation methods.	New measure	-	TBD
Energy Management Policies	Establish and manage a strategic direction for energy resources critical to Metropolitan's mission.	-	100% - Energy Mgt. Policies adopted	Complete report on energy policies project implementation.
Energy Management Plan	Measure progress toward implementation of Board-approved policy	100% - Final design of Weymouth solar complete	-	2 MW Weymouth Solar Facility construction 75% complete.
Completion of Labor Negotiations	Achieve certainty and fairness with regard to employee bargaining unit agreements.	Negotiations in progress	Negotiations in progress	Ratification of MOUs
High Performance Workplace	Assess workplace climate as a means of identifying potential improvements.	63% favorable	-	Improvement
Critical Positions with Development Pipelines	Ensure that positions critical to Metropolitan have "development pipelines" in place thereby Ensuring employees have required skills to effectively perform critical work.	New measure	-	TBD
Public and Media Awareness	Monitor awareness of critical water issues to gauge effectiveness of outreach efforts as a percent of organizations reached with Metropolitan's message.	-	95%	≥85%
Implement Legislative Strategy	Measure passage of Metropolitan-supported legislation as a measure of the effectiveness of efforts in support of water policy issues.	78%	100%	≥85%

Office of the General Manager

Performance Measure	Measurement Intent	FY 09/10 Performance	FY 10/11 Performance*	Target
Education Program Awareness and Customer Satisfaction	Monitor effort to strengthen community outreach.	-	2,113	≥ 1,800 per quarter ≥ 7,200 per year
Member Agency Service Satisfaction	Monitor Member Agency Service Level Satisfaction Index as an indicator of value of Metropolitan services to our customers.	54.3%	51%	≥ 80% (rating of “5” or better)
Unplanned Outages	Monitor water system maintenance and operations reliability.	0	0	0
Meet All Scheduled Water Deliveries	Monitor reliability of water delivery as an indicator of effectiveness of maintenance activities and replacement and improvement projects.	100%	100%	100%
Complete CIP within construction schedule	Measure how many construction projects were completed on time.	93%	96%	> 95% of construction contracts completed on time
Compliance with Drinking Water Standards	Ensure that all state, federal, and local water quality standards are met or exceeded.	100%	100%	100%
Total Dissolved Solids (TDS) mg/l	Monitor water quality compliance with the Board of Directors’ salinity goals.	587 mg/l	558 mg/l	≤ 500 mg/l
HR Customer Satisfaction	Ensure quality services to efficiently meet the business needs of Metropolitan.	-	-	TBD pending HR Audit
Completion of O&P Committee Milestones	Establish and meet expectations set by the Operations & Personnel Committee.	New measure	-	100%
Number of Leases Negotiated at or above FMV	Monitor number of existing leases and new leases negotiated at or above Fair Market Value.	New measure	88%	100%
Amount of Lease Revenue Generated	Monitor amount of lease revenue generated at, above, or below fair market value.	New measure	-	\$4.0 M
Revenue Generated from Real Property Activities	Track total revenue generated from all real property activities including but not limited to permits, licenses, leases, easements or other use fees.	New measure	\$2.5 M	\$12.4 M
Departmental O&M Budget Performance	Demonstrate financial control and accountability.	104.8%	102.3%	≤ 100%

Office of the General Manager

Performance Measure	Measurement Intent	FY 09/10 Performance	FY 10/11 Performance*	Target
Revenue Bond Debt Service Coverage (cash basis)	Communicate financial strength and responsibility to investors and capital market. Primary indicator of credit quality and initial indicator of Metropolitan's ability to make debt service payments.	1.52	1.21	> 2.0
Fixed Charge Coverage	Demonstrate sufficiency of revenues to cover fixed charges.	1.08	0.84	≥ 1.2
Significant External Audit Findings	Assess the quality of accounting processes and controls.	1	0	0

* Actual performance through December 2010.

O&M Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
Salaries and Benefits	7,429,200	8,573,900	8,854,000	8,989,300	280,100	135,300
Professional Services	507,200	1,326,000	1,383,000	1,421,600	57,000	38,600
Other	0	0	0	0	0	0
Travel Expenses	1,039,200	1,069,100	1,127,200	1,136,700	58,100	9,500
Conferences & Meetings	139,300	239,000	254,500	242,900	15,500	(11,600)
Materials & Supplies	157,300	85,500	90,500	90,600	5,000	100
Other Accounts	507,000	107,900	168,200	152,900	60,300	(15,300)
Totals	9,779,200	11,401,400	11,877,400	12,034,000	476,000	156,600
% Change	—	16.6%	4.2%	1.3%	—	—
Operating Equipment	0	0	24,800	26,000	24,800	1,200
Total O&M and Operating Equipment	9,779,200	11,401,400	11,902,200	12,060,000	500,800	157,800
% Change	—	16.6%	4.4%	1.3%	—	—
Regular	37	45	45	45	0	0
Temporary	1	1	1	1	0	0
Total Personnel	37	46	46	46	0	0

Note – Totals may not foot due to rounding.

REASONS FOR CHANGES

2010/11 vs 2011/12

Salaries and Benefits – Reflects anticipated increases in employee benefits costs and merit increases for eligible employees.

Professional Services – Reflects efforts in support of Bay-Delta initiatives.

Travel Expenses – Reflects increase in travel to respond to and promote key initiatives, notably those related to the Bay-Delta and Colorado River supplies.

2011/12 vs 2012/13

Salaries and Benefits – Reflects anticipated increases in employee benefits costs and merit increases for eligible employees.

Professional Services – Reflects efforts in support of Bay-Delta initiatives.

OFFICE OF THE GENERAL MANAGER

The Office of the General Manager is responsible for the management and administration of Metropolitan activities except those functions specifically delegated by statutes and Board order to the General Counsel, General Auditor, or Ethics Officer. This includes the management of all matters pertaining to the

business of the Board and research on actions and policies of the Board by staff for directors, member agencies, and the public. The General Manager’s Business Plan outlines the strategies that this office will use to accomplish these goals.

O&M Program Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
Salaries and Benefits	3,838,300	3,204,400	3,241,100	3,262,400	36,700	21,300
Professional Services	0	50,000	50,000	50,000	0	0
Other	254,900	115,700	112,400	112,400	(3,300)	0
Totals	4,093,200	3,370,100	3,403,500	3,424,800	33,400	21,300
% Change	—	(17.7%)	1.0%	0.6%	—	—
Personnel	17	14	14	14	0	0

Note – Totals may not foot due to rounding.

REASONS FOR CHANGES

2010/11 vs 2011/12

Salaries and Benefits – Reflects anticipated increases in employee benefits costs and merit increases for eligible employees.

2011/12 vs 2012/13

Salaries and Benefits – Reflects anticipated increases in employee benefits costs and merit increases for eligible employees.

BAY DELTA INITIATIVES

In recognition of the increased importance of the Bay-Delta to Southern California's long-term water reliability goals and opportunities available to advance the long-term needs of the

Bay-Delta, this organization was created to strategically spearhead efforts necessary to ensure a stable water supply from key sources in an environmentally responsible manner.

O&M Program Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
Salaries and Benefits	634,300	2,721,700	2,742,200	2,798,100	20,500	55,900
Professional Services	0	1,056,000	1,103,000	1,141,600	47,000	38,600
Other	40,600	178,000	239,500	246,200	61,500	6,700
Totals	674,900	3,955,700	4,084,700	4,185,900	129,000	101,200
% Change	—	486.1%	3.3%	2.5%	—	—
Personnel	3	15	15	15	0	0

Note – Totals may not foot due to rounding.

REASONS FOR CHANGES

2010/11 vs 2011/12

Salaries and Benefits – Reflects anticipated increases in employee benefits costs and merit increases for eligible employees.

Professional Services – Reflects efforts in support of Bay-Delta activities for near-term and long-term activities.

Other: Reflects increase in travel expenses to respond to and promote key initiatives related to the Bay-Delta activities and an increase in conferences and meetings expenses to support additional participation in Bay-Delta activities.

2011/12 vs 2012/13

Salaries and Benefits – Reflects anticipated increases in employee benefits costs and merit increases for eligible employees.

Professional Services – Reflects efforts in support of Bay-Delta activities for near-term and long-term activities.

Other – Reflects increase in travel expenses to respond to and promote key initiatives related to Bay-Delta supplies and additional participation in conferences and meetings in support of Bay-Delta activities.

BOARD OF DIRECTORS

The Board of Directors provides policy and direction as the governing body of the Metropolitan Water District. The Office of the Board of Directors provides administrative

support to the business of the Board as well as staff and related expenses associated with inspection trips.

O&M Program Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
Salaries and Benefits	1,881,500	1,526,300	1,811,300	1,842,100	285,000	30,800
Professional Services	507,200	210,000	220,000	220,000	10,000	0
Other	1,316,400	1,039,800	1,110,500	1,110,500	70,700	0
Totals	3,705,100	2,776,100	3,141,800	3,172,600	365,700	30,800
% Change	—	(25.1%)	13.2%	1.0%	—	—
Personnel	11	10	11	11	1	0

Note – Totals may not foot due to rounding.

REASONS FOR CHANGES

2010/11 vs 2011/12

Salaries and Benefits – Reflects the transfer of one position from the Business Outreach Section, anticipated increases in employee benefits costs, and merit increases for eligible employees.

Other – Reflects increase in reprographics, conferences and meetings, and travel expenses.

2011/12 vs 2012/13

Salaries and Benefits – Reflects anticipated increases in employee benefits costs and merit increases for eligible employees.

BUSINESS OUTREACH

Metropolitan is committed to creating an environment that affords all individuals and businesses open access to the business opportunities it makes available within the regional service area in a manner that reflects its diversity. It is Metropolitan’s policy to actively encourage participation in the solicitation and procurement of all

construction contracts, professional service contracts, equipment, and other materials and supplies by all individuals and businesses, including but not limited to small, locally owned, women-owned, minority-owned, and economically disadvantaged business enterprises.

O&M Program Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
Salaries and Benefits	1,075,100	1,121,500	1,059,400	1,086,700	(62,100)	27,300
Professional Services	0	10,000	10,000	10,000	0	0
Other	174,300	168,000	178,000	154,000	10,000	(24,000)
Totals	1,249,400	1,299,500	1,247,400	1,250,700	(52,100)	3,300
% Change	—	4.0%	(4.0%)	0.3%	—	—
Personnel	6	7	6	6	(1)	0

Note – Totals may not foot due to rounding.

REASONS FOR CHANGES

2010/11 vs 2011/12

Salaries and Benefits – Reflects the transfer of one position to the Board of Directors Section partially offset by anticipated increases in employee benefits costs and merit increases for eligible employees.

Other – Reflects increases in advertising and conferences and meetings due to increased activities.

2011/12 vs 2012/13

Salaries and Benefits – Reflects anticipated increases in employee benefits costs and merit increases for eligible employees.

Other – Reflects decrease in memberships and subscriptions partially offset by increases in travel and materials and supplies.

Three-Year Outlook

Estimated Expenditures

	2011/12	2012/13	2013/14
O&M	11,902,200	12,060,100	12,094,600
% Change	—	1.3%	0.3%
Personnel	45	45	45
Capital	0	0	0
% Change	—	—	—
Personnel	0	0	0
Total	11,902,200	12,060,100	12,094,600
Regular Personnel	45	45	45
Temporary Personnel	1	0.6	0
Total Personnel	46	45.6	45

Note – Totals may not foot due to rounding.

ASSUMPTIONS

The Office of the General Manager will continue to provide the overall leadership and management of Metropolitan’s mission of providing our customers with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way. Faced with continuous change and new emerging issues within our communities, economy, and environment, doing so in a sustainable manner will be increasingly important and will require innovative approaches and financing.

Metropolitan and its member agencies will work together with regulatory, wastewater, storm water, and other agencies in the watershed to ensure that water is used efficiently and effectively throughout the water cycle.

Since programmatic costs for these efforts will be incurred as part of the CIP or within the O&M budgets of the operating groups, the Office of the General Manager projects static staffing levels and minimal annual cost increases.

Office of the General Manager

Detail of Operating Equipment

2011/12

Description	Qty	New	Replace	Total
Board of Directors				
DS04 - Mini-Window Van (7 passenger)	1		24,772	
2011/12 Totals for General Manager's Office			24,772	24,772

2012/13

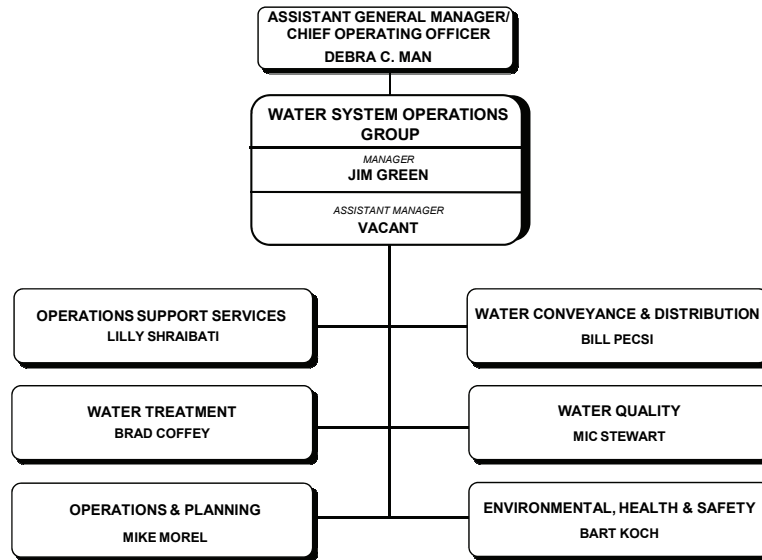
Description	Qty	New	Replace	Total
Board of Directors				
DS04 - Mini-Window Van (7 passenger)	1		26,000	
2012/13 Totals for General Manager's Office			26,000	26,000

Water System Operations

MISSION, ROLES, AND RESPONSIBILITIES

The Water System Operations (WSO) Group reliably treats and delivers high-quality water to Metropolitan’s member agencies in an efficient, sustainable, and environmentally responsible manner. To accomplish this mission, more than

920 employees plan, operate, and maintain a vast and complex system extending over 5,200 square miles from the Colorado River to the Pacific Ocean.



WSO treats and delivers raw waters from the Colorado River Aqueduct (CRA) and State Water Project (SWP) through five water treatment plants. Water quality is paramount and the conveyance, treatment, and distribution functions all focus on producing and maintaining a high quality product that meets all health-based drinking water standards. Supporting these core functions, WSO:

- Operates and maintains Metropolitan’s water and power systems to assure reliability, balance demands with supplies, and manage costs;
- Schedules and coordinates the delivery of imported supplies into the region and to the member agencies;
- Conducts applied research to understand source water changes and modify treatment processes necessary to meet future demands and regulations;
- Maintains vigilant security for the protection of employees, the public, and Metropolitan’s water system infrastructure;

- Provides technical advice and support to member agencies and other entities regarding water quality, operations, maintenance, water supply programs, environmental stewardship, construction, and emergency response;
- Provides fabrication services to support the infrastructure of Metropolitan, member agencies, the California Department of Water Resources (DWR), and other public agencies as requested and on a reimbursable basis;
- Assists in planning, design, construction, commissioning, and start-up of new facilities;
- Provides technical support to comply with environmental, health, and safety regulations and delivers training needed to provide an effective and safe work environment;
- Responds to emergencies and restores service in the shortest time possible; and
- Manages Metropolitan’s fleet of light duty vehicles and heavy equipment for optimal usage.

BUDGET ISSUES AND CONSTRAINTS

A number of substantial reductions were incorporated into the FY 2010/11 O&M budget. These reductions included the elimination of 34 positions and the reclassification of 17 positions as apprentices. The FY 2010/11 budget also reduced operating equipment expenditures to \$1.6 million which recovered only one-quarter of the \$6.0 million annual depreciation of light duty vehicles and heavy equipment.

The FY 2011/12 budget stabilizes these losses by maintaining the same complement of regular employees while restoring operating equipment expenditures to a level which matches depreciation. The proposed FY 2011/12 complement of regular employees will, if compensated for by increasing maintenance productivity, allow all high priority maintenance activities to be performed despite an aging infrastructure and additional new equipment being added from capital projects.

Chemical costs from FY 2010/11 to FY 2011/12 decreased by due to lower chemical commodity prices, chemical optimization at the water treatment plants, expectations for favorable water quality and reduced amounts of bleach needed in the Colorado River Aqueduct to control quagga mussel larvae. Chemical costs remain a volatile component of the WSO budget and can increase significantly if flows increase,

water quality deteriorates, or world-wide demand for industrial chemicals drives up commodity prices.

Though the operating equipment budget was restored to a level which sustains the value and integrity of the fleet on an ongoing basis, two consecutive years of reduced operating equipment expenditures have led to the deferral of some light-duty and heavy equipment replacements. A high priority was placed on maintaining adequate heavy equipment for the planned emergency response scenario of two major pipeline breaks. Some light-duty vehicles that are beyond their anticipated useful life are remaining within the fleet despite increasing miles and age.

Finally, the FY 2011/12 and 2012/13 budgets reflect WSO's core priorities of robust system operation, regulatory compliance, effective maintenance, and sustainability. In these next two fiscal years, a priority has been placed on improved maintenance practices for the Metropolitan's emergency power systems and also on workforce development. For workforce development, it is planned to incorporate a new apprentice class in the summer of 2011 and to add a student internship program for science and engineering students in the fall of 2012.

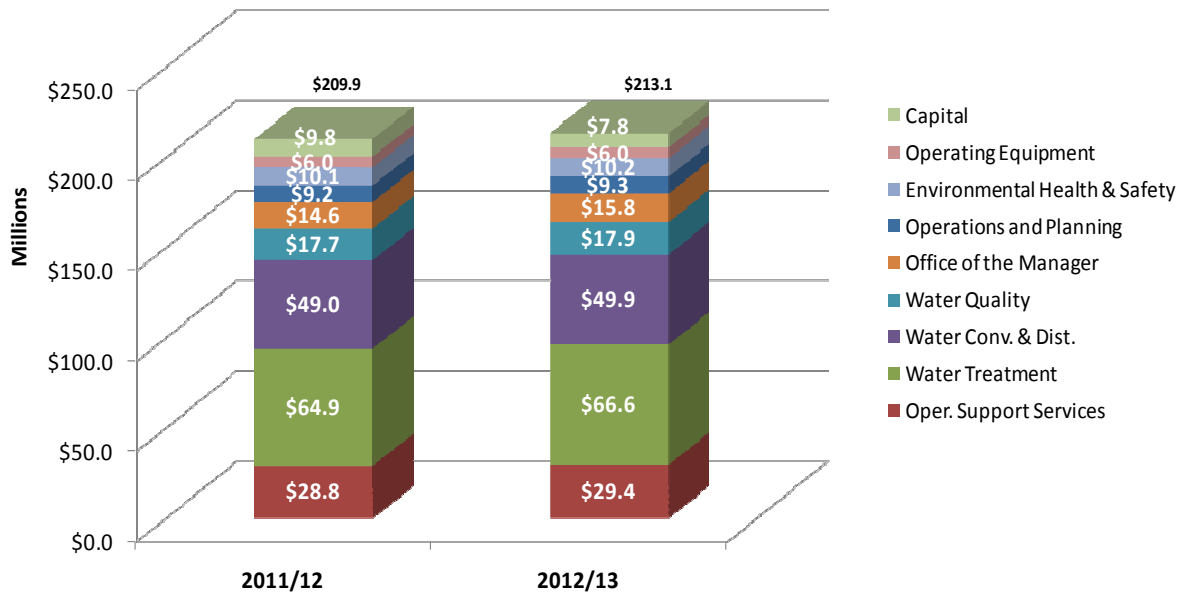
Water System Operations

Budget Summary

	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
O&M	192,679,300	191,911,900	200,127,800	205,238,700	8,215,900	5,110,900
% Change	—	—	—	—	4.1%	2.5%
Capital	8,730,700	7,429,100	9,798,700	7,844,900	2,369,600	(1,953,800)
% Change	—	—	—	—	24.2%	(24.9%)
Totals	201,410,000	199,341,000	209,926,500	213,083,600	10,585,500	3,157,100
% Change	—	—	—	—	5.3%	1.5%
Regular	896	928	929	929	1	0
Temporary	23	21	20	24	(0)	4
Total Personnel	918	949	949	953	1	4

Note – Totals may not foot due to rounding.

Program Expenditure Comparison



2010/11 ACCOMPLISHMENTS

Accomplishments in 2010/11 reflect WSO's core priorities of robust system operations, regulatory compliance, effective maintenance, and sustainability. The accomplishments are categorized into these broad areas below.

Robust System Operations

Robust system operations include reliable water delivery, optimized water treatment, emergency response capability, and security.

Operated and maintained Metropolitan's conveyance, treatment, and distribution facilities while meeting all operational demands of our member agencies.

Increased total storage in calendar year 2010 from 1.0 million acre-feet (MAF) to almost 1.7 MAF, reversing several years of storage withdrawals. Major activities to achieve this included:

- Operated the Inland Feeder to increase Diamond Valley Lake (DVL) storage by 240,000 acre-feet (AF);

- Increased storage in the Advanced Delivery Account with Desert Water Agency and Coachella Valley Water District by 146,000 AF; and

- Increased groundwater storage in Central Valley programs by 170,000 AF.

Continued implementation of the Five-Year Water Supply Plan as follows:

- Produced 9,000 AF of groundwater from the Los Angeles Department of Water and Power's Tujunga well-field project;

- Took delivery of 68,000 AF of north-of-Delta transfers starting in July 2010 as part of the State Water Contractors' Buyers Group;

- Took delivery of 18,000 AF purchased from San Luis and Westlands Water Districts;

- Negotiated and executed a 3-for-2 exchange agreement with Westlands Water District whereby Metropolitan took delivery of 111,000 AF in 2010 and will return 74,000 AF in 2011;

- Returned 38,000 AF of transfer water that was previously stored in Lake Shasta;

- Received 15,000 AF from the Yuma Desalter in calendar year 2010;

- Maintained Castaic Lake flexible storage at its 154,000 AF maximum storage and filled Lake Perris flexible storage to 65,000 AF; and

- Added 32,000 AF to SWP carryover in Calendar year 2010 which brought the total carryover storage to 164,000 AF.

- Conducted 61 exercises delivering 3,900 hours of emergency management training. Exercises included running patrol routes, using two-way radios for all communications, and evacuating employees at the treatment plants.

- Maintained chemical security protection and tracking systems to satisfy inspections and mandates of the Transportation Security Administration.

- Updated and utilized reporting protocols for alerting the Department of Homeland Security and regional authorities of unusual or potential security-related incidents.

Regulatory Compliance

Regulatory compliance includes high quality water, safety, and environmental protection. During the past FY:

- Maintained 100 percent compliance with primary water quality regulations at the treatment plants and in the treated water distribution system.

- Conducted six water quality manager meetings (including four webinars) with guest speakers from California Department of Public Health (CDPH), American Water Works Association (AWWA) and the Association of California Water Agencies (ACWA). These meetings discussed water quality-related regulatory, legislative, and security issues, in addition to regular water quality updates on Metropolitan's system.

- Partnered with ACWA in presenting an update on the regulatory status and recent toxicology research for hexavalent chromium (chromium 6).

- Participated in stakeholder forums to ensure successful remediation of chromium 6 at the

Pacific Gas and Electric (PG&E) Topock gas compressor site.

Commented on public health goals and pending revisions to water quality regulations such as the Total Coliform Rule.

Revised Metropolitan's Environmental Health and Safety website to improve accessibility to staff and to organize the documents by facility.

Implemented several revised health and safety training programs such as Heat Illness Prevention, Fire Protection for Hotwork, and Arc Flash Electrical Safety. These revisions addressed new regulatory requirements or guidance and updated procedures to help ensure that staff performs their work safely.

Submitted comments and testified before the California Air Resources Board (CARB) hearing to modify the California Greenhouse Gas Emission Cap and Trade Program.

Modifications were needed because water agencies were not provided free allowances similar to other industries. CARB acknowledged this gap and will work to resolve the issue.

Effective Maintenance

Executed the Annual Shutdown Plan for FY 2010/11, including major shutdowns for Lake Mathews Headworks, Upper and Lower Feeders, and a 19-day shutdown of the CRA to clean, inspect, and repair segments of the aqueduct.

Successfully completed two shutdowns that were originally unexpected. One resulted from repairing a leak on the Lakeview Pipeline and a second was required because an emergency repair needed in a member agency's system.

Completed blasting and coating of numerous structures for infrastructure protection and asset protection.

Successfully used vibration testing to detect impending faults thus preventing costly repairs or unscheduled shutdowns.

Developed standardized maintenance procedures for medium-sized electric motors across all WSO facilities and began capturing data electronically to monitor equipment health and performance.

Continued roll-out of handheld devices to improve data capture, reduce paperwork, and improve staff efficiency. Over 160 units have been deployed throughout WSO with 200 more units planned. These devices allow maintenance staff greater flexibility to track problems encountered, to manage work order instructions, and to collect detailed equipment information.

Sustainability

Sustainability includes power management, source water protection, water resource development and implementation, and workforce development.

Acquired and managed approximately 2.3 million megawatt-hours (MWh) of wholesale energy to support CRA pumping requirements. Nearly 600,000 MWh (26 percent) was obtained through advanced forward energy transactions which reduced Metropolitan's exposure to energy price and supply volatility.

Contracted to advance purchase 243 thousand MWh of energy for the CRA during FY 2012/13 which reduces Metropolitan's exposure to energy price and supply volatility (data as of December 31, 2010).

Continued to work with existing Hoover Dam power contractors to obtain a new Hoover Dam power contract to replace the present contract which expires in 2017.

Continued to work with the State Water Resources Control Board (SWRCB) to obtain the documentation necessary to certify Diamond Valley Lake (Wadsworth) as a California Renewable Energy generator.

Determined the value of extending two existing transmission agreements with the Western Area Power Administration for use in acquiring energy for the CRA.

Recruited seventeen new apprentices and created an eligibility list that will provide for expedited hiring of apprentices over the next two years through a state-approved Apprenticeship Program.

OBJECTIVES FOR 2011/12 AND 2012/13

WSO's objectives for the next two fiscal years reflect the core priorities of robust system operations, regulatory compliance, effective maintenance, and sustainability as described below.

Robust System Operations

Effectively plan and schedule imported supply deliveries on the SWP and the CRA to meet demand, storage objectives, water quality goals, and financial goals.

Effectively implement water supply programs and agreements. Maximize regional water supply where possible through frequent coordination and cooperation. Cooperate with supply agencies by considering their unique operations whenever possible to develop solutions to issues that are in conformance with contract requirements and that meet other objectives, such as regional water supply and financial objectives.

Participate on the Water Surplus and Drought Management (WSDM) Team to optimize the use of existing and new resources.

Continue and then conclude the implementation of the Five-Year Water Supply Plan, including:

- Develop and implement new water supplies and actions until longer term improvements from the IRP can be implemented;

- Complete environmental review and seek Board approval of an agreement with Semitropic Water Storage District to build a reverse osmosis treatment system for agricultural drainage water;

- Implement a production well to extract approximately 100,000 AF of previously stored water from the Hayfield groundwater basin to augment CRA supplies; and

- Evaluate, with member agencies, the feasibility of recovering additional groundwater supplies in Southern California.

Maintain 100 percent compliance with the Transportation Security Administration's regulations governing chemical security deliveries and handling.

Continue to provide access control, surveillance, uninterrupted intrusion alarm, and incident monitoring and response for all critical infrastructure sites around the clock.

Regulatory Compliance

Meet or surpass regulatory requirements for drinking water quality and ensure delivery of aesthetically acceptable water.

Continue to review and refine monitoring and data management programs to optimize frequency of testing and reporting for water quality compliance.

Continue to track and review the regulatory development for existing and emerging water quality constituents.

Continue Federal and State efforts to increase Clean Water and Safe Drinking Water State Revolving Funds (SRF) for Metropolitan and its member agencies.

Revise Metropolitan's Chemical Responder Program to provide staff with the capability to respond to specified types of hazardous materials releases. This will enhance WSO's ability to respond to and correct most accidental releases of bulk hazardous materials (e.g., chlorine, caustic soda).

Continue to participate in stakeholder forums to ensure successful remediation of chromium 6 at PG&E's Topock gas compressor site.

Continue to provide Environmental, Health, and Safety (EHS) training to ensure safe work practices and adherence to environmental and workplace health and safety regulations.

Procure and implement an EHS Management Information System to replace existing systems and stand-alone databases with an integrated system to better manage and track compliance, reporting deadlines, and performance measures across the organization.

Continue to work with the regulatory agencies to successfully close the transformer oil spill remediation projects at Gene and Iron Mountain.

Work with CARB to provide free allowances or other accommodations for the water industry within the California Greenhouse Gas Emission Cap and Trade Program.

Water System Operations

Effective Maintenance

Plan, schedule, and execute the Annual Shutdown Plan for the CRA, pipelines, feeders, and treatment plants to ensure reliable operation of the water delivery system and commissioning of new capital facilities such as ozone at the Diemer water treatment plant.

Evaluate emergency power system maintenance procedures and revise the standards, metrics, training, and maintenance approach to eliminate failures of the stationary emergency generators at the water treatment plants and critical distribution system structures.

Establish vibration monitoring program as well as other predictive maintenance techniques that will help ensure equipment reliability.

Establish and utilize failure remedy codes in Maximo and mobile technology through tracking of flooded structures and motor and emergency generator maintenance.

Complete the rollout of mobile devices throughout WSO.

Continue establishing condition monitoring as well as collecting equipment information for accuracy.

Sustainability

Acquire and manage approximately 2.3 million MWh of wholesale energy to support CRA pumping requirements. Acquire 450,000 MWh (60 percent) of supplemental energy advance purchases to reduce Metropolitan's exposure to energy price and supply volatility.

Work to ensure the passing of legislation extending Metropolitan's rights to power from Hoover Dam.

Retain the cost-based pricing methodology of federal hydropower.

Continue to meet all national electricity reliability standards.

Sell Metropolitan's Renewable Energy Credits that are produced from operation of solar power facilities and from some small hydro generators.

Engage in activities that provide long-term water quality compliance and source water protection.

Increase employee knowledge of operations, maintenance, and water quality challenges and trends through technical and management training.

Water System Operations

Performance Measures Summary

Performance Measure	Measurement Intent	FY 09/10 Performance	FY 10/11 Performance*	Target
Five Year Supply Plan Implementation	Ensure Metropolitan has water supplies available in accordance with the Five Year Supply Plan.	-	520 TAF	350 TAF
Unexpected Outages	Monitor water system maintenance and operations reliability.	7	2	0
Meet all Scheduled Water Deliveries	Maximize effectiveness of maintenance activities and implement replacement and improvement projects to ensure the delivery of water without interruption.	100%	100%	100%
Compliance with Drinking Water Standards	Ensure that all state, federal, and local water quality primary standards are met or exceeded.	100%	100%	100%
Total Dissolved Solids (TDS) mg/L	Monitor water quality compliance with the Board of Directors' salinity goal.	587 mg/L	558 mg/L	≤ 500 mg/L
Compliance with Environmental Permit Requirements	Measurement of timeliness and adequacy, planning and response to activities associated with permits and compliance issues from outside agencies.	96.5%	98%	100%
Preventive Maintenance to Corrective Maintenance Ratio	Evaluate maintenance output and outcomes, and assess maintenance planning and work activities for potential improvements in system quality and reliability.	52/48	52/48	60/40
Maintenance Backlog	Evaluate maintenance planning and scheduling to assess maintenance staff deployment, procurement, and/or other system delays or opportunities.	9.5 weeks	7.7 weeks	≤ 9.5 weeks
Maintenance Wrench Time	Assess the amount of time actually spent on maintenance and project work to identify opportunities for improvement and reduction of lesser value-added activities.	74% - Treatment 62% - C&D	74% - Treatment 64% - C&D	75%-80% - Treatment 60%-65 - C&D
Average Number of Days Between Work order Start and Completion	Evaluate reasons for delays in the issuance of work orders, including timeliness, planning, deployment, and completion of work.	4.6 work days	4.4 work days	< 4.3 work days
Unresolved Water Quality Complaints	Identify the number of unresolved member agencies complaints from customers reporting taste and odor problems to the Water Quality Lab.	1	0	0
Injury / Illness Rate	Monitor workplace safety through measurement of workdays lost to injury and illness.	4.6	5.9	< 8.56

* Actual performance through December 2010.

Water System Operations

O&M Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
Salaries and Benefits	122,546,000	119,041,400	124,674,200	127,476,500	5,632,800	2,802,300
Professional Services	2,118,500	2,438,300	2,467,600	2,454,600	29,300	(13,000)
Other	0	0	0	0	0	0
Materials & Supplies	33,774,900	39,021,900	35,856,500	37,677,200	(3,165,400)	1,820,700
Outside Services - Non Professional	13,109,100	13,894,100	14,077,700	14,177,700	183,600	100,000
Utilities Charges	9,937,300	9,384,000	10,331,500	10,613,300	947,500	281,800
Other Accounts	7,231,600	6,495,900	6,740,700	6,839,300	244,800	98,600
Totals	188,717,400	190,275,600	194,148,200	199,238,600	3,872,600	5,090,400
% Change	—	0.8%	2.0%	2.6%	—	—
Operating Equipment	3,961,900	1,636,500	5,979,600	6,000,000	4,343,100	20,400
Total O&M and Operating Equipment	192,679,300	191,912,100	200,127,800	205,238,600	8,215,700	5,110,800
% Change	—	(0.4%)	4.3%	2.6%	—	—
Regular	848	898	881	881	(17)	0
Temporary	19	21	17	21	(4)	4
Total Personnel	867	919	898	902	(21)	4

Note – Totals may not foot due to rounding.

Capital Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed
Salaries and Benefits	6,195,400	6,426,900	7,058,500	7,181,900
Professional Services	2,431,900	614,900	0	521,200
Construction	100,600	368,400	2,605,700	40,000
Other	2,800	18,900	134,500	101,800
Totals	8,730,700	7,429,100	9,798,700	7,844,900
% Change	—	(14.9%)	31.9%	(19.9%)
Regular	47	30	48	48
Temporary	4	0	4	4
Total Personnel	52	30	52	52

Note – Totals may not foot due to rounding.

