

JANUARY 2011

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

GENERAL MANAGER JEFFREY KIGHTLINGER PARTICIPATES ON PANEL  
Forum for Asian/Pacific Americans Employee Affinity, Network and Resource Groups

On January 26, General Manager Kightlinger spoke at the CEOs/Presidents Forum, *Breaking Through: Advice from the C-Suite*. Mr. Kightlinger was joined by moderator Mr. Craig Robinson, President/General Manager of KNBC-TV and fellow panelists, Ms. Connie Tang, President of JAFRA USA, and Mr. Ron Litzinger, President of Southern California Edison. Approximately 200 people representing about 55 different organizations/companies attended this evening event. The panel members spoke about the difficulties, struggles and tough decisions they have to make as executives. However, they each recognize it comes with the position and they are committed to be effective leaders.



CONTENTS

CORPORATE RESOURCES	2-5
WATER SYSTEM OPERATIONS	6-8
WATER SUPPLY CONDITIONS	9
WATER RESOURCE MANAGEMENT	10
BAY-DELTA INITIATIVES	11

HUMAN RESOURCES	12
FINANCE	13
EXTERNAL AFFAIRS	14-15
REAL PROPERTY MANAGEMENT	16
BUSINESS OUTREACH	17

DATED: JANUARY 31, 2011

## CORPORATE RESOURCES GROUP

### CAPITAL INVESTMENT PLAN

#### Replace / Rehabilitate Projects for Conveyance and Distribution System

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

- Allen-McColloch Pipeline—Notice to proceed was issued and the contractor began mobilization. Metropolitan Forces completed fabrication of the new steel liner in preparation of the planned pipeline repair work, which is scheduled to take place during an 8-day shutdown in February 2011.
- Box Springs Feeder Repairs—Completed replacement of 12 sections of pipe during the seven-day shutdown in January 2011.
- Calabasas Feeder Repairs—Awarded construction contract and obtained permits in preparation for the planned carbon fiber lining pipeline repairs, which is scheduled to take place during an 11-day shutdown in April 2011.
- Upper Feeder Service Connection—Issued Notice to Proceed, and currently reviewing submittals that must be approved prior to contractor mobilization.
- Treated Water Cross Connection Prevention Program—Awarded three construction contracts for the final stage of construction activities.

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

- Copper Basin Outlet Gates Repair—Final design is 99 percent complete and is scheduled to be completed by February 2011.
- Eagle Mountain Standby Generator Replacement—Final design is complete and the project was advertised.
- Eagle Mountain Pumping Plant Delivery Pipe Expansion Joint Repair—Construction activities to repair leaky expansion joints on the delivery pipes are 35 percent complete and are scheduled to be complete by February 2011 during a 19-day shutdown of the CRA.
- Access Covers and Water Tanks Safety Improvements—Construction is 65 percent complete and is scheduled to be complete by May 2011.

#### Additional Projects

Oxidation Retrofit Program—This program was established to add pre-ozonation to provide disinfection, control tastes and odors, and reduce the level of disinfection by-products in the finished water at all five of Metropolitan’s treatment plants. This program will enable Metropolitan to meet state and federal drinking water regulations and consists of multiple, staged construction contracts. With three of the five treatment plants – Jensen, Mills, and Skinner – completed and placed into service, there are two remaining plants to be completed. Recent activities for these two plants, include the following:

##### Diemer ORP

- Ozone Facilities—Construction is 62 percent complete and is scheduled to be complete by mid-2012.
- Southern California Edison 66kV Substation—Continued with startup and testing of the new

electrical facilities in the switchgear and emergency buildings in preparation for the full plant shutdown scheduled for February 2011.

##### Weymouth ORP

- Ozone Generation Building and Ozone Contactors—Final design is 92 percent complete and is scheduled to be complete by early 2011.
- Switchgear Building—Construction is 40 percent complete and is scheduled to be complete by June 2011.
- Inlet Conduit Relocation—Construction is 69 percent complete and is scheduled to be complete by April 2011.
- Staff has finalized efforts to receive \$20 million in grant funds as awarded to Metropolitan via Proposition 50 grant program to help defray costs for Weymouth Ozone activities.

[picture on page 3]

## CORPORATE RESOURCES GROUP

### CAPITAL INVESTMENT PLAN

#### Replace/Rehabilitate Projects for Water Treatment Plants

Treatment Plant Improvements Program—This program was initiated to maintain reliability and to improve operating efficiency of Metropolitan’s water treatment plants through specific improvement projects. Recent activities include the following:

#### Weymouth Water Treatment Plant

- Electrical Upgrades—Construction is 40 percent complete and is scheduled to be complete by mid-2012.
- Rapid Mix Systems—Construction is 69 percent complete and is scheduled to be complete by May 2011.
- Junction Structure Seismic Upgrades—Construction is 81 percent complete and is scheduled to be complete by May 2011.

#### Mills Water Treatment Plant

- Electrical Buildings Nos. 1 & 2 Seismic Upgrades—Construction is 25 percent complete and is scheduled to be complete by June 2011.
- Modules Nos. 3 & 4 Safety Shower and Eyewash Stations—Final design is 30 percent complete and is scheduled to be complete by June 2011.
- Caustic Tank Replacements—Final design is 50 percent complete and is scheduled to be completed by May 2011.
- Hazardous Waste Staging and Handling Facility—Completed preliminary design, and preparing Board action to request authorization to proceed with final design.
- Modules Nos. 3 & 4 Weir Gate Rehabilitation—Completed rehabilitation of weir gates for Modules Nos. 3 & 4 during January 2011 plant shutdown.

#### Diemer Water Treatment Plant

- Fire and Potable Water Pump Station—Construction is approximately 35 percent complete and is scheduled to be complete by October 2011.
- Electrical Improvements—Construction for Stage 1 is 92 percent complete and is scheduled to be complete by December 2011, while final design for Stage 2 is underway and is scheduled to be complete by June 2012.
- Filter Outlet Conduit Seismic Upgrades—Preliminary design is in progress and is scheduled to be complete by mid-2011.
- Diemer North Access Road—Construction is 60 percent complete and is scheduled to be complete by May 2011.