*** Reimbursable expenses included above are offset by a similar amount of revenue.

Water System Operations

Capital Program Expenditure Plan

Program	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed
All Facilities - Inspection and Replacement of Critical Vacuum Valves	0	0	90,800	90,800
All Facilities - Security Systems Improvement	782,200	320,700	775,100	490,900
All Water Treatment Plants - Install Roofs for Chemical Tank Farms	0	0	2,900	37,500
Assess the Condition of Metropolitan's Prestressed Concrete Cylinder Pipe	3,800	21,000	0	0
Cabazon Radial Gate Facility Improvements	0	500	8,200	44,500
Capital Program for Projects Costing Less Than \$250,000 for FY2005/06	(1,500)	21,500	4,200	0
Capital Program for Projects Costing Less Than \$250,000 for FY2006/07	88,100	21,000	14,800	0
Capital Program for Projects Costing Less Than \$250,000 for FY2007/08	88,400	1,700	0	0
Capital Program for Projects Costing Less Than \$250,000 for FY2008/09	214,800	15,000	90,800	6,000
Capital Program for Projects Costing Less Than \$250,000 for FY2009/10	236,800	0	60,400	0
Capital Program for Projects Costing Less Than \$250,000 for FY2010/11	0	6,200	73,800	17,700
Chlorine Containment and Handling Facilities	906,700	64,700	380,300	3,700
Control System Enhancement Program	381,600	112,600	27,300	0
Conveyance and Distribution System - Rehabilitation	431,900	378,700	275,800	339,300
Conveyance and Distribution System - Rehabilitation Phase II	503,800	174,100	283,700	230,900
CRA - Conveyance Reliability Program	46,300	134,700	151,600	138,900
CRA - Discharge Containment Program	0	17,600	11,200	56,800
CRA - Electrical/Power Systems Reliability Program	0	18,500	97,700	72,900
CRA - Pumping Plant Reliability Program	299,200	183,400	59,000	84,400
CRA - Reliability Program Phase II	398,500	346,500	191,800	557,800
Dam Rehabilitation & Safety Improvements	0	6,500	0	0
Diemer Water Treatment Plant - Construct Sedimentation Basin Spillways	0	3,200	0	0
Diemer Water Treatment Plant - Improvements Program Phase II	246,900	0	156,700	518,900
Diemer Water Treatment Plant - Improvements Phase II	0	269,600	0	0

Water System Operations

Program	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed
Diemer Water Treatment Plant - Improvements Program	68,300	653,700	633,200	154,100
Diemer Water Treatment Plant - Oxidation Retrofit Program	266,300	537,400	368,100	40,700
Diemer Water Treatment Plant - Solids Handling	(18,000)	103,500	0	0
Distribution System - Control and Equipment	3,700	0	24,800	0
Distribution System - Treated Water Cross Connection	10,500	15,300	201,300	0
Enhanced Bromate Control Program	0	0	121,300	53,500
Hayfield Groundwater Storage Program	13,800	0	174,300	9,800
Hydroelectric Power Plant Improvement Program	0	241,000	0	0
Hydroelectric Power Plant Improvements Program	646,400	0	1,130,500	0
Information Technology Decision Support System	0	0	26,500	27,200
Information Technology System - Business, Finance and HR	17,500	66,300	36,000	86,000
Information Technology System - Infrastructure	80,800	0	0	0
Inland Feeder	354,900	0	0	0
Jensen Water Treatment Plant - Improvements Program	172,400	137,700	76,600	61,800
Jensen Water Treatment Plant - Improvements Phase II	0	35,500	0	0
Jensen Water Treatment Plant - Improvements Program Phase II	6,900	0	87,700	43,300
Lake Mathews Watershed - Drainage Water Quality	0	15,000	5,000	0
LaVerne Shop Facilities Upgrade	0	24,200	0	137,900
Mills Water Treatment Plant - Capacity Upgrade	65,600	9,200	0	258,300
Mills Water Treatment Plant - Improvements Program	0	67,500	108,900	113,900
Mills Water Treatment Plant - Improvements Program Phase II	94,300	337,400	632,500	79,700
Mills Water Treatment Plant - Ozone System Reliability	0	46,500	46,100	11,600
Operations Support Facilities Improvement Program	0	0	4,400	0
Perris Valley Pipeline	(100)	0	0	0
Pipeline Refurbishment/Replacement Program	0	0	499,500	(6,400)

Water System Operations

Program	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed
Power Reliability and Energy Conservation Program	161,400	0	100	0
Quagga Mussel Control Program	292,800	190,100	207,300	11,700
Reimbursable Projects	0	1,385,000	1,700,000	1,700,000
Reservoir Cover and Replacement Program	48,500	5,300	40,300	45,000
San Diego Pipeline No. 6	48,900	0	0	0
Skinner Water Treatment Plant - Improvements	0	459,800	0	0
Skinner Water Treatment Plant - Improvements Phase II	0	41,100	0	0
Skinner Water Treatment Plant - Improvements Program	14,700	0	285,000	642,800
Skinner Water Treatment Plant - Improvements Program Phase II	201,200	0	41,900	377,100
Skinner Water Treatment Plant - Oxidation Retrofit Program	1,246,800	40,000	130,900	42,200
Water Operations Control Program	0	123,300	728,800	701,500
Weymouth Water Treatment Plant - Improvements Phase II	0	417,900	0	0
Weymouth Water Treatment Plant - Improvements Program	231,300	316,500	0	45,300
Weymouth Water Treatment Plant - Improvements Program Phase II	16,800	0	264,900	388,300
Weymouth Water Treatment Plant - Oxidation Retrofit Program	56,100	42,200	(549,300)	0
White Water Siphon Protection	0	0	16,000	46,400
Yorba Linda Power Plant Modifications	1,400	0	0	82,200
Totals	8,730,700	7,429,100	9,798,700	7,844,900
% Change	—	(14.9%)	31.9%	(19.9%)
Personnel	52	30	52	52

Note – Totals may not foot due to rounding.

*** Does not include reimbursement of expenses by outside entities. Reimbursements typically offset completely expenses.

REASONS FOR CHANGES

2010/11 vs 2011/12

O&M

Salaries and Benefits – Reflects anticipated increases in employee benefits costs, merit increases for eligible employees, and the transfer of one position from Water Resource Management to Water System Operations. The increase is partially offset by the transfer of 18 FTE's from O&M to capital work.

Professional Services – Reflects an increase for services associated with the Energy Management System.

Materials & Supplies – Reflects optimization of chemical usage and lower chemical commodity prices.

Utilities – Reflects higher electricity rates, an accounting change on processing solar rebates, and refined assumptions on solids removal.

Operating Equipment – Reflects increase to maintain emergency response initiatives and maintain fleet asset value.

Capital

Reflects overall CIP spending that will increase with the start and continuation of several phases within major programs including security systems improvement, chlorine containment and handling facilities, and power plant improvement and reliability.

2011/12 vs 2012/13

O&M

Salaries and Benefits – Reflects anticipated increases in employee benefits costs, merit increases for eligible employees, and an increase in FTE's.

Professional Services – Reflects reducing the scope of work performed by consultants on certain water quality studies.

Materials & Supplies – Reflects optimization of chemical usage offset by modest inflationary pressure on chemical commodity prices and other materials and supplies as well as an increase in treated water flow from 1.136 to 1.142 MAF (0.5%).

Utilities – Reflects higher electricity rates and refined assumptions on solids removal.

Capital

Reflects overall CIP spending that will decrease with the completion of several phases in major programs including chlorine containment and handling facilities, power plant improvement and reliability, and the Diemer Plant Oxidation retrofit.

OPERATIONS SUPPORT SERVICES

The section provides a wide range of support services to Metropolitan’s core operational functions and, on a reimbursable contract basis, to the Department of Water Resources, member agencies, and other public entities. Services include manufacturing, maintenance engineering, construction, and service connection coordination. Manufacturing services include fabrication, machining, coating, valve and pump testing, equipment refurbishment, diving inspections, and crane safety and certification. Maintenance services

include predictive, preventive, and corrective maintenance analysis on critical equipment, including all hydroelectric power plants, pressure control structures, and high voltage equipment. Construction services are deployed within the distribution area and address general construction needs, equipment installation, large equipment transportation, and emergency response. The Fleet Services Unit handles vehicle acquisition, maintenance, administration, and other specialized vehicle services.

O&M Program Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
Salaries and Benefits	20,304,400	19,988,200	21,047,200	21,439,200	1,059,000	392,000
Professional Services	104,500	54,000	60,000	60,000	6,000	0
Other	6,615,800	7,169,000	7,652,700	7,947,400	483,700	294,700
Totals	27,024,700	27,211,200	28,759,900	29,446,600	1,548,700	686,700
% Change	—	0.7%	5.7%	2.4%	—	—
Personnel	149	168	153	153	(15)	0

Note – Totals may not foot due to rounding.

REASONS FOR CHANGES

2010/11 vs 2011/12

Salaries and Benefits – Reflects anticipated increases in employee benefits costs and merit increases for eligible employees.

Professional Services – Reflects an increase in contract services for the Machine Vibration Program.

Other – Reflects an increase in materials and supplies for road repairs and maintenance, aircraft engine repair, and other material to support O&M related projects.

2011/12 vs 2012/13

Salaries and Benefits – Reflects anticipated increases in employee benefits costs and merit increases for eligible employees.

Other – Reflects additional road maintenance and fleet equipment GPS tracking devices and monitoring services.

Water System Operations

WATER TREATMENT

The section operates and maintains Metropolitan’s five water treatment plants with a combined operational capacity of over 2.6 billion gallons per day. The section oversees treatment processes to ensure reliable and high-quality water is produced that complies with or surpasses all primary drinking water quality regulations. All five treatment facilities are

staffed and operated 24-hours a day, seven days a week. The Weymouth and Diemer plants use chlorine as the primary disinfectant while the Mills, Jensen, and Skinner treatment plants have been retrofitted with ozone disinfection. Construction is underway at the Diemer and Weymouth treatment plants to complete the ozone retrofit program.

O&M Program Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
Salaries and Benefits	34,618,300	33,897,100	35,528,100	36,350,100	1,631,000	822,000
Professional Services	73,200	25,000	25,000	25,000	0	0
Other	25,654,600	31,060,100	29,348,200	30,210,900	(1,711,900)	862,700
Totals	60,346,100	64,982,200	64,901,300	66,586,000	(80,900)	1,684,700
% Change	—	7.7%	(0.1%)	2.6%	—	—
Personnel	262	275	270	270	(5)	0

Note – Totals may not foot due to rounding.

REASONS FOR CHANGES

2010/11 vs 2011/12

Salaries and Benefits – Reflects anticipated increases in employee benefits costs and merit increases for eligible employees.

Other – Reflects optimization of chemical usage, reduction in chemical commodity prices, higher electricity rates, an accounting change on processing solar rebates, and refined assumptions on solids removal.

2011/12 vs 2012/13

Salaries and Benefits – Reflects anticipated increases in employee benefits costs and merit increases for eligible employees.

Other – Reflects optimization of chemical usage and modest inflationary pressure on chemical commodity prices and electricity rates.

Water System Operations

WATER CONVEYANCE AND DISTRIBUTION

The section meets delivery requirements of member agencies by moving water throughout Metropolitan’s 5,200 square mile service area and performing a wide range of operations and maintenance activities to ensure system reliability. The conveyance system consists primarily of the Colorado River Aqueduct, which includes 5 pumping plants, 63 miles of

canals, 92 miles of tunnels, 55 miles of conduit, and 144 underground siphons. The distribution system consists of 820 miles of pipelines, approximately 400 service connections to member agencies, 16 hydroelectric plants, including the DVL pumping plant, and 7 storage and regulatory reservoirs that help Metropolitan meet peak flow periods.

O&M Program Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
Salaries and Benefits	33,446,800	31,598,700	33,584,500	34,557,800	1,985,800	973,300
Professional Services	0	128,000	128,000	128,000	0	0
Other	18,736,300	16,375,900	15,256,000	15,256,000	(1,119,900)	0
Totals	52,183,100	48,102,600	48,968,500	49,941,800	865,900	973,300
% Change	—	(7.8%)	1.8%	2.0%	—	—
Personnel	252	266	263	267	(3)	4

Note – Totals may not foot due to rounding.

REASONS FOR CHANGES

2010/11 vs 2011/12

Salaries and Benefits – Reflects anticipated increases in employee benefits costs, merit increases for eligible employees, and overtime for additional planned shutdown support.

Other – Reflects optimization of chemical usage for the Quagga Mussel Control Program.

2011/12 vs 2012/13

Salaries and Benefits – Reflects anticipated increases in employee benefits costs and merit increases for eligible employees.

Water System Operations

WATER QUALITY

The section utilizes modern technology and laboratory techniques to ensure that the water Metropolitan provides to the public is safe and complies with or exceeds regulatory standards. The section conducts chemical and biological analyses, optimizes treatment processes, and tests new methodologies to assure water quality

conforms to changing standards and addresses water quality concerns facing Metropolitan and its member agencies. Further, the section also provides technical expertise, laboratory services, system troubleshooting of water quality issues, and process design criteria for Metropolitan and its member agencies.

O&M Program Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
Salaries and Benefits	13,354,300	13,297,700	13,275,200	13,538,900	(22,500)	263,700
Professional Services	555,500	844,000	806,000	806,000	(38,000)	0
Other	3,066,800	3,544,200	3,576,700	3,576,700	32,500	0
Totals	16,976,600	17,685,900	17,657,900	17,921,600	(28,000)	263,700
% Change	—	4.2%	(0.2%)	1.5%	—	—
Personnel	94	95	95	95	(0)	0

Note – Totals may not foot due to rounding.

REASONS FOR CHANGES

2010/11 vs 2011/12

Salaries and Benefits – Reflects a slight decrease due to anticipated labor for CIP reimbursable programs offset by anticipated increases in employee benefits costs and merit increases for eligible employees.

Professional Services – Reflects a decrease due to the transfer of contract services for the Topock program to the Environmental Health and Safety Section.

Other – Reflects an increase for the cost of permits and fees to the California Department of Public Health.

2011/12 vs 2012/13

Salaries and Benefits – Reflects anticipated increases in employee benefits costs and merit increases for eligible employees.

Water System Operations

OFFICE OF MANAGER

The Office of the Group Manager provides day-to-day operational management as well as strategic and organizational leadership, directing all initiatives and core business efforts of WSO. Additionally, the office provides support functions such as budget and administration, security, technical training, and the

Apprenticeship Program. The Security Unit ensures that Metropolitan's employees, water, infrastructure, and equipment are adequately protected. The Technical Training and Apprenticeship Program provides mechanical and electrical training to ensure a qualified, skilled, and safe workforce.

O&M Program Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
Salaries and Benefits	5,540,400	5,857,700	6,278,400	6,412,100	420,700	133,700
Professional Services	175,000	277,000	250,700	237,700	(26,300)	(13,000)
Other	7,541,000	7,771,000	8,054,700	9,186,700	283,700	1,132,000
Totals	13,256,400	13,905,700	14,583,800	15,836,500	678,100	1,252,700
% Change	—	4.9%	4.9%	8.6%	—	—
Personnel	33	35	37	37	2	0

Note – Totals may not foot due to rounding.

REASONS FOR CHANGES

2010/11 vs 2011/12

Salaries and Benefits – Reflects anticipated increases in employee benefits costs, merit increases for eligible employees, and the reassignment of one position from WRM.

Professional Services – Reflects decrease in Apprenticeship Program related services.

Other – Reflects increase in the Security Management Unit for the maintenance contract covering security system components no longer under warranty.

2011/12 vs 2012/13

Salaries and Benefits – Reflects anticipated increases in employee benefits costs, merit increases for eligible employees, and overtime for additional planned shutdown support.

Professional Services – Reflects decrease in Apprenticeship Program related services.

Other – Reflects an increase in electronic supplies for distribution system upgrades and associated emergency generator reliability.

OPERATIONS AND MAINTENANCE PLANNING

The section plans and implements the movement and use of water and power resources. These plans incorporate infrastructure and supply limitations, agency demands, changing water quality requirements, storage program economics, and power costs. Operational scenarios that encompass a broad range of potential supplies and demands are developed and refined on a weekly basis throughout the year. This process prepares WSO for a wide

variety of possible outcomes as the year develops while maintaining reliable deliveries and balancing water storage reserves at a reasonable cost.

The section is also responsible for emergency response management and providing emergency response training to employees.

O&M Program Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
Salaries and Benefits	8,775,800	7,787,000	8,232,500	8,351,700	445,500	119,200
Professional Services	147,400	141,000	145,600	145,600	4,600	0
Other	556,000	777,800	843,200	852,600	65,400	9,400
Totals	9,479,200	8,705,800	9,221,300	9,349,900	515,500	128,600
% Change	—	(8.2%)	5.9%	1.4%	—	—
Personnel	40	42	42	42	0	0

Note – Totals may not foot due to rounding.

REASONS FOR CHANGES

2010/11 vs 2011/12

Salaries and Benefits – Reflects anticipated increases in employee benefits costs and merit increases for eligible employees.

Professional Services – Reflects a minimal increase due to Fortech software development for the Energy Management System.

Other – Reflects an increase in scheduling service for DVL power generation by the Automated Power Exchange, a private entity, previously accounted in the General District Requirements.

2011/12 vs 2012/13

Salaries and Benefits – Reflects anticipated increases in employee benefits costs and merit increases for eligible employees.

Other – Reflects increase in support for the Energy Management System.

ENVIRONMENTAL HEALTH & SAFETY

The section is responsible for ensuring a safe working environment for employees through programs and training, ensuring business operations are conducted in an environmentally responsible way, and complying with all environmental and occupational health and safety rules and regulations. The section provides responsive leadership to integrate effective environmental, health, and safety practices into Metropolitan’s operations and culture. The goal is to achieve a safe work place

and minimize the number and extent of environmental incidents. The section provides environmental and occupational health and safety program expertise through program and policy development, training curriculum, monitoring, planning, and coordination with regulatory agencies to respond to present and future needs. The Environmental, Health, and Safety Site Support Teams provide local expertise and services at all facilities.

O&M Program Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
Salaries and Benefits	6,506,100	6,615,000	6,728,400	6,826,600	113,400	98,200
Professional Services	1,062,900	969,300	1,052,300	1,052,300	83,000	0
Other	1,882,400	2,097,800	2,274,800	2,277,200	177,000	2,400
Totals	9,451,400	9,682,100	10,055,500	10,156,100	373,400	100,600
% Change	—	2.4%	3.9%	1.0%	—	—
Personnel	37	38	38	38	0	0

Note – Totals may not foot due to rounding.

REASONS FOR CHANGES

2010/11 vs 2011/12

Salaries and Benefits – Reflects anticipated increases in employee benefits costs and merit increases for eligible employees.

Professional Services – Reflects the need for the development and revisions to a number of required hazardous materials plans.

Other – Reflects an increase in the industrial safety shoe program costs.

2011/12 vs 2012/13

Salaries and Benefits – Reflects anticipated increases in employee benefits costs and merit increases for eligible employees.

Water System Operations

Three-Year Outlook

Estimated Expenditures

	2011/12	2012/13	2013/14
O&M	200,127,800	205,238,700	209,310,200
% Change	—	2.6%	2.0%
Personnel	881	881	881
Capital	9,798,700	7,844,900	12,727,500
% Change	—	(19.9%)	62.2%
Personnel	48	48	48
Total	209,926,500	213,083,600	222,037,700
Regular Personnel	929	929	929
Temporary Personnel	20	24.1	24.2
Total Personnel	949	953.1	953.2

Note – Totals may not foot due to rounding.

ASSUMPTIONS

The three-year outlook continues an emphasis on operating and maintaining Metropolitan's infrastructure throughout the service area and on meeting member agencies' water demands. The increase in O&M costs is largely caused by anticipated inflation for labor, chemicals, and electricity as well as equipment repair costs associated with maintaining aging infrastructure. Water treatment chemicals and electricity costs will continue to impact operations, depending on source water quality and service demands. Furthermore, as large infrastructure projects are completed, their associated utility, chemical, and material costs will also increase.

Although aging infrastructure is maintenance intensive and significant increases in new

infrastructure are coming on-line each year, the goal is to maintain the existing complement of regular personnel. To be successful, efficiency improvements must be achieved in existing maintenance practices. An expansion of a student internship program is planned for FY 2012/13, which will improve WSO's ability to attract new employees and skill sets while controlling existing labor costs. Ten part-time interns will be hired and trained in skills unique to the water industry.

The operating equipment budget is also reflected in the O&M expenditure and is at a level necessary to sustain operating equipment assets.

Water System Operations

Detail of Operating Equipment

2011/12

Description	Qty	New	Replace	Total
Environmental Health and Safety				
DS08D - 1/2 Ton 4WD 4-Dr Mid Size PU, w/cmpr shell	1		28,146	
Section Totals			28,146	28,146
Operations Support Services Section				
2 Ton, Reg cab 2WD Service truck w/Crane Body	1		137,188	
Air Compressor, 185cfm, Trailer Mounted	1		12,047	
Blower, Skid Mounted, 100K CFM, w/ih Trailer	1	192,063		
CAT track loader with attachments (lease payments)	1		74,630	
DS01 - Compact Sedan	1		25,000	
DS02 - Hybrid Compact Sedan	3		79,501	
DS03 - Mid-Size Sedan	4		102,998	
DS04 - Mini-Window Van (7 passenger)	5		125,000	
DS05 - Cargo Mini-Van	2		51,499	
DS06 - Standard Window Van (8 passenger)	1		31,500	
DS08 - 1/2 ton 4dr 4WD mid-size crew cab PU	1		26,500	
DS08A - 1/2 ton 2 WD 4 Dr mid-size crew cab PU	1		28,535	
DS08D - 1/2 Ton 4WD 4-Dr Mid Size PU, w/cmpr shell	3		84,439	
DS09A - 1/2 TON 4WD 2DR FULL-SIZE EXT CAB PU-6'Bd	1		36,218	
DS13 - 3/4 Ton 2WD reg cab PU w/8 ft bed	2		55,000	
DS26 - 1.5 Ton 2WD ext cab & chassis w/132 UT bdy	1		45,000	
DS26 - 1.5 Ton 2WD ext cab & chassis w/132" UT bdy	1		63,106	
DS30A - Heavy duty dump truck	1		155,000	
DS37 - Cart, gasoline powered (Gator-type)	1		18,000	
DS38 - Utility Vehicle - Electric	1		17,000	
Diver operated Dredge tool and related equip	1	60,363		
GM 7500 crewcab chassis w\dive team designed body	1		153,650	
Heavy Duty Brake Lathe	1	8,231		
High Vacuum Oil Purification System	1	25,780		
High pressure portable compressor	1	7,134		
Line striper	1		9,384	
Milling Machine	1		24,694	
Motor Grader, AWD	2		671,457	
On-Vehicle Brake Lathe	4	48,290		
Pneumatic torque wrench	1	6,256		
Refurbish & Repower Kalmar HD Forklift (91140220)	1	39,510		
Repower & refurbish Kalmar HD Forklift (91140264)	1	48,290		
Shop Floor Scrubber	3	36,218		
Steam Pressure Washer	1		16,760	
Tire changing machine, heavy duty, with remote	1		26,669	
Vacuum	1	49,388		
Vertical Milling Mach	1		10,732	
Section Totals		521,521	2,081,507	2,603,028

Water System Operations

Detail of Operating Equipment

2011/12

Description	Qty	New	Replace	Total
Operations and Planning Section				
DS01 - Compact Sedan	1		24,772	
Section Totals			24,772	24,772
Water Conveyance and Distn Section				
1.5 Ton 4WD ext cab&chasis 132" crane bd W/ACCSRY	3		246,938	
12.5 KAV Uninterruptible Power Supply	1		9,171	
2-Ton Stakebed, 2WD, Ext Cab & Chas, Hyd Lift Gate	1		75,728	
3" submersible pump	1	6,338		
4WD, 26HP TRACTOR	1		16,463	
56kw Generator - Trailer mounted	1		37,833	
Air Compressor, 185cfm, Trailer Mounted	1	12,766		
Air Compressor, 375cfm, Trailer Mounted	1		35,761	
Airless Spray System	1	7,029		
AutoCrane 3200-w/install/modif to truck #4323	2		33,803	
Battery Load Test Unit	1	16,902		
Centrifuge	2	62,928		
DS08 - 1/2 ton 4dr 4WD mid-size crew cab PU	1		26,500	
DS08B- 1/2 ton 2WD 4r mid-size ext cab PU	1		27,986	
DS12 - 3/4 Ton 4 WD ext. cab PU, w/short bed-6 ft	7		203,002	
DS13 - 3/4 Ton 2WD reg cab PU w/8 ft bed	1		27,249	
DS14 - 3/4 Ton 4WD, ext Cab & Chassis w/98 UT body	1		33,500	
DS16 - 1 Tn 2WD Crew Cab & Chassis w/108" UT Body	1		35,750	
DS18 - 1 Tn crew cab w/98 stake bd & pwr lift gate	1		42,000	
DS21 - 1 Ton 4WD ext cab & chassis w/108" UT Body	2		81,500	
DS25 - 1.5 Ton 4WD ext cab & chassis w/108" UT body	2		106,001	
DS28 - 1.5 Ton 2WD Crew cab & chassis w/132 UT bd	1		45,000	
DS29 - 1.5 Ton 2WD ext cab & chas w/stk bed, hyd l	2		91,501	
DS31 - Coating truck	1		115,000	
Enclosed 22' trailer	1	10,426		
Generator, 98kw (125kva), Trailer Mounted	1		72,155	
Horizontal band saw	1		28,499	
Hypertherm Plasma Cutter	1		13,170	
JLG MVL MAN-LIFT	1	12,462		
Light Tower, Portable, 4000w, Trailer Mounted	1	11,670		
Metalizing Arc Spray System	1	20,916		
Milling Machine	1		43,900	
Steam Pressure Washer	1	9,788		
Swing-Beam Hydraulic Shear	1		41,705	
Trailer Mounted, Diesel powered, Dust Collector	1	47,717		
Trailer mounted centrifugal pump	1	54,875		
Utility Maintenance Truck w/crane & compressor	1		219,500	
Utility Trailer	1		9,680	
Valve Operator, Wachs Electric Powered, Portable	6	49,388		

Water System Operations

Detail of Operating Equipment

2011/12

Description	Qty	New	Replace	Total
Welder, 300amp, 32Volt	2	6,781	9,868	
Welding Equipment	2	6,036	7,683	
Section Totals		336,022	1,736,846	2,072,867
Water Quality Section				
1 ton Window Van with Quigley 4x4 Conversion	1		51,583	
Auto pH Meter	1	15,639		
Centrifuge	1		14,608	
DS01 - Compact Sedan	1		25,000	
DS08B Pick Up Truck -1/2 Ton 2WD Mid-Size Ext Cab	1		27,438	
DS08D - 1/2 Ton 4WD 4-Dr Mid Size PU, w/cmpr shell	2		56,293	
Filter Backwash Turbidimeter Package	1	6,585		
Gas Chromatograph	1		43,452	
Ion Chromatograph Instrument	2	192,063	93,288	
Non-frost-free -20°C freezer	1		9,175	
On-line Particle Counters	7		36,961	
Ozone Monitor for Ozone Generator	1		6,036	
Section Totals		214,287	363,832	578,119
Water System Operations, Office of Manager				
Non-standard 1 ton DS-17 with 8-Ft Fleetside bed	1		31,828	
Section Totals			31,828	31,828
Water Treatment Section				
Calibrator	1	12,424		
DS03 - Mid-Size Sedan	1		25,750	
DS04 - Mini-Window Van (7 passenger)	2	50,000		
DS05 - Cargo Mini-Van	1		25,750	
DS07 - Standard Cargo Van	2		49,499	
DS08 - 1/2 ton 4dr 4WD mid-size crew cab PU	2		53,000	
DS15 - 3/4 Ton 2WD ext cab & Chassis w/98 UT body	6		176,998	
DS20 - 1 Ton 2WD Cab & Chassis w/108" Utility Body	1		37,500	
DS21 - 1 Ton 4WD ext cab & chassis w/108" UT Body	3		122,251	
DS38 - Utility Vehicle - Electric	3		51,001	
Milling Machine, Vertical	1		24,771	
Welder, Engine Drive	1		11,864	
Section Totals		62,424	578,383	640,807
2011/12 Totals for Water System Operations		1,134,253	4,845,315	5,979,568

Water System Operations

Detail of Operating Equipment

2012/13

Description	Qty	New	Replace	Total
Environmental Health and Safety				
DS08A - 1/2 ton 2 WD 4 Dr mid-size crew cab PU	1		29,676	
Section Totals			29,676	29,676
Operations Support Services Section				
CAT track loader with attachments (lease payments)	1		49,497	
DS02 - Hybrid Compact Sedan	5		137,802	
DS03 - Mid-Size Sedan	4		107,120	
DS04 - Mini-Window Van (7 passenger)	1		26,000	
DS06 - Standard Window Van (8 passenger)	1		32,760	
DS07 - Standard Cargo Van	1		25,740	
DS08C - 1/2 ton 2WD mid-size ext cab PU	2		53,040	
DS09A - 1/2 tn 2dr 4WD PU full sz ext cab w/8' bed	2		58,240	
DS12 - 3/4 Ton 4 WD ext. cab PU, w/short bed-6 ft	1		30,160	
DS15 - 3/4 Ton 2WD ext cab & Chassis w/98 UT body	1		30,680	
DS21 - 1 Ton 4WD ext cab & chassis w/108" UT Body	2		84,760	
DS26 - 1.5 Ton 2WD ext cab & chassis w/132 UT bdy	2		93,599	
DS37 - Cart, gasoline powered (Gator-type)	1		18,720	
Toughbook Vehicle/Equipment Diagnostic System	5	98,775		
Section Totals		98,775	748,119	846,894
Water Conveyance and Distn Section				
6" Submersible Pump	3		59,265	
6-inch; 49hp diesel driven pump	1	29,084		
Centrifuge	2	63,216		
DS06 - Standard Window Van (8 passenger)	1		32,760	
DS09A - 1/2 tn 2dr 4WD PU full sz ext cab w/8' bed	2		58,240	
DS12 - 3/4 Ton 4 WD ext. cab PU, w/short bed-6 ft	5		150,802	
DS13 - 3/4 Ton 2WD reg cab PU w/8 ft bed	1		28,600	
DS14 - 3/4 Ton 4WD, ext Cab & Chassis w/98 UT body	5		174,201	
DS21 - 1 Ton 4WD ext cab & chassis w/108" UT Body	1		42,380	
DS23 - 1.5 Ton 4WD ext cab & chassis 132" crane bd	3		233,339	
Dump Truck w/Arborist Bed	1		93,288	
Forklift Mast	1		21,950	
Shop Bandsaw	1		10,975	
TIG Welder Syncrowave 350LS PKG.	1	8,231		
Utility Vehicle, ATV, 4X4	1	10,759		
Valve operator - electric	3		24,694	
Work Pontoon Boat	1		43,900	
Section Totals		111,290	974,393	1,085,683
Water Quality Section				
1 ton Window Van with Quigley 4x4 Conversion	1		59,265	
Biosafety Cabinet	1		16,163	

Water System Operations

Detail of Operating Equipment

2012/13

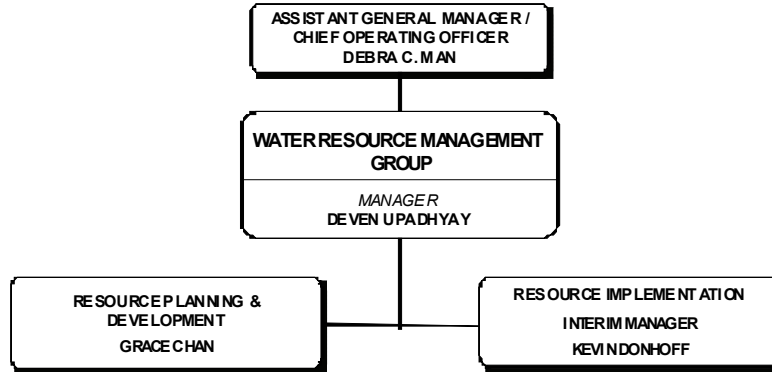
Description	Qty	New	Replace	Total
Colony Counter	1	16,463		
DS03 - Mid-Size Sedan	2		53,560	
DS07 - Standard Cargo Van	1		32,740	
DS08 pickup truck plus Camper shell	1		32,184	
Nitrogen gas generator	1		23,048	
On-line UV 254 spectrophotometer	11		84,508	
SeaBotix LBV200-4 Mini ROV Underwater Video System	1	120,725		
YSI 6951 - Vertical Profiling System	2	300,460		
Section Totals		437,648	301,466	739,114
Water System Operations, Office of Manager				
Unscheduled Replacements	1		2,943,697	
Section Totals			2,943,697	2,943,697
Water Treatment Section				
DS07 - Standard Cargo Van	1		25,740	
DS08 - 1/2 ton 4dr 4WD mid-size crew cab PU	3		82,681	
DS08A - 1/2 ton 2 WD 4 Dr mid-size crew cab PU	1		29,676	
DS13 - 3/4 Ton 2WD reg cab PU w/8 ft bed	2		57,200	
DS15 - 3/4 Ton 2WD ext cab & Chassis w/98 UT body	3		92,039	
DS24 - 1.5 Ton 2WD ext cab & chas w/132" crane bd	1		67,601	
Section Totals			354,936	354,936
2012/13 Totals for Water System Operations		647,713	5,352,287	6,000,000

Water Resource Management

MISSION, ROLES, AND RESPONSIBILITIES

The mission of the Water Resource Management (WRM) Group is to plan, secure, and manage water resources that Metropolitan supplies to its

member agencies in a reliable, cost-effective, and environmentally responsible manner.



Principal roles and responsibilities to achieve that mission include:

- Protect and optimally manage imported water quantity and quality;
- Advance water-use efficiency;
- Provide supply and demand forecasts that are the foundation for resource planning;
- Develop and implement timely resource programs and projects;

- Assist member agencies in optimizing their use of local resources to benefit the entire Metropolitan service area;
- Receive a fair return on contractual investments in local and imported resources; and
- Develop and maintain staff expertise needed to accomplish the mission.

BUDGET ISSUES AND CONSTRAINTS

Constrained hiring. In a number of areas, such as State Water Project and Colorado River contract management, WRM is working with single individuals that have expertise in a given area. Cross-training is a priority to help develop additional experts in these areas to prepare for future employee retirements or departures. However, the inability to hire new, entry-level staff is hampering this succession planning. Ideally, we would have some new employees on-board before current employees leave, in order to benefit from their experience.

Reduced conservation budget. Potential reductions in the conservation credits program budget may hamper the ability for the region to meet the IRP goal for water use efficiency. This goal requires a 20percent reduction in regional per capita water use by the year 2020. Current conditions show regional demands have dropped due to many factors, including the economic downturn, favorable climate conditions, increased retail water prices, and aggressive water use restrictions while the region is under a

Water Supply Allocation. As water use restrictions are lifted, the economy starts to recover, and climate conditions turn warmer regional demands will increase. Regional conservation efforts will need to continue to ensure water users focus on efficient water use, helping to reduce per capita water use over time.

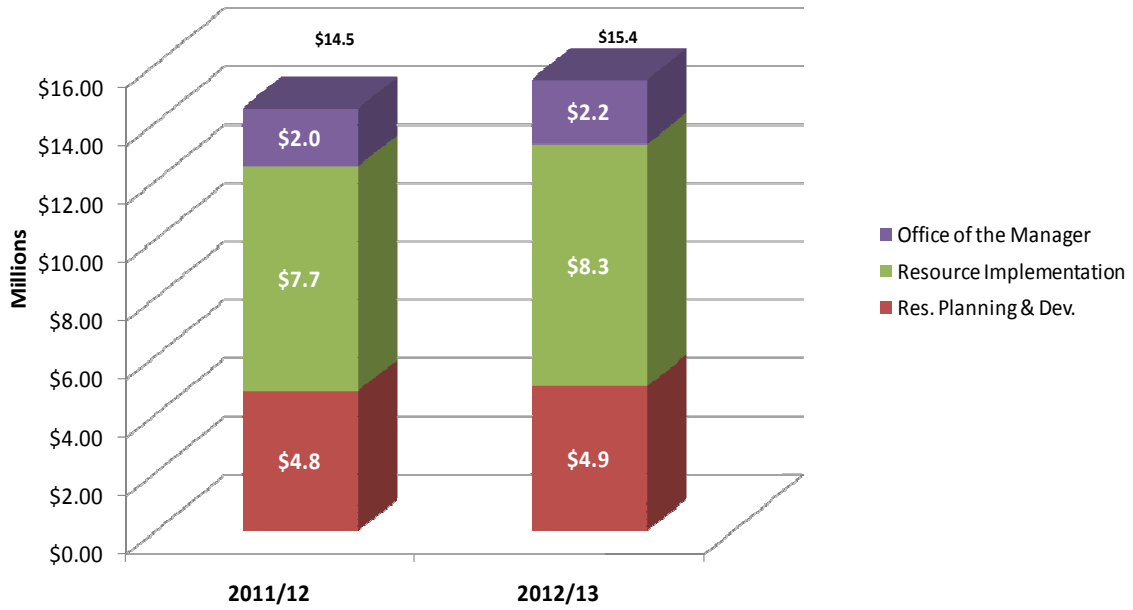
Constrained research budget. Metropolitan spends more than \$50 million per year on demand management programs. These programs provide funding for conservation, recycled water, groundwater recovery, and desalination efforts. In support of these efforts, this budget contains approximately \$350,000 in research funds to help design better programs for the future (about half a percent of program expenditures). This funding is important to help staff determine where funding can be provided to produce supply or water savings in the most cost-effective manner. Ideally, additional research dollars would be allocated to help guide this program.

Budget Summary

	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
O&M	20,177,700	15,374,200	14,470,700	15,445,000	(903,500)	974,300
% Change	—	—	—	—	(6.2%)	6.3%
Totals	20,177,700	15,374,200	14,470,700	15,445,000	(903,500)	974,300
% Change	—	—	—	—	(5.9%)	6.7%
Regular	76	69	69	71	0	2
Temporary	0	0	0	0	0	0
Total Personnel	77	69	69	71	0	2

Note – Totals may not foot due to rounding.

Program Expenditure Comparison



2010/11 ACCOMPLISHMENTS

Colorado River

Managed existing and new supply programs supporting CRA deliveries.

Administered supply programs with agricultural entities.

Administered interstate supply arrangements with the Southern Nevada Water Authority, the Yuma Desalting Plant pilot operation, and short-term water acquisitions from other agencies.

Continued participating with key agencies in basin-wide salinity control measures that have reduced average concentrations by 120 mg/L.

Groundwater Storage Program

Continued administration of ten approved conjunctive use programs and extraction of stored water for dry-year supply.

Developed a water management program with the member agencies to help address local water management needs. This water would be in excess of the participating member agencies’

water supply allocation for the delivery year, but the participating agencies would not be assessed a penalty.

Provided technical support and analysis of proposed legislation, including support to the Association of California Water Agencies (ACWA) in their development of a position paper on groundwater.

Regional Resources and Water Conservation

Received Board approval of the Long-Term Conservation Plan.

Initiated long-term conservation program keyed to IRP objective for year 2020.

Participated in the Department of Water Resources' (DWR) Urban Stakeholder Committee to develop technical guidelines for implementation of 20 x 2020.

Administered Local Resources Program (LRP) incentive agreements addressing recycled water and groundwater recovery projects.

Executed new LRP incentive agreements to support local water resource development projects.

Seawater Desalination

Supported member agency permitting of seawater desalination plants and pilot plants.

Administered seawater desalination program incentive agreements.

State Water Project

Completed audit and analysis of the State Water Project (SWP) Statement of Charges for calendar year 2011, processed SWP billings, and resolved certain errors and deficiencies.

Developed and implemented strategies that consider SWP infrastructure availability to make use of contract water and Metropolitan transfer / banking program water.

Coordinated water quality monitoring and forecasting activities to support Metropolitan filtration plant and distribution system operations.

Worked closely with DWR in acquiring SWP energy resources and conducting energy transmission planning studies.

Water Supply and System Planning

Board adoption of the 2010 IRP recommending water resource strategies for 2035.

Board adoption of the 2010 Regional Urban Water Management Plan.

Completed the annual SB 60 report on Metropolitan's water resource strategy and accomplishments in conservation, recycling, and groundwater recharge.

Continued implementation of the Water Supply Demand Management (WSDM) Plan to provide short-term planning strategies for managing Metropolitan's portfolio of water resource programs.

Provided monthly communications to the Board and member agencies on the implementation of the Water Supply Allocation Plan (WSAP) and administered the appeal process.

Completed member agencies' review of the WSAP implementation plan and prepared recommendations for Board consideration.

Completed the upgrade to the system distribution analysis computer model.

Completed the evaluation of treated capacity to define timing and needs for treatment plant improvements.

Water Transfers and Exchanges Program

Continued to manage Metropolitan's five existing SWP storage programs located outside of Metropolitan's service area.

Worked with State Water Contractors (SWC) and potential Central Valley sellers to implement water transfers and exchanges in 2010.

OBJECTIVES FOR 2011/12 AND 2012/13

Colorado River

Evaluate challenges to the Quantification Settlement Agreement (QSA) and develop strategies to respond to changed conditions.

Protect the Colorado River, Metropolitan's Colorado River rights, and optimize the use of available Colorado River water with Metropolitan's storage assets.

Facilitate salinity management projects and other actions that protect and improve source water quality.

Partner with other Colorado River water delivery contractors on programs and studies to develop new Metropolitan supplies.

Consider cross-border water supply programs, which could provide shared supply benefits to the United States and Mexico, and coordinate emergency deliveries to Tijuana.

Administer Imperial Irrigation District (IID) and Palo Verde Irrigation District (PVID) agricultural conservation programs and other supply agreements.

Groundwater Storage Program

Continue to manage the ten approved conjunctive use programs, including development of annual operating plans.

Evaluate the potential for Metropolitan's support of new groundwater management projects in the service area.

Facilitate dialogue among agencies in groundwater management, recycled water production, and stormwater and flood management to enhance groundwater basin recharge.

Regional Resources and Water Conservation

Administer the Long-Term Water Conservation Program to meet 20 x 2020 reduction goals.

Pursue grants that would support the Long-Term Conservation Program.

Participate in WateReuse Association activities to expand regional recycling and desalination.

Administer agreements that provide incentives for conservation, recycled water, and recovered groundwater production.

Support development of local water recycling and groundwater recovery projects.

Conduct review of effectiveness of local resources programs' ability to develop new supplies.

Seawater Desalination

Support member agency development of seawater desalination projects, especially addressing regulatory issues.

Administer agreements that provide incentives for seawater desalination.

Support CalDesal, a statewide coalition that advocates for desalination in California.

State Water Project

Ensure accurate billings, resolve discrepancies, and influence sound financial decisions by DWR.

Protect SWP water, power, and financial positions under the Oroville FERC relicensing process as well as associated litigation and

upcoming FERC relicensing of several DWR facilities in Southern California.

Ensure effective DWR energy management practices, including renewable energy, emissions reductions, transmission strategies, and energy acquisitions and close out of SWP contractual position in Reid-Gardner coal plant.

Support Metropolitan's interests in SWP related litigation including Area of Origin claims, San Joaquin Valley drainage program, and Davis Dolwig related litigation.

Coordinate major rehabilitations and new SWP capital improvements to ensure cost-effective and reliable water supply, energy generation, and energy use.

Promote water quality monitoring and forecasting activities and raise awareness of potential water quality impacts from operational decisions.

Develop and implement strategies to access SWP conveyance facilities to optimize use of Metropolitan water transfer and banking programs in light of scheduled and forced infrastructure outages.

Water Supply and System Planning

Complete annual progress reports on IRP implementation and Metropolitan's water supplies and achievements in conservation, recycling, and groundwater recharge (SB 60 report).

Complete the annual forecast of Metropolitan sales to support revenue requirements and budget processes.

Explore potential partnerships with member agencies and other entities for development of regional seawater desalination, recycling, and groundwater replenishment facilities.

Continue with IRP implementation including identifying triggers and targets for adaptive management of water resources, defining alternative business models for local resource development, and developing a work plan for foundational actions.

Upgrade and enhance planning tools such as computer models for demand forecasting,

Water Resource Management

resource program evaluation, and distribution system.

Continue work with the Water Utility Climate Alliance to perform case studies on climate data applications to water resources planning.

Complete three-year review of the WSAP.

Water Transfers and Exchanges Program

Continue to manage the five existing water transfer, exchange, and storage programs along the California Aqueduct.

Implement approved water transfers and pursue additional water transfer and exchanges.

Work with other State Water Contractors on a long-term water transfer permitting process.

Water Resource Management

Performance Measures Summary

Performance Measure	Measurement Intent	FY 09/10 Baseline Information	FY 10/11 Performance*	Target
IRP Milestones/Targets	Ensure Metropolitan has a long-term resource strategy that incorporated updated conditions and uncertainties, and stakeholder input to ensure water supply reliability.	82.0%	94%	90%
Operating Reserve	Ensure water supply to meet firm demand on Metropolitan's water.	124%	93%	> 110%
Planning Reserve	Ensure Metropolitan's long-term water supply reliability by monitoring IRP implementation.	113%	130%	> 110%
New Annual Conservation Savings Rate	Pursue IRP goal by monitoring new annual conservation savings.	168%	107%	85% to 115% of annual target
SWP Budget Expenditure Forecast Rate	Monitor/project SWP costs to highlight potential need for action (measured monthly as a budget variance).	81%	92%	95% to 105% of annual budget
IRP Milestones/Targets	Ensure Metropolitan has a long-term resource strategy that incorporated updated conditions and uncertainties, and stakeholder input to ensure water supply reliability.	82.0%	94%	90%

* Actual performance through December 2010.

Water Resource Management

O&M Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
Salaries and Benefits	12,775,200	11,515,400	11,829,100	12,404,000	313,700	574,900
Professional Services	4,686,800	1,252,700	1,645,000	2,010,000	392,300	365,000
Other	0	0	0	0	0	0
Memberships & Subscriptions	1,868,600	1,898,200	384,800	377,500	(1,513,400)	(7,300)
Materials & Supplies	71,600	138,500	130,800	112,800	(7,700)	(18,000)
Grant / Donation Expense	72,100	125,000	125,000	125,000	0	0
Travel Expenses	184,100	137,700	119,600	132,000	(18,100)	12,400
Other Accounts	519,100	306,700	236,400	283,700	(70,300)	47,300
Totals	20,177,500	15,374,200	14,470,700	15,445,000	(903,500)	974,300
% Change	—	(23.8%)	(5.9%)	6.7%	—	—
Regular	76	69	69	71	0	2
Temporary	0	0	0	0	0	0
Total Personnel	77	69	69	71	0	2

Note – Totals may not foot due to rounding.

REASONS FOR CHANGES

2010/11 vs 2011/12

Salary and Benefits – Reflects transfers of one position to WSO and anticipated vacancy rate offset by one new position, anticipated increases in employee benefits costs, and merit increases for eligible employees.

Professional Services – Reflects net increase in consulting services for audit of SWP Statement of Charges, financial audit of LRP agreements, conservation market and research studies, and software updates for the IRP simulation model for Metropolitan municipal and industrial needs.

Memberships and Subscriptions – Reflects transfer of SWC annual membership dues to the general district requirements budget.

Travel and Other Accounts – Reflects reduction in travel for work related to SWP and Water Transfer Program and elimination of Greater LA Integrated Regional Water Management Planning (Greater LA IRWMP) contract payment.

2011/12 vs 2012/13

Salary and Benefits – Reflects two new positions, one for contract management and one for SWP financial administration. Also reflects anticipated vacancy rate offset by anticipated increases in employee benefits costs and merit increases for eligible employees.

Professional Services – Reflects net increase in consulting services for conservation market and research studies and PVID Geographic Information System (GIS) database development.

Memberships and Subscriptions – Reflects reduction in California Urban Water Agencies membership dues.

Materials & Supplies – Reflects elimination of computer software service and maintenance support with SAS.

Travel and Other Accounts - Reflects net increase in travel for work related to the Colorado River, LRP, and renewal of Greater LA IRWMP contract payment for support in tracking regional targets and watershed management activities.

RESOURCE PLANNING & DEVELOPMENT

The section is responsible for providing an integrated water supply and demand forecast that will meet the needs of member agencies and reflect their long-range planning efforts for local supplies, setting the foundation for Metropolitan’s resource mix and local supplies needed to meet demands. The section also supports the development of resource programs, projects, and infrastructure to meet projected

resource targets; administers the planning process; defines strategies for meeting service area water needs, including the IRP and WSDM; and develops resource options such as groundwater conjunctive use and water transfers and exchanges, as well as alternatives for short-range planning and implementation through joint action with WSO.

O&M Program Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
Salaries and Benefits	5,000,100	3,835,900	3,955,800	4,068,900	119,900	113,100
Professional Services	1,560,300	415,000	570,000	590,000	155,000	20,000
Other	384,200	349,200	258,900	271,800	(90,300)	12,900
Totals	6,944,600	4,600,100	4,784,700	4,930,700	184,600	146,000
% Change	—	(33.8%)	4.0%	3.1%	—	—
Personnel	29	22	22	22	0	0

Note – Totals may not foot due to rounding.

REASONS FOR CHANGES

2010/11 vs 2011/12

Salaries & Benefits – Reflects anticipated vacancy rate offset by anticipated increases in employee benefits costs and merit increases for eligible employees.

Professional Services – Reflects net increase in consulting services to update the IRP stimulation model and the Metropolitan municipal and industrial needs software systems.

Other – Reflects reduction in travel for work related to the State Water Project and the Water Transfer Program and elimination of the Greater LA Integrated Regional Water Management Planning (Greater LA IRWMP) contract payment.

2011/12 vs 2012/13

Salaries & Benefits – Reflects anticipated vacancy rate offset by anticipated increases in employee benefits costs and merit increases for eligible employees.

Professional Services – Reflects increase in updating the Groundwater Assessment Study.

Other – Reflects renewal of the Greater LA IRWMP contract payment for support in tracking regional targets and watershed management activities.

RESOURCE IMPLEMENTATION

The section develops and administers water resource programs and contracts and pursues application of new technologies and innovation for the Colorado River, State Water Project, water recycling, groundwater recovery, conservation, and seawater desalination. This

section also monitors and responds to regulatory, legislative, and operational activities that may influence Metropolitan’s rights and benefits related to the quality, reliability, and cost of water.

O&M Program Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
Salaries and Benefits	5,880,500	5,953,300	6,058,900	6,317,200	105,600	258,300
Professional Services	3,126,500	837,700	1,075,000	1,395,000	237,300	320,000
Other	2,217,000	2,096,800	568,100	592,300	(1,528,700)	24,200
Totals	11,224,000	8,887,800	7,702,000	8,304,500	(1,185,800)	602,500
% Change	—	(20.8%)	(13.3%)	7.8%	—	—
Personnel	34	34	34	35	0	1

Note – Totals may not foot due to rounding.

REASONS FOR CHANGES

2010/11 vs 2011/12

Salaries & Benefits – Reflects the addition of one new position offset by the transfer of one position to WSO, anticipated vacancy rate, increases in employee benefits costs, and merit increases for eligible employees.

Professional Services – Reflects net increase in consulting services for audit of the State Water Contract Statement of Charges, financial audit of Local Resources Program agreements, and conservation market and research studies.

Other – Reflects transfer of State Water Contractors – Bay/Delta annual membership dues to the General District Requirements budget.

2011/12 vs 2012/13

Salaries & Benefits – Reflects anticipated vacancy rate offset by the addition of one new position for the State Water Project financial administration, anticipated increases in employee benefits costs, and merit increases for eligible employees.

Professional Services – Reflects net increase in consulting services for conservation market and research studies and PVID GIS database development.

Other – Reflects net increase in travel for work related to the Colorado River and the Local Resources Program and staff development and technical training.

OFFICE OF MANAGER

The Office of the Manager provides management and direction of the group's efforts in planning, securing, and managing Metropolitan's water resources; monitoring and

tracking of the group's business plan and financial and budgetary initiatives; and administrative and business processes support.

O&M Program Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
Salaries and Benefits	1,894,600	1,726,100	1,814,400	2,017,800	88,300	203,400
Professional Services	0	0	0	25,000	0	25,000
Other	109,800	160,100	169,600	166,900	9,500	(2,700)
Totals	2,004,400	1,886,200	1,984,000	2,209,700	97,800	225,700
% Change	—	(5.9%)	5.2%	11.4%	—	—
Personnel	14	13	13	14	0	1

Note – Totals may not foot due to rounding.

REASONS FOR CHANGES

2010/11 vs 2011/12

Salaries and Benefits – Reflects anticipated vacancy rate offset by anticipated increases in employee benefits costs and merit increases for eligible employees.

Other – Reflects centralized communication expenses for the group within the Office of Group Manager including IT chargeback.

2011/12 vs 2012/13

Salaries and Benefits – Reflects anticipated vacancy rate offset by one new position for contract management, anticipated increases in employee benefits costs, and merit increases for eligible employees.

Professional Services – Reflects consultation services for group program and project administration and business processes.

Other – Reflects increase in Group Manager's travel for work related to various WRM programs offset by transfer of expenses for the Sacramento office color copier to the Bay-Delta Initiatives Program group.

Water Resource Management

Three-Year Outlook

Estimated Expenditures

	2011/12	2012/13	2013/14
O&M	14,470,700	15,445,000	16,509,100
% Change	—	6.7%	6.9%
Personnel	69	71	71
Capital	0	0	0
% Change	—	—	—
Personnel	0	0	0
Total	14,470,700	15,445,000	16,509,100
Regular Personnel	69	71	71
Temporary Personnel	0	0	0
Total Personnel	69	71	71

Note – Totals may not foot due to rounding.

ASSUMPTIONS

2012/13

Reflects the addition of one new position in the Office of Group Manager Section for contract management and one new position in the Resource Implementation Section for SWP financial administration.

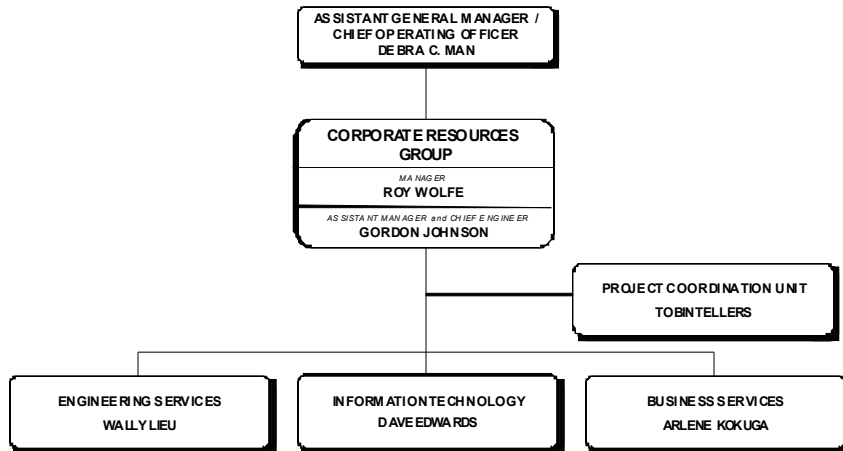
2013/14

Reflects increase in labor consistent with inflation, anticipated increases in employee benefits costs, and merit increases for eligible employees. A 3.5 percent inflation assumption was applied to non-labor costs related to administering imported supply contracts and activities, developing long-term water supply plans and strategies, and participating in negotiations related to the Colorado River, SWP, and legislative proposals.

MISSION, ROLES, AND RESPONSIBILITIES

The Corporate Resources Group (CRG) is comprised of three sections, a Project Coordination Unit, and the Office of the Group Manager that work collaboratively to support the General Manager’s Business Plan. Business Services provides a range of services including procurement, contracting, warehousing, inventory management, investment recovery, graphics, and document services. Engineering Services provides design, project management, construction management, environmental planning, infrastructure protection, and water-related local and regional facility planning services primarily related to CIP activities.

Information Technology delivers technology services and solutions in the areas of business applications (e.g., laboratory information management system, financial and human resource systems, maintenance management system, etc.), control systems (i.e., SCADA – System Control and Data Acquisition), geographic information systems, telecommunications / networks, and computer hardware and software. The Office of the Group Manager and the Project Coordination Unit provide overall management of the CRG Business Plan and budget, and coordination of the CIP.



BUDGET ISSUES AND CONSTRAINTS

CRG is coming off a 2010/11 budget year that saw a thorough review of all vacant positions, levels of customer service, non-labor costs, and operating equipment. That review resulted in the elimination of 49 regular positions, reassignment of staff to support Bay-Delta, and an array of operating equipment and outside service reductions for fiscal year 2010/11. CRG continues to work closely with WSO and all its customers to manage the ongoing mitigation of these reductions.

For fiscal year 2011/12, CRG's net personnel levels will remain consistent with last year's reductions, but additional personnel is shifting to O&M from capital to meet workload demands in the areas of solar purchase agreements, environmental mitigation credits, maintenance phases of new IT applications, and administrative functions formerly budgeted as part of the CIP. Also consistent with last year, CRG will continue to plan and budget to support Metropolitan's Bay-delta initiatives in 2011/12 and 2012/13.

CRG continues to review all programs and projects in Metropolitan's CIP as part of the

annual budget process. For the 2011/12 and 2012/13 budget years, consideration was given to timing and urgency, aging infrastructure, updated service demand projections, and regulatory requirements. Overall, the CIP cashflows for this biennium were reduced by \$25M and were reduced by \$95M for the five-year period ending FY 15/16. The primary reason for the reduction is the rescheduling of growth driven projects and certain facility expansions, discussed in greater detail in the CIP budget appendix.

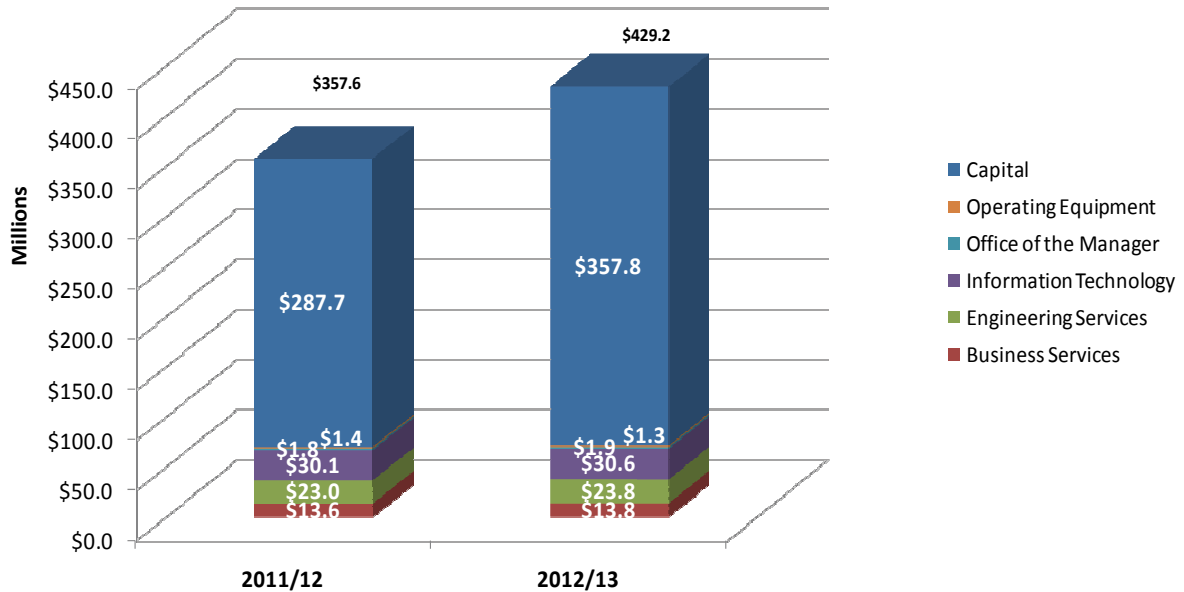
Operating equipment for 2011/12 reflects increases to restore several deferrals imposed in last year's budget. Vehicles deferred from last year are included with vehicles identified by Fleet Administration this year as requiring replacement for reasons of reliability or safety. In addition, warehouse forklifts, dam deformation GPS equipment, and IT servers/routers/storage devices for applications used throughout Metropolitan are planned for replacement as well.

Budget Summary

	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
O&M	62,997,700	64,981,600	69,968,400	71,383,400	4,986,800	1,415,000
% Change	—	—	—	—	7.1%	2.0%
Capital	249,913,700	228,372,300	287,653,400	357,767,300	59,281,100	70,113,900
% Change	—	—	—	—	20.6%	19.6%
Totals	312,911,400	293,353,900	357,621,800	429,150,700	64,267,900	71,528,900
% Change	—	—	—	—	21.9%	20.0%
Regular	609	616	616	616	0	0
Temporary	0	1	0	0	(1)	0
Total Personnel	609	617	616	616	(1)	0

Note – Totals may not foot due to rounding.

Program Expenditure Comparison



2010/11 ACCOMPLISHMENTS

During the year, CRG focused its efforts on customer service and supporting the General Manager’s initiatives related to ensuring adequate water supply, system reliability, water quality excellence, and cost-efficient business processes.

Supply Reliability

Staff provided technical support on the Delta Habitat Conveyance Conservation Program (DHCCP) and Bay Delta Conservation Plan. Also, staff served as lead on behalf of Metropolitan, State Water Contractors, and Central Valley Water Contractors in advising the DWR, the DWR consulting Program Manager and consultants; and monitoring DHCCP activities. Staff completed reviews of five conveyance alternatives, conducted a 100-person risk management workshop, conducted tunneling workshop for Water Contractors, initiated independent cost estimate of conveyance alternatives, and conducted Tunnel Optimization effort.

Continued to maintain close collaboration between local and regional facility planning efforts through annual update meetings and formal Integrated Area Study (IAS) updates linked to Metropolitan’s IRP.

Staff completed a Joint Water Purification Study, which assessed the potential demand for purified water to recharge groundwater basins in Los Angeles County and evaluated the feasibility of storing and extracting the purified water.

Staff collaborated with member agencies to develop opportunities for seawater desalination projects for Metropolitan participation. This included working with the West Basin Municipal Water District on the development of a seawater desalination plant in Redondo Beach and with Municipal Water District of Orange County (MWDOC) to discuss progress of desalination efforts, desalination regulations, and technical challenges. Staff also participated in the American Membrane Technology Association’s desalination conference to enhance staff knowledge of desalination industry trends and latest technical developments.

Capital Investment Plan

Diemer ORP – Continued major construction activities on the ozone contactors, ozone generation building, liquid oxygen tank farm, and electrical support facilities.

Weymouth ORP - Completed construction of the inlet conduit and continued final design.

Skinner ORP – Completed all start-up and testing activities.

Infrastructure Reliability

Water Treatment Plant Improvements – Continue rehabilitation and betterments at all five water treatment plants to meet water quality standards and ensure reliability, including:

Diemer Water Treatment Plant – Completed construction Diemer North Access Road, Phase I construction activities for electrical improvements and started design and construction of a number of seismic retrofits.

Weymouth Water Treatment Plant – Completed replacement of inlet gates and the rapid mix facilities, seismic upgrades to the junction structure, and chemical tank farm modifications and began construction of the electrical power system.

Jensen Water Treatment Plant – Completed construction of mixing and settling basin reactivation and seismic upgrades of the administration building and began design of the lagoons.

CRA and Conveyance / Distribution System Improvements – Continue rehabilitation and betterments throughout the CRA and distribution system to ensure water delivery reliability, including:

Treated Water Cross Connection Prevention – Complete relocation / modification of 75 sites under Stage III and began construction of 65 sites under Stage IV of the program.

CRA Reliability Program – Completed construction of the Eagle Mountain Pumping Plant Delivery Pipe Expansion Joints Repairs; the Access Covers and Water Tanks Safety Improvements; the Circulation Water Strainers Replacement; and the Pumping Plant Fault Current Protection Upgrade.

Conveyance Distribution Rehabilitation – Completed repairs of the Allen McColloch Pipeline (AMP) for stages 1 and 2, the Box Springs Feeder stages 3 and 4, and the Calabasas Feeder.

Reservoir Cover & Replacement Program - Replaced the floating covers, installed liners, and performed related repairs at Orange County and Palos Verdes reservoirs, Skinner Finished Water Reservoir, and Jensen Finished Water Reservoir No. 2.

Reservoir Improvements – Completed construction of sodium-hypochlorite system and replacement of SCADA equipment at Garvey Reservoir and completed spillway structure modifications at Palos Verdes Reservoir.

Information Technology Strategic Plan (ITSP)

Staff completed the Water Quality Monitoring and Event Detection Monitoring Project providing an early detection and warning system for contaminants in Metropolitan's water distribution system.

Collaborated with Legal staff to implement the E-Discovery Management System to manage electronic documents and facilitate response to legal discovery and Public Records Act requests.

Completed the Computer Aided Design (CAD) Management System to streamline the management of Metropolitan's engineering drawings and documents.

Initiated deployment of the new two-way radio system to improve the coverage and reliability of field and emergency communications for WSO.

Completed upgrades to the SCADA databases, servers, and RTU software systems to improve system reliability.

Energy Management and Sustainability

Developed and adopted Board-approved energy management policies.

Solicited bids for construction of a 2-megawatt solar generation facility at the Weymouth treatment plant.

Hosted the third annual Spring Green Expo 2010 attended by more than 1,200 employees, college

students, and visitors from the community to raise employee and community awareness about environmental sustainability and the activities each one of us can do to preserve today's resources for future generations.

Staff continued to reduce paper consumption throughout Metropolitan by 60% compared to the baseline year (2007) when the Paperwise Program began and maintained a 39 percent employee participation rate in the Rideshare Program.

Benchmarking and Business Process Optimization

Implemented cost reductions and efficiency improvements to the Rideshare Program by streamlining the monthly public transit employee reimbursement process reducing staff time and saving \$10,000 annually. Staff enrolled all eligible leased Rideshare vans in the Los Angeles County Metropolitan Transportation Authority and Orange County Transit Authority vanpool subsidy programs offsetting the per month cost per van by approximately \$240. Staff also entered into a new vanpool leasing agreement with pricing reduced by 6percent.

Staff negotiated a two-year extension of Metropolitan's satellite copier contract resulting in an average cost reduction (per copier) of 50 percent negotiated a three-year extension of the Microsoft Enterprise Agreement saving upward of \$200K in software upgrades, technical support, and training. This will also provide the capability to test and utilize Cloud Computing for applications such as Share Point, Office, and Exchange at no cost for the next three years.

Expanded development of web-based technical treatment plant and distribution system manuals enabling broader access to updated information and a 30-50 percent reduction in development time of technical documentation required to meet regulatory requirements, support engineering projects, and maintain field water delivery systems.

Staff expanded the number of photographic images and video clips of Metropolitan projects, facilities, history, and functions in the Digital Asset Management System (Cumulus).

Continued to identify grant funding opportunities from ARRA for projects covering water and energy conservation, energy efficient facilities, and solar power.

Enhanced Workforce Competencies/Training

Continued to conduct leadership forums to provide managers with up-to-date information regarding Metropolitan-wide issues and initiatives and to develop plans and programs for performance improvements.

Completed identification of skill gaps in the Engineering Services Section as a part of a succession planning effort.

OBJECTIVES FOR 2011/12 AND 2012/13

Supply Reliability

Continue to support Delta Habitat Conveyance Conservation Program (DHCCP) and Bay Delta Conservation Plan by serving as lead on behalf of Metropolitan, state water contractors, and central valley water contractors in advising the DWR, the DWR consulting Program Manager and consultants; and monitoring DHCCP activities. Also complete technical reviews for preliminary design activities, participate in the development of a risk management plan to mitigate the risk to the DHCCP, and provide technical staff to participate in optimization of the tunnel alternative and environmental reviews.

Continue to maintain close collaboration between local and regional facility planning efforts through annual update meetings and formal IAS updates linked to Metropolitan's IRP.

Continue collaboration with member agencies to exchange ideas and enhance staff knowledge on desalination industry trends and latest technical developments. Begin preliminary/final design, equipment fabrication, and installation of desalination water quality test facility.

Complete Phase I of the Joint Water Purification Study and request Board authorization for funding to initiate subsequent phases of the pilot study to recharge, store, and extract purified

water from groundwater basins in Los Angeles County.

Capital Investment Plan

Diemer ORP – Complete major construction activities on the ozone contactors, ozone generation building, liquid oxygen tank farm, and electrical support facilities and obtain Board approval for start-up operations.

Weymouth ORP – Complete final design and substantially complete construction of the Weymouth ozone facilities.

Infrastructure Reliability

Water Treatment Plant Improvements – Continue rehabilitation and betterments at all five water treatment plants to meet water quality standards and ensure reliability, including:

Diemer Water Treatment Plant – Complete construction of the Diemer Filter Media Replacement and complete final design and begin construction of the Diemer Filter Valve Refurbishment.

Jensen Water Treatment Plant – Complete final design of Stage 1 for the Jensen Solids Dewatering Facility and Lagoons and complete final design and begin construction of the Jensen Module No. 1 Filter Valve Refurbishment.

Mills Water Treatment Plant – Complete construction of the Mills Ozone System Reliability Upgrades.

Skinner Water Treatment Plant – Continue construction of the Skinner Electrical Building Upgrades.

Weymouth Water Treatment Plant – Complete construction of the Weymouth Power System Upgrades.

CRA and Conveyance / Distribution System Improvements – Continue rehabilitation and betterments throughout the CRA and distribution system to ensure water delivery reliability, including:

Chemical Unloading Facility (CUF) – Complete final design of the Chlorine Containment Facility and commence with construction.

Conveyance and Distribution Systems – Complete construction of Upper Feeder’s Santa Ana River Bridge seismic retrofit, Eagle Rock Tower and Puddingstone Gates Rehabilitation, Lower Feeder Erosion Protection Project, Allen McColloch Corrosion Interference Mitigation, and Palos Verdes Reservoir Hypochlorite Pump and Piping System Replacement.

CRA Conveyance and Reliability Program – Complete construction of Pumping Plant Flow Meter Upgrades, Service Connection DW-CV-2T Valves Replacement, 230kv Disconnect Switches Replacement, Mile 12 Flow & Monitoring Station Upgrades, and the Copper Basin Outlet Gates Repair.

Treated Water Cross Connection Prevention – Complete relocation / modification 65 sites under Stage IV of the program.

Information Technology Strategic Plan

Complete the implementation of the E-Discovery Management System to manage electronically stored documents and facilitate Metropolitan’s response to legal discovery and Public Records Act requests.

Substantially complete replacement of Metropolitan’s 18-year-old automated voice response systems and two-way radio systems with advanced and emergency communications capabilities.

Complete PC Replacement Program of all desktops and laptops with newer, more reliable models and continue to evaluate a range of IT advancements, such as cloud computing and iPads, to enhance productivity and business processes.

Initiate work on the upgrade of the SCADA system at DVL to improve reliability of the system and continue the RTU CPU & OS replacement project to increase reliability and extend life of RTU’s.

Energy Management and Sustainability

Continue to support Metropolitan’s business process sustainability efforts by conducting an analysis of options to improve Rideshare Program efficiency; continue to administer Metropolitan’s Paperwise Program to maintain

and improve on the 50% reduction in paper consumption targets from the 2007 baseline; and support sustainable landscaping grant funded projects.

Complete construction of a solar generation facility at the Weymouth Treatment plant and complete solicitation documents for solar generation facilities at Jensen, Mills, and Skinner (expansion) plants.

Benchmarking and Business Process Optimization

Continue to optimize the number and type of servers throughout the organization, reducing the number of physical servers, by utilizing virtualized / consolidated software as new servers are installed or replaced, implementing new enterprise corporate application servers to replace older ones to improve system performance, and evaluating the replacement end-of-life UNIX servers that also host large enterprise applications critical to business systems.

Implement the Oracle 12 financials upgrade to allow for improved reporting and analysis capabilities. Managers will be able to see integrated system information in real time allowing for improved planning, forecasting, scorecards, and analytical modeling.

Continue to expand development of web-based technical treatment plant and distribution system manuals enabling broader access to updated information and a 30-50 percent reduction in development time of technical documentation

required to meet regulatory requirements, support engineering projects, and maintain field water delivery systems.