*Weymouth Inlet Conduit Relocation  
Construction of 96-inch basin inlet pipe  
(Story on page 2)*

## CORPORATE RESOURCES GROUP

### CAPITAL INVESTMENT PLAN

#### Implement Information Technology Strategic Plan

IT Disaster Recovery SCADA Exercise—As part of an ongoing effort to refine Metropolitan’s ability to recover critical IT systems in the event of a disaster, staff conducted detailed planning for an exercise involving the Supervisory Control and Data Acquisition (SCADA) system. The exercise simulated the failure of SCADA servers at a treatment plant. The Oxidation Demonstration Plant (ODP) was used for the testing because it is a research facility similar to Metropolitan’s treatment plants and can be used without affecting day-to-day water treatment operations. Staff exercised the disaster recovery procedures by bringing SCADA back online at the ODP facility using backup servers located at Metropolitan’s disaster recovery facility.

The objectives included:

- Test SCADA System recovery procedures
- Provide on-going IT staff training
- Validate recovery capabilities
- Identify opportunities for process enhancements and refinements

The exercise was conducted in close coordination with Water System Operations staff to ensure no interruptions to the operation of the production SCADA system.

Provided on-going Cyber Security Monitoring and Controls—Information Technology Security utilizes a complement of security software tools and related methods to proactively protect Metropolitan’s cyber assets. A key part of this important on-going effort includes periodic updates to maintain current version for security software and regularly deploying the latest security patches to protect Metropolitan’s network, infrastructure and data.

Important software updates to address security vulnerabilities, improve usability and performance are regularly conducted as part of IT Operations. These activities are typically performed behind the scene or during off-hours to minimize impact to daily operations and are often transparent to the user community.

### BUSINESS PROCESSES

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

Metropolitan received the “Best Workplaces for Commuters” award for both the Headquarters and La Verne sites. This award was issued by the National Center for Transit Research for meeting the Environmental Protection Agency’s National Standard of Excellence for outstanding commuter benefits. Metropolitan’s popular Rideshare Program promotes energy conservation and reductions in both traffic congestion and air pollution.



## CORPORATE RESOURCES GROUP

### SYSTEM RELIABILITY

#### Environmental, Health and Safety

Issued RFP for the EHS Management Information System—In support of the Water System Operations Group, IT has initiated an Environmental, Health and Safety Management Information Systems (EMIS) Project. As a part of the project, the plan includes acquiring a comprehensive system to replace existing legacy systems and stand-alone databases with newer, integrated technology in order to better manage and track compliance, schedules, deadlines, and report metrics and trends across the organization. Increasing regulations mandate more frequent reporting and compliance plans which

require meticulous record keeping and tracking of the status of compliance deliverables and corrective actions to completion. In support of this initiative, IT staff working closely with the EHS staff recently completed the development of the Request for Proposal. The RFP process is expected to be complete in the fourth quarter of this fiscal year.

### WATER SUPPLY RELIABILITY

#### Water Reclamation Program

Staff continued work on the feasibility study for the development of a regional water reclamation program in partnership with the Los Angeles County Sanitation District. This 12-month effort, which commenced in June 2010, will include a midpoint report to the Board in early 2011 on the progress and new developments of the project. Recent activities during the period include the following:

- Continued multiple investigations to evaluate the feasibility of implementing a regional indirect potable reuse program, including:
  - a hydrogeologic assessment of the Main San Gabriel Basin
  - an investigation of adjudication rights and issues for Main San Gabriel Basin
  - an investigation of potential reservoir sites to store purified water
  - an investigation of water quality and treatment requirements
- Continued to work with the Main San Gabriel Basin Assistant Watermaster and agencies to further understand issues associated with storing and extracting purified water from the basin.
- Continued to work with LACSD staff on the pilot plant study. LACSD staff initiated the collection of samples from the advanced water treatment process train to analyze an extensive list of water quality parameters (Title 22 Plus).

## WATER SYSTEM OPERATIONS

### SYSTEM RELIABILITY

#### System Operations

System Operations delivered approximately 86,000 acre-feet of water to meet Member Agency demands for January 2011, which is an average of about 2,800 AF per day. The delivery is 38 percent lower than the quantity delivered in January 2009. Additionally 11,600 AF was delivered to Desert Water Agency and Coachella Valley Water District in exchange for their State Water Project Table A supplies. Pumping on the Colorado River Aqueduct was reduced from five pumps to three pumps because of the lower Desert/Coachella deliveries, low system demand, and system changes to maximize the delivery of available State Water Project carryover supplies early in the year. Deliveries to Desert/Coachella were less than projected due to ongoing repairs in the Desert Water Agency and Coachella Valley Water District Whitewater River conveyance

system resulting from the December storm damage.

To move available supplies and avoid the loss of State Water Project carryover in California's Department of Water Resources' San Luis Reservoir, SWP blends were increased to 45 percent for the Weymouth, Diemer, and Skinner treatment plants. Deliveries from the SWP West Branch into Metropolitan's system were also maximized. Additionally, 44,000 AF was delivered into Diamond Valley Lake via the Inland Feeder to increase storage to approximately 681,000 AF by the end of January. Total imports from the SWP for January are approximately 106,000 AF.

System Operations continues to maximize power generation whenever possible. For the month of January, Metropolitan's hydroelectric plants generated an average of 24 megawatts per hour for a total of 17,750 megawatts. Generation was reduced because of lower water deliveries.

#### Conveyance / Distribution

Staff is performing the five-year predictive maintenance and North American Electric Reliability Corporation / Western Electricity Coordinating Council compliance testing at Hinds pumping plant. This testing assesses the condition of the high voltage electrical equipment. Trending the condition of the equipment over time allows for timely repair and/or replacement of deteriorating equipment, reducing unplanned outages.

Western Electricity Coordinating Council regulations dictate that Metropolitan's equipment on the bulk electrical system be maintained and operate reliably.

#### Maintenance / Shutdowns

A six-day shutdown of the Box Springs Feeder began on January 9. This shutdown allowed a contractor to perform steel liner repairs at four locations where the existing pre-stressed concrete cylinder was distressed. The contractor installed thirty-five, 84-inch diameter pipe sections manufactured by Metropolitan staff. The contractor praised the quality of the work and the ease of fit of the pipe sections.

#### Operations Support Services

Staff continues to repair over 25 various storm erosion locations along Metropolitan's rights of way. This repair allows access for pipe inspections and operations for upcoming scheduled shutdowns.

Repair work has been completed on the pump-generating unit at Greg Avenue. This effort included the installation of new bearings, cleaning and machining rotor wear rings and the installation of a new bearing oil lubricating



Contractor removal of distressed pipe section on Box Springs Feeder

## WATER SYSTEM OPERATIONS

### SYSTEM RELIABILITY

#### Apprenticeship Training Program

Twenty-eight apprentices will begin training in basic water treatment and distribution on January 27. The course meets the State of California requirements to qualify for a treatment or distribution license. The class is accredited through Santiago Canyon College and contributes to the 36 units of college credit that apprentices earn during their participation in the four-year apprenticeship program.

#### Emergency Management

Staff made a presentation about Metropolitan’s system at a statewide conference for ARKStorm, which is a statewide emergency planning exercise involving a major storm.

#### Security Management

Program management initiated a security enhancement project to replace the guarded entry control point regulating access to the Wadsworth pumping plant to realign the access road and eliminate future usage conflicts with private parcel owners and county road users.

#### Environmental, Health and Safety

California Air Resources Board adopted a regulation for reducing sulfur hexafluoride (SF6) emissions from electrical switchgear. SF6 is used as an insulator in electrical equipment and has a global warming potential 23,900 times greater than carbon dioxide. SF6 was identified in the California Global Warming Solutions Act of 2006 (AB 32) scoping plan as an early action to reduce greenhouse gas emissions. This regulation requires Metropolitan to track SF6 use and emissions.

## ENERGY MANAGEMENT

#### Power Resource Management / Greenhouse Gas Reduction

On January 12, Staff met with the California Air Resources Board to discuss proposed greenhouse gas Cap-and-Trade regulations associated with Metropolitan’s importation of electricity into California.

#### Renewable Energy Projects

On January 18, staff met with Southern California Edison to discuss the electric service rate impacts at the Diemer treatment plant. Metropolitan is reviewing the benefits of using the power from the Yorba Linda hydropower plant to offset the electrical needs of Diemer versus selling the generation as renewable energy to California electric utilities.

#### Power Resource Strategies

On January 7, staff met with Hoover Dam power contractors to discuss plans to move the Hoover Power Allocation Act legislation in the new Congress. In the previous congressional session, the legislation passed the House and was approved by the Senate Committee Energy and Natural Resources. The new legislation is identical to the earlier bill and is expected to advance with bi-partisan support .

## WATER SUPPLY

#### Five-Year Water Supply Plan

Yuma Desalting Plant continues to operate smoothly and as of January 1 has credited 16,000 AF to Metropolitan’s Intentional Created Surplus storage account in Lake Mead. The cost for operating the desalting plant to date has been \$325/AF, which is significantly lower than the initial \$450/AF estimate. The operation is expected to continue through March, and provide a total of 24,000 AF of Intentional Created Surplus.

## WATER SYSTEM OPERATIONS

### WATER QUALITY

Manage Water Treatment

The latest total dissolved solids results from November for Weymouth, Diemer, and Skinner water treatment plants are 487, 495, and 510 mg/L, respectively. In January, the target blends at the Weymouth, Diemer, and Skinner treatment plants were increased to 45 percent State Water Project.

The Mills water treatment plant was shutdown in conjunction with the Box Springs Feeder repairs. Staff conducted minor repairs and maintenance to normally submerged equipment during the outage. At the Jensen plant, staff made preparations for large flow increases expected in February when the Los Angeles Aqueduct Filtration Plant is taken out of service for maintenance and when other Metropolitan shutdowns will increase demand from Jensen.

Future Regulations

Metropolitan continued to comply with federal and state drinking water primary standards.

On December 31, the Office of Environmental Health Hazard Assessment (OEHHA) announced a revised draft public health goal (PHG) of 0.02 parts per billion (ppb) for chromium-6. PHGs are non-enforceable levels derived solely on theoretical risk assessments and without consideration of the ability to either detect or remove the constituent. PHGs are used by the California Department of Public Health to develop drinking water standards. There is currently no drinking water standard for chromium-6; however, there is a standard of 50 ppb for total chromium which includes chromium-6 and other forms of

chromium. Metropolitan will work with Member Agencies and the Association of California Water Agencies to officially comment on the revised draft PHG by month’s end. On January 7, OEHHA announced a revised draft public health goal (PHG) for perchlorate. OEHHA lowered the previous PHG from 6 parts per billion (ppb) to a proposed 1 ppb, after taking into consideration new health effects data evaluated during their required five-year review of the existing PHG. The State of California currently has a drinking water standard of 6 ppb for perchlorate. Levels of perchlorate entering Metropolitan’s system are typically less than 2-ppb. Metropolitan will work with Member Agencies and ACWA to evaluate possible comments on the proposed revision within a 45-day public comment period.

Also on January 7, the U.S. Department of Health and Human Services (DHHS) proposed new guidance for an optimal fluoride level in drinking water at 0.7 parts per million (ppm). In making the announcement, DHHS noted that community water fluoridation is the most cost-effective method of delivering fluoride for the prevention of tooth decay. The DHHS proposal is at the lower end of the California Department of Public Health current required range of 0.7-1.2 ppm. The revised level seeks to balance the public health benefits of fluoride for preventing tooth decay while minimizing the chance for cosmetic dental fluorosis. Staff will work with CDPH to implement any needed changes to the levels of fluoride added by Metropolitan.