Collaborate with WSO to streamline tracking and storing of specialized treatment plant spare parts to better process location, availability, and use of physical resources. In conjunction, alternative warehousing and inventory models such as consignment inventory will be examined to determine feasibility and cost reduction potential.

Develop a comprehensive strategy for monitoring and tracking Metropolitan's reserve lands and their respective mitigation banks. Additional work will also include providing overall guidance to individual reserve managers and refining the data entry and reporting systems.

Continue to identify grant funding opportunities from American Recovery Reinvestment Act (ARRA) for projects covering water and energy conservation, energy efficient facilities, and solar power.

Enhanced Workforce Competencies/Training

Continue to conduct leadership forums to provide managers with up-to-date information regarding Metropolitan-wide issues and initiatives and to develop plans and programs for performance improvements.

Continue comprehensive succession planning efforts for the group including identifying key positions, skill set needs, and strategies for filling skill gaps in the near and long term.

Performance Measures Summary

CRG will continue its mission to provide services that support Metropolitan’s core business in an efficient and cost-effective manner. Using the General Manager’s Business Plan, we will monitor key performance measures that align organizational strategies and focus on services. In this past fiscal year, three of the four measures on design and construction inspection costs slightly exceeded the targets.

Due to ongoing challenging economic conditions, Metropolitan has received lower bids this past year than in previous years for its construction projects with numerous bidders competing. While this has resulted in lower construction costs, it has also resulted in higher than normal design and construction inspection cost percentages.

Performance Measure	Measurement Intent	FY 09/10 Baseline Information	FY 10/11 Performance*	Target
Complete CIP within construction schedule	Measure how many construction projects were completed on time.	93%	96%	> 95% of construction contracts completed on time
Final Design Cost as a percentage of Construction Cost (Capital)	Ensure costs are comparable to industry standards of similar agencies by measuring for cost efficiency and value-added features.	9.2%	12.7%	9% - 12% (Construction Costs > \$3,000,000)
		11.4%	16.1%	9% - 15% (Construction Costs ≤ \$3,000,000)
Construction Inspection Costs as a percentage of Construction Cost (Capital)	Ensure costs are comparable to industry standards of similar agencies by measuring for cost efficiency and value-added features.	7.7%	15.0%	9% - 12% (Construction Costs > \$3,000,000)
		13.9%	14.1%	9% - 15% (Construction costs ≤ \$3,000,000)
Innovative Conservation Program contracts	Ensure successful completion of contracts in support of advanced conservation methods.	-	New measure	TBD
Energy Management Policy	Measure progress toward implementation of Board-approved policy	New measure	Policy adopted	TBD
Annual cost of desktop computing support per workstation	Measure the cost associated with supporting a PC.	\$1,607	\$1,607	< \$1,744
Processing time for purchase orders < \$25,000	Evaluate current process and assess for potential improvements to reduce the total cycle time.	78%	79%	75% of PO’s processed in < 4.0 days
Processing time for purchase orders > \$25,000 and < \$100,000	Evaluate current process and assess for potential improvements to reduce the total cycle time.	6 days	3.5 days	12 days
O&M Budget Performance	Monitor how the Group is meeting its fiscal year O&M plan.	99%	103.8%	≤ 100%

Corporate Resources

Performance Measure	Measurement Intent	FY 09/10 Baseline Information	FY 10/11 Performance*	Target
Internet Reliability	Measure the level of internet reliability during the prime time work hours of 6:00 am to 6:00 pm, Mondays through Fridays.	99.9%	100%	≥ 99.5%

* Actual performance through December 2010.

Corporate Resources

O&M Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
Salaries and Benefits	52,501,400	54,039,300	57,407,500	58,653,500	3,368,200	1,246,000
Professional Services	1,059,000	1,508,200	1,442,800	1,751,300	(65,400)	308,500
Other	0	0	0	0	0	0
Materials & Supplies	4,254,300	4,614,900	4,851,100	4,854,600	236,200	3,500
Communication Expenses	1,627,700	1,374,400	1,606,300	1,606,600	231,900	300
Repairs & Maintenance - Outside Services	602,400	734,600	743,100	743,100	8,500	0
Rent & Leases	639,100	633,800	696,500	712,500	62,700	16,000
Subsidies & Incentives	555,800	643,800	643,300	644,200	(500)	900
Outside Services - Non Professional / Mainte	403,200	507,100	519,500	514,200	12,400	(5,300)
Other Accounts	431,400	470,700	617,200	617,500	146,500	300
Totals	62,074,300	64,526,800	68,527,300	70,097,500	4,000,500	1,570,200
% Change	—	4.0%	6.2%	2.3%	—	—
Operating Equipment	923,200	455,000	1,441,100	1,285,900	986,100	(155,200)
Total O&M and Operating Equipment	62,997,500	64,981,800	69,968,400	71,383,400	4,986,600	1,415,000
% Change	—	3.1%	7.7%	2.0%	—	—
Regular	346	359	369	371	10	2
Temporary	0	0	0	0	0	0
Total Personnel	346	359	369	371	10	2

Note – Totals may not foot due to rounding.

Capital Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed
Salaries and Benefits	38,572,000	35,895,200	42,389,400	42,848,100
Professional Services	40,554,800	30,547,700	38,851,700	39,556,100
Property Acquisition	20,566,400	65,100	323,700	1,431,600
Construction	144,178,100	145,611,300	185,745,700	254,480,500
Other	6,042,400	16,253,000	20,342,900	19,451,000
Totals	249,913,700	228,372,300	287,653,400	357,767,300
% Change	—	(8.6%)	26.0%	24.4%
Regular	262	257	248	246
Temporary	0	1	0	0
Total Personnel	263	258	248	246

Note – Totals may not foot due to rounding.

*** Reimbursable expenses included above are offset by a similar amount of revenue.

Corporate Resources

Capital Expenditure Plan

Program	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed
All Facilities - Inspection and Replacement of Critical Vacuum Valves	0	0	13,900	16,000
All Facilities - Security Systems Improvement	54,200	43,000	43,600	60,600
All Water Treatment Plants - Install Roofs for Chemical Tank Farms	42,400	0	309,800	902,300
Assess the Condition of Metropolitan's Prestressed Concrete Cylinder Pipe	866,200	438,000	0	0
Cabazon Radial Gate Facility Improvements	85,000	93,100	193,600	2,214,900
Capital Program for Projects Costing Less Than \$250,000 for FY 2011/12	0	0	254,700	1,124,700
Capital Program for Projects Costing Less Than \$250,000 for FY2005/06	192,900	101,700	24,600	0
Capital Program for Projects Costing Less Than \$250,000 for FY2006/07	269,400	104,900	27,700	0
Capital Program for Projects Costing Less Than \$250,000 for FY2007/08	605,600	8,600	0	0
Capital Program for Projects Costing Less Than \$250,000 for FY2008/09	798,300	84,500	227,600	20,200
Capital Program for Projects Costing Less Than \$250,000 for FY2009/10	716,200	860,300	421,900	14,800
Capital Program for Projects Costing Less Than \$250,000 for FY2010/11	0	463,900	766,700	832,100
Chlorine Containment and Handling Facilities	1,521,700	3,736,900	4,735,200	333,100
Control System Enhancement Program	47,400	915,100	59,200	0
Conveyance and Distribution System - Rehabilitation	5,799,500	6,653,100	4,922,400	6,678,900
Conveyance and Distribution System - Rehabilitation Phase II	3,139,700	10,146,100	17,615,600	17,213,500
CRA - Conveyance Reliability Program	3,424,400	1,240,000	5,806,800	25,822,100
CRA - Discharge Containment Program	156,300	388,300	512,700	3,318,500
CRA - Electrical/Power Systems Reliability Program	(170,900)	395,700	797,000	3,178,400
CRA - Pumping Plant Reliability Program	911,100	6,514,600	2,847,800	2,229,200
CRA - Real Property Recordation Program	3,194,500	1,295,000	731,900	433,800
CRA - Reliability Program Phase II	6,605,300	11,179,600	11,511,800	20,418,000
Dam Rehabilitation & Safety Improvements	213,000	1,205,200	1,809,200	1,920,300
Diemer Water Treatment Plant - Construct Sedimentation Basin Spillways	41,000	460,100	5,200	0

Corporate Resources

Program	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed
Diemer Water Treatment Plant - Improvements Program Phase II	1,646,200	0	14,110,500	8,888,100
Diemer Water Treatment Plant - Improvements Phase II	0	8,750,000	0	0
Diemer Water Treatment Plant - Improvements Program	48,759,800	13,019,100	5,555,500	14,683,600
Diemer Water Treatment Plant - Oxidation Retrofit Program	38,528,200	52,059,400	40,982,400	18,824,800
Diemer Water Treatment Plant - Solids Handling	(155,100)	204,800	0	0
Distribution System - Control and Equipment	201,800	0	223,200	0
Distribution System - Treated Water Cross Connection	3,309,200	8,175,000	12,362,900	0
Enhanced Bromate Control Program	0	0	160,400	886,100
Hayfield Groundwater Storage Program	1,026,200	544,700	1,807,600	247,500
Hydroelectric Power Development Program	234,300	245,400	842,700	11,600
Hydroelectric Power Plant Improvement Program	0	3,912,800	0	0
Hydroelectric Power Plant Improvements Program	224,500	0	1,532,700	309,600
Information Technology Decision Support System	0	0	772,600	791,900
Information Technology System - Business, Finance and HR	2,305,600	2,105,500	2,154,600	1,996,300
Information Technology System - Infrastructure	2,840,900	3,824,300	3,980,100	4,425,700
Information Technology System - Security Program	312,500	414,000	537,000	305,600
Inland Feeder	43,474,400	2,735,200	1,585,500	897,200
Jensen Water Treatment Plant - Improvements Program	7,788,200	4,446,800	7,745,800	20,839,600
Jensen Water Treatment Plant - Improvements Phase II	0	5,740,000	0	0
Jensen Water Treatment Plant - Improvements Program Phase II	476,300	0	14,006,600	8,255,000
Lake Mathews Watershed - Drainage Water Quality	107,100	197,400	16,400	0
LaVerne Shop Facilities Upgrade	797,200	1,238,200	15,022,800	7,226,500
Mills Water Treatment Plant - Capacity Upgrade	1,558,500	153,100	0	8,456,300

Corporate Resources

Program	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed
Mills Water Treatment Plant - Improvements Program	20,700	447,200	627,300	589,400
Mills Water Treatment Plant - Improvements Program Phase II	608,500	2,841,900	5,309,000	4,708,000
Mills Water Treatment Plant - Ozone System Reliability	1,424,300	1,986,100	2,548,700	742,600
Operations Support Facilities Improvement Program	0	0	321,600	928,400
Perris Valley Pipeline	18,210,100	2,864,900	838,000	0
Pipeline Refurbishment/Replacement Program	0	0	4,500,800	9,007,000
Power Reliability and Energy Conservation Program	576,800	0	16,892,100	35,135,700
Quagga Mussel Control Program	804,300	513,700	1,097,500	381,700
Regional Water Purification Program	0	463,400	108,000	0
Reservoir Cover and Replacement Program	3,918,500	474,300	1,981,700	5,437,300
San Diego Pipeline No. 6	689,700	99,900	274,000	33,000
Sea Water Desalination Program	0	0	1,120,200	1,835,600
Skinner Water Treatment Plant - Improvements	0	4,009,500	0	0
Skinner Water Treatment Plant - Improvements Phase II	0	763,100	0	0
Skinner Water Treatment Plant - Improvements Program	2,269,700	0	2,694,300	1,917,900
Skinner Water Treatment Plant - Improvements Program Phase II	59,500	0	1,971,600	2,032,300
Skinner Water Treatment Plant - Oxidation Retrofit Program	8,866,100	883,300	3,095,800	2,347,900
Water Operations Control Program	0	1,048,200	4,366,400	10,620,700
Weymouth Water Treatment Plant - Improvements Phase II	0	6,703,500	0	0
Weymouth Water Treatment Plant - Improvements Program	19,731,000	28,262,100	13,663,600	10,689,500
Weymouth Water Treatment Plant - Improvements Program Phase II	1,404,400	0	8,567,600	12,435,200
Weymouth Water Treatment Plant - Oxidation Retrofit Program	8,960,900	22,917,800	37,942,200	60,828,600
White Water Siphon Protection	38,000	0	774,100	4,215,000
Yorba Linda Power Plant Modifications	382,200	0	1,920,700	10,104,700
Totals	249,913,700	228,372,300	287,653,400	357,767,300

Corporate Resources

Program	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed
% Change	—	(8.6%)	26.0%	24.4%
Personnel	263	258	248	246

Note – Totals may not foot due to rounding.

*** Does not include reimbursement of expenses by outside entities. Reimbursements typically offset completely expenses.

REASONS FOR CHANGES

2010/11 vs 2011/12

O&M

Salaries and Benefits – Reflects anticipated increases in employee benefits costs, merit increases for eligible employees, and new requests for engineering O&M support of solar power purchase agreements and environmental mitigation banking / reserve tracking. In addition, new requests for implementing the PC Replacement Project, upgrading Oracle Financials, and new software maintenance support associated with e-Discovery, CAD engineering, Maximo mobile devices, enterprise learning, and water quality event detection.

Materials and Supplies – Reflects new software licensing and maintenance costs for Oracle, PeopleSoft, technical documentation, graphics/web support, and Eforms.

Communication Expenses – Reflects costs associated with additional reliability and security requirements.

Other Costs – Reflects additional dam safety fees paid to the California Department of Safety of Dams as well as training costs for IT projects previously budgeted in the CIP.

Operating Equipment - Reflects restoration of a number of deferrals from the prior fiscal year for IT servers, storage, and group-wide vehicle replacements.

Capital

The CIP contains over 70 appropriations with over 300 projects with proposed expenditures of approximately \$60M greater than FY 2010/11. Construction contract activities comprise approximately 62% of the total CIP and it is the fluctuation in construction that is driving the difference between 2010/11 and 2011/12. Programs with the most significant increases in construction activity for 2011/12 are:

Power Reliability and Energy Conservation Program: \$17 million

Weymouth Oxidation Retrofit Program: \$15 million

Jensen Treatment Plant Improvements: \$12 million

LaVerne Shop Facilities Upgrade: \$14 million

Conveyance, Distribution, and CRA Rehabilitation - \$12 million

Pipeline Refurbishment and Replacement - \$5 million

Programs with the most significant decreases in construction activity for 2011/12 are:

Weymouth Treatment Plant Improvements - \$12 million

Diemer Oxidation Retrofit - \$11M

Hydroelectric Power Plant Improvement Program - \$4 million

CRA – Pumping Plant Reliability Program - \$4 million

Personnel

CRG’s staff complement remains at the same level as budgeted in the 2010/11 year. There is, however, a shift of personnel from CIP to O&M to meet workload demands in the areas of solar purchase agreements, environmental mitigation credits, maintenance phases of new IT applications, and administration functions formerly budgeted as part of the CIP in fiscal 2011/12 and 2012/13.

2011/12 vs 2012/13

O&M

Salaries and Benefits – Reflects anticipated increases in employee benefits costs, merit increases for eligible employees, and an increase for additional engineering support of Bay-Delta initiatives as the program is planned to be in design in 2012/13.

Professional Services – Reflects increased engineering support for the Bay-Delta Conveyance Program.

Other Costs – Reflects increases for the replacement of leased vanpool vehicles in Metropolitan’s Rideshare Program.

Capital

The CIP contains over 70 appropriations with over 300 projects with proposed expenditures of approximately \$70M greater than FY 2011/12. Construction contract activities comprise approximately 71% of the total CIP and it is the fluctuation in construction that is driving the difference between 2011/12 and 2012/13. Programs with the most significant increases in construction activity for 2012/13 are:

- Weymouth Oxidation Retrofit - \$23 million
- CRA Conveyance Reliability Programs - \$29 million

Power Reliability and Energy Conservation Program - \$17 million

Mills Treatment Plant Capacity Upgrade - \$8 million

Jensen Treatment Plant Improvement Program - \$7 million

Water Operations Control Program - \$6 million

Pipeline Refurbishment/Replacement Program - \$5 million

Programs with the most significant decreases in construction activity for 2012/13 are:

Diemer Oxidation Retrofit Program - \$22 million

Distribution System Treated Water Cross Connection - \$12 million

La Verne Shop Upgrades - \$8 million

Chlorine Containment and Handling Facilities - \$4 million

Personnel

CRG’s personnel count continues to remain flat throughout 2012/13. There is a planned shift of two FTEs from CIP to O&M to provide additional engineering support of the Bay-Delta Conveyance Program as it moves into design phases.

BUSINESS SERVICES

The section is comprised of two units and nine teams that work collaboratively to support a broad range of Metropolitan’s business needs in the areas of contracting, procurement, inventory management, warehousing,

graphics, videography and photography, technical writing, records management, and administration of Metropolitan travel and the Rideshare program.

O&M Program Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
Salaries and Benefits	11,182,600	11,646,800	12,301,600	12,504,500	654,800	202,900
Professional Services	9,600	0	0	87,000	0	87,000
Other	1,082,700	1,072,600	1,296,700	1,197,000	224,100	(99,700)
Totals	12,274,900	12,719,400	13,598,300	13,788,500	878,900	190,200
% Change	—	3.6%	6.9%	1.4%	—	—
Personnel	89	90	91	91	1	0

Note – Totals may not foot due to rounding.

REASONS FOR CHANGES

2010/11 vs 2011/12

Salaries and Benefits – Reflects anticipated increases in employee benefits costs, merit increases for eligible employees, and the transfer of one position from the Office of Group Manager.

Other – Reflects increase for required software upgrades in technical documentation and graphic / web support, software maintenance associated with Eforms (Adobe Life Cycle), and for replacement of aging vanpool fleet vehicles.

2011/12 vs 2012/13

Salaries and Benefits – Reflects anticipated increases in employee benefits costs and merit increases for eligible employees.

Professional Services – Reflects increase for implementation of Oracle's Order Entry module, which will improve Metropolitan’s inventory management and greatly expedite provision of needed maintenance supplies and equipment to field staff.

Other – Reflects a reduction in software and training from the prior year budget.

ENGINEERING SERVICES

The section is responsible for providing project management, design, construction management, infrastructure protection, environmental

planning, and water-related local and regional facility planning services to ensure the continued reliability and quality of water deliveries.

O&M Program Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
Salaries and Benefits	18,218,800	19,235,800	20,363,100	20,961,700	1,127,300	598,600
Professional Services	717,900	1,370,200	1,190,200	1,411,700	(180,000)	221,500
Other	1,117,800	1,349,000	1,407,500	1,420,600	58,500	13,100
Totals	20,054,500	21,955,000	22,960,800	23,794,000	1,005,800	833,200
% Change	—	9.5%	4.6%	3.6%	—	—
Personnel	113	125	130	132	5	2

Note – Totals may not foot due to rounding.

REASONS FOR CHANGES

2010/11 vs 2011/12

Salaries and Benefits – Reflects a shift from capital to O&M to support Solar Power Purchase Agreements (PPA) and Mitigation Banking & Reserve Tracking initiatives, a change in how work previously charged to capital will be charged to O&M to comply with capitalization criteria outlined in Generally Accepted Accounting Principles (GAAP), and anticipated increases in employee benefits costs and merit increases for eligible employees.

Professional Services – Reflects lower volume of work anticipated due to a deferral in the schedule (6 to 9 months) in support of Bay-Delta initiatives. *(Note: Bay-Delta Program costs are to be offset by Delta Habitat Conservation and Conveyance Program (DHCCP) funding agreement in the amount of \$1.1million to \$1.6 million (represents 50 percent to 75 percent based on stakeholder participation.)*

Other – Reflects increases in the annual dam fees paid to the California Department of Safety of Dams and new Bentley maintenance fee for Projectwise.

2011/12 vs 2012/13

Salaries and Benefits – Reflects shift from capital to O&M to support the Bay Delta Program and anticipated increases in employee benefits costs and merit increases for eligible employees.

Professional Services – Reflects increasing workload as the Bay Delta Program schedule moves into the design phase. *(Note: Bay-Delta Program costs to be offset by DHCCP funding agreement in the amount of \$1.5 million to \$2.2 million (represents 50 percent to 75 percent based on stakeholder participation.)*

INFORMATION TECHNOLOGY

The section delivers information technology options, services, and solutions in the areas of enterprise and business applications, control

systems, mobile / wireless computing, telecommunications, network services, and information security.

O&M Program Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
Salaries and Benefits	21,265,500	21,482,800	22,967,600	23,370,800	1,484,800	403,200
Professional Services	331,500	138,000	252,600	252,600	114,600	0
Other	6,253,600	6,489,000	6,903,400	7,002,100	414,400	98,700
Totals	27,850,600	28,109,800	30,123,600	30,625,500	2,013,800	501,900
% Change	—	0.9%	7.2%	1.7%	—	—
Personnel	135	134	138	138	4	0

Note – Totals may not foot due to rounding.

REASONS FOR CHANGES

2010/11 vs 2011/12

Salaries and Benefits –Reflects a shift of labor from CIP to implement the PC Replacement Project and an upgrade of the Oracle Financials and anticipated increases in employee benefits costs and merit increases for eligible employees. In addition, labor is shifting from CIP to O&M for new maintenance associated with E-Discovery, CAD engineering, Maximo mobile devices, enterprise learning, and water quality event detection.

Professional Services – Reflects new funding for four part time interns and additional funds for business process consultants as identified in the recent ITSP update.

Other – Reflects increase in software licensing & support for Oracle and PeopleSoft (\$79K), communication expenses due to additional security requirements (\$237K), CIP related training for VOIP and other capital project costs that can not be capitalized (\$40K), an increase for Forester subscription services (\$23K), and communication supplies to support new SCADA equipment (\$16K).

2011/12 vs 2012/13

Salaries and Benefits – Reflects anticipated increases in employee benefits costs and merit increases for eligible employees.

Other – Reflects new software maintenance for WQMREDS and Pi as well as increases in other software maintenance contracts consistent with the rate of inflation.

OFFICE OF THE MANAGER

The Office of the Manger oversees the management of CRG’s three sections, the

oversight of Metropolitan’s CIP, and ARRA grant funding development.

O&M Program Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
Salaries and Benefits	1,834,500	1,673,900	1,775,200	1,816,500	101,300	41,300
Professional Services	0	0	0	0	0	0
Other	57,200	68,500	69,400	73,000	900	3,600
Totals	1,891,700	1,742,400	1,844,600	1,889,500	102,200	44,900
% Change	—	(7.9%)	5.9%	2.4%	—	—
Personnel	10	10	10	10	(1)	0

Note – Totals may not foot due to rounding.

REASONS FOR CHANGES

2010/11 vs 2011/12

Salaries and Benefits – Reflects anticipated increases in employee benefits costs and merit increases for eligible employees. Increase also reflects additional CIP cashflow planning and analysis formerly budgeted as a capital expense.

2011/12 vs 2012/13

Salaries and Benefits – Reflects anticipated increases in employee benefits costs and merit increases for eligible employees.

Three-Year Outlook

Estimated Expenditures

	2011/12	2012/13	2013/14
O&M	69,968,400	71,383,400	71,000,000
% Change	—	2.0%	(0.5%)
Personnel	369	370.5	359
Capital	287,398,700	356,642,600	390,000,000
% Change	—	24.1%	9.4%
Personnel	248	245.5	257
Total	357,367,100	428,026,000	461,000,000
Regular Personnel	616	616	616
Temporary Personnel	0	0	0
Total Personnel	616	616	616

Note – Totals may not foot due to rounding.

ASSUMPTIONS

Improve productivity through technology

Continue to implement the highest priority ITSP projects with continued focus on upgrading SCADA and communication systems. Additional technology will be employed to assist the Legal Department with the E-Discovery Program to meet discovery and data management requirements; enhance Water Quality and Event Detection Monitoring technology to provide early detection and warnings for possible contaminants; deploy communications technology to replace 20-year old voice systems and improve field and emergency communications; complete a PC Replacement Program for all desktop and laptop computers with newer and more reliable models; and continue to evaluate a range of IT advancements, such as cloud computing and iPads, to enhance productivity and business processes.

Streamline processes

Continue to reduce business process costs and eliminate lower-value activities. An example is collaborating with WSO to streamline tracking and storing of specialized treatment plant spare

parts to better process location, availability and use of physical resources. In conjunction with that effort, alternative warehousing and inventory models such as consignment inventory will be examined to determine feasibility and cost reduction potential. Continue to expand development of web-based technical treatment plant and distribution system manuals enabling broader access to updated information.

Build an adaptable, skilled workforce

Continue to better serve our customers and adapt to their changing priorities and those resulting from economic constraints and reductions in positions that occurred in FY2010/11. CRG’s staffing plans will focus on succession planning and filling of vacancies to prevent creation of any of skill gaps in the organization. CRG will continue to use successful products such as the Leadership Forums for managers and front-line supervisors.

Capital Investment Plan

The CIP will continue to focus on comprehensive refurbishment of Metropolitan’s conveyance, treatment, and distribution systems to ensure infrastructure reliability and water

quality excellence. Over the next three year period, there will be large investments made in oxidation retrofit of the Diemer and Weymouth treatment plants; the Mills Capacity Upgrade to 326 million gallons per day (mgd); comprehensive improvements at all five water treatment facilities; energy programs in the form of power reliability, energy conservation, solar power generation, and hydro power plant improvements; and refurbishment of the La Verne machine shops.

Personnel

CRG will continue efforts to maintain full time positions over the next three years while

avoiding any skill gaps in the group. Because of Metropolitan's involvement in the Bay-Delta Habitat Conservation and Conveyance Program, there will be upward pressure on Engineering's O&M budget as labor resources are reallocated to it from CIP workload. In addition, as IT capital projects are completed and moved into the ongoing maintenance phase, there will also be an offsetting shift of personnel back to O&M. Examples are the E-Discovery data management program, voice communication programs, SCADA upgrades, and Water Quality Monitoring and Event Detection.

Corporate Resources

Detail of Operating Equipment

2011/12

Description	Qty	New	Replace	Total
Corporate Resources, Business Services				
Broadcast Quality HD Professional Video Camera	1		13,060	
Forklift Med. Duty (min cap. 5500 lbs)	1		35,000	
Forklift hvy duty w/rotating fork-min cap 10K lbs	1		75,000	
Multi-format Video Transfer/Digitization	1	6,914		
Section Totals		6,914	123,060	129,975
Corporate Resources, Engineering Services				
DS02 - Hybrid Compact Sedan	1		26,259	
DS08 - 1/2 ton 4dr 4WD mid-size crew cab PU	3		79,501	
DS08A - 1/2 ton 2 WD 4 Dr mid-size crew cab PU	3		85,605	
DS12 - 3/4 Ton 4 WD ext. cab PU, w/short bed-6 ft	2		58,001	
DS14 - 3/4 Ton 4WD, ext Cab & Chassis w/98 UT body	2		67,000	
GPS System	1		153,650	
GPS equipment	2		26,340	
Section Totals			496,355	496,355
Corporate Resources, Information Technology				
Antenna and Coaxial FDR and TDR Tester	1	27,328		
Internet Traffic Packet Shaper	2		65,850	
Microsoft Intel Class Server	20		329,250	
SAN - Storage Area Network	1	175,600		
UNIX Enterprise servers	2	197,550		
Video Conferencing ISDN Gateway	1	19,206		
Section Totals		419,684	395,100	814,784
2011/12 Totals for Corporate Resources		426,598	1,014,516	1,441,114

Corporate Resources

Detail of Operating Equipment

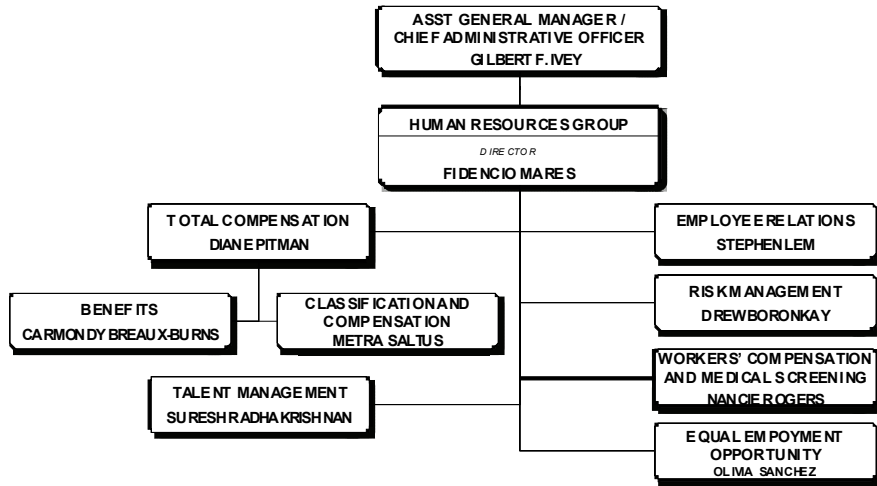
2012/13

Description	Qty	New	Replace	Total
Corporate Resources, Business Services				
DS03 - MID-SIZE SEDAN	1		26,780	
TRUCK, PICKUP, 1/2TON, STND CAB, GASOLINE	1		29,386	
VAN, COMPACT, 1/2TON, GASOLINE, 0-8500 GVWR	1		27,438	
Section Totals			83,603	83,603
Corporate Resources, Engineering Services				
Controller	1		49,388	
DS02 - Hybrid Compact Sedan	1		27,560	
DS08 - 1/2 ton 4dr 4WD mid-size crew cab PU	6		165,363	
DS12 - 3/4 Ton 4 WD ext. cab PU, w/short bed-6 ft	1		30,160	
DS14 - 3/4 Ton 4WD, ext Cab & Chassis w/98 UT body	1		34,840	
Portable UltrasonicFlaw Detector & Recorder System	1		60,363	
Scanner	1		18,109	
Section Totals			385,782	385,782
Corporate Resources, Information Technology				
Enterprise Backup Storage Solution	1		307,300	
Servers, BOD Voting & Cumulus	2		32,925	
Servers, Maximo	5		82,313	
Servers, TrendMicro (2) Project Server (1)	3		49,388	
Storage Area Network Lake Mathews	1	82,313		
Storage Area Network - Union Station	1	219,500		
Unix Workstation	3		42,803	
Section Totals		301,813	514,728	816,540
2012/13 Totals for Corporate Resources		301,813	984,113	1,285,925

MISSION, ROLES, AND RESPONSIBILITIES

The mission of Human Resources (HR) is to strategically recruit, retain, motivate, reward, and develop Metropolitan’s employees. Our focus is to foster a high performance workplace, management excellence, financial responsibility, integrated talent management, and Human Resources Excellence. Our services include employee and labor relations, recruitment and

selection, equal employment opportunity (EEO), benefits, retirement, leave administration, classification and compensation administration, workers’ compensation administration, medical screening, training, organizational effectiveness, and managing all aspects of Metropolitan’s insurance and risk management programs to minimize exposure to loss.



Human Resources

BUDGET ISSUES AND CONSTRAINTS

Overall group staffing has been adjusted to reflect elimination of two positions and an overall reduction in consulting services. While emphasis has been placed on reducing the budget, some increases were necessary in risk

management insurance premiums and in the professional services budget for classification and compensation consulting services.

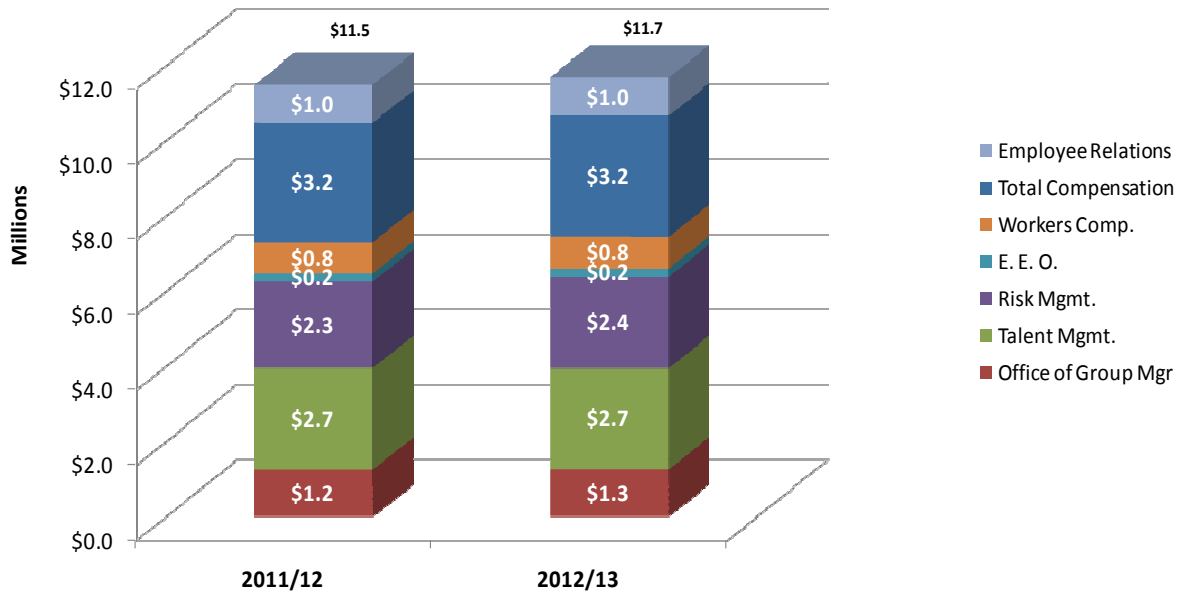
Examination of Human Resources right-sizing will continue throughout the budget cycle.

Budget Summary

	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
O&M	10,959,300	11,046,800	11,477,400	11,672,800	430,600	195,400
% Change	—	—	—	—	3.8%	1.7%
Totals	10,959,300	11,046,800	11,477,400	11,672,800	430,600	195,400
% Change	—	—	—	—	3.9%	1.7%
Regular	48	48	46	46	(2)	0
Temporary	1	0	0	0	0	0
Total Personnel	48	48	46	46	(2)	0

Note – Totals may not foot due to rounding.

Program Expenditure Comparison



2010/11 ACCOMPLISHMENTS

Strategic Human Resources

Continued efforts to reduce costs and improve HR efficiencies and staff utilization through the use of new HR technologies to enable real-time employee and manager self-service, streamline processes, and redeploy staff to improve internal skill alignment and enhance customer service.

Worked closely with the Organization and Personnel Committee on the Integrated Talent Management strategy, providing quarterly workforce data analyses and other EEO and diversity statistical reports, supporting the Blue Ribbon Committee Workforce for the Future initiative, and improving the Department Head Performance Evaluation process, which this year achieved 91 percent participation by the board.

Worked closely with the board and bargaining units using interest-based approaches to speed negotiations and foster a mutually acceptable, respectful negotiation process to develop Tentative Agreements for board consideration to help constrain labor costs.

Worked with groups and sections to use the Voices 2009 Employee Survey feedback for improvements. Initiatives in management coaching, expanded training, team-building, strategic planning, and employee relations reinforced Metropolitan’s focus on management excellence and effective people management.

Successfully implemented tiered management development programs for new managers and employees with pre-management career interests. Expanded the management development curriculum. Improved the curriculum for new manager orientation (NeMO) program and received excellent feedback for meeting the needs of newly selected managers. Trained and transitioned to MyLearning, Metropolitan’s automated learning management system, to improve access and compliance to training requirements. Rolled out a new curriculum to foster business and financial understanding for managers, expanded e-learning opportunities for employees through the MindLeaders curriculum and upgraded audio-visual and video-conferencing capabilities of existing classrooms.