**Current Distribution & Storage**

	1/31/2011 <u>Storage (AF)</u>	Percent of <u>Capacity</u>
Lake Mathews	157,608 AF	87%
Lake Skinner	41,282 AF	94%
DVL	679,772 AF	84%
Lake Perris	70,333 AF	54%

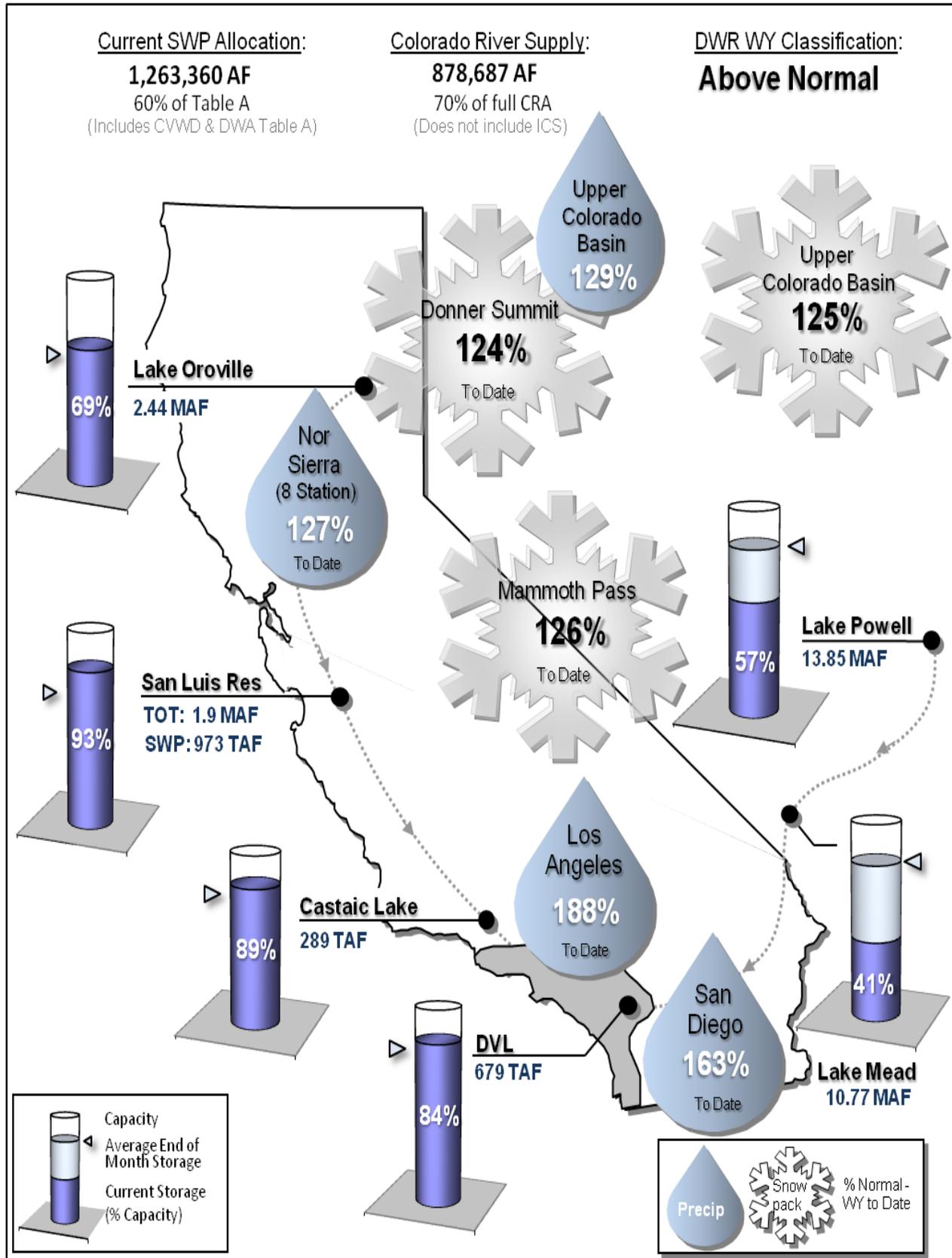
**Useful information:**

**AF** = acre-foot, the volume of water to cover an acre of land, one-foot deep.

Approximately 326,000 gallons of water, serves annual needs of two typical California families.

**TAF**=thousand acre-feet

## WATER SUPPLY CONDITIONS



## WATER RESOURCE MANAGEMENT

### WATER SUPPLY RELIABILITY

#### Long-Term Regional Conservation Plan

Long-Term Conservation Plan Implementation—Staff held two workshops with member and retail agencies to develop first-year implementation strategies for the long-term conservation plan.

### WATER SUPPLY

#### Water Supply and Drought Management Plan

Water Supply Conditions—Staff provided the Board with a report on the developing water supply and demand conditions for 2011. Staff will continue to provide monthly updates to keep the Board apprised on changing conditions. Staff also reviewed storage criteria with the member agency managers. These criteria will help determine when Metropolitan should declare a Water Supply Allocation based on storage levels and other conditions.

#### Colorado River

Imperial Irrigation District Program—All projects implemented under the IID/MWD Water Conservation Program (Program) continue to be operated as planned and budgeted. In January 2011, Metropolitan made a payment to the Imperial Irrigation District of \$4.3 million to cover the operations and maintenance costs of the Program for the first half of 2011. Costs include labor, pumping, maintenance, replacement, and insurance costs. Metropolitan will make a second payment to IID in July 2011 in the amount of \$5.7 million to cover the operations and maintenance costs for the remainder of the year. The minimum amount of conserved water under the Program in 2011 is 105,000 acre-feet.

#### State Water Project

FERC Re-Licensing—Federal Energy Regulatory Commission (FERC) re-licensing of the Oroville Facilities hydropower operations:

- In December 2010, the Water Resources Control Board issued the final certification under Section 401 of the Clean Water Act. The conditions under the 401 certificate were inconsistent with the settlement in several key areas pertaining to the enhanced habitat for anadromous fish.
- Metropolitan working with the State Water Contractors and DWR were successful in revising the provisions that will help to preserve benefits of the settlement.
- Issuance of a Biological Opinion for anadromous fish by the National Marine Fisheries Service (NMFS) is the remaining milestone prior to FERC’s adoption of a new license. FERC has recently requested NMFS to expedite that process.
- The project continues to operate under annual license extensions until the final license is formally adopted by FERC.

#### In-Basin Groundwater Storage

Conjunctive Use Program—Through January 2011, Metropolitan has stored 14,800 AF in Orange County Basin conjunctive use program during FY 2010/11. Another 1,500 AF has also been stored in conjunctive use programs with Three Valleys MWD and Western Municipal Water District during this period. The Chino Basin conjunctive use program is nearly empty, and discussions are continuing with Inland Empire Utilities Agency and basin parties to resolve concerns regarding operations of the program.

#### Water Conservation Program

Save a Buck Incentive Program—Staff partnered with the Los Angeles Department of Water and Power on December 15, 2010 to provide a workshop for plumbing, HVAC and landscape contractors. The workshop was hosted to promote the FY 2010/2011 Save a Buck incentive program, and presentations were made by LADWP and Metropolitan on the new reservation system and program incentive levels. Approximately 125 were in attendance, including representation from more than 60 companies. Due to the success of the workshop, a second workshop is planned for spring 2011 with the Municipal Water District of Orange County.

## BAY-DELTA INITIATIVES

### BAY-DELTA SOLUTIONS

#### Near-Term Measures

Delta Independent Science Board (ISB)—The ISB held a workshop on Delta stressors on January 12 and 13. The workshop was held for the purpose of responding to requests from the Delta Stewardship Council (DSC) and some members of the state legislature for a listing and assessment of Delta stressors. The workshop focused on identifying alternative classifications of stressors and methods for evaluating their relative importance. The ISB, which includes scientists from across the country, discussed examples of how stressors have been evaluated in other programs of environmental management. The

ISB held a follow-up workshop on January 24 to discuss comments and finalize their report. *Addressing Multiple Stressors and Multiple Goals in the Delta Plan*, to the DSC. Staff coordinated with other state and federal water contractors to participate in the workshops and provide comments on the ISB report. The ISB report was presented to the DSC at its meeting on January 28. The ISB proposes to prepare a more detailed report on stressor classification and prioritization to be submitted to the DSC by mid-March.

#### Long-Term Measures

Delta Stewardship Council (DSC)—DSC activities in January focused on development of the Delta Plan. The DSC held seven public scoping sessions from January 18 to 26, in different regions of the state, to seek public comments on the Notice of Preparation (NOP) for the Draft Environmental Impact Report. This is a key document to start the environmental review process for the Delta Plan. Staff attended all of the NOP scoping sessions and delivered a public statement at the Southern California session in Diamond Bar. Staff also coordinated with the state and federal water contractors on the review of the NOP, and submitted written comments. Metropolitan’s oral and written comments focused on (1) support of the co-equal goals of improving water supply reliability and ecosystem restoration, (2) discussion of Metropolitan’s water resources plan and goals for water conservation, (3) the need to keep the Delta Plan focused on Delta activities as described in the legislation, and (4) specific technical comments on the NOP.

#### Emergency Preparedness

Delta Flood Emergency Preparedness, Response and Recovery Program (EPRRP)—Hydrodynamic modeling studies are scheduled for completion by the California Department of Water Resources’ consultant Resource Management Associates in the first quarter 2011 to address emergency response scenarios with established water quality targets for export resumption. Metropolitan staff is performing operations and water treatment plant modeling to provide water quality targets, including coordination with the DWR Municipal Water Quality Investigations program. A U.S. Army Corps of Engineers executive briefing is planned with the South Pacific Division Engineer in February 2011, which will include the EPRRP. Stability analyses and cost estimates reflecting effects of additional landside levee fill to help mitigate pathway levee slumping will consider imported levee fill materials from alternate Delta sources.

## HUMAN RESOURCES

### HUMAN RESOURCES EXCELLENCE

#### HR Information System

- Rollout of the *My Learning* system began January 31 with site visits scheduled throughout the month of February.
- Rollout of the new *My Jobs* system is ready and scheduled for any new jobs that will be recruited beginning in February.

#### Talent Acquisition

Four new employees started at Metropolitan during January.

#### Workers’ Compensation / Medical

- Conducted initial investigations on 16 injury incidents.
- Submitted 13 new claims to Metropolitan’s workers’ compensation claim administrator.
- Settlements were negotiated in 4 claims and 17 claim files were closed.
- Conducted Medvans at Jensen and Diemer facilities.
- Arranged 8 medical evaluations (DMV medical surveillance, etc).
- Addressed 4 accommodation issues.
- Coordinated random drug/alcohol testing at 1 facility.
- Completed OSHA Summary of Injuries and Illnesses for posting by February 1, 2011.

#### Learning and Development

- Webinars facilitated for 65 participants for *The Psychology of Customer Service* and approximately 30 participants for *Resumes and Cover Letters*.
- In addition to online self-serve learning offerings, classes were delivered on topics ranging from Conflict Resolution, Preparing for Job Interviews, and Facilitating for Results.

#### Risk Management

The Risk Management Unit completed a projected 48 incident reports communicating instances of Metropolitan property damage, liability, workplace injuries, regulatory visits and spills.

Risk Management completed a projected 77 risk assessments on contracts, including professional service agreements, construction contracts, entry permits, special events and film permits.