Worked with management to redesign the performance management process to increase the focus on performance throughout the organization and to also address Voices 2009 survey feedback highlighting a lack of consequences for poor performance. The new automated performance system will reduce administrative time associated with past performance evaluation practices while also increasing management ability to align goals throughout the organization and foster improved performance conversations among management and staff. All managers will complete comprehensive performance management training before the new system is launched in July of FY 2011/12.

All key management and key technical positions now have development plans aligned with Talent Review criteria. Internal development pipelines and external recruiting strategies are in place to ensure Metropolitan has access to the right people with the right skills who can be placed in these critical positions when openings emerge.

Utilized the automated recruiting system to accelerate recruitments and expand web-based staffing and diversity outreach capabilities. A pilot deployment of this web-based system enabled processing of 1,400 applications for the Pre-Apprenticeship Program during the first 12 hours after posting. The system has increased access to a broadened pool of applicants helping Metropolitan fill positions vacated by an increasing number of retirees. In addition to maintaining an on-going presence at local recruitment events, Metropolitan’s staffing unit also played a key role in the recruitment for the Executive Director of the Colorado River Board. An improved partnership between hiring managers and staffing has resulted in over 90 percent of internal and external recruitments being completed within 60 calendar days.

HR Excellence

Employee Relations (ER) continued efforts to reduce grievances, speed grievance handling, and train managers in key topics such as reasonable suspicion, effective grievance handling, and handling poor performance. ER staff structure was realigned to focus grievance

and investigations through the Employee Relations Section while also continuing to increase staff presence in group organizations.

Provided and administered mandatory on-line sexual harassment and discrimination prevention training to the workforce with a 99% completion rate. Prepared the annual Affirmative Action Plan (AAP) for Veterans and Persons with Disabilities; provided training to management on Metropolitan obligations under AAP; tracked veterans' status to complete VETS 100 report. Met deadlines for timely completion of EEO4 and other required state or federal reports.

Responded and resolved external agency charges and resolved internal EEO complaints, responded to inquiries by employees and managers related to EEO issues, and worked to resolve issues prior to the need for a formal investigation.

Benefits staff continued to support employee and retiree health, benefit, and medical plans, maintained compliance with IRS guidelines for Metropolitan's 401(k) and 457 savings plans, and provided and adapted to rapid and unforeseen changes in benefit/medical requirements resulting from recently approved healthcare legislation, including extending medical coverage until age 26 for dependent children. Coordinated education seminars for employees on retirement planning, estate planning, and other financial education.

Resolved the long-standing System Operators classification and enabled the use of up-to-date job descriptions when posting job openings for each of Metropolitan's four bargaining units. Efforts are underway to replace the previous whole-job classification system with a simplified and streamlined point-factor system which increases Metropolitan's ability to accurately compare and characterize classification and compensation throughout Metropolitan.

Provided workers' compensation claim and medical programs results, conducted commercial driver and respirator evaluations, and administered the hearing conservation and DOT drug and alcohol testing programs. Assessed and processed requests for accommodation under ADA/FEHA and provided training to supervisors and managers, as needed.

Coordinated and provided seasonal flu vaccinations and maintained OSHA records, medical surveillance documentation, and the disability management database.

Completed risk assessments on professional services agreements, construction contracts, permits, easements, events, and business processes within prescribed time periods. Reviewed and assessed Metropolitan's excess and specialty insurance program and renewed coverages, with Board approval and within budget. Managed Metropolitan's self-insured liability and property claims programs to minimize financial liability and unnecessary litigation.

Selected to present at the Annual Consulting Psychology Conference on the topic of leadership and delivered a paper on the use of social media in water utilities at the 2010 Annual Utility Management Conference. A paper resulting from that presentation was published in *Water, Environment, and Technology* in June 2010.

OBJECTIVES FOR 2011/12 AND 2012/13

Strategic HR

Successfully meet commitments made to management and the Organization and Personnel Committee on fostering a high performance workplace, management excellence, integrated talent management, and Human Resources Excellence for HR services and support. Expand development, communication, and implementation of a comprehensive HR strategy to support initiatives requested by executive management and the Organization and Personnel Committee. Expand use of outside speakers and invite experts to broaden management familiarity with best practices in Human Resources and Talent Management.

High Performance Workplace

Foster a high performance workplace strategy through climate surveys, management forums, coaching, team-building, and training activities. Conduct a second Management Forum to increase management alignment and

understanding of management and financial responsibilities. Foster management excellence at learning events with outstanding outside speakers. Continue implementation of a comprehensive Performance Management Process and gain strong user and management support for an effective performance culture change. Strengthen support for the board Department Head Performance Evaluation Process. Support senior leadership in deploying a new performance management process into their organizations. Establish management standards and metrics.

Talent Management

Expand ongoing succession, knowledge capture, and talent review processes to support implementation of the approved Succession Framework. Leverage the succession management framework to develop the workforce to meet future skill gaps and critical job needs. Expand e-learning curriculum to support the needs of employees in the field and in technical functions. Support leadership and management development training to foster effective people management competencies. Ensure employee development plans are aligned with Metropolitan business needs. Enhance the value delivered through Metropolitan's Tuition Reimbursement Program.

Human Resources Excellence

Continue to improve the overall cost structure and effectiveness of HR programs, processes, and practices. Continue initiatives to support Human Resources Excellence, ongoing customer service feedback, and improved web-based communications into Metropolitan organization.

Total Compensation

Establish a consistent and performance-oriented compensation philosophy and plan to support Metropolitan business objectives. Implement the AFSCME job descriptions. Develop an improved and streamlined classification / job description review processes. Implement a point-factor job classification system. Develop and implement a temporary promotion process.

Health and Voluntary Benefits

Administration

Administer all health and voluntary benefit plans in compliance with MOU's, applicable laws, and provider contracts. Create communications, presentations, and articles to keep the people we service informed. Host annual open enrollment site visits, process and administer all open enrollment, family status, employment, life event, and beneficiary changes. Provide an annual Benefits Confirmation and Total Compensation statement to all active employees.

Deferred Compensation Administration

Oversee enrollments, changes, and distributions in coordination with Great-West, the outside provider for 401 / 457 plans. Continue to manage the Great-West contract and ensure we are in compliance with IRS guidelines for the 401(k) and 457. Coordinate quarterly committee meetings to ensure compliance and fiduciary plan responsibility. Coordinate and host workshops and seminars at various locations throughout Metropolitan for active employees. Provide quarterly site visits to provide one-on-one consultations to active employees. Coordinate an annual mailer and/or workshop for retired participants.

Leave and Disability Management

Provide administration of employee leaves in coordination with FMLA, CFRA, PDL laws; administer Leave Donation programs; coordinate disability claims and retirements; and assist with Administrative Code and MOU language updates as applicable to law.

Retirement Services

Host employee workshops on retirement and pre-retirement benefits and provide one-on-one employee counseling regarding retirement and service credit purchases. Process and administer retirement benefits as outlined in MOU, Administrative Code, and Public Employee Retirement Law.

HR Programs and Services

Administer the Service Awards Program hosting two annual recognition luncheons and coordinating milestone achievement awards with the new vendor and program changes.

Administer the Professional Development and Executive Wellness Reimbursement programs and administer the Lactation Program.

Human Resources Information Systems

Partner with Benefits and Class / Comp staff to implement additional functionality within the PeopleSoft system, specifically with regards to processing benefit changes and class / comp reporting. Partner with the Talent Management Unit to implement the Performance Management System throughout Metropolitan. Determine the technology needs in workforce planning and succession management and assist with selection and implementation. Start planning the potential upgrade of PeopleSoft. Ensure proper tracking of consultants, agency temporary employees, and other "supplemental" labor within PeopleSoft.

Employee Relations

Play an integral role in ongoing contract negotiations with the goal of reaching long-term agreements with the bargaining units. ER will also continue on-going training to managers and supervisors on employee relations issues, as well as Reasonable Suspicion and Drug/Alcohol Testing. ER will continue its Business Plan metric to respond within MOU timeframes to all grievances and will continue working towards reducing the number of grievances and unfair labor practice (i.e., PERB, Public Employees Relations Board) charges. ER will continue to play a key role, along with the Classification / Compensation Unit, in completing the AFSCME Class Study, including negotiations about compensation levels.

Equal Employment Opportunity (EEO)

The EEO Unit will now be distinct from the EEO Program Office and shall be a component of the Employee Relations Section. The EEO Unit will be responsible for rapidly handling and investigating internal EEO complaints. The EEO Unit will also respond to inquiries by

employees and managers related to EEO issues and will work to resolve issues prior to the need for a formal investigation. The EEO Unit will continue to administer mandatory training to ensure 100 percent compliance. Responsibility for actual training content, however, will reside outside the Employee Relations Section with the EEO Program Manager who will also prepare and update the Annual Affirmative Action Plans for Veterans and Person with Disabilities and analyze workforce data and prepare quarterly and other statistical EEO-related reports.

Staffing

Continue initiatives to reduce recruitment time. Complete implementation of an automated performance management system, deliver training for managers and employees, and follow up to ensure accountability, consistency, and continuous improvement. Expand sourcing and recruiting through job boards, social media, and networking. Network with hiring managers to seek workforce planning information and support their hiring needs. Increase co-sourcing of recruitments for hard-to-fill and other appropriate positions. Improve outreach activities to support diversity initiatives, particularly among veterans, women, and other minorities.

Workers' Compensation and Medical

Best practice management of Metropolitan's workers' compensation claim and medical programs, including commercial driver and respirator evaluations, hearing conservation program and DOT drug and alcohol testing. Maintain OSHA records (pending transfer of function back to EHS), medical surveillance documentation, and disability management database. Assess and process requests for accommodation under ADA / FEHA; implement mandatory supervisor / manager training. Coordinate and provide seasonal flu vaccinations.

Risk Management

Continue to manage the Self-Insured Liability / Property Program; assess risks for all contracts, permits and event requests within the 7-day turn-around period; monitor and update Metropolitan

Human Resources

contract language and terms to match changing industry standards; and negotiate the risk requirements of Metropolitan contracts when needed. Assess claims and make equitable settlement offers when appropriate to protect Metropolitan assets and avoid unnecessary litigation. Continue to assess the Self-Insurance Program and Excess Insurance Policies coverage

for efficiency and to monitor appropriate coverage limits. Explore alternative risk financing options, such as captives, to reduce costs without significantly increasing financial exposure. Continue to work with other Metropolitan organizations to investigate property development opportunities while protecting Metropolitan interests.

Human Resources

Performance Measures Summary

The performance measures listed below serve as operational guidelines to monitor the success of the Human Resources Group in supporting the key strategy, Competent and Effective Workforce, of the GM's Business Plan for Metropolitan.

Performance Measure	Measurement Intent	FY 09/10 Baseline Information	FY 10/11 Performance*	Target
Completion of Labor Negotiations	Ratification of proposed MOUs by all parties.	-		Completion
HR Customer Satisfaction	Monitor effectiveness of HR services delivered.	-	New measure	TBD
Critical Position Development Pipelines	Ensure that positions critical to Metropolitan have "development pipelines" in place.	-	New measure	TBD
Completion of O&P Committee Deliverables	Achievement of commitments to O&P Committee.	--	New measure	100% per agreed to dates
Injury & Illness Rate	Measure of occupational injury/illness.	4.68	4.64	< 8.56
Percent grievance resolution within MOU timeframes	HR grievances handling effectiveness.	100%	100%	100%
Recruitment Efficiency*	Monitor effectiveness of efforts to reduce time and cost to recruit.	88% within 90 days	88% internal within 60 working days 100% external within 90 working days	≥ 90% internals within 60 calendar days ≥ 90% externals within 60 calendar days
On-time Employee Evaluation Completion Rate	Ensure timely Employee Evaluation feedback.	94.4%	91.0%	≥ 95%
Training and OD Service Effectiveness Ratings	Monitor satisfaction with Training and Organizational Development deliverables.			Rating of 4 out of 5 or higher
HR Mandatory Training Completion	Completion of required HR training.			>95%
EEO Mandatory Training Compliance	Compliance with mandatory harassment training.	99.0%	97.5%	100%
Employees with Development Plans	Ensure all employees have development plans.			TBD
Contract Risk Assessments Completion	Completion of risk management evaluations within 7 day timeframe.	100%	100%	100%

* Actual performance through December 2010.

O&M Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
Salaries and Benefits	7,797,300	7,569,100	7,618,000	7,670,000	48,900	52,000
Professional Services	871,300	1,120,500	1,173,800	1,149,800	53,300	(24,000)
Other	0	0	0	0	0	0
Insurance Premiums	1,167,900	1,250,000	1,350,000	1,475,000	100,000	125,000
Subsidies & Incentives	580,700	524,000	579,900	579,900	55,900	0
Outside Services - Non Professional / Mainte	105,900	130,000	235,000	235,000	105,000	0
Other Accounts	436,100	453,300	520,800	563,200	67,500	42,400
Totals	10,959,200	11,046,900	11,477,500	11,672,900	430,600	195,400
% Change	—	0.8%	3.9%	1.7%	—	—
Regular	48	48	46	46	(2)	0
Temporary	1	0	0	0	0	0
Total Personnel	48	48	46	46	(2)	0

Note – Totals may not foot due to rounding.

REASONS FOR CHANGES

2010/11 vs 2011/12

Salaries and Benefits – Reflects anticipated increases in employee benefits costs and merit increases for eligible employees.

Professional Services – Reflects increase in cost of pre-employment testing and medical screening, HRIS OrgChart+ software, and Cargill attorney / education expenses.

Insurance Premiums – Reflects anticipated increase in insurance premiums.

Subsidies and Incentives – Reflects rising tuition costs at local universities and colleges.

Outside Services / Non-Professional Services – Reflects new service award program costs, Conexis administration, and the new Performance / Talent Management System.

Other Accounts – Reflects increased recruitment advertising, supplies, training and development, and new hire medical exam costs driven by the need to recruit positions to replace an increasing number of retirements as well as anticipated increases in workers' compensation fees.

2011/12 vs 2012/13

Salaries and Benefits – Reflects anticipated increases in employee benefits costs and merit increases for eligible employees partially offset by an increase in the vacancy rate.

Professional Service – Reflects elimination of Cargill attorney services.

Insurance Premiums – Reflects anticipated increases in insurance premiums.

Other Accounts – Reflects increased recruitment advertising, supplies, training and development, and new hire medical exam costs driven by the need to recruit positions to replace an increasing number of retirements as well as anticipated increases in workers' compensation fees.

EMPLOYEE RELATIONS

The role of the section is to foster harmonious labor relations between Metropolitan and its four certified bargaining units. The section plays a key role in contract negotiations, including working as a partner with senior management in developing Metropolitan’s collective bargaining

strategy. Employee Relations staff also serve as a resource to managers and supervisors on such matters as grievances, disciplinary actions, and workplace conflicts. Finally, the section provides ongoing training to managers on all facets of employer-employee relations.

O&M Program Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
Salaries and Benefits	939,100	899,800	985,900	998,900	86,100	13,000
Other	9,600	14,300	17,900	17,900	3,600	0
Totals	948,700	914,100	1,003,800	1,016,800	89,700	13,000
% Change	—	(3.6%)	9.8%	1.3%	—	—
Personnel	5	5	6	6	1	0

Note – Totals may not foot due to rounding.

REASONS FOR CHANGES

2010/11 vs 2011/12

Salaries and Benefits – Reflects the transfer of two positions from to Office of Group Manager and anticipated increases in employee benefits costs and merit increases for eligible employees partially offset by elimination of one position.

Other – Reflects additional training and development expenses as a result of the transfer of EEO responsibilities into Employee Relations.

2011/12 vs 2012/13

Salaries and Benefits – Reflects anticipated increases in employee benefits costs and merit increases for eligible employees.

TOTAL COMPENSATION

The section is responsible for the strategic design and implementation of Metropolitan’s compensation, benefits, and the Human Resources Information Systems (HRIS) programs. The section leads and participates in continuous process improvement and cost

optimization studies for all plans. Responsibilities include job analysis, market assessments, active employee and retiree benefit program administration, responding to union requests, and maintaining the Total Compensation Program.

O&M Program Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
Salaries and Benefits	2,734,500	2,556,600	2,720,600	2,781,800	164,000	61,200
Professional Services	9,200	0	82,000	58,000	82,000	(24,000)
Other	345,300	346,500	378,100	380,800	31,600	2,700
Totals	3,089,000	2,903,100	3,180,700	3,220,600	277,600	39,900
% Change	—	(6.0%)	9.6%	1.3%	—	—
Personnel	18	18	18	18	0	0

Note – Totals may not foot due to rounding.

REASONS FOR CHANGES

2010/11 vs 2011/12

Salaries and Benefits – Reflects anticipated increases in employee benefits costs, merit increases for eligible employees, and the transfer of one staff position from the Office of the Group Manager partially offset by elimination of one staff position.

Professional Services – Reflects Cargil attorney / education costs and consulting services on cafeteria benefits plans.

Other – Reflects costs associated with OrgChart+ licensing.

2011/12 vs 2012/13

Salaries and Benefits – Reflects anticipated increases in employee benefits costs and merit increases for eligible employees.

Professional Services – Reflects completion of class compensation redesign consulting services.

OFFICE OF HUMAN RESOURCES GROUP MGR

The Office of the Human Resources Group Manager provides strategic leadership and direction for Metropolitan’s Human Resources functions. The O&M Program Financial Summary reflects budgets for the Office of the

Group Manager and the organizations reporting directly to it including Risk Management, Talent Management, Equal Opportunity Employment, and Workers’ Compensation and Medical Screening.

O&M Program Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
Salaries and Benefits	4,123,700	4,112,700	3,911,400	3,889,300	(201,300)	(22,100)
Professional Services	862,100	1,120,500	1,091,800	1,091,800	(28,700)	0
Other	1,929,200	1,996,400	2,289,700	2,454,400	293,300	164,700
Totals	6,915,000	7,229,600	7,292,900	7,435,500	63,300	142,600
% Change	—	4.5%	0.9%	2.0%	—	—
Personnel	26	25	22	22	(3)	0

Note – Totals may not foot due to rounding.

REASONS FOR CHANGES

2010/11 vs 2011/12

Salaries and Benefits – Reflects reallocation of three staff positions within the Human Resources Group partially offset by anticipated increases in employee benefits costs and merit increases for eligible employees.

Other – Reflects increased recruitment advertising, supplies, training and development, and new hire medical exam costs driven by the need to recruit positions to replace an increasing number of retirements. Also reflects anticipated increases in workers’ compensation fees and insurance costs as well as the ongoing cost of installation and deployment of a new performance/talent management system.

2011/12 vs 2012/13

Salaries and Benefits – Reflects continuing realignment of staff partially offset by anticipated increases in employee benefits costs and merit increases for eligible employees.

Other – Reflects increased recruitment advertising, supplies, training and development, and new hire medical exam costs driven by the need to recruit positions to replace an increasing number of retirements and anticipated increases in workers’ compensation fees and insurance costs.

Human Resources

Three-Year Outlook

Estimated Expenditures

	2011/12	2012/13	2013/14
O&M	11,477,400	11,672,800	11,672,800
% Change	—	1.7%	—
Personnel	46	46	46
Capital	0	0	0
% Change	—	—	—
Personnel	0	0	0
Total	11,477,400	11,672,800	11,672,800
Regular Personnel	46	46	46
Temporary Personnel	0	0	0
Total Personnel	46	46	46

Note – Totals may not foot due to rounding.

ASSUMPTIONS

Reflects anticipated employee merit and benefits costs increases, increase in insurance premium costs and recruitment costs including advertising, medical exams, and training. FY 2013/14 budget is expected to remain flat.

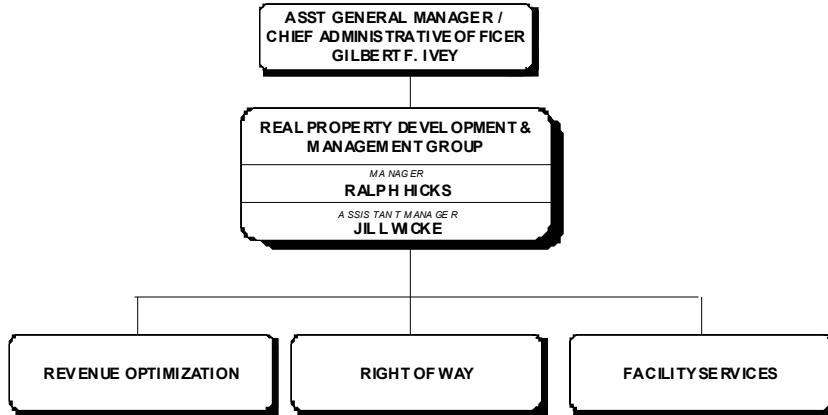
Although the personnel trend will remain flat, ongoing examination of right-sizing of Human Resources will continue throughout this three-year budget cycle.

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MISSION, ROLES, AND RESPONSIBILITIES

The RPDM Group is responsible for managing Metropolitan's real property assets. The group's focus is expanding to incorporate revenue enhancement to extract value from real property assets, while ensuring that Metropolitan's core business is protected. The functions within the group are aligned to accommodate this expanded role to continue to enhance the group's overall effectiveness. The group is composed of one section (Revenue Optimization) and two units

(Right of Way and Facility Services). Revenue Optimization proactively seeks to generate significant ongoing revenue from Metropolitan's real property assets. Right of Way manages acquisition of property and property rights and Facility Services provides the services that support the day-to-day activities within Metropolitan's Union Station Headquarters building and the Diamond Valley Lake (DVL) Visitor Center.



BUDGET ISSUES AND CONSTRAINTS

The proposed 2011/12 O&M budget reflects a 4 percent increase from the 2010/11 O&M budget. This increase incorporates moderate escalation in service and utility contracts, the addition of land use feasibility study services, and supports RPDM priorities of: developing the workforce through education, training, and succession planning; reviewing all Metropolitan properties for opportunities for enhanced revenue generation; containing costs while maintaining Metropolitan facilities and providing outstanding customer support to internal and external clients; and completing the DVL properties land use plan.

The proposed 2012/13 O&M budget reflects a 2.4 percent decrease from the 2011/12 O&M budget. This decrease largely reflects the completion of feasibility study services.

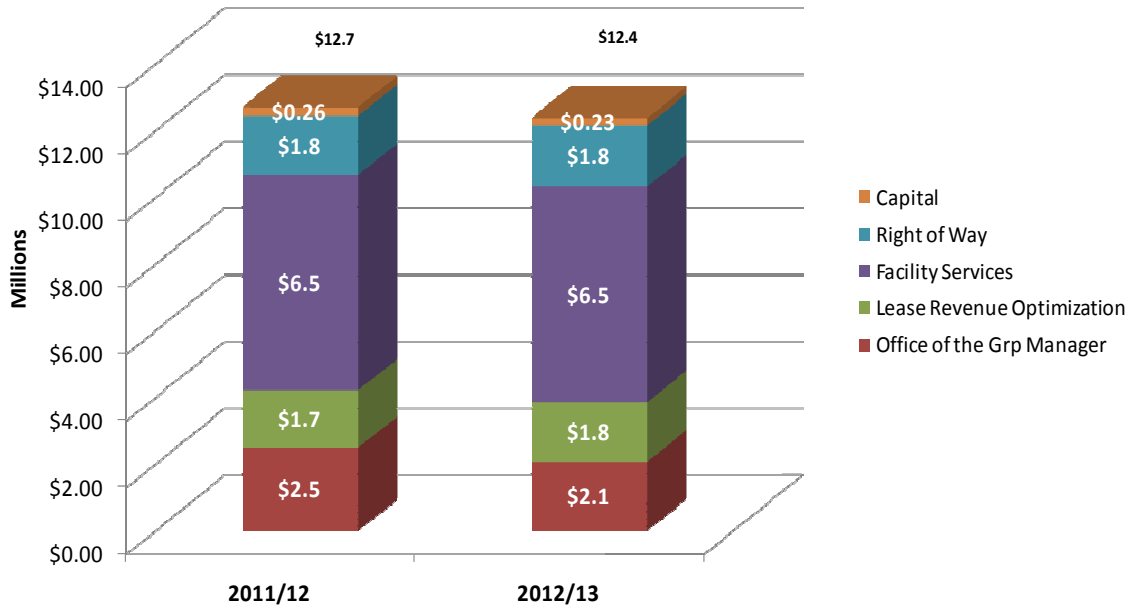
To minimize increases to the O&M budget while developing opportunities for sustainable revenue enhancement strategies, the group developed and implemented a best practices manual employing cost containment measures, is filling vacancies with required real estate skill sets, and pursuing leases for renewable energy, telecommunications, and filming.

Budget Summary

	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
O&M	11,036,100	11,930,200	12,433,600	12,139,500	503,400	(294,100)
% Change	—	—	—	—	4.0%	(2.4%)
Capital	166,500	38,400	264,100	225,100	225,700	(39,000)
% Change	—	—	—	—	85.5%	(17.3%)
Totals	11,202,600	11,968,600	12,697,700	12,364,600	729,100	(333,100)
% Change	—	—	—	—	6.1%	(2.6%)
Regular	47	48	48	48	0	0
Temporary	1	0	0	0	0	0
Total Personnel	48	48	48	48	0	0

Note – Totals may not foot due to rounding.

Program Expenditure Comparison



2010/11 ACCOMPLISHMENTS

Continued implementing revenue enhancement strategies for Metropolitan’s real property assets.

Continued to refine vision for the Sustainability Institute at DVL.

Declared the La Verne / Arrow Highway property surplus and offered it for sale.

Entered into an option agreement with BrightSource Energy for the development of a solar thermal facility on Metropolitan’s 6,640-acre Palo Verde property, for which Metropolitan received \$1.05 million in option payments in FY 2010/11.

Negotiated option agreement for solar farms on Metropolitan’s north and west properties at DVL.

Completion of solar generation re-distribution at DVL Visitor Center to benefit from excess power generated at facility.

Received proposals for the development of a DVL recreational vehicle park and long-term marina operator through the RFP / RFQ processes.

Executed 32 agreements for compatible third-party uses of Metropolitan-owned land. These agreements (licenses and leases) are a moderate revenue source for Metropolitan that helps to reduce rate increases.

Assembled and delivered possessory interest reports for approximately 270 agreements and submitted and paid property tax filings in excess of \$600,000 for more than 400 Metropolitan parcels to area counties (Ventura, Los Angeles, Orange, San Diego, Riverside, San Bernardino, Imperial, and Mojave, Arizona).

Executed 31 conveyance transactions for easements and permits complementing projects involving public works, utility installations, land development, service connections, pipeline relocations, and roadway construction.

Assisted in efforts to reconcile reversionary rights along the Colorado River Aqueduct.

Continued administration of farm leases for 9,300 acres of leased lands in the ongoing Forbearance and Fallowing Program involving PVID and Metropolitan. One farm lease renewal was completed and a RFP for entering

into a new agreement for a second lease was issued.

Implemented a new strategy and hired a new consultant to optimize opportunities for added revenue through telecommunications site leases.

Responded to trespasses, dumping, brush clearance citations, and encroachments onto Metropolitan right-of-way within all counties of Metropolitan's operations. This was done in collaboration with WSO, Security, and Legal.

Completed annual site inspections on 240 leased property sites.

Represented Metropolitan's interests in various planning commission meetings and environmental scoping sessions regarding impacts to Metropolitan-owned land (e.g., Santa Clarita, Perris, Claremont, La Verne, Los Angeles, and others).

Administered lessee's compliance with lease agreements (e.g., invoicing, insurance coverage, and rents receivable).

Monitored timeliness of rental payments and collections in collaboration with the CFO group and Legal department.

Completed the appraisal of properties required for the Bay-Delta Yolo Bypass Restoration Project.

Executed 15 quitclaim deeds for the release of remaining temporary construction easements for the San Diego Pipeline No. 6 North Reach Project.

Completed the acquisition of permanent and temporary easements for the Perris Valley Pipeline.

Awarded the 2010 "The Outstanding Building of the Year" (TOBY) Award for building quality and excellence in building management.

Developed and implemented a best practices manual for the group.

Developed and implemented online high-rise safety training.

Performed 200 preventive maintenance procedures per month to building equipment and systems at the headquarters building.

Administered over 15 filming and parking permits.

Developed and implemented the Headquarters Incident Command Center and emergency response program.

Advertised the RFP for the headquarters cafeteria services provider.

Reduced the headquarters building janitorial contract by approximately 4 percent monthly by adjusting the cleaning schedule on scheduled Fridays off.

Initiated workforce development and succession planning.

Operated the DVL Visitor Center in a cost-effective manner. Approximately 26,000 people visited the facility during the first six months of the fiscal year.

Continued to manage the operations and maintenance of the existing recreational facilities at DVL and Lake Skinner with no adverse impact to water quality and supply reliability.

OBJECTIVES FOR 2011/12 AND 2012/13

Continue to implement revenue enhancement strategies and opportunities for Metropolitan's real property assets.

Continue to develop the Sustainability Institute in a self-sustaining manner.

Implement a DVL land use plan as approved by the Board and complete the associated entitlement process.

Enter into a long-term ground lease with a developer for the DVL recreational vehicle park.

Enter into a long-term lease for a DVL marina operator.

Seek Board approval for long-term ground lease agreements for Palo Verde and DVL solar facilities, subject to CEQA and project permitting processes.

Continue efforts to improve procedures, tools, technologies, and practices for public sector real

property management in light of current and future trends.

Continue review of the comprehensive inventory of Metropolitan-owned real property to identify excess property and consider leasing opportunities based on compatible third-party and secondary-use requests.

Protect rights-of-way and facilities for optimal operating conditions and promote stewardship and sustainability of real property assets.

Revise right-of-way operating policies to reflect modernized best practices.

Improve land security practices to further decrease incidences of trespass / encroachment.

Continue efforts to detect and address right-of-way encroachments in a timely manner.

Complete annual site inspections of leased property.

Make property tax payments and file possessory tax reports to appropriate counties on time.

Make timely and suitable responses to adjacent projects, land developments, legislation, and environmental proceedings.

Monitor compliance with terms of licensing and leasing agreements (e.g., invoicing, insurance coverage, fee and rent receivables).

Continue to market space at the Union Station headquarters building for leasing.

Improve desktop accessibility to accurate land information.

Provide property planning, research, and valuation in support of the Bay-Delta Conservation Plan and the Delta Habitat Conservation and Conveyance Program.

Provide acquisition, appraisal, negotiations, and cost analysis services for O&M and capital projects.

Acquire the necessary property and rights-of-way in support of the Systems Overview Study and IRP.

Provide timely and effective responses to member agency requests for annexations.

Monitor legislation regarding eminent domain, relocation assistance, and public agency real estate acquisition and appraisal practices.

Replace the current Asset Information Management System (AIMS) with new and improved real property management system software.

Continue to optimize the cost of maintaining the headquarters building and DVL Visitor Center while supporting Metropolitan's sustainability initiatives.

Maintain the headquarters building under guidelines and benchmarks established by Building Owners and Managers Association (BOMA).

Develop and implement a plan to evaluate and replace aging building equipment and systems.

Develop and implement a plan for more efficient storage, workstations, and office space.

Update common areas of the Union Station headquarters building and improve signage.

Conduct study of alternative energy use at the headquarters building.

Use grant funding to retrofit lighting fixtures and lamps for the headquarters building garage, Sunset garage, and the Soto Street facility.

Conduct follow-up customer service survey for cafeteria services.

Complete an office space utilization study.

Monitor and maintain data for sustainability program and LEED certification.

Continue to develop and train emergency response staff.

Advertise RFPs for cafeteria and janitorial services for the headquarters building.

Provide customer service to headquarters building occupants, visitors, vendors, and the general public.

Expand knowledge, skills, and abilities of staff through training, succession planning, and educational workshops.

Rebuild the group's performance measurement system to better reflect the new group structure.

Real Property Development & Management

Performance Measures Summary

Current performance measures are being assessed and new ones will be developed that better reflect the initiatives and outcomes of the group and are better aligned with the initiatives

of the Board and executive management. Specific projects will be tracked by budget and schedule.

Performance Measure	Measurement Intent	FY 09/10 Baseline Information	FY 10/11 Performance*	Target
Number of Leases Negotiated at or above FMV	Monitor number of existing leases and new leases negotiated at or above Fair Market Value.	New measure	88% (7/8)	100%
Amount of Lease Revenue Generated	Monitor amount of lease revenue generated at, above, or below fair market value.	New measure	_____	\$4,000,000
Revenue Generated from Real Property Activities	Track total revenue generated from all real property activities including but not limited to permits, licenses, leases, easements or other use fees.	New measure	\$2,500,000	\$12,400,000
Number of Vehicles Parking/Entering	Monitor use of facilities by visitors to facilitate staffing requirement planning and maintenance.	19,372	12,700	Seasonal
Number of Private Boat Launches	Monitor level of boating activity at Diamond Valley Lake.	6,289	5,440	Seasonal
Number of Fishing Access Permits Issued	Monitor number of anglers and ensure adequate funds for fisheries management.	47,282	32,884	Seasonal
Amount Collected for Boat Ramp Repayment	Track amount collected from increased launch fees to repay cost of 2010 boat ramp extension.	New measure	\$32,000	\$75,000

* Actual performance through December 2010.

Real Property Development & Management

O&M Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
Salaries and Benefits	6,444,900	6,636,600	6,160,900	6,350,100	(475,700)	189,200
Professional Services	224,300	352,700	910,500	435,500	557,800	(475,000)
Other	0	0	0	0	0	0
Outside Services - Non Professional / Mainte	2,201,600	2,407,000	2,545,300	2,555,900	138,300	10,600
Utilities Charges	1,163,500	1,206,600	1,349,100	1,384,600	142,500	35,500
Repairs & Maintenance - Outside Services	420,700	490,200	492,000	489,500	1,800	(2,500)
Materials & Supplies	262,600	394,200	469,200	477,200	75,000	8,000
Other Accounts	310,600	443,000	506,500	446,700	63,500	(59,800)
Totals	11,028,200	11,930,300	12,433,500	12,139,500	503,200	(294,000)
% Change	—	8.2%	4.2%	(2.4%)	—	—
Operating Equipment	7,600	0	0	0	0	0
Total O&M and Operating Equipment	11,035,800	11,930,300	12,433,500	12,139,500	503,200	(294,000)
% Change	—	8.1%	4.2%	(2.4%)	—	—
Regular	45	47	47	47	0	0
Temporary	1	0	0	0	0	0
Total Personnel	45	47	47	47	0	0

Note – Totals may not foot due to rounding.

Capital Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed
Salaries and Benefits	166,500	38,400	253,800	225,100
Construction	0	0	10,300	0
Totals	166,500	38,400	264,100	225,100
% Change	—	(76.9%)	587.8%	(14.8%)
Regular	3	1	1	1
Temporary	0	0	0	0
Total Personnel	3	1	1	1

Note – Totals may not foot due to rounding.

*** Reimbursable expenses included above are offset by a similar amount of revenue.

Capital Expenditure Plan

Program	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed
Chlorine Containment and Handling Facilities	0	15,200	3,100	0
Conveyance and Distribution System - Rehabilitation	7,000	5,600	15,900	1,500
Conveyance and Distribution System - Rehabilitation Phase II	3,400	0	25,900	1,600
Diemer Water Treatment Plant - Construct Sedimentation Basin Spillways	1,900	0	0	0
Diemer Water Treatment Plant - Improvements Program	27,700	17,600	0	0
Distribution System - Treated Water Cross Connection	6,700	0	0	0
Information Technology System - Infrastructure	9,200	0	0	0
Inland Feeder	13,400	0	0	0
Perris Valley Pipeline	75,400	0	0	0
Right of Way Protection and Rehabilitation Program	0	0	217,000	222,000
San Diego Pipeline No. 6	21,700	0	0	0
Weymouth Water Treatment Plant - Oxidation Retrofit Program	100	0	0	0
White Water Siphon Protection	0	0	2,200	0
Totals	166,500	38,400	264,100	225,100
% Change	—	(76.9%)	587.8%	(14.8%)
Personnel	3	1	1	1

Note – Totals may not foot due to rounding.

REASONS FOR CHANGES

2010/11 vs 2011/12

O&M

Salaries and Benefits – Decrease reflects a 10 percent vacancy rate to accommodate for current vacancies and anticipated retirements, partially offset by anticipated increases in employee benefits costs and merit increases for eligible employees.

Professional Services – Increase reflects addition of land development feasibility study services and transfer of fisheries management agreement from trust account to O&M.

Other Accounts – Reflects increases in headquarters building utility costs, building engineering, janitorial service contracts, and replacement of obsolete cubicles and workstations.

Capital

Focus of efforts on right of Way protection.

2011/12 vs 2012/13

O&M

Salaries and Benefits – Increase reflects replacement of several vacancies, anticipated increases in employee benefits costs, and merit increases for eligible employees.

Professional Services – Decrease reflects completion of land development feasibility study services.

Other Accounts – Reflects increases in headquarters building utility costs and building engineering and janitorial service contracts.

Capital

Focus of efforts on Right-of-Way protection.

REAL PROPERTY DEVELOPMENT AND MANAGEMENT GROUP

The Real Property Development and Management Group (RPDM) is responsible for managing Metropolitan's real property assets. RPDM's focus is expanding to incorporate revenue enhancement to extract value from real property assets while ensuring that Metropolitan's core business is protected. To accommodate this role and enhance the group's overall effectiveness, RPDM's functions are organized within one section (Revenue Optimization) and two units (Right of Way and Facility Services).

Revenue Optimization proactively seeks to generate significant ongoing revenue from Metropolitan's real property assets, including leasing office space at the headquarters at Union Station and the DVL Visitor Center, coordinating filming and special events at all Metropolitan facilities, and ground leasing Metropolitan's non-operational lands for development that is consistent and compatible with Metropolitan's core mission.

Right of Way manages acquisition of property and property rights for capital projects, compatible third-party uses of Metropolitan's operational lands (e.g., leases, licenses, entry permits, and easements), and acquisition of Bay-Delta conservation lands.

Facility Services provides the services that support the day-to-day activities within Metropolitan's headquarters building at Union Station and the DVL Visitor Center. These services include administrative support, project management for tenant improvements, management of service contracts, mail services, tenant relations, management of the Wellness Center and associated programs, furniture procurement, emergency services, and guest and employee parking.

In addition to managing the group, the Office of the Group Manager develops real property policies and strategies.

O&M Program Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
Salaries and Benefits	6,444,900	6,636,600	6,160,900	6,350,100	(475,700)	189,200
Professional Services	224,300	352,700	910,500	435,500	557,800	(475,000)
Other	4,359,300	4,940,900	5,362,200	5,354,000	421,300	(8,200)
Totals	11,028,500	11,930,200	12,433,600	12,139,600	503,400	(294,000)
% Change	—	8.2%	4.2%	(2.4%)	—	—
Personnel	45	47	47	47	0	0

Note – Totals may not foot due to rounding.

REASONS FOR CHANGES

2010/11 vs 2011/12

Salaries and Benefits – Decrease reflects a vacancy rate to accommodate current vacancies and anticipated retirements partially offset by increases in employee benefits costs and merit increases for eligible employees.

Professional Services – Increase reflects addition of land development feasibility study services and transfer of fisheries management agreement from a trust account to O&M.

Other – Reflects increases in headquarters building utility costs, building engineering, janitorial service contracts, and replacement of obsolete cubicles and workstations.

2011/12 vs 2012/13

Salaries and Benefits – Increase reflects replacement of several vacancies, anticipated increases in employee benefits costs, and merit increases for eligible employees.

Professional Services – Decrease reflects completion of land development feasibility study services.

Three-Year Outlook

Estimated Expenditures

	2011/12	2012/13	2013/14
O&M	12,433,600	12,139,500	13,176,000
% Change	—	(2.4%)	8.5%
Personnel	47	47	47
Capital	264,100	225,100	2,500,000
% Change	—	(14.8%)	1,010.6%
Personnel	1	1	1
Total	12,697,700	12,364,600	15,676,000
Regular Personnel	48	48	48
Temporary Personnel	0	0	0
Total Personnel	48	48	48

Note – Totals may not foot due to rounding.

ASSUMPTIONS

The group’s 2010/11 realignment included: development of a comprehensive management or strategic plan for the group; drafting of new policies and procedures to better manage and govern the use of real property; launching several key initiatives to better coordinate property development and management district-wide; and redistributing the roles and responsibilities of staff to better meet identified operational and process gaps.

An increase in O&M costs allowing for inflation, anticipated increases in employee benefits costs, and merit increases for eligible employees, combined with continuing cost containment efforts, was assumed for 2012/13 and 2013/14.

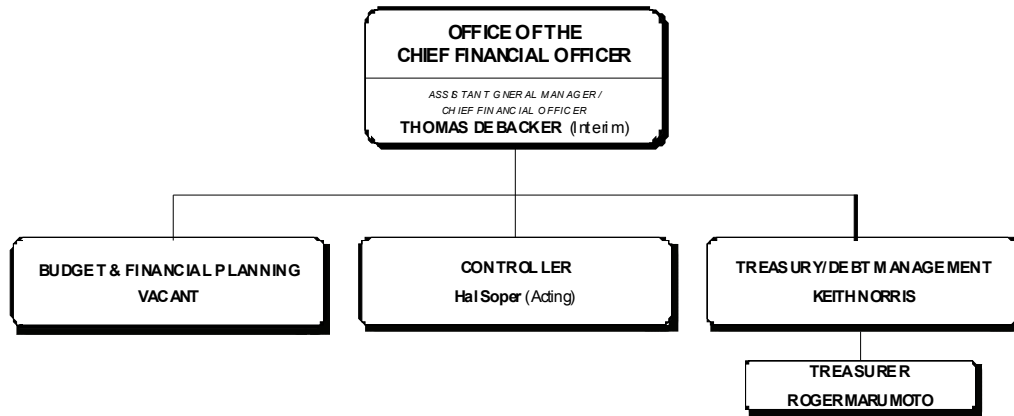
The increase in capital from 2012/13 to 2013/14 is primarily due to completion of the entitlement process for the DVL property. Future DVL projects will depend on Board direction. It is anticipated that the DVL Transformation and Real Property Development Program work will take place in 2013/14, with a reduction in capital expenditures and a corresponding increase in O&M in out years as individual projects are completed.

Personnel is expected to remain flat as the group examines processes, procedures, and systems to better serve Metropolitan and its customers in property management, acquisition, facility services, and revenue enhancement.

MISSION, ROLES, AND RESPONSIBILITIES

The Office of the Chief Financial Officer (CFO) is responsible for providing innovative, proactive, and strategic financial direction in support of the mission of Metropolitan, the Board of Directors, management, and employees. These responsibilities include maintaining Metropolitan’s strong financial position and high credit ratings, helping to

achieve equitable water rates and charges that generate sufficient revenues, assisting in the efficient management of Metropolitan’s financial resources, and ensuring that adequate financial controls are in place to accurately record financial transactions, communicate financial results, and protect Metropolitan assets.



The Office of the CFO’s roles and responsibilities include:

- Maintain effective financial and internal controls to safeguard assets;
- Record and report Metropolitan’s financial transactions and results, and process payments to the Board, management, employees, vendors, and bondholders;
- Oversee the development and management of Metropolitan’s budget and support Metropolitan’s business planning and performance measurement programs;
- Provide innovative and proactive financial analyses, planning, and management services, including developing the annual revenue requirement, cost-of-service study, and recommended water rates and charges;
- Issue debt to efficiently fund Metropolitan’s CIP at the lowest possible cost and manage Metropolitan’s debt program by prudently refinancing debt to minimize debt service costs, utilizing interest rate swaps and asset liability management techniques;

- Manage Metropolitan’s investment portfolio;
- Account for cash receipts and disbursements, and determine the availability of funds for investment;
- Monitor and manage outside investment managers;
- Develop and maintain corporate accounting policies and guidelines for timely and accurate financial reporting and control;
- Provide monitoring and reporting services, coordinate collection of information from the various counties to aid in the preparation of the annual tax levy and annexation fee calculations, and administer rates and charges;
- Collect, invest, safe-keep, and disburse Metropolitan’s funds in accordance with Board policies; and
- Manage Metropolitan’s Business Continuity Program to ensure critical business processes can be restored in the event of a disaster.

BUDGET ISSUES AND CONSTRAINTS

In the face of continuing staffing and budgetary constraints, there will be three principle areas of focus for the Office of the CFO in this biennium. In the first of these, the Office of the CFO will need to provide to the Board various alternatives to address the financial pressures placed on water rates from lower than anticipated water sales during the current fiscal year as well as lower than historic water sales anticipated during subsequent fiscal years. This includes their anticipated impact on cash reserves.

Second, Metropolitan will be challenged to successfully replace expiring bank liquidity facilities during calendar year 2011 in support of its variable rate debt program. Metropolitan will consider all alternative variable rate products in order to mitigate any near term financial impact

the expirations will have on water rates and charges.

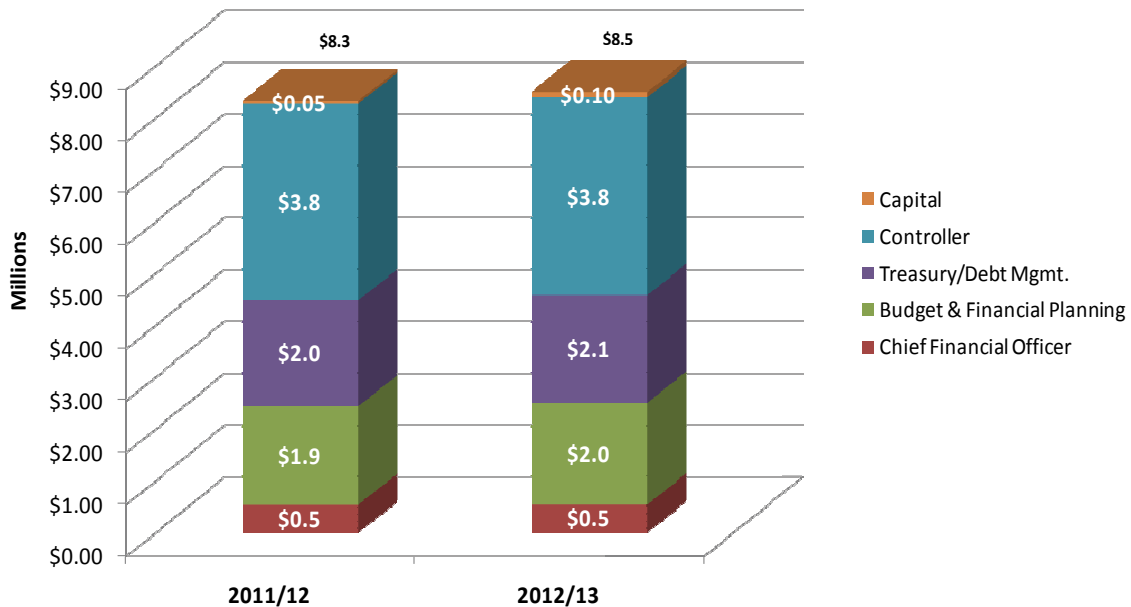
Finally, staff will continue to examine and consider challenges associated with succession planning and future staffing requirements. Although staffing levels in the Office of the CFO have stabilized, the composition and age of the workforce in conjunction with turnover of key positions have refocused attention on the need for effective succession planning and employee development. This turnover follows the elimination of five positions since fiscal year 2009/10. The cumulative impacts are manageable but challenging and may lead to increased response times for ad hoc accounting and financial analysis support in the near term.

Budget Summary

	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
O&M	7,885,800	7,788,000	8,262,300	8,385,200	474,300	122,900
% Change	—	—	—	—	5.7%	1.5%
Capital	1,400	173,900	53,600	104,900	(120,300)	51,300
% Change	—	—	—	—	(224.4%)	48.9%
Totals	7,887,200	7,961,900	8,315,900	8,490,100	354,000	174,200
% Change	—	—	—	—	4.4%	2.1%
Regular	45	46	46	46	0	0
Temporary	0	0	0	0	0	0
Total Personnel	45	46	46	46	0	0

Note – Totals may not foot due to rounding.

Program Expenditure Comparison



2010/11 ACCOMPLISHMENTS

Continued to accurately record and report Metropolitan’s financial activities in a timely manner, ensuring sufficient financial controls to protect Metropolitan’s assets.

Continued to document and test internal controls over financial reporting using specialized software that provides a structured process to efficiently and effectively document and assess internal controls.

Provided accurate, timely, and transparent standard financial reports to the Board and member agencies.

Received the GFOA Award of Excellence for FY 2009/10 financial reporting.

Received the GFOA Award of Excellence for the FY 2010/11 budget.

Completed the external audit receiving an unqualified (i.e., “clean”) opinion on Metropolitan’s 2009/10 financial statements.

Achieved ratings of generally satisfactory or higher and no major findings on various

financial audits conducted by Metropolitan’s General Auditor.

Maintained S&P long-term bond ratings of AAA; Fitch and Moody’s ratings were upgraded to AAA and Aa1 respectively due primarily to a recalibration of their respective rating criteria for the municipal market.

At the end of June 2010, closed the \$128.0 million Special Variable Rate Water Revenue Refunding Bonds, 2010 Series A issue to refund the variable rate Water Revenue Refunding Bonds, 2004 Series C issue. The 2010 Series A issue was the first issuance of variable rate water revenue bonds supported by Metropolitan’s own liquidity and balance sheet in lieu of a third party bank liquidity facility. The refunding allows Metropolitan to take advantage of historically low interest rates, to eliminate exposure and the risks associated with rising costs for liquidity facilities, and to offer bonds in the marketplace that will trade solely on Metropolitan’s credit.

In July 2010, closed the \$88.8 million Water Revenue Refunding Bonds, 2010 Series B issue at a true interest cost of 3.25 percent to refund

the variable rate Water Revenue Bonds, 2005 Authorization Series B-1 and B-2 issues. The refunding allows Metropolitan to take advantage of historically low interest rates, and to eliminate exposure and the risks associated with rising costs for liquidity facilities.

In October 2010, closed the \$39.5 million Waterworks General Obligation Refunding Bonds, 2010 Series A issue at a true interest cost of 3.63 percent to refund certain outstanding general obligation bonds. The refunding allowed Metropolitan to realize \$2.67 million net present value savings.

In December 2010, closed the \$250.0 million Water Revenue Bonds, 2010 Authorization Series A issue to provide funding for a portion of Metropolitan's on-going capital investment program. The 2010 Authorization Series A bonds were issued as taxable Build America Bonds (BAB's). Metropolitan will receive a direct subsidy from the Federal Government for 35 percent of the interest payments on the bonds, after receipt of the subsidy; Metropolitan's true interest cost is 4.62 percent

In October 2010 and January 2011, Metropolitan successfully repriced the 2009 Series A-1 and Series A-2 Security Industry and Financial Markets Association (SIFMA) Index Bonds at a rate of SIFMA flat.

In September 2010, renewed liquidity requirements for the 1997 Series B and C and the 2004 A1-A2 Water Revenue Bond issues.

In July 2010, Metropolitan successfully novated (assigned) \$312 million of interest rate swaps from UBS AG to Deutsche Bank AG. The novation will allow Metropolitan more favorable swap terms and conditions and will reduce counterparty risk.

Continued to adhere to accounting cycle time requirements, including the processing of bi-weekly payroll, matching and approving invoices for payment, calculating the tax levy, and completing the monthly closing of cash and the accrual general ledger.

Maintained non-DWR accounts receivable 90-day past due accounts to below \$600,000.

Funded \$45 million for asset replacement and refurbishment from the R&R Fund.

Managed net interest exposure within Board-approved parameters.

Continued to meet all liquidity requirements and managed Metropolitan's investment portfolio in compliance with the California Government Code and Metropolitan's investment policy. For the Fiscal Year ended June 30, 2011, both the short and long-term portfolios exceeded the return of their benchmarks by 1.04 percent and 1.28 percent respectively. These excess returns translate to approximately \$7.2 million and \$3.8 million of additional earnings for the short and long-term portfolios, respectively.

Conducted a Business Recovery Exercise with Information Technology, activating the Disaster Recovery Facility and successfully testing Metropolitan's ability to recover critical business systems in the event of a major regional disaster.

OBJECTIVES FOR 2011/12 AND 2012/13

Complete the annual cost-of-service analysis for rates and charges for calendar year 2013 and 2014.

Complete the update of the Long Range Finance Plan (LRFP).

Refine the 2012/13 budget for Board consideration in April 2012, completing transition of Metropolitan to a biennial budget cycle.

Complete the annual annexation fees calculation and tax levy assessment.

Manage and effectively administer rates and charges to recover costs consistent with Board policy and LRFP objectives.

Continue to record and report the financial activities of Metropolitan in a timely and transparent manner to the Board and member agencies.

Continue to ensure that internal controls are in place to provide assurance that assets are safeguarded and financial information is fairly stated.

Update capital financing plans and work with rating agencies and investors to communicate financial needs and capabilities, ensure cost-

effective access to capital markets, and maintain long-term bond ratings of AA or better.

Manage investment activity to meet or beat benchmarks consistent with established investment codes and policies.

Manage investor relations to ensure clear communications, accuracy of information, and integrity.

Continue to manage debt service to mitigate the volatility of debt service payments over time and reduce debt service costs through re-financings and the prudent use of interest rate swaps, in accordance with Metropolitan's interest rate swap policy.

Work with Metropolitan's underwriting team, financial advisors, and swap advisors to identify financing opportunities to prudently manage the overall cost of financing Metropolitan's capital investment program.

Continue to improve communications of financial information to the Board, member agencies, management, and the financial community.

Maintain relationships with the financial community and bond rating agencies to maintain Metropolitan's high credit ratings and access to various aspects of the financial markets to maximize financial flexibility.

Prudently invest Metropolitan's funds with the objective of safety of principal, liquidity, and yield.

Manage outside portfolio managers to ensure compliance with Metropolitan's investment policy, and to monitor investment performance.

Measure the performance of the short-term portfolio, and manage the portfolio to meet or exceed the short-term benchmark consistent with established investment codes and policy.

Develop and issue a request for qualifications for selection of Metropolitan's investment banking team.

Develop and issue a request for qualifications for swap advisors once current agreements expire.

Work with each section within the Office of the CFO to establish staff back-up responsibilities for various work processes.

Secure liquidity requirements, issue fixed rate refunding bonds, or use other variable rate type products to replace more than \$700 million of liquidity facilities set to expire in FY 2011/12 and FY 2012/13 in support of Metropolitan's variable rate debt program.

Refine the Business Continuity Plan and Program in accordance with the results of the updated Business Impact Analysis and internal audit recommendations, working with IT Disaster Recovery to identify actions required to mitigate the risks identified, and conduct exercises to test the program's capabilities to recover Metropolitan's business functions in the event of a significant regional disaster.

Performance Measures Summary

Performance measures serve as operational guidelines to monitor the success of the Office of the CFO in supporting key strategies of the General Manager’s Business Plan for Metropolitan. The performance measures listed

below focus on quality, business processes, and cycle times, and monitor overall indicators of financial condition important to the General Manager’s Business Plan.

Performance Measure	Measurement Intent	FY 09/10 Baseline Information	FY 10/11 Performance*	Target
Credit Rating	Enable Metropolitan to access capital markets at the lowest borrowing cost.	Moody's - Aa2 S&P - AA+ Fitch - AA+	Moody's – Aa1 S&P - AAA Fitch - AAA	AA, Aa2 or better
Reserve Balances	Maintain financial reserves within Board policy objectives.	\$325.2 M	\$227.1 M	≥ \$231.7 M and ≤ \$565.3 M
Revenue Bond Debt Service Coverage (cash basis)	Communicate financial strength and responsibility to investors and capital market. One fundamental indicator of credit quality and Metropolitan’s ability to make debt service payments.	1.52	1.45	> 2.0
Fixed Charge Coverage	Demonstrate sufficiency of revenues to cover fixed charges.	1.08	0.84	≥ 1.2
Revenue Bond Debt to Equity	Ensure balance sheet strength and ability to issue bonds to finance CIP.	74.5%	77.1%	< 100%
Significant External Audit Findings	Assess the quality of accounting processes and controls.	1	0	0
Departmental O&M Budget Performance	Demonstrate financial control and accountability for departmental O&M costs.	104.8%	102.3%	≤ 100%
Total District Budget Performance (O&M & Capital)	Demonstrate financial control and accountability for Board-approved budgets.	79.0%	92.3%	≤ 100%
Timely Financial Reporting	Demonstrate timely financial reporting.	100%	100%	100%
Financial Reporting Accuracy	Demonstrate accurate financial reporting.	100%	100%	100%
Invoice Payment Process Efficiency	Ensure invoices are paid in a timely manner to maintain good relations with suppliers and the public.	89%	91%	≥ 85%

* Actual performance through December 2010.

O&M Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
Salaries and Benefits	6,821,500	6,711,400	7,064,800	7,189,900	353,400	125,100
Professional Services	878,400	887,200	973,600	989,600	86,400	16,000
Other	0	0	0	0	0	0
Materials & Supplies	57,400	35,000	60,000	40,000	25,000	(20,000)
Memberships & Subscriptions	31,800	36,500	45,500	47,100	9,000	1,600
Travel Expenses	21,700	25,800	26,300	26,500	500	200
Graphics & Reprographics	28,400	21,500	23,500	23,500	2,000	0
Training & Seminars Costs	10,300	18,800	18,800	18,800	0	0
Subsidies & Incentives	14,400	16,100	16,100	16,100	0	0
Other Accounts	21,900	35,700	33,700	33,700	(2,000)	0
Totals	7,885,800	7,788,000	8,262,300	8,385,200	474,300	122,900
% Change	—	(1.2%)	6.1%	1.5%	—	—
Regular	45	45	45	45	(0)	0
Temporary	0	0	0	0	0	0
Total Personnel	45	45	45	45	(0)	0

Note – Totals may not foot due to rounding.

Capital Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed
Salaries and Benefits	1,400	173,900	53,600	104,900
Totals	1,400	173,900	53,600	104,900
% Change	—	12,321.4%	(69.2%)	95.7%
Regular	0	1	1	1
Temporary	0	0	0	0
Total Personnel	0	1	1	1

Note – Totals may not foot due to rounding.

Capital Expenditure Plan

Program	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed
Engineering Administration	0	11,200	0	0
Information Technology System - Business, Finance and HR	1,400	162,700	53,600	104,900
Totals	1,400	173,900	53,600	104,900
% Change	—	12,321.4%	(69.2%)	95.7%
Personnel	0	1	1	1

Note – Totals may not foot due to rounding.

REASONS FOR CHANGES**2010/11 vs 2011/12****O&M**

Salaries and Benefits – Reflects anticipated increases in employee benefits costs, merit increases for eligible employees, and increased O&M labor due to the postponement of capital work on the upgrade of the Oracle financial system.

Professional Services – Reflects provision for service rate refinement and increased cost of commercial banking services and portfolio investment management services.

Other – Reflects provision for the purchase of business continuity plan management and maintenance tools, and minor increases in membership and subscription costs.

Personnel – No change.

Capital

Reflects capital labor for the AP Imaging System and Real Property Management system, but is reduced due to the postponement of the upgrade of the Oracle financial system.

2011/12 vs 2012/13**O&M**

Salaries and Benefits – Reflects anticipated increases in employee benefits costs and merit increases for eligible employees partially offset by increased capital labor for the upgrades of the Oracle financial system and PeopleSoft personnel/payroll systems as well as work on the Real Property Management system.

Professional Services – Reflects increased cost of commercial banking services and portfolio investment management services.

Other – Reflects a decrease due to the prior year one-time purchase of business continuity plan management and maintenance tools, partially offset by the cost of on-going support of the product and for BICC recovery site maintenance.

Personnel – No change.

Capital

Reflects an emphasis on capital labor for the upgrades of the Oracle financial system and PeopleSoft personnel/payroll systems, and continued work on the Real Property Management system.

CHIEF FINANCIAL OFFICER

Responsible for the overall administration of finance and accounting functions for Metropolitan including debt financing and management, financial planning and analysis,

rate setting, budgeting, accounting, investing, financial reporting, payroll, accounts payable, accounts receivable, and business continuity.

O&M Program Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
Salaries and Benefits	504,400	488,200	496,400	497,800	8,200	1,400
Professional Services	48,400	0	15,000	15,000	15,000	0
Other	28,900	21,900	21,900	21,900	0	0
Totals	581,700	510,100	533,300	534,700	23,200	1,400
% Change	—	(12.3%)	4.5%	0.3%	—	—
Personnel	2	2	2	2	0	0

Note – Totals may not foot due to rounding.

REASONS FOR CHANGES

2010/11 vs 2011/12

Salaries & Benefits – Reflects anticipated increases in employee benefits costs.

Professional Services – Reflects provision for an economic forecast and survey of activity in the Inland Empire to determine the willingness to pay for water reliability.

2011/12 vs 2012/13

Salaries & Benefits – Reflects anticipated increases in employee benefits costs.

BUDGET AND FINANCIAL PLANNING

Responsible for Metropolitan's biennial budget, revenue requirements, and rates and charges recommendations; cost monitoring and analysis; short and long-term financial analysis and

planning and financial modeling; the water standby charge program; the annual tax levy and annexation fee calculations; and Metropolitan's Business Continuity Program.

O&M Program Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
Salaries and Benefits	1,732,000	1,693,100	1,717,800	1,801,700	24,700	83,900
Professional Services	60,000	0	60,000	60,000	60,000	0
Other	63,400	84,100	118,800	100,400	34,700	(18,400)
Totals	1,855,400	1,777,200	1,896,600	1,962,100	119,400	65,500
% Change	—	(4.2%)	6.7%	3.5%	—	—
Personnel	9	9	9	9	0	0

Note – Totals may not foot due to rounding.

REASONS FOR CHANGES**2010/11 vs 2011/12**

Salaries & Benefits – Reflects anticipated increases in employee benefits costs and merit increases for eligible employees partially offset by a vacancy in the section manager position for part of the year.

Professional Services – Reflects provision for service rate refinement.

Other – Reflects provision for the purchase of business continuity plan management and maintenance toolset and increases in membership and subscription costs.

2011/12 vs 2012/13

Salaries & Benefits – Reflects anticipated increases in employee benefits costs and merit increases for eligible employees.

Other – Reflects a decrease due to prior year one-time purchase of business continuity plan management and maintenance tools, but is partially offset by the cost of on-going support of the product, and for BICC and recovery site maintenance.

TREASURY/DEBT MANAGEMENT

Responsible for Metropolitan's investment and treasury operations including receipt, safekeeping, and disbursement of Metropolitan's funds; preparation of security sales documents;

administration of debt programs; and all commercial banking activities, including all payment processing, including but not limited to wires, checks, and automatic deposits.

O&M Program Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
Salaries and Benefits	1,194,900	1,144,200	1,174,000	1,191,600	29,800	17,600
Professional Services	676,700	824,100	833,100	849,100	9,000	16,000
Other	28,700	37,000	36,000	36,000	(1,000)	0
Totals	1,900,300	2,005,300	2,043,100	2,076,700	37,800	33,600
% Change	—	5.5%	1.9%	1.6%	—	—
Personnel	7	7	7	7	0	0

Note – Totals may not foot due to rounding.

REASONS FOR CHANGES**2010/11 vs 2011/12**

Salaries & Benefits – Reflects anticipated increases in employee benefits costs and merit increases for eligible employees.

Professional Services – Reflects increased cost of commercial banking services and portfolio investment management services.

2011/12 vs 2012/13

Salaries & Benefits – Reflects anticipated increases in employee benefits costs and merit increases for eligible employees.

Professional Services – Reflects increased cost of commercial banking services and portfolio investment management services.

CONTROLLER

Responsible for the maintenance of Metropolitan's official accounting records including cash control and accounting functions related to vendor, payroll, and other payments;

cash receipts and receivables accounting; general safe guarding of Metropolitan's assets; development and maintenance of Metropolitan's accounting policies; and financial reporting.

O&M Program Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
Salaries and Benefits	3,390,300	3,385,800	3,676,700	3,698,800	290,900	22,100
Professional Services	93,300	63,100	65,500	65,500	2,400	0
Other	64,900	46,400	47,200	47,400	800	200
Totals	3,548,500	3,495,300	3,789,400	3,811,700	294,100	22,300
% Change	—	(1.5%)	8.4%	0.6%	—	—
Personnel	28	27	27	27	(0)	0

Note – Totals may not foot due to rounding.

REASONS FOR CHANGES**2010/11 vs 2011/12**

Salaries & Benefits – Reflects anticipated increases in employee benefits costs, merit increases for eligible employees, and an increase in O&M labor due to postponement of capital work associated with the upgrade of the Oracle financial system.

Professional Services – Reflects the increased cost arbitrage calculation studies.

2011/12 vs 2012/13

Salaries & Benefits – Reflects anticipated increases in employee benefits costs and merit increases for eligible employees partially offset by an increase in capital work associated with resuming upgrades of the Oracle financial and the PeopleSoft personnel/payroll systems.

Three-Year Outlook

Estimated Expenditures

	2011/12	2012/13	2013/14
O&M	8,262,300	8,385,200	8,913,900
% Change	—	1.5%	6.3%
Personnel	45	44.7	45.2
Capital	53,600	104,900	111,600
% Change	—	95.7%	6.4%
Personnel	1	1.3	0.8
Total	8,315,900	8,490,100	9,025,500
Regular Personnel	46	46	46
Temporary Personnel	0	0	0
Total Personnel	46	46	46

Note – Totals may not foot due to rounding.

ASSUMPTIONS
O&M

Reflects merit increases for eligible employees partially offset by increased capital labor, a 3.5% inflation rate assumption for non-labor, and minor increases in excess of inflation for commercial banking services, portfolio investment management services, and the Business Continuity Program throughout the period. In addition, 2013/14 reflects an increase in the employer contribution rate in accordance with the latest CalPERS actuarial report.

Capital

Reflects an emphasis on capital labor for the upgrades of the Oracle financial system and PeopleSoft personnel/payroll systems throughout the period. In addition, work on the Real Property Management system will be completed in 2012/13 and work will begin on the Enterprise Content Management System in 2013/14.

Personnel

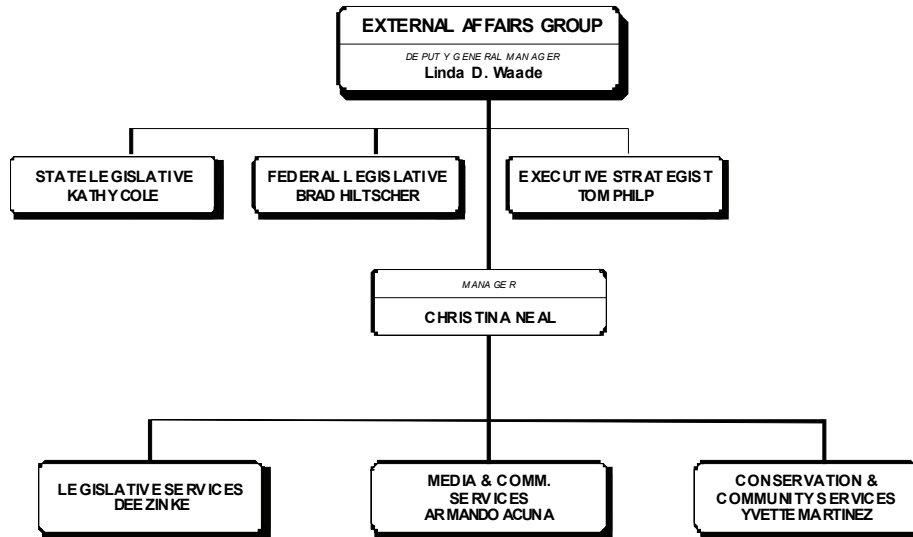
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MISSION, ROLES, AND RESPONSIBILITIES

The External Affairs group consists of the Office of the Manager, Legislative Services, Media and Communications Services, and the Conservation and Community Services sections. The group is charged with working with state and federal legislators to enhance and protect the operational interests of Metropolitan and its member

agencies; communicating the adopted policies of the Board and providing clear and direct communication of Metropolitan’s operations, policies, and programs to the public and other stakeholders; and providing responsive and appropriate services to member agencies and other target audiences.



BUDGET ISSUES AND CONSTRAINTS

While restoring funding for key programs that had been reduced in the 2010/11 budget, the External Affairs Group does not anticipate any additional non-labor cost increases in 2012/13. External Affairs will continue to implement

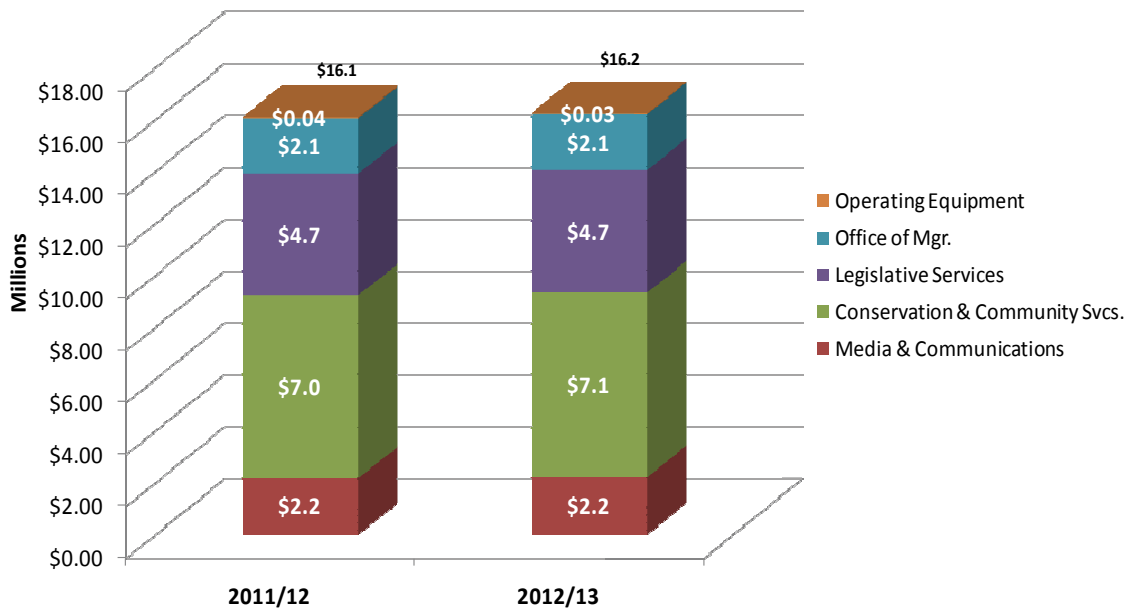
board-approved federal and state legislative strategy and develop and implement Metropolitan’s communication plan related to the agency’s priority programs, projects and policies.

Budget Summary

	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
O&M	15,962,500	15,275,100	16,074,600	16,224,300	799,500	149,700
% Change	—	—	—	—	5.0%	0.9%
Capital	0	0	0	0	0	0
% Change	—	—	—	—	0.0%	0.0%
Totals	15,962,500	15,275,100	16,074,600	16,224,300	799,500	149,700
% Change	—	—	—	—	5.2%	0.9%
Regular	52	52	52	52	0	0
Temporary	0	1	1	1	0	0
Total Personnel	52	53	53	53	0	0

Note – Totals may not foot due to rounding.