#### Employee Relations

- During the past month, Equal Employment Opportunity Complaint Investigation staff began handling investigations internally, as committed last month, and it is anticipated that these investigations will be wrapped up within established timeframes.
- A number of other cases which had been handled with external resources were also concluded, and EEO Complaint Investigation staff closed them out accordingly, within timeframes.

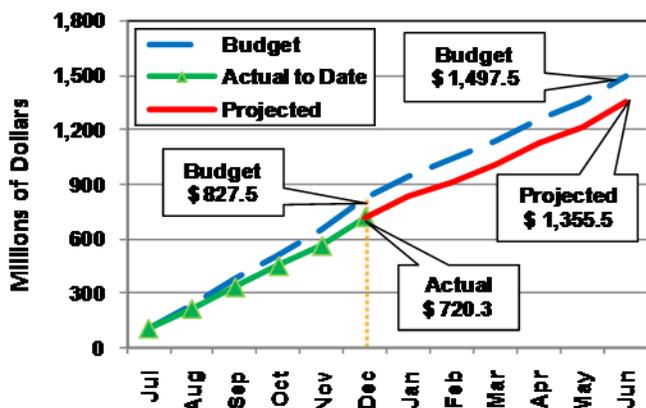
### HIGH PERFORMANCE WORKPLACE

#### Management Excellence

- Internal face-to-face coaching and consultations were provided to eight established managers along with ongoing coaching administration of four engagements with external coaches, including oversight, ongoing updates and three-way conferences.

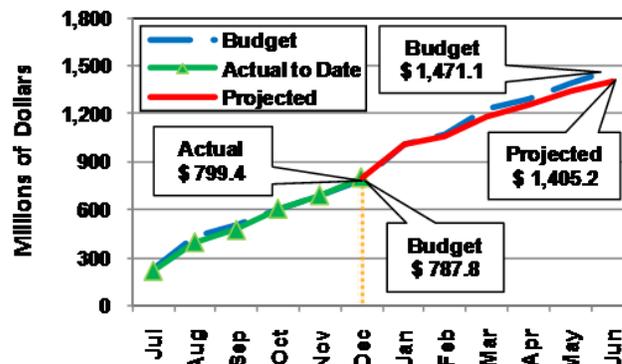
## FINANCE AS OF DECEMBER 31, 2010

Receipts are estimated to be \$142 million under budget by year end, mainly due to lower water sales.



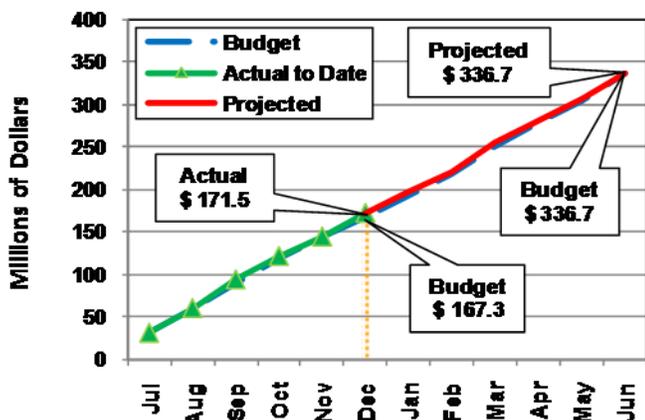
Excludes Bond Construction and Other Trust Funds Activity

Expenditures are forecast to be \$66 million under budget by year end, mainly due to lower PAYGO capital expenditures and lower debt service on Metropolitan bonds.

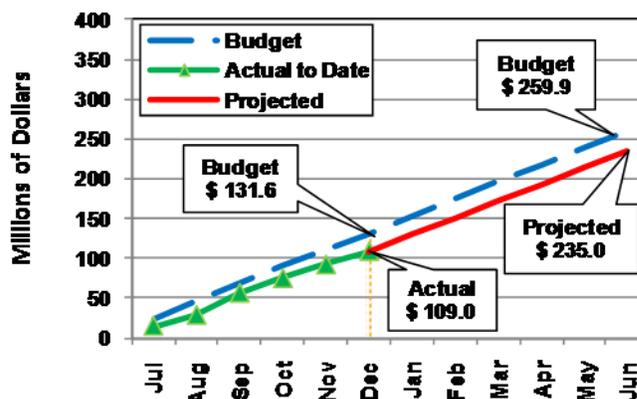


Excludes Bond Construction and Other Trust Funds Activity

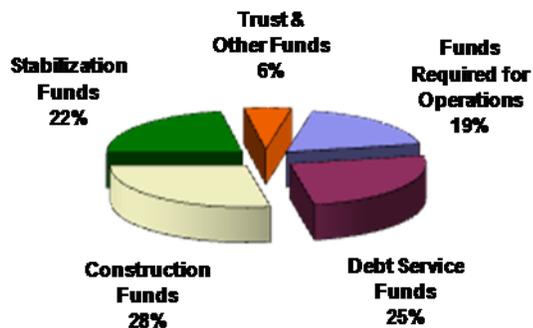
O&M expenditures are expected to be on budget at year end.



Construction costs are expected to be \$24 million under budget by year end, mainly due to the deferral of growth driven projects.



### Cash and Investments \$1,161.6 million



### Summary Financial Statistics

	Target	Actual
Fixed Charge Coverage	≥ 1.20 x	0.84 x
Revenue Debt Service Coverage	> 2.00 x	1.21 x
Revenue Bond Debt / Equity Ratio	< 100.0%	77.1%

#### Credit Ratings

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

## EXTERNAL AFFAIRS

### COMMUNICATIONS

#### Work with Member Agencies – Coordination Common Water Policy Issues and Actions

Staff coordinated executive management’s monthly meeting with the member agency managers. Issues discussed included issues related to the Water Supply Allocation Plan, replenishment deliveries, the Long Range Financial Plan, and Chromium 6.