Program Expenditure Comparison



2010/11 ACCOMPLISHMENTS

Implemented Board-adopted legislative strategy including passage of several Metropolitan-sponsored and/or supported bills.

Supporting Metropolitan’s advocacy efforts included an intensive outreach program of a series of legislative briefings between board members and legislators in their district offices; numerous Community Leader Briefings with legislators; and speaking events before various community groups, business associations, and local government organizations.

Participated in several lobbying trips to Sacramento and Washington, D.C., which involved the Los Angeles Chamber of Commerce, the Valley Industry and Commerce Association, the United Chambers of Commerce, the California Contract Cities Association, the Orange County Business Council, South Bay Association of Chambers of Commerce, Building Industry Association of Southern California, and the Associated General Contractors.

Metropolitan staff worked with member agencies and sub-agencies to provide conservation education campaign artwork and television ads for use in their respective local campaigns.

Continued to develop and manage public information programs to convey Metropolitan’s leadership role in water supply, resource planning, water quality protection, conservation, and other water policy issues.

Continued Metropolitan’s conservation outreach campaign through online media buy using Google Search.

Developed and placed numerous op-ed pieces in newspapers throughout the service area including the Los Angeles Times, San Diego Union-Tribune, Los Angeles Daily News, Orange County Register, Ventura County Star, Inland Valley Daily Bulletin, Pasadena Star-News, Riverside Press-Enterprise, Whittier Daily News, and Beverly Hills Courier.

Conducted a one-day 20 x 2020 water summit that brought together approximately 350 federal and state regulators, water industry officials,

municipal planners, environmentalists, climatologists, and other experts to address the extensive work being done throughout the state to help ensure water supply reliability through the year 2035.

Enhanced Metropolitan’s public website by revising the education page, creating a page dedicated to Bay-Delta and related water issues, creating and utilizing social networking sites (e.g. Facebook, YouTube) to disseminate key messages, and expanding distribution of “Your Water”, Metropolitan’s electronic newsletter.

Managed and/or participated in cross-functional work teams responsible for planning and executing public outreach on shutdowns and CIP projects related to facilities such as the Lakeview Pipeline, Box Springs Feeder, Weymouth and Diemer treatment plants, Calabasas Feeder, Perris Valley Pipeline, Upper Feeder, West Valley Feeder No. 2, and AMP Line State 2.

Continued convening employee communications series called “Making the Connection”, the goal of which is to educate and engage employees on key issues and initiatives important to Metropolitan’s core business. Presentations have focused on the challenges in the Bay-Delta, an update on Metropolitan’s water supply status and challenges, an update on Metropolitan’s Education Programs, and an update on Metropolitan’s legislative strategy for 2011.

Continued multiple education programs including Solar Cup, World Water Forum, and Diamond Valley Lake Education Outreach. In addition, launched Metropolitan’s new “Conservation Connection: Water and Energy in Southern California” education curriculum.

Collaborated with WRM staff and member agencies on efforts related to the 2011 Updated Integrated Resources Plan (IRP) which included convening three public stakeholder forums conducted throughout Southern California and assisting in revising draft and final reports.

OBJECTIVES FOR 2011/12 AND 2012/13

Support legislative policies and initiatives that promote water supply reliability and an environmentally sustainable Bay-Delta ecosystem to ensure adequate and reliable supplies of high-quality water. This includes programs and policies related to the completion of the Bay-Delta Conservation Plan.

Enhance outreach with elected officials and business and community leaders on state and federal water legislation. Develop effective relationships with newly elected officials, including providing necessary water briefings and inspection trips.

Support and/or sponsor federal and state legislation that advances Metropolitan’s objectives, including water quality and water supply reliability matters; sustainable water and energy management matters, including reauthorization of the Hoover power contract, and chemical security and invasive species’ impacts.

Support increased funding for programs that promote water conservation, development of new water supplies, reduction of greenhouse gases, and development of alternative renewable resources.

Continue ongoing development and implementation of communication efforts about

Metropolitan’s policies and programs through broad-based media coverage, publications, and Internet-based communication platforms.

Continue and enhance customer service / efficiency-improving designs and additions to Metropolitan’s publications.

Continue to facilitate timely responses to member agency requests including operations, maintenance, water quality, conservation, environmental and legislative issues, and public outreach.

Continue enhancement of public website and related social networking sites, development of videos highlighting Metropolitan’s programs and activities, and expansion of distribution of “Your Water” e-newsletter.

Continue to conduct multiple education programs for elementary, secondary, and college students throughout Metropolitan’s member agency service areas.

Launch “Conservation Connection: Water and Energy in Southern California” throughout the service area.

Continue to provide community partnering opportunities through sponsorships and in-kind staff involvement for water-related educational programs.

Continue to provide landscape training classes for residents and landscape professionals for Metropolitan’s member agency service areas.

External Affairs

Performance Measures Summary

Performance Measure	Measurement Intent	FY 09/10 Baseline Information	FY 10/11 Performance*	Target
Public Policy Forum Objectives	Meet attendance and other objectives at all Metropolitan-sponsored public policy forums.	97%	81%	≥80 percent
Member Agency Service Level Satisfaction	Monitor Member Agency Service Level Satisfaction Index as an indicator of value of Metropolitan services to our customers.	54.3% (rating of “5” or better)	51% (rating of “5” or better)	≥ 80% (rating of “5” or better)
External Funding Appropriated	Monitor level of effectiveness in securing external funding for significant water programs and services.	--	-	Funding appropriated in 100% of requested categories.
Policy Support Rate	Measure response rate to requests for action in support of water policies. Indicates strength of relationship and ability to mobilize support.	102%	-	≥ 60%
Media Value	Monitor value of free media coverage of Metropolitan programs and activities.	\$1.85 million	\$650,000	≥ \$2.0 million
Conservation Communications Education Outreach Campaign targets met	Track effectiveness of conservation outreach effort as a measure of successes of various program elements.	82%	30%	100%
Teachers In-serviced Saturation Rate	Assess the number of in-service contacts with “new” teachers in providing water education materials as a reflection of Metropolitan staff outreach initiative and collaborations with member agencies and other partners.	242	40	1,150
MWD Curriculum Utilization Rate	Monitor effectiveness of materials by tracking the aggregate number of re-supply requests from elementary and secondary level teachers who have previously used MWD materials in maintaining program participation.	62	27	2,340
Students Exposure Rate	Monitor education program effectiveness by tracking the number of students exposed to classroom materials and attending Metropolitan and member agency education programs.	33,232	2,251	95,000
Public and Media Awareness	Monitor awareness of critical water issues to gauge effectiveness of outreach efforts as a percent of organizations reached with Metropolitan’s message.	-	95%	85%

External Affairs

Performance Measure	Measurement Intent	FY 09/10 Baseline Information	FY 10/11 Performance*	Target
Implement Legislative Strategy	Measure passage of Metropolitan-supported legislation as a measure of the effectiveness of efforts in support of water policy issues.	78%	100%	85%

* Actual performance through December 2010.

External Affairs

O&M Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
Salaries and Benefits	8,971,300	8,915,700	9,223,800	9,384,600	308,100	160,800
Professional Services	2,096,600	2,425,200	2,445,200	2,445,200	20,000	0
Other	0	0	0	0	0	0
Advertising	3,379,300	1,299,600	1,399,600	1,399,600	100,000	0
Outside Services - Non Professional / Mainte	265,000	660,400	810,400	810,400	150,000	0
Graphics & Reprographics	208,000	450,400	463,900	463,900	13,500	0
Sponsorships	154,300	283,000	383,000	383,000	100,000	0
Travel Expenses	151,900	379,000	376,000	376,000	(3,000)	0
Memberships & Subscriptions	234,900	224,000	273,400	273,400	49,400	0
Other Accounts	501,200	637,800	655,400	655,400	17,600	0
Totals	15,962,500	15,275,100	16,030,700	16,191,500	755,600	160,800
% Change	—	(4.3%)	4.9%	1.0%	—	—
Operating Equipment	0	0	43,900	32,800	43,900	(11,100)
Total O&M and Operating Equipment	15,962,500	15,275,100	16,074,600	16,224,300	799,500	149,700
% Change	—	(4.3%)	5.2%	0.9%	—	—
Regular	52	52	52	52	0	0
Temporary	0	1	1	1	0	0
Total Personnel	52	53	53	53	0	0

Note – Totals may not foot due to rounding.

REASONS FOR CHANGES

2010/11 vs 2011/12

Salaries and Benefits - Reflects anticipated increases in employee benefits costs and merit increases for eligible employees.

Professional Services – Reflects efforts on strategic message program for Bay-Delta solutions.

Advertising – Reflects continued outreach efforts for the conservation campaign.

Outside Services, Non-Professional – Reflects continued outreach efforts for California

Friendly Landscape training and special outreach support.

Sponsorships – Reflects continued outreach efforts for the Community Partnering Program.

Memberships and Subscriptions – Reflects membership dues increases and new memberships approved by the Board.

2011/12 vs 2012/13

Salaries and Benefits - Reflects anticipated increases in employee benefits costs and merit increases for eligible employees.

MEDIA & COMMUNICATIONS

The section develops and coordinates the efforts and represents the various mediums by which Metropolitan conveys its messages, programs, information, and achievements. The section includes the Press Office, which is responsible for on-going media contacts, news releases, briefings, letters to the editor, and opinion

pieces. Media Services is charged with producing the printed and online materials that support Metropolitan’s internal and external communications needs. Web Services manages Metropolitan’s various web sites to achieve a unified presentation to Metropolitan’s audiences and customers.

O&M Program Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
Salaries and Benefits	1,388,400	1,415,500	1,490,600	1,533,200	75,100	42,600
Professional Services	20,900	75,000	75,000	75,000	0	0
Other	154,900	596,400	596,400	596,400	0	0
Totals	1,564,200	2,086,900	2,162,000	2,204,600	75,100	42,600
% Change	—	33.4%	3.6%	2.0%	—	—
Personnel	8	8	8	8	0	0

Note – Totals may not foot due to rounding.

REASONS FOR CHANGES

2010/11 vs 2011/12

Salaries and Benefits – Reflects anticipated increases in employee benefits costs and merit increases for eligible employees.

2011/12 vs 2012/13

Salaries and Benefits – Reflects anticipated increases in employee benefits costs and merit increases for eligible employees.

CONSERVATION AND COMMUNITY SERVICES

The section interacts with member agencies and the public to encourage the discussion of water quality, water conservation, and water reliability issues important to the region. This includes a conservation program that focuses on advertising, education, and community outreach. The section also coordinates and manages Metropolitan’s funding of sponsorships for

education and research programs, exhibits, water forums, special events, and community memberships. The Educational Programs Unit develops and implements water education curriculum and programs supporting Metropolitan’s initiatives for elementary schools, secondary schools, and colleges.

O&M Program Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
Salaries and Benefits	2,298,800	2,313,300	2,364,600	2,412,500	51,300	47,900
Professional Services	937,000	668,200	668,200	668,200	0	0
Other	4,099,600	2,379,100	2,774,100	2,774,100	395,000	0
Totals	7,335,400	5,360,600	5,806,900	5,854,800	446,300	47,900
% Change	—	(26.9%)	8.3%	0.8%	—	—
Personnel	13	13	13	13	0	0

Note – Totals may not foot due to rounding.

REASONS FOR CHANGES

2010/11 vs 2011/12

Salaries and Benefits – Reflects anticipated increases in employee benefits costs and merit increases for eligible employees.

Other – Reflects increases in the following areas:

Advertising – Continued outreach efforts for the conservation campaign.

Sponsorships – Continued outreach efforts for the Community Partnering Program.

Outside Services, Non-Professional – Continued outreach efforts for the California Friendly Landscape Training program and special outreach support.

Memberships – Membership dues increases and new memberships approved by the Board.

2011/12 vs 2012/13

Salaries and Benefits – Reflects anticipated increases employee benefits costs and merit increases for eligible employees.

LEGISLATIVE SERVICES

The section is responsible for promoting and protecting the interests of Metropolitan and its member agencies before executive, legislative, and regulatory agencies of the state and federal government. The section assists in identifying and defining policy objectives that help to focus Metropolitan’s external relations activities, develops relationships with key legislators and

other water policy makers in support of Metropolitan’s legislative and regulatory objectives, and maintains a “networking” program between member agencies and Metropolitan to establish the most effective means of mobilizing and sustaining support for urban water concerns.

O&M Program Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
Salaries and Benefits	2,502,600	2,454,400	2,544,200	2,577,600	89,800	33,400
Professional Services	1,071,600	1,472,000	1,492,000	1,492,000	20,000	0
Other	357,500	629,700	661,700	661,700	32,000	0
Totals	3,931,700	4,556,100	4,697,900	4,731,300	141,800	33,400
% Change	—	15.9%	3.1%	0.7%	—	—
Personnel	13	14	14	14	0	0

Note – Totals may not foot due to rounding.

REASONS FOR CHANGES

2010/11 vs 2011/12

Salaries and Benefits – Reflects anticipated increases in employee benefits costs and merit increases for eligible employees.

Professional Services – Reflects efforts on strategic message program for Bay-Delta solutions.

Other – Reflects increase in parking charges (Sacramento and Washington), cell phone allowances (IT-recommended), office equipment rental and repair, legislative-related membership & subscriptions and reference books, and graphics and reprographics costs associated with Bay-Delta initiatives.

2011/12 vs 2012/13

Salaries and Benefits – Reflects anticipated increases in employee benefits costs and merit increases for eligible employees.

OFFICE OF MANAGER

Under the direction of the General Manager and Deputy General Manager for External Affairs, the Group Manager directs the activities of the Legislative Services Section, Conservation & Community Services Section, Media and Communications Section, Customer Services Unit, and the Business Management Team. The manager is also responsible for ensuring and maintaining a consistent and unified nature to all

messages and their distribution to appropriate publics.

The Customer Services Unit provides support services to member agencies and functions as a clearinghouse to track and efficiently process delivery of Metropolitan services according to member agency needs. This unit also serves as liaison to the community on behalf of Metropolitan.

O&M Program Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
Salaries and Benefits	2,781,500	2,732,400	2,824,400	2,861,300	92,000	36,900
Professional Services	67,100	210,000	210,000	210,000	0	0
Other	282,500	329,000	329,500	329,500	500	0
Totals	3,131,100	3,271,400	3,363,900	3,400,800	92,500	36,900
% Change	—	4.5%	2.8%	1.1%	—	—
Personnel	18	18	18	18	0	0

Note – Totals may not foot due to rounding.

REASONS FOR CHANGES

2010/11 vs 2011/12

Salaries and Benefits – Reflects anticipated increases in employee benefits costs and merit increases for eligible employees.

2011/12 vs 2012/13

Salaries and Benefits – Reflects anticipated increases in employee benefits costs and merit increases for eligible employees.

Three-Year Outlook

Estimated Expenditures

	2011/12	2012/13	2013/14
O&M	16,074,600	16,224,300	16,910,200
% Change	—	0.9%	4.2%
Personnel	52	52	52
Capital	0	0	0
% Change	—	—	—
Personnel	0	0	0
Total	16,074,600	16,224,300	16,910,200
Regular Personnel	52	52	52
Temporary Personnel	1	1	1
Total Personnel	53	53	53

Note – Totals may not foot due to rounding.

ASSUMPTIONS

Continue to identify O&M cost containment efforts.

Labor cost increases consistent with inflation and benefits cost increases consistent with CALPERS actuarial report increase.

Ongoing outreach related to Sacramento-San Joaquin Delta activities.

Continue to conduct key educational programs including Solar Cup, World Water Forum and conservation curricula.

External Affairs

Detail of Operating Equipment

2011/12

Description	Qty	New	Replace	Total
Conservation and Community Services DS07 - Standard Cargo Van	1		43,900	
2011/12 Totals for External Affairs			43,900	43,900

2012/13

Description	Qty	New	Replace	Total
External Affairs, Office of Manager DS06 - Standard Window Van (8 passenger)	1		32,760	
2012/13 Totals for General Manager's Office			32,760	32,760

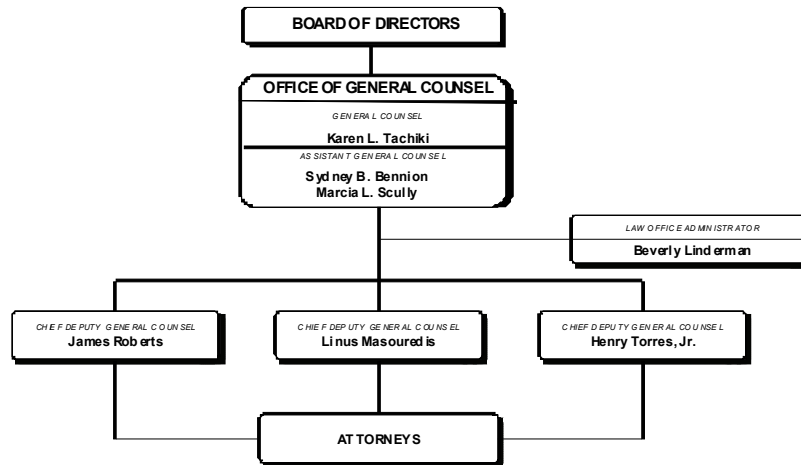
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MISSION, ROLES, AND RESPONSIBILITIES

The Legal Department is responsible for providing a full range of legal services in a professional, timely, cost-effective, and creative manner. The General Counsel is the chief legal spokesperson for Metropolitan and the Board of Directors and oversees the Legal Department’s administrative functions.

The General Counsel represents Metropolitan in litigation and other proceedings to which

Metropolitan is a party; provides legal advice to the Board, its committees, and to Metropolitan’s staff; negotiates, drafts, and reviews contracts, documents, and other agreements; consults with representatives of other public and private entities on matters of mutual concern; and monitors and analyzes pending and enacted legislation and, when appropriate, drafts legislative recommendations.



The Office of the General Counsel provides legal services to the Board, its committees, and to Metropolitan staff in the following areas:

- Represents Metropolitan's interests relating to water supply matters, including Bay-Delta resources, Colorado River supply, the State Water Contract, groundwater and water transfer issues, CEQA and Endangered Species Act (ESA) issues, energy issues, and water delivery and treatment;

- Represents Metropolitan's interests with regard to claims and litigation by or against Metropolitan;

- Provides legal advice with respect to the acquisition, management, and disposal of

- Metropolitan property and the administration of annexations, and provides legal assistance in Metropolitan's procurement and construction contract programs;

- Provides legal advice with respect to Metropolitan's financial activities, including Metropolitan's rates and charges, taxation, bond issuance, legality of investments, and fiscal administration;

- Provides legal advice related to labor and personnel matters; and

- Reviews, analyzes, and monitors pending state and federal legislation and drafts legislative recommendations.

BUDGET ISSUES AND CONSTRAINTS

The Office of the General Counsel restored funding for professional services which had been reduced in the 2010/11 budget required by an increase in Bay-Delta legal costs, employment litigation, and water rates litigation. After eliminating three administrative staff positions last year, the Office of the General Counsel hired a new Law Office Administrator with extensive expertise in legal technology to

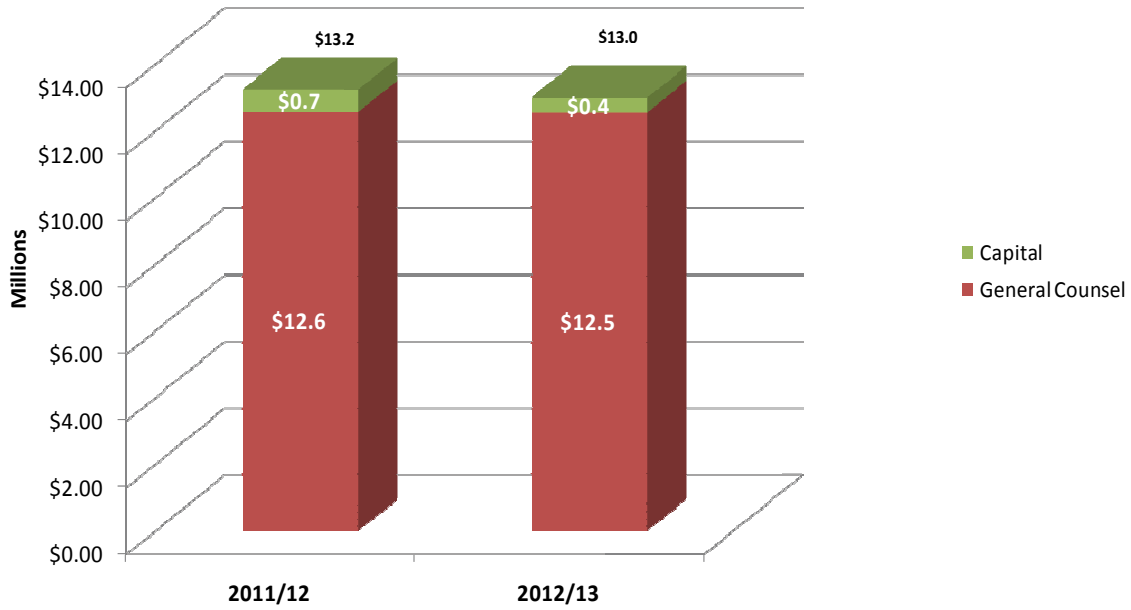
upgrade department systems and processes, and added one attorney and one administrative position to provide more in-house expertise for resources matters and litigation. While increasing professional services and filling key positions, the Office of the General Counsel will continue to identify O&M cost containment efforts and does not anticipate any additional increase in 2012/13.

Budget Summary

	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
O&M	12,401,200	10,376,000	12,552,600	12,535,900	2,176,600	(16,700)
% Change	—	—	—	—	17.3%	(0.1%)
Capital	400,100	780,000	670,000	440,000	(110,000)	(230,000)
% Change	—	—	—	—	(16.4%)	(52.3%)
Totals	12,801,300	11,156,000	13,222,600	12,975,900	2,066,600	(246,700)
% Change	—	—	—	—	18.5%	(1.9%)
Regular	31	32	34	34	2	0
Temporary	1	2	2	2	0	0
Total Personnel	33	34	36	36	2	0

Note – Totals may not foot due to rounding.

Program Expenditure Comparison



2010/11 ACCOMPLISHMENTS

Water Supply

Represented Metropolitan as a direct party and provided legal advice and assistance to State Water Contractors working group in state and federal ESA litigation, including successful motions for summary judgment in Delta smelt litigation.

Provided legal and science support for conditions to Regional Water Quality Control Board permit for Sacramento Regional Sanitation District treatment plant expansion.

Coordinated the intervention of Metropolitan and other State Water Contractors in support of DWR in *Solano County Water Agency v. DWR*.

Participated in negotiating and drafting transfer and storage agreements.

Provided legal assistance with the Bay-Delta Conservation Plan.

Defended Metropolitan’s interests in the litigation challenging the validity of the Quantification Settlement Agreement and related agreements and prepared for appellate

review of the court’s rulings in the first phase of trial in that litigation.

Provided legal advice and prepared agreements for one-year expansion of the PVID land fallowing program. Advised on other Five-Year Supply Plan programs on the Colorado River.

Represented Metropolitan, with outside counsel, in a working group with other Colorado River water agencies from Nevada and Arizona to seek an appropriate allocation of assets from the Tronox Bankruptcy to fund the continued treatment and remediation of perchlorate and other contaminants leaching from the Tronox industrial facility near Henderson, Nevada into the Las Vegas Wash, Lake Mead, and the Colorado River. Successfully negotiated an increase in cash and other assets allocated to treatment and remediation of the Henderson site by over \$70 million. Obtained significant substantive changes in the documents to preserve the rights of the water agencies and negotiated the return, upon the bankruptcy closing, of approximately 45% of the out-of-pocket expenses incurred by each agency. Metropolitan will receive approximately \$750,000.

Energy

Provided legal support in the relicensing process for hydroelectric facilities at Oroville Dam, including responding to two complaints challenging the adequacy of the final EIR.

Prepared briefs to defend favorable judgment in appeal of the Hyatt-Thermalito energy cost allocation litigation.

Provided legal support and review of the rulemaking for AB 32, California’s landmark Global Warming Solutions Act, including review and response to the climate change draft scoping plan.

Communications

Led a multi-departmental E-Discovery Task Force to develop and install a program for preservation, retention, and retrieval of electronic documents as required by court rules and obtained board approval for implementation.

Administered the annual filing of Statements of Economic Interest (Form 700) for directors and designated employees.

Responded to numerous Public Records Act requests.

Updated Metropolitan’s Administrative Code.

Capital Projects

Successfully resolved several condemnation actions for Perris Valley Pipeline right-of-way.

Settled litigation relating to the construction of the Perris Valley Pipeline.

Workforce

Defended Metropolitan’s interests in several employment litigation matters, including obtaining a dismissal based on the trial court’s granting of Metropolitan’s demurrer and motion to strike.

Provided legal assistance to complete the implementation of the *Cargill* class action settlement.

Defended Metropolitan’s interests in five PERB matters that alleged unfair labor practices, including the dismissal of two charges based on

Metropolitan’s position statement, and preparing for the administrative trial of one charge.

Defended Metropolitan in hearing officer appeals lodged by bargaining units, significantly reducing the active cases. Received favorable decisions in one case and settled two cases.

Updated the Administrative Code chapter on employee relations by incorporating model language and engaging in the meet and consult process with the bargaining units.

Provided legal assistance in interpreting and implementing the existing bargaining unit MOUs, Operating Policies, and employee-related Administrative Code sections, with a focus on ensuring proper, uniform, and equitable application.

Provided legal assistance regarding the MOU negotiations with Metropolitan’s four bargaining units.

Provided investigation oversight for EEO claims, security matters, and misconduct, providing recommendations for remedial actions where appropriate.

Provided legal assistance with labor / employment law compliance and strategic advice, including employment actions, employee relations, reasonable accommodation and leave issues, affirmative action and EEO matters, wage / hour issues, drug / alcohol issues, and potential workforce violence matters.

Participated in Metropolitan’s Strategic Human Resources Advisory Council. Created an “avoiding legal risks” primer for managers and presented the subject at the Management Forum.

Finance

Provided legal support for refunding and retirement of variable rate bonds and termination of associated interest rate swaps. Assisted issuance of bonds using financing structures based on Metropolitan’s liquidity rather than commercial bank liquidity support.

Provided legal support for adoption of two-year budget and two-year rates.

Supported review of financing strategies in the global economic downturn.

Assisted with issuance of new bonds to finance the CIP and refund outstanding bonds for debt service savings.

Administration

Further increased the use of in-house attorneys for litigation and other legal matters.

Hired new law office administrator with extensive experience in legal technology to upgrade department systems and processes.

Provided continuing legal education programs on several legal topics.

OBJECTIVES FOR 2011/12 AND 2012/13

Water Supply Reliability

Pursue a comprehensive legal strategy that proactively addresses legal issues associated with implementing the comprehensive Bay-Delta plan while simultaneously and vigorously defending Metropolitan's interest in litigation and administrative proceedings.

Represent Metropolitan, as a separate party or working through the State Water Contractors, in litigation and regulatory proceedings under the federal and state ESA.

Provide legal support in Metropolitan's efforts to implement temporary and interim measures for the Bay-Delta, including near-term Delta actions.

Continue identifying other possible Delta stressors and provide legal strategy options for consideration.

Continue defending the Quantification Settlement Agreement (QSA) and related agreements in appeal of the adverse judgment and evaluate alternatives.

Provide legal support in the identification and implementation of new water supplies on the Colorado River with a particular focus on working with Mexico.

Provide legal support in the development of water transfers and exchanges.

Assist with monitoring and development of local resources, desalination, and conservation projects and programs.

Provide legal support for review of the water supply allocation plan and any modifications to the plan.

Balancing Growth and Sustainability

Provide legal support for planning and programs to obtain regional compliance with 20 x 2020 initiative.

Provide legal support for Metropolitan initiatives to implement the 2010 IRP.

Managing Energy Costs

Vigorously defend the trial court's decision in the Hyatt-Thermalito litigation.

Support Metropolitan's efforts to renew its Hoover Power Contract.

Provide legal support to ensure that State Water Project energy needs are met in a cost-effective and sustainable manner.

Assist with development and implementation of the Strategic Energy Plan.

Operations

Provide legal support for workplace health and safety compliance framework.

District Governance

Continue to provide timely advice to the board and committees on governance and legal compliance matters.

Provide legal assistance for the board's examination of governance issues.

Workforce Development and Cultural Changes

Provide proactive counsel and advice on workforce issues.

Continue to defend Metropolitan in PERB matters as well as grievance and disciplinary matters.

Real Property Matters

Support entitlement process for properties acquired as part of Diamond Valley Lake, including a recreational vehicle park and marina operations.

Support the expanded revenue generating efforts of the RPDM Group, including telecommunications and headquarters building leases.

Finance

Continue to provide legal support for financing and rate strategies.

Prepare and provide accurate and timely disclosures to the municipal markets, including timely filing of notices required by Continuing Disclosure Undertakings.

Defend legal challenges to Metropolitan's water rate structure.

Administrative Matters Within the Department

Continue to aggressively manage outside counsel costs.

Continue to identify and implement cost efficiency measures.

Continue to develop and implement a professional pathway program and succession plan.

Continue to provide timely employee evaluations.

General Counsel Department

O&M Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
Salaries and Benefits	6,640,300	6,775,000	7,405,600	7,518,400	630,600	112,800
Professional Services	5,447,200	3,248,500	4,784,500	4,650,000	1,536,000	(134,500)
Other	0	0	0	0	0	0
Memberships & Subscriptions	109,500	110,000	110,000	110,000	0	0
Travel Expenses	68,500	75,000	75,000	75,000	0	0
Outside Services - Non Professional / Mainte	36,800	50,000	50,000	50,000	0	0
Subsidies & Incentives	38,000	40,000	50,000	50,000	10,000	0
Materials & Supplies	23,900	20,000	20,000	25,000	0	5,000
Other Accounts	37,200	57,500	57,500	57,500	0	0
Totals	12,401,400	10,376,000	12,552,600	12,535,900	2,176,600	(16,700)
% Change	—	(16.3%)	21.0%	(0.1%)	—	—
Regular	31	32	34	34	2	0
Temporary	1	2	2	2	0	0
Total Personnel	33	34	36	36	2	0

Note – Totals may not foot due to rounding.

Capital Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed
Professional Services	400,100	780,000	670,000	440,000
Totals	400,100	780,000	670,000	440,000
% Change	—	95.0%	(14.1%)	(34.3%)
Regular	0	0	0	0
Temporary	0	0	0	0
Total Personnel	0	0	0	0

Note – Totals may not foot due to rounding.

Capital Expenditure Plan

Program	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed
Diemer Water Treatment Plant - Oxidation Retrofit Program	0	0	30,000	200,000
Information Technology System - Infrastructure	0	0	0	25,000
Inland Feeder	141,800	0	0	0
Perris Valley Pipeline	255,300	730,000	630,000	200,000
San Diego Pipeline No. 6	3,000	50,000	0	0
Skinner Water Treatment Plant - Oxidation Retrofit Program	0	0	10,000	15,000
Totals	400,100	780,000	670,000	440,000
% Change	—	95.0%	(14.1%)	(34.3%)
Personnel	0	0	0	0

Note – Totals may not foot due to rounding.

REASONS FOR CHANGES

2010/11 vs 2011/12

O&M

Salaries and Benefits – Reflects the addition of one attorney and one administrative position to provide more in-house expertise for resources matters and litigation as well as anticipated increases in employee benefits costs and merit increases for eligible employees.

Professional Services – Reflects anticipated increases due to Bay-Delta legal costs, employment litigation, and water rates litigation.

Capital

Reflects change in anticipated legal costs for the Perris Valley Pipeline resulting from settlement of construction litigation. Remaining funds are for pending inverse condemnation litigation.

Reflects increase in anticipated legal costs for the Diemer Oxidation Retrofit Program (ORP) due to filing of a government code claim and the potential for litigation if current negotiations are not successful.

2011/12 vs 2012/13

O&M

Salaries and Benefits – Reflects anticipated increases in employee benefits costs and merit increases for eligible employees.

Professional Services – Reflects anticipated decrease in expenditures due to progress in Bay-Delta litigation and scheduled completion of Bay-Delta Conservation Plan.

Capital

Reflects decrease in anticipated legal costs for the Perris Valley Pipeline resulting from settlement of construction litigation. Remaining funds are for pending inverse condemnation litigation.

Reflects anticipated legal costs for Diemer ORP due to filing of a government code claim and the potential for litigation if current negotiations are not successful.

OFFICE OF THE GENERAL COUNSEL

The Office of the General Counsel is responsible for providing a full range of legal services in a professional, timely, cost-effective, and creative manner. The General Counsel is the chief legal

spokesperson for Metropolitan and the Board of Directors and oversees the department's administrative functions.

O&M Program Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
Salaries and Benefits	6,640,300	6,775,000	7,405,600	7,518,400	630,600	112,800
Professional Services	5,447,200	3,248,500	4,784,500	4,650,000	1,536,000	(134,500)
Other	313,700	352,500	362,500	367,500	10,000	5,000
Totals	12,401,200	10,376,000	12,552,600	12,535,900	2,176,600	(16,700)
% Change	—	(16.3%)	21.0%	(0.1%)	—	—
Personnel	33	34	36	36	2	0

Note – Totals may not foot due to rounding.

REASONS FOR CHANGES

2010/11 vs 2011/12

Salaries and Benefits – Reflects the addition of one attorney and one administrative position to provide more in-house expertise for resources matters and litigation as well as anticipated increases in employee benefits costs and merit increases for eligible employees.

Professional Services – Reflects anticipated increases due to Bay-Delta legal costs, employment litigation, and water rates litigation.

2011/12 vs 2012/13

Salaries and Benefits – Reflects anticipated increases in employee benefits costs and merit increases for eligible employees.

Professional Services – Reflects anticipated decrease in expenditures due to progress in Bay-Delta litigation and scheduled completion of Bay-Delta Conservation Plan.

Three-Year Outlook

Estimated Expenditures

	2011/12	2012/13	2013/14
O&M	12,552,600	12,535,900	13,087,400
% Change	—	(0.1%)	4.4%
Personnel	34	34	34
Capital	670,000	440,000	455,400
% Change	—	(34.3%)	3.5%
Personnel	0	0	0
Total	13,222,600	12,975,900	13,542,800
Regular Personnel	34	34	34
Temporary Personnel	2	2	2
Total Personnel	36	36	36

Note – Totals may not foot due to rounding.

ASSUMPTIONS

Reflects an anticipated increase in employee benefits costs consistent with the CalPERS actuarial report, merit increases for eligible

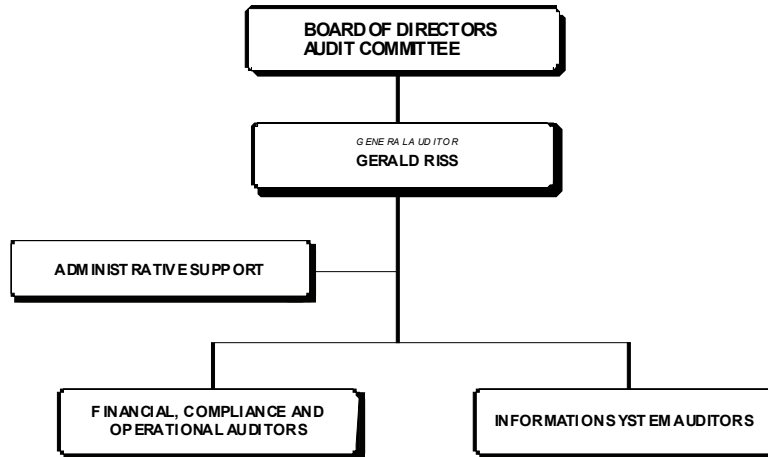
employees, anticipated settlement in some litigation, and an allowance for inflation in non-labor expenses.