#### Public Education / Advertising Conservation Efforts

Metropolitan staff provided information about water conservation and rebate programs at a booth at the California Landscape Contractors Association Landscape Industry Show at the Los Angeles

Convention Center from January 12-13, 2011. Landscape professionals who visited the booth represented organizations such as Caltrans, Forest Lawn, Culver City, University of California Riverside, Cal State Northridge and many more.

Paid online search on Google Search and the Google Content Network continues this month. Links to bewaterwise.com appear when keywords such as “water,” “California weather,” and “water rebates” are searched. More than 26,000 people visited bewaterwise.com in December.

#### Public Information Programs

Efforts and activities included:

- Arranged on-camera interview with Assistant General Manager Debra Man and reporter for KABC-TV Channel 7 to discuss December storms and impact on water supply conditions.
- Facilitated interview with Assistant General Manager Roger Patterson and reporter for North County Times for story about the state increasing its allocation from the State Water Project because of early winter rains.
- Provided information about Southern California’s water supply situation to the KRLA AM 870 radio public affairs show with Larry Marino.
- Handled inquiries from the news media about the impact on water supplies from a series of strong storms in California over the holidays. Among the news media were Los Angeles Times, North County Times, La Opinion, Long Beach Press-Telegram, Los Angeles Daily News, San Gabriel Valley Newspaper Group and KFI Radio.

## LEGISLATIVE AND COMMUNITY RELATIONS

#### Community Outreach

Efforts and activities included:

- Nearly 600 unique visits to the Education Website from January 1-17.
- Staff conducted two hands-on Science, Technology, Engineering and Math Teachers’ Institute workshops introducing *Conservation Connection* to 75 middle school teachers. This workshop was a collaboration of the Riverside County and San Bernardino County Offices of Education, the Inland Empire Utilities Agency, and the Cucamonga Valley Water District. Some attendees will be participating in the ongoing Conservation Connection Pilot Program.
- Staff worked with 20 participating member and retail agencies on the 2011 Student Art Program Poster Contest, who will host the “Water is Life” Student Art Exhibit through July 15. The first three stops in January were at Rancho California Water District, Diamond Valley Lake Visitor Center, and Upper San Gabriel Valley Municipal Water District.
- Eleven Diamond Valley Lake field trips were conducted (grades four through six) for more than 350 students from Hemet, Menifee, Perris, San Jacinto, and Temecula Valley school districts. Staff hosted seven field trips for nearly 300 students in collaboration with the Western Science Center outreach program.

## EXTERNAL AFFAIRS

### LEGISLATIVE AND COMMUNITY RELATIONS

#### Coordinate / Communicate Day-to-Day Efforts

- Staff participated in meetings with Foothill Municipal Water District, the cities of Pasadena and San Marino to discuss the impacts of the March 2011 Weymouth Shutdown and to develop an education and community outreach proposal.
- External Affairs and Water Resource Management staff met with representatives of Pardee Homes to tour one of the builder’s construction sites and discuss implementation of the new California Landscape Ordinance and other water use efficiency options.

#### Policy and Legislative Strategies

##### State Legislation

Bills of particular interest recently introduced in the 2011/12 Legislative Session include:

- SB 34 by Senator Joe Simitian (D-Palo Alto) was introduced as a placeholder for developing a fee-based system to pay for costs associated with updating and modernizing water infrastructure projects. The author intends to convene stakeholder meetings to discuss his intended approach.
- SB 52 by Senator Darrell Steinberg (D-Sacramento) seeks to appropriate \$13 million from Proposition 1E and \$37 million from Proposition 84 to provide financial assistance to the Sacramento Regional County Sanitation District to offset rate increases associated with costs of capital improvements to the district’s regional sewage treatment plant.
- AB 134 by Assembly Member Roger Dickinson (D-Sacramento) would authorize the Sacramento Regional County Sanitation District (SRCSD) to apply for a permit to appropriate an unspecified amount of its Sacramento River discharge and recover the treated wastewater for reuse and marketing. The bill would require the State Water Resources Control Board (SWRCB) to issue the permit on terms and conditions determined by the SWRCB and would exempt SRCSD from the required approval and change of use process.
- Governor Brown recently appointed Former Assemblyman John Laird as Secretary of the Resources Agency, subject to Senate confirmation. Mr. Laird represented Santa Cruz, San Luis Obispo and Santa Barbara counties in the Assembly from 2002-2008. While in the Assembly, Mr. Laird chaired the Assembly Budget Committee.
- In mid-December, Assembly Speaker John Pérez (D-Los Angeles) announced his committee assignments for the 2011/12 legislative session. The Speaker reappointed Assembly Member Jared Huffman (D-San Rafael) as Chair of the Assembly Water, Parks and Wildlife Committee and newly

elected Linda Halderman (R-Fresno) was appointed Vice Chair.

- The Senate Rules Committee approved the list of Senate committee chairs put forth by Senate President pro Tempore Darrell Steinberg (D-Sacramento). Senator Steinberg has consolidated the Senate Revenue and Taxation and Local Government Committees into a new Senate Committee on Governance and Finance to be chaired by Senator Lois Wolk (D-Davis). Senator Fran Pavley (D-Los Angeles) was reappointed to Chair the Senate Committee on Natural Resources and Water.
- Under Governor Brown’s budget proposal, enterprise special districts (mainly water and waste disposal districts) will also have their portion of redevelopment property taxes (roughly \$50 million) permanently shifted to counties. This is part of a host of additional revenues to finance counties’ taking over services formerly performed by the state.

##### Local Government

Staff provided water supply outlook presentations to the El Segundo and Torrance Chambers of Commerce. In addition, staff attended the National Association of Home Builders conference held at the International Builders Show in Orlando, Florida to work with the association on federal policy related to water infrastructure funding and water use efficiency standards.