General Auditor Department

MISSION, ROLES, AND RESPONSIBILITIES

The mission of the Audit Department is to provide independent, professional, and objective assurance and consulting services designed to add value to and improve Metropolitan’s operations. The department helps the

organization accomplish its objectives by using a proactive, systematic approach to evaluate and improve the effectiveness of risk management, control, and governance processes.



The scope of work of the Audit Department is to determine whether Metropolitan’s network of risk management, internal control, and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure:

- Risks are appropriately identified, managed, and monitored;
- Significant financial, managerial, and operating information is accurate, reliable, and timely;
- Employees’ actions are in compliance with policies, standards, procedures, and applicable laws and regulations;

- Resources are acquired economically, used efficiently, and protected adequately;
- Programs, plans, and objectives are achieved;
- Quality and continuous improvement are fostered in the organization’s control processes; and
- Significant legislative or regulatory issues impacting the organization are recognized and addressed appropriately.

Opportunities for strengthening internal controls, improving efficiency, and protecting the organization’s image may be identified during audits. They will be communicated to the appropriate level of management.

General Auditor Department

BUDGET ISSUES AND CONSTRAINTS

The Audit Department decreased Professional Services by 1.5% from 2010/2011 O&M Budget. This reduction was achieved by the

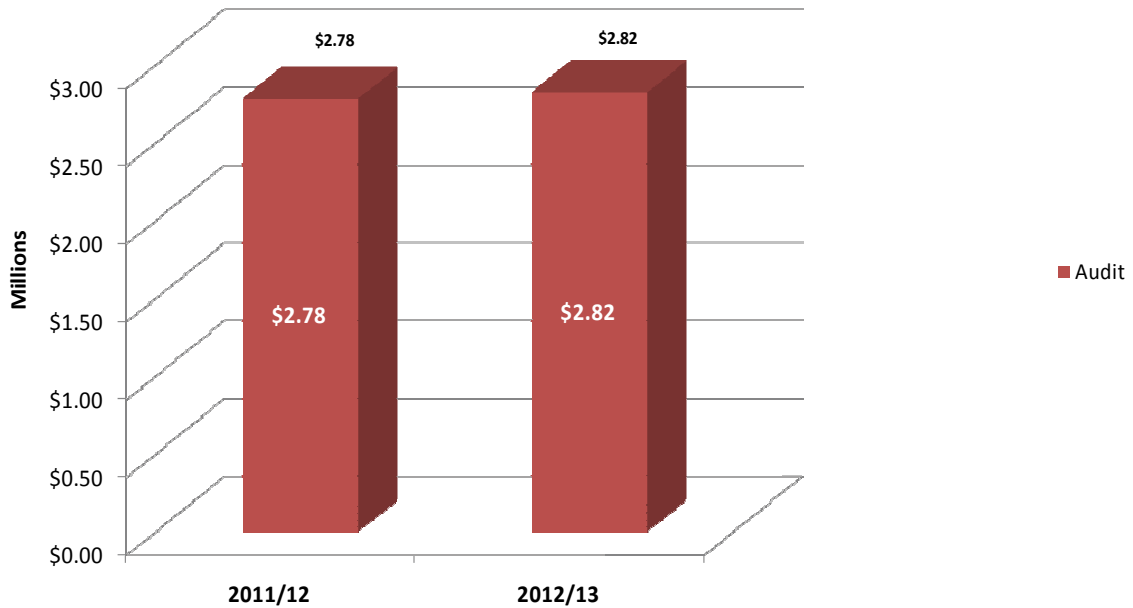
redistribution of work assignments and audit schedules to internal audit staff.

Budget Summary

	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
O&M	2,356,300	2,682,100	2,780,700	2,821,400	98,600	40,700
% Change	—	—	—	—	3.5%	1.4%
Totals	2,356,300	2,682,100	2,780,700	2,821,400	98,600	40,700
% Change	—	—	—	—	3.7%	1.5%
Regular	12	12	12	12	0	0
Temporary	0	0	0	0	0	0
Total Personnel	12	12	12	12	0	0

Note – Totals may not foot due to rounding.

Program Expenditure Comparison



2010/11 ACCOMPLISHMENTS

Completed 15 audit assignments, two information technology continuous monitoring assignments, four audit comfort letters to underwriters on Metropolitan’s bond issues, two special audit requests from management, Audit Quality Assessment and provided audit assistance in connection with KPMG’s annual financial testing.

Allocated Audit resources to the highest risk areas in order to provide insight regarding Metropolitan’s governance processes to the Board and management and emphasized test work in significant areas. Provided on-going training and coaching to ensure auditors continue to develop necessary professional and technical skills and are knowledgeable about emerging issues. Evaluated management’s response to audit reports to ensure that the internal control structure has been improved (existing controls strengthened) or enhanced (new controls added) and performed verification tests of selected responses to confirm that changes made to controls achieve the intended purpose.

OBJECTIVES FOR 2011/12 AND 2012/13

Provide risk perspective and auditing advice and counsel to the Board and management in operational and financial activities.

Publish risk focused audit reports designed to communicate clearly the General Auditor’s opinion regarding the internal control structure, significant control issues, and recommendations to mitigate noted risks.

Improve the completion time for audits and evaluate the adequacy and timeliness of management’s responses to, and corrective actions taken on, all significant control issues noted in audit reports.

Emphasize test work of significant projects.

Encourage training opportunities for Audit Department staff to enhance competencies in risk assessment and broaden their knowledge of Metropolitan operations. Utilize this knowledge in fine-tuning the Annual Audit Risk Assessment and Audit Plan.

Efficiently manage the department’s budget for maximum effectiveness of stated budgetary objectives.

General Auditor Department

Performance Measures Summary

Performance Measure	Measurement Intent	FY 09/10 Baseline Information	FY 10/11 Performance*	Target
O&M Budget Performance	Demonstrate prudent financial management, control and accountability.	92%	90%	100%
Employee Evaluation Completion Rate	Ensure employees' performance evaluations are completed in a timely manner, within 30 days of the anniversary date.	100%	100%	100%
Audit Plan Objectives	Quarterly evaluation and update in a timely manner of Metropolitan's projects and / or activities for risk tolerance as it relates to Metropolitan's objectives.	4	4	4 per year
Audit Conclusion and Report Distribution	Complete and distribute final audit report within the following 15 days.	15 days	15 days	15 days
Annual Quality Assurance (self assessment)	Adherence to IIA Audit Standards.	Generally Conformance	Generally Conformance	Generally Conformance
Audit's Performed	Complete all high risk and Board of Directors / Management requested audits.	40	21	Complete Annual Audit Plan

* Actual performance through December 2010.

General Auditor Department

O&M Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
Salaries and Benefits	1,886,000	2,053,200	2,160,200	2,200,900	107,000	40,700
Professional Services	425,100	558,400	550,000	550,000	(8,400)	0
Other	0	0	0	0	0	0
Subsidies & Incentives	16,700	15,000	16,000	16,000	1,000	0
Materials & Supplies	10,800	14,000	14,500	14,500	500	0
Training & Seminars Costs	2,300	14,000	14,500	14,500	500	0
Memberships & Subscriptions	4,300	5,000	5,500	5,500	500	0
Rent & Leases	5,000	5,500	5,500	5,500	0	0
Travel Expenses	1,400	7,500	5,000	5,000	(2,500)	0
Other Accounts	4,700	9,500	9,500	9,500	0	0
Totals	2,356,300	2,682,100	2,780,700	2,821,400	98,600	40,700
% Change	—	13.8%	3.7%	1.5%	—	—
Regular	12	12	12	12	0	0
Temporary	0	0	0	0	0	0
Total Personnel	12	12	12	12	0	0

Note – Totals may not foot due to rounding.

REASONS FOR CHANGES

2010/11 vs 2011/12

Salaries and Benefits – Reflects anticipated increases in employee benefits costs and merit increases for eligible employees.

2011/12 vs 2012/13

Salaries and Benefits – Reflects anticipated increases in employee benefits costs and merit increases for eligible employees.

General Auditor Department

GENERAL AUDITOR

The General Auditor is accountable to the Board of Directors and the Audit and Ethics Committee to advise them on the adequacy and effectiveness of Metropolitan’s internal control structure. These efforts include evaluating the processes for controlling activities and managing risks; reporting significant internal control

deficiencies related to these processes, presenting recommendations to improve these controls, tracking findings through resolution; and coordinating with other Metropolitan control and monitoring functions (e.g., risk management, legal, ethics, security, and environmental).

O&M Program Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
Salaries and Benefits	1,886,000	2,053,200	2,160,200	2,200,900	107,000	40,700
Professional Services	425,100	558,400	550,000	550,000	(8,400)	0
Other	45,200	70,500	70,500	70,500	0	0
Totals	2,356,300	2,682,100	2,780,700	2,821,400	98,600	40,700
% Change	—	13.8%	3.7%	1.5%	—	—
Personnel	12	12	12	12	0	0

Note – Totals may not foot due to rounding.

REASONS FOR CHANGES

2010/11 vs 2011/12

Salaries and Benefits – Reflects anticipated increases in employee benefits costs and merit increases for eligible employees.

2011/12 vs 2012/13

Salaries and Benefits – Reflects anticipated increases in employee benefits costs, merit increases for eligible employees.

Three-Year Outlook

Estimated Expenditures

	2011/12	2012/13	2013/14
O&M	2,780,700	2,821,400	3,015,000
% Change	—	1.5%	6.9%
Personnel	12	12	12
Capital	0	0	0
% Change	—	—	—
Personnel	0	0	0
Total	2,780,700	2,821,400	3,015,000
Regular Personnel	12	12	12
Temporary Personnel	0	0	0
Total Personnel	12	12	12

Note – Totals may not foot due to rounding.

ASSUMPTIONS

Reflects cost increases consistent with inflation and CalPERS actuarial report. No change in personnel is projected.

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MISSION, ROLES, AND RESPONSIBILITIES

Metropolitan is committed to the fulfillment of its mission in an ethical fashion. Ethical practice includes two levels: a level of compliance in which directors, officers, and employees follow relevant laws, rules, regulations, and policies; and a level of ethically ideal behavior in which directors, officers, and employees strive to incorporate Metropolitan’s core values in their daily work life.

The Ethics Office provides leadership through enforcement of ethics-related laws, rules and policies; education for directors, officers, and employees about how ethics apply to their work; and enhancement of the ethical culture of Metropolitan.



Responsibilities include: develop and revise ethics policies; enforce related state mandates and internal rules and regulations; provide advice, guidance and training to the Board, employees, contractors, and the community on

matters of ethics; ensure compliance with provisions of Senate Bill 60, and with assurances provided the state legislature in response to the State Audit of 2004.

BUDGET ISSUES AND CONSTRAINTS

The 2012/13 proposed budget for the Ethics Department is higher due largely to employee benefit cost increases. In fiscal years 2011/12

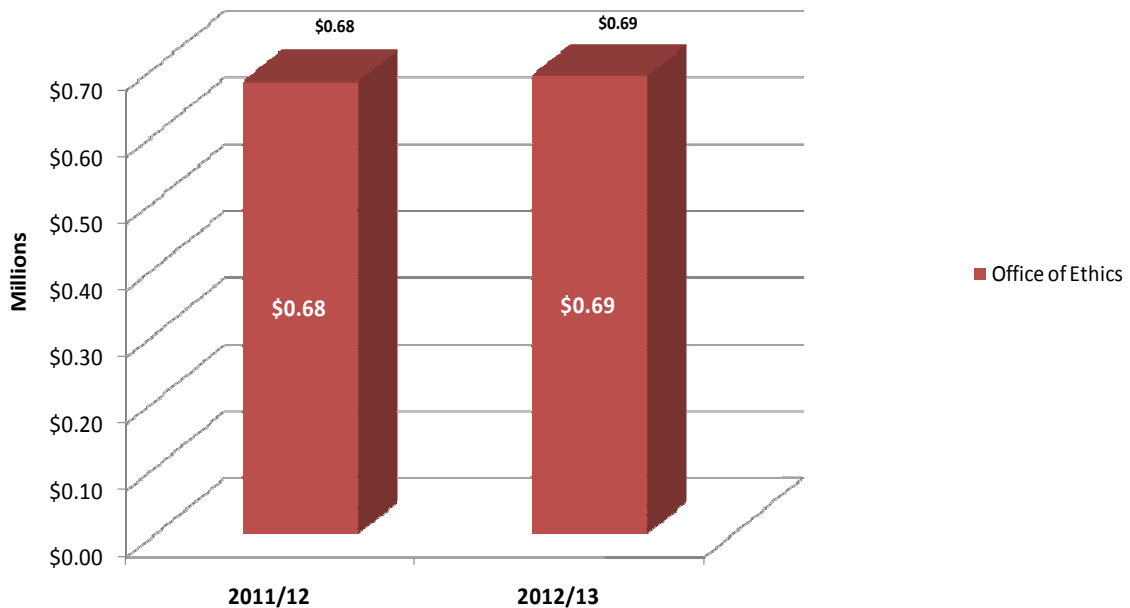
and 2012/13 a reduction in non-labor expenses was achieved by reducing the budget for investigative services.

Budget Summary

	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
O&M	616,400	624,200	677,100	685,900	52,900	8,800
% Change	—	—	—	—	7.8%	1.3%
Totals	616,400	624,200	677,100	685,900	52,900	8,800
% Change	—	—	—	—	8.5%	1.3%
Regular	3	3	3	3	0	0
Temporary	1	1	1	1	1	0
Total Personnel	4	4	4	4	1	0

Note – Totals may not foot due to rounding.

Program Expenditure Comparison



2010/11 ACCOMPLISHMENTS

Reviewed relevant bills and met state mandates, including annual SB 520 and SB 60 reporting.

Provided advice and support to the Board at committee and general board meetings.

Revised and distributed the Employee Ethics Manual to reflect policy changes put into effect since the initial writing.

Reviewed, investigated, and resolved expressions of concern and inquiries.

Provided the second and final mandated AB 1234 ethics training to directors and officers.

Developed and provided Harassment and Discrimination Prevention online training for directors and employees.

Created and provided Rumors and Gossip training and ethical decision making training for managers and employees.

Provided advice and support to managers and employees, invited member agency representatives to workshops, and made materials available to member agency representatives as requested.

Revised quarterly newsletter format.

Participated in in-house training for professional development activities.

OBJECTIVES FOR 2011/12 AND 2012/13

Continue to meet state mandates and agency expectations for enforcement, education, and enhancement of ethics policies and programs.

Continue to address matters brought to the attention of the Ethics Office.

Continue director and employee education in ethics in face-to-face and on-line contexts.

Promote ethics program visibility throughout Metropolitan.

Provide materials, invitations, and assistance to support member agency ethics programs.

Encourage professional development activities for Ethics Office staff.

O&M Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
Salaries and Benefits	592,000	571,400	636,500	645,300	65,100	8,800
Professional Services	12,200	30,000	20,000	20,000	(10,000)	0
Other	0	0	0	0	0	0
Graphics & Reprographics	2,200	5,000	5,000	5,000	0	0
Memberships & Subscriptions	4,300	3,500	3,500	3,500	0	0
Rent & Leases	2,600	3,500	3,500	3,500	0	0
Subsidies & Incentives	1,400	1,500	1,500	1,500	0	0
Training & Seminars Costs	2,700	2,000	1,500	1,500	(500)	0
Travel Expenses	200	2,000	1,500	1,500	(500)	0
Other Accounts	(1,200)	5,300	4,100	4,100	(1,200)	0
Totals	616,400	624,200	677,100	685,900	52,900	8,800
% Change	—	1.3%	8.5%	1.3%	—	—
Regular	3	3	3	3	0	0
Temporary	1	1	1	1	1	0
Total Personnel	4	4	4	4	1	0

Note – Totals may not foot due to rounding.

REASONS FOR CHANGES

2010/11 vs 2011/12

Salaries and Benefits – Reflects an increase associated within the class compensation study and anticipated merit and employee benefits costs.

Professional Services – Reflects a decrease in investigative services to offset increases in other budget costs.

2011/12 vs 2012/13

No significant change; includes anticipated increases in employee benefits costs.

ETHICS OFFICE

The mission of the Office of Ethics is to develop and implement policies and programs that promote a business environment where integrity,

respect, and accountability are incorporated into all aspects of doing business at Metropolitan.

O&M Program Financial Summary

Expense Category	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
Salaries and Benefits	592,000	571,400	636,500	645,300	65,100	8,800
Professional Services	12,200	30,000	20,000	20,000	(10,000)	0
Other	12,200	22,800	20,600	20,600	(2,200)	0
Totals	616,400	624,200	677,100	685,900	52,900	8,800
% Change	—	1.3%	8.5%	1.3%	—	—
Personnel	4	4	4	4	1	0

Note – Totals may not foot due to rounding.

REASONS FOR CHANGES

2010/11 vs 2011/12

Salaries and Benefits – Reflects anticipated increases in employee benefits costs and merit increases for eligible employees.

Professional Services – Reflects a decrease in investigative services to offset increases in other budget costs in fiscal year 2011/12.

2011/12 vs 2012/13

No significant change; includes anticipated increases in employee benefits costs.

Three-Year Outlook

Estimated Expenditures

	2011/12	2012/13	2013/14
O&M	677,100	685,900	731,600
% Change	—	1.3%	6.7%
Personnel	3	3	3
Capital	0	0	0
% Change	—	—	—
Personnel	0	0	0
Total	677,100	685,900	731,600
Regular Personnel	3	3	3
Temporary Personnel	1	1	1
Total Personnel	4	4	4

Note – Totals may not foot due to rounding.

ASSUMPTIONS

Ethics Office expenditures are anticipated to remain static. Salaries and benefits reflect an increase due to salary increases consistent with

the anticipated rate of inflation and benefit cost increases consistent with CalPERS actuarial report.

Staffing Summary

Summary of Employees

Group/Department	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Budget
Regular Employees				
Office of the General Manager	37	45	45	45
Water System Operations	896	928	929	929
Water Resource Management	76	69	69	71
Corporate Resources	609	616	616	616
Human Resources	48	48	46	46
Real Prop Dev & Mgmt	47	48	48	48
Office of the Chief Financial Officer	45	46	46	46
External Affairs	52	52	52	52
Additional Changes	—	—	(2)	(2)
Subtotal Department	1810	1852	1849	1851
General Counsel	31	32	34	34
General Auditor	12	12	12	12
Office of Ethics	3	3	3	3
Subtotal Regular Employees	1856	1899	1898	1900
Temporary Employees				
District Temporary	26	24	18	22
Agency Temporary	2	3	6	6
Subtotal Temporary Employees	28	27	24	28
Total Employees	1884	1926	1921	1928
Expenses				
District Regular	152,374,000	177,664,100	182,889,800	184,224,900
District Temporary	1,444,200	1,385,300	1,228,800	1,378,800
Overtime	8,952,300	5,593,800	5,966,300	5,981,400
Agency Temporary	121,500	135,000	345,000	345,000
Premium	2,198,900	2,049,400	2,139,600	2,158,700
Fringe Benefits	114,247,700	88,108,400	100,220,100	104,753,800
Total Expenses	279,338,600	274,936,000	292,789,600	298,842,600

Note – Totals may not foot due to rounding.

Staffing Summary

Office of the General Manager

Employees	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
District Regular	37	45	45	45	—	—
District Temporary	1	1	1	1	0	—
Agency Temporary	0	0	0	0	—	—
Totals	37	46	46	46	0	—

EXPLANATION OF INCREASE/DECREASE

2010/11 vs 2011/12

No changes.

2011/12 vs 2012/13

No changes.

Expenses	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
District Regular	4,058,500	5,736,200	5,786,400	5,799,500	50,200	13,100
District Temporary	86,900	100,000	100,000	100,000	0	0
Overtime	15,200	3,000	3,000	3,000	0	0
Fringe Benefits	3,268,500	2,734,700	2,964,500	3,086,800	229,800	122,300
Totals	7,429,100	8,573,900	8,853,900	8,989,300	280,000	135,400

Note – Totals may not foot due to rounding.

EXPLANATION OF INCREASE/DECREASE

2010/11 vs 2011/12

District Regular – Reflects anticipated merit increases for eligible employees.

Fringe Benefits – Reflects an increase in employee benefits costs consistent with the CalPERS actuarial report.

2011/12 vs 2012/13

District Regular – Reflects anticipated merit increases for eligible employees.

Fringe Benefits – Reflects an increase in employee benefits costs consistent with the CalPERS actuarial report.

Staffing Summary

Water System Operations

Employees	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
District Regular	896	928	929	929	1	—
District Temporary	21	19	15	19	(4)	4
Agency Temporary	2	2	5	5	3	—
Totals	918	949	949	953	1	4

EXPLANATION OF INCREASE/DECREASE

2010/11 vs 2011/12

District Regular – Reflects transfer of an employee from WRM to WSO for the Salinity Management Program.

Temporary Employees – Reflects a shift from the use of District Temporary to Agency Temporary employees to handle the annual cleaning of reservoir covers.

2011/12 vs 2012/13

District Temporary – Reflects an increase for a student internship program for science and engineering students to receive training in water industry related topics.

Expenses	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
District Regular	65,898,300	78,647,900	79,353,600	79,979,200	705,700	625,600
District Temporary	1,009,400	1,060,600	899,000	1,049,000	(161,600)	150,000
Overtime	7,351,000	5,101,900	5,488,100	5,512,200	386,200	24,100
Agency Temporary	109,100	120,000	330,000	330,000	210,000	0
Premium	1,958,800	1,856,700	1,941,900	1,952,200	85,200	10,300
Fringe Benefits	52,414,300	38,680,600	43,720,200	45,836,100	5,039,600	2,115,900
Totals	128,740,900	125,467,700	131,732,800	134,658,700	6,265,100	2,925,900

Note – Totals may not foot due to rounding.

EXPLANATION OF INCREASE/DECREASE

2010/11 vs 2011/12

District Regular – Reflects anticipated merit increases for eligible employees and the transfer of one employee from WRM.

Temporary Employees – Reflects a shift from the use of District Temporary to Agency Temporary employees to handle the annual cleaning of reservoir covers.

Overtime – Reflects an increase due to additional shutdowns planned for FY 2011/12.

Premium – Reflects higher premium-pay hours driven by additional shutdowns.

Fringe Benefits – Reflects anticipated increase in the cost of employee benefits consistent with the CalPERS actuarial report.

Staffing Summary

2011/12 vs 2012/13

District Regular – Reflects anticipated merit increases for eligible employees.

District Temporary – Reflects an increase for a student internship program for science and engineering students to receive training in water industry related topics.

Overtime – Reflects an increase anticipated by the Water Conveyance and Distribution Section.

Premium – Reflects higher premium hours anticipated by the Water Conveyance and Distribution Section.

Fringe Benefits – Reflects anticipated increase in the cost of employee benefits consistent with the CalPERS actuarial report.

Staffing Summary

Water Resource Management

Employees	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
District Regular	76	69	69	71	—	2
District Temporary	0	0	0	0	—	—
Agency Temporary	0	0	0	0	—	—
Totals	77	69	69	71	—	2

EXPLANATION OF INCREASE/DECREASE

2010/11 vs 2011/12

District Regular – No net change although one position was added in the Resource Implementation Section offsetting the transfer of one position to WSO.

2011/12 vs 2012/13

District Regular – Reflects the addition of one new position in the Office of the Group Manager Section for contract management and one new position in the Resource Implementation Section for SWP financial administration.

Expenses	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
District Regular	7,166,000	7,751,400	7,719,700	7,992,900	(31,700)	273,200
District Temporary	37,100	0	0	0	0	0
Overtime	59,000	92,000	92,000	92,300	0	300
Premium	100	0	0	0	0	0
Fringe Benefits	5,513,200	3,672,000	4,017,400	4,318,800	345,400	301,400
Totals	12,775,400	11,515,400	11,829,100	12,404,000	313,700	574,900

Note – Totals may not foot due to rounding.

EXPLANATION OF INCREASE/DECREASE

2010/11 vs 2011/12

District Regular – Reflects anticipated vacancy rate partially offset by merit increases for eligible employees.

Fringe Benefits – Reflects increase in the cost of employee benefits consistent with the CalPERS actuarial report.

2011/12 vs 2012/13

District Regular – Reflects anticipated vacancy rate offset by two new positions and merit increase for eligible employees.

Fringe Benefits – Reflects increase in the cost of employee benefits consistent with the CalPERS actuarial report.

Staffing Summary

Corporate Resources

Employees	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
District Regular	609	616	616	616	—	—
District Temporary	0	1	0	0	(1)	—
Agency Temporary	0	0	0	0	—	—
Totals	609	617	616	616	(1)	—

EXPLANATION OF INCREASE/DECREASE

2010/11 vs 2011/12

District Regular – There is no change to personnel levels from the 2010/11 year; however, there is a shift of personnel between CIP and O&M. Approximately, 10 FTE's are shifting into O&M for engineering support of Solar Power Purchase Agreements and environmental mitigation banking/reserve tracking, implementing the PC Replacement Project, upgrading Oracle Financials and new software maintenance associated with e-Discovery, CAD engineering, Maximo mobile

devices, enterprise learning, and water quality event detection.

2011/12 vs 2012/13

District Regular – Once again there is no change to personnel levels in the FY12/13; however, there are two additional FTE's shifting from CIP to O&M to provide additional engineering support for the Bay Delta Conveyance program.

Expenses	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
District Regular	52,872,400	59,017,600	63,564,900	63,873,800	4,547,300	308,900
District Temporary	48,400	0	0	0	0	0
Overtime	1,450,700	292,800	279,600	269,800	(13,200)	(9,800)
Agency Temporary	0	0	0	0	0	0
Premium	239,600	192,400	197,400	206,200	5,000	8,800
Fringe Benefits	36,460,800	30,431,500	35,754,600	37,151,700	5,323,100	1,397,100
Totals	91,071,900	89,934,300	99,796,500	101,501,500	9,862,200	1,705,000

Note – Totals may not foot due to rounding.

EXPLANATION OF INCREASE/DECREASE

2010/11 vs 2011/12

District Regular – Reflects merit increases and promotions for eligible and qualified employees respectively.

Overtime – Slight decreases in overtime reflects less planned usage.

Fringe Benefits – Reflects benefit cost increases based on CalPERS actuarial estimates.

2011/12 vs 2012/13

District Regular – Reflects merit increases and promotions for eligible and qualified employees respectively.

Overtime – Slight decreases in overtime reflects less planned usage.

Fringe Benefits – Reflects benefit cost increases based on CalPERS actuarial estimates.

Staffing Summary

Human Resources

Employees	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
District Regular	48	48	46	46	(2)	—
District Temporary	1	0	0	0	—	—
Agency Temporary	0	0	0	0	—	—
Totals	48	48	46	46	(2)	—

EXPLANATION OF INCREASE/DECREASE

2010/11 vs 2011/12

Elimination of two positions reflects the ongoing realignment of Human Resources Group.

2011/12 vs 2012/13

No changes.

Expenses	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
District Regular	4,389,500	5,147,700	5,018,300	4,986,700	(129,400)	(31,600)
District Temporary	31,400	0	0	0	0	0
Overtime	5,400	1,500	6,500	7,000	5,000	500
Agency Temporary	8,100	0	0	0	0	0
Fringe Benefits	3,363,000	2,419,900	2,593,200	2,676,300	173,300	83,100
Totals	7,797,400	7,569,100	7,618,000	7,670,000	48,900	52,000

Note – Totals may not foot due to rounding.

EXPLANATION OF INCREASE/DECREASE

2010/11 vs 2011/12

District Regular – Reflects merit increases for eligible employees offset by reduction of two positions.

Fringe Benefits – Reflects an increase in the cost of employee benefits consistent with the CalPERS actuarial report.

2011/12 vs 2012/13

District Regular – Reflects merit increases for eligible employees offset by an increase in the vacancy rate.

Fringe Benefits – Reflects an increase in the cost of employee benefits consistent with the CalPERS actuarial report.

Staffing Summary

Real Property Development & Management

Employees	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
District Regular	47	48	48	48	—	—
District Temporary	1	0	0	0	—	—
Agency Temporary	0	0	0	0	—	—
Totals	48	48	48	48	—	—

EXPLANATION OF INCREASE/DECREASE

2010/11 vs 2011/12

No changes.

2011/12 vs 2012/13

No changes.

Expenses	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
District Regular	3,964,000	4,498,200	4,213,600	4,266,700	(284,600)	53,100
District Temporary	34,600	0	0	0	0	0
Overtime	47,500	45,600	42,600	42,600	(3,000)	0
Premium	400	100	100	100	0	0
Fringe Benefits	2,564,900	2,131,200	2,158,400	2,265,700	27,200	107,300
Totals	6,611,400	6,675,100	6,414,700	6,575,100	(260,400)	160,400

Note – Totals may not foot due to rounding.

EXPLANATION OF INCREASE/DECREASE

2010/11 vs 2011/12

District Regular – Reflects a 10% vacancy rate to accommodate for current vacancies and anticipated retirements, partially offset by merit increases for eligible employees.

Fringe Benefits – Reflects an increase in the cost of employee benefits consistent with the CalPERS actuarial report.

2011/12 vs 2012/13

District Regular – Reflects replacement of several vacancies and merit increases for eligible employees.

Fringe Benefits – Reflects an increase in the cost of employee benefits consistent with the CalPERS actuarial report.

Staffing Summary

Office of the Chief Financial Officer

Employees	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
District Regular	45	46	46	46	—	—
District Temporary	0	0	0	0	—	—
Agency Temporary	0	0	0	0	—	—
Totals	45	46	46	46	—	—

EXPLANATION OF INCREASE/DECREASE

2010/11 vs 2011/12

No changes.

2011/12 vs 2012/13

No changes.

Expenses	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
District Regular	3,941,100	4,654,700	4,674,000	4,721,300	19,300	47,300
Overtime	3,200	25,500	23,000	23,000	(2,500)	0
Fringe Benefits	2,878,600	2,205,000	2,421,400	2,550,500	216,400	129,100
Totals	6,822,900	6,885,200	7,118,400	7,294,800	233,200	176,400

Note – Totals may not foot due to rounding.

EXPLANATION OF INCREASE/DECREASE

2010/11 vs 2011/12

District Regular – Reflects merit increases for eligible employees.

Fringe Benefits – Reflects increases in employee benefits consistent with the CalPERS actuarial report.

2011/12 vs 2012/13

District Regular – Reflects merit increases for eligible employees.

Fringe Benefits – Reflects increases in employee benefits consistent with the CalPERS actuarial report.

Staffing Summary

External Affairs

Employees	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
District Regular	52	52	52	52	—	—
District Temporary	0	0	0	0	—	—
Agency Temporary	0	1	1	1	—	—
Totals	52	53	53	53	—	—

EXPLANATION OF INCREASE/DECREASE

2010/11 vs 2011/12

No changes.

2011/12 vs 2012/13

No changes.

Expenses	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
District Regular	5,074,100	6,036,100	6,056,400	6,082,900	20,300	26,500
Overtime	17,500	21,000	21,000	21,000	0	0
Agency Temporary	0	15,000	15,000	15,000	0	0
Premium	0	0	0	0	0	0
Fringe Benefits	3,879,600	2,843,600	3,131,400	3,265,700	287,800	134,300
Totals	8,971,200	8,915,700	9,223,800	9,384,600	308,100	160,800

Note – Totals may not foot due to rounding.

EXPLANATION OF INCREASE/DECREASE

2010/11 vs 2011/12

District Regular – Reflects an increase in salaries associated with merit increases for eligible employees.

Fringe Benefits – Reflects an increase in employee benefit costs consistent with the CalPERS actuarial report.

2011/12 vs 2012/13

District Regular – Reflects an increase in salaries associated with merit increases for eligible employees.

Fringe Benefits – Reflects an increase in employee benefit costs consistent with the CalPERS actuarial report.

Staffing Summary

General Counsel

Employees	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
District Regular	31	32	34	34	2	—
District Temporary	1	2	2	2	—	—
Agency Temporary	0	0	0	0	—	—
Totals	33	34	36	36	2	—

EXPLANATION OF INCREASE/DECREASE

2010/11 vs 2011/12

District Regular – Reflects the addition of one attorney and one administrative staff position.

2011/12 vs 2012/13

District Regular – No staffing changes are projected.

Expenses	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
District Regular	3,693,900	4,493,000	4,767,800	4,778,200	274,800	10,400
District Temporary	88,100	114,000	114,000	114,000	0	0
Overtime	2,800	10,000	10,000	10,000	0	0
Premium	0	200	200	200	0	0
Fringe Benefits	2,855,600	2,157,800	2,513,600	2,616,000	355,800	102,400
Totals	6,640,400	6,775,000	7,405,600	7,518,400	630,600	112,800

Note – Totals may not foot due to rounding.

EXPLANATION OF INCREASE/DECREASE

2010/11 vs 2011/12

District Regular – Reflects the addition of one attorney and one administrative staff position as well as anticipated merit increases for eligible employees.

Fringe Benefits – Reflects an increase in employee benefit costs consistent with the CalPERS actuarial report.

2011/12 vs 2012/13

District Regular – Reflects anticipated merit increases for eligible employees.

Fringe Benefits – Reflects an increase in employee benefit costs consistent with the CalPERS actuarial report.

Staffing Summary

General Auditor

Employees	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
District Regular	12	12	12	12	—	—
District Temporary	0	0	0	0	—	—
Agency Temporary	0	0	0	0	—	—
Totals	12	12	12	12	—	—

EXPLANATION OF INCREASE/DECREASE

2010/11 vs 2011/12

No changes.

2011/12 vs 2012/13

No changes.

Expenses	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
District Regular	1,070,100	1,396,700	1,424,700	1,432,700	28,000	8,000
Fringe Benefits	815,900	656,500	735,600	768,200	79,100	32,600
Totals	1,886,000	2,053,200	2,160,300	2,200,900	107,100	40,600

Note – Totals may not foot due to rounding.

EXPLANATION OF INCREASE/DECREASE

2010/11 vs 2011/12

District Regular – Reflects anticipated merit increases for eligible employees

Fringe Benefits - Reflects increase in benefit costs consistent with the CalPERS actuarial report.

2011/12 vs 2012/13

District Regular – Reflects anticipated merit increases for eligible employees

Fringe Benefits - Reflects increase in benefit costs consistent with the CalPERS actuarial report.

Staffing Summary

Ethics Office

Employees	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
District Regular	3	3	3	3	—	—
District Temporary	1	1	1	1	1	—
Agency Temporary	0	0	0	0	—	—
Totals	4	4	4	4	1	—

EXPLANATION OF INCREASE/DECREASE

2010/11 vs 2011/12

No changes.

2011/12 vs 2012/13

No changes.

Expenses	2009/10 Actual	2010/11 Budget	2011/12 Budget	2012/13 Proposed	2010/11 vs 2011/12	2011/12 vs 2012/13
District Regular	246,100	284,600	310,400	311,000	25,800	600
District Temporary	108,300	110,700	115,800	115,800	5,100	0
Overtime	0	500	500	500	0	0
Agency Temporary	4,300	0	0	0	0	0
Fringe Benefits	233,300	175,600	209,800	218,000	34,200	8,200
Totals	592,000	571,400	636,500	645,300	65,100	8,800

EXPLANATION OF INCREASE/DECREASE

2010/11 vs 2011/12

District Regular - Reflects merit and bargaining unit negotiated increase.

Fringe Benefits – Reflects anticipated increases in employee benefits costs in accordance with CALPers actuarial report.

2011/12 vs 2012/13

No significant change; includes anticipated increases in employee benefits costs in accordance with CALPers actuarial report.