##### Federal Legislation

Management met with Arizona, Southern Nevada and Washington, D.C. legislative teams to review the prospects of working again, as an interstate coalition, to pursue the enactment of authorizing legislation in the 112<sup>th</sup> Congress to secure a 50-year federal contract for Hoover Power Allocation.

Staff met with the Majority and Minority Counsels to the House Natural Resources Subcommittee on Water and Power to provide an overview of Metropolitan’s priority legislative objectives for 2011 as approved by Metropolitan’s Board in December.

## REAL PROPERTY DEVELOPMENT AND MANAGEMENT

### REAL PROPERTY MANAGEMENT

Property for Future Water Infrastructure and other Real Property Goals

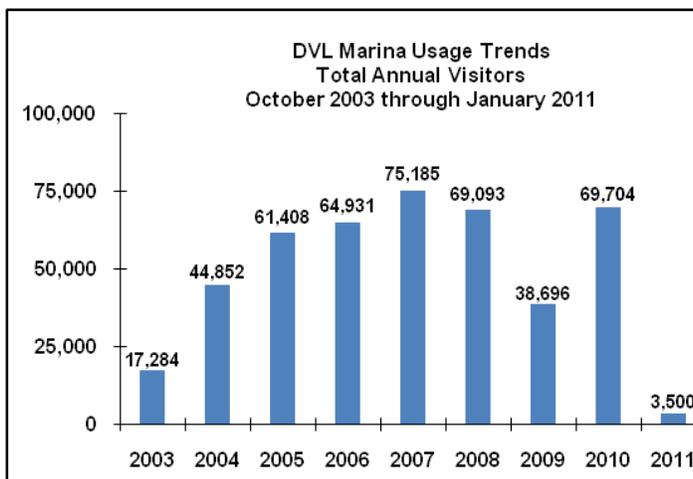
- A year-to-year lease was granted to Elliot and Laura Gilbert for landscaping purposes over a portion of Upper Feeder right of way. This right of way is adjacent to property owned by Mr. and Mrs. Gilbert in Pasadena.
- A one-year extension to the term of an entry permit was issued to Canyon Crossings Corporate Center. This entry permit allows access, temporary parking, street improvements, landscaping and utilities along a designated portion of the Box Springs Feeder right of way. The permit also sets controls for adjoining construction for an adjacent development.
- An entry permit issued to Southern California Edison was amended to extend the term to allow for additional time to conduct surface and subsurface geotechnical investigations to facilitate construction of electrical poles, conduits, subsurface conduits and an electrical substation located at Metropolitan’s Robert B. Diemer Treatment Plant.

DVL Visitor Center

Staff finalized a facility use agreement with the California Building Performance Contractors Association, Inc., for green workforce training at the former DVL Visitor Center at the rate of \$300 per day for three to nine days per month through June 2011.

Recreation Facilities Diamond Valley Lake

Approximately 71,000 anglers have visited Diamond Valley Lake, and 12,000 private boats have launched since the reopening of the boat ramp December 2009. Increased launch fees collected through October are estimated to be \$75,000.



Operate Headquarters Facility

Staff completed routine preventive maintenance of building systems and equipment, including rebuilding the east roll up grille drive unit brake assembly. The roll up grille is the security screen that secures the garage after hours and on weekends. Staff installed the domestic water pump system replacement supply header.

Sustainability in all Aspects of Real Property

Following completion of the public surplus process, staff offered the Arrow Highway property located in La Verne for sale. Letters of offer are due by close of business on February 25.

Option agreements with Axio Power, Inc., for lease of up to 627 acres of Diamond Valley Lake north and west properties for solar projects were approved by the Real Property and Asset Management Committee at its meeting on January 25.

## BUSINESS OUTREACH

### Support of Veteran Business Community

Staff attended the third annual Military Helping Military Business Networking luncheon in Long Beach. This event is dedicated to developing business opportunities with the companies that are built, hire or support America’s military veterans. Over 100 companies attended the event and provided new contacts and business opportunities to the military attendees.

### Support of Member Agencies and Southern California Business Community

- Business Outreach Manager John Arena was installed as a Board Member of the Associated General Contractors of California at their January meeting. AGC is the source for the construction industry’s breaking news and their issue experts offer insights and analysis on a wide range of issues, including economic trends, legislation affecting the construction industry, green construction, safety training and contract documents.
- Business Outreach represented Metropolitan at the first graduation of 52 small businesses in Goldman Sachs “10,000 Small Business Initiative.” The program’s goal is to stimulate economic growth and create jobs by providing \$20 million in small business loans to the Los Angeles Business Community and subsidizing business education. The small businesses graduating from the program are better equipped to succeed and work with Metropolitan and partnering government agencies.
- Staff participated in the Port of Los Angeles Small Business Advisory Council. The council is comprised of 18 leaders from universities, water and energy utilities, federal government, county and city government and other private businesses. Topics covered included Project Labor Agreements and upcoming collaboration conferences.

### Vendor Development, Training and Certification

Metropolitan’s Business Outreach Program was able to introduce over 1,200 businesses to Metropolitan’s business opportunities, training programs, and E-Procurement, Vendor Registration, Small Business Certification, Contract Compliance and Accountability programs on NETConnect. Business Outreach also continued vendor development, education, training and support of the Southern California Business Community by participating in the following January 2011 awards programs, conferences and expos:

- Southern California Small Business Development Centers
- Goldman Sachs “10,000 Small Business Initiative”
- Orange County Black Chamber of Commerce
- Latin Business Association
- National Association of Women Business Owners Ventura County Installation
- National Association of Women Business Owners Los Angeles Annual Awards Kickoff

[www.MWDH2O.com](http://www.MWDH2O.com)  
[www.BeWaterWise.com](http://www.BeWaterWise.com)



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

### **About Metropolitan**

The Metropolitan Water District of Southern California is a consortium of 26 cities and water districts that provides drinking water to nearly 19 million people in parts of Los Angeles, Orange, San Diego, Riverside, San Bernardino, and Ventura Counties.

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

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