

MARCH 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.

METROPOLITAN MAINTENANCE/SHUTDOWNS

The Diemer plant and Lake Mathews shutdowns that began February 26 were completed on March 4 and March 7, respectively. Electrical upgrades in preparation for implementation of the ozone retrofit program were performed during the Diemer plant shutdown while pipeline inspections, repairs, and quagga mussel cleaning were completed at Lake Mathews.

The Weymouth plant was shut down for 10 days beginning on March 18. This shutdown allowed Metropolitan's crews and contractors to perform seismic upgrades to the Junction Structure, to relocate the plant inlet conduit, and to perform other repair and maintenance work. Simultaneously, pipeline inspections were performed on the La Verne Pipeline and the Yorba Linda Feeder, three valves were rehabilitated on the Upper Feeder (Treated) and a sectionalizing valve was installed in the northern portion of the Palos Verdes Feeder.

Quagga mussel clean-up in the Diemer plant influent.



120-inch valve being lowered into valve vault at Weymouth plant

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DATED: MARCH 31, 2011

ENGINEERING SERVICES GROUP

SCIENCE AND TECHNOLOGY

Information Technology

Mobile Technology

- Desktop virtualization technology—Staff continues to monitor emerging technology. A preliminary assessment report based upon internal reviews, fact based research by Gartner and peer exchanges will include general recommendations. The assessment is in development with a completion date of April 2011.
- WSO’s Mobile Technology Initiative—In an effort to streamline maintenance management operations, staff began receiving the final shipment of 78 handheld units and related accessories. Once final inspection and acceptance testing is complete, staff will finalize the mobile technology project.

Communication—New communication and collaboration technologies—Staff continues to monitor and assess new technologies. For example, a pilot test is currently underway for the product called “Live Meeting” to provide web conference services as a cost savings alternative to “GoToMeeting.”

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 54 percent complete and is scheduled to be complete by mid-2012.
- Rapid Mix Systems—Construction is 90 percent complete and is scheduled to be complete by May 2011.
- Junction Structure Seismic Upgrades—Construction is 85 percent complete and is scheduled to be complete by May 2011.

Diemer Water Treatment Plant

- Fire and Potable Water Pump Station—Construction is 48 percent complete and is scheduled to be complete by October 2011.
- Diemer North Access Road—Construction is 65 percent complete and is scheduled to be complete by mid-2011. Also, a new construction contract for revegetation and erosion control of the road was awarded in March 2011.

ENGINEERING SERVICES 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 Repairs—Repairs of four pre-stressed concrete cylinder pipe sections were completed during a scheduled 8-day shutdown in March 2011.
- Calabasas Feeder Repairs—Contractor submittals were reviewed in preparation for the planned pipeline repairs using carbon fiber lining, which are scheduled to take place during an 11-day shutdown in April 2011.
- Upper Feeder Service Connection Repairs—Air-release relocations and service connection repairs were completed during a 10-day shutdown in March 2011.

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:

- Access Covers and Water Tanks Safety Improvements—Construction is 69 percent complete and is scheduled to be complete by May 2011.
- CRA Investigations—During the recent CRA shutdowns, the condition of the deteriorated reservoir and aqueduct radial gates and slide gates was assessed and documented for preliminary design; 230KV switchyard equipment was tested for the presence of hazardous material; and the aqueduct isolation gates were inspected and dimensions measured for design.



Allen-McColloch Pipeline Repairs—Construction crew installing steel pipe liner with outlet Segment



CRA Access Covers and Water Tank Improvements – View of landing and stairs at the Circulation Water Tank

ENGINEERING SERVICES GROUP

CAPITAL INVESTMENT PLAN

Additional Projects

Oxidation Retrofit Program—This program was established to add pre-ozonation to provide disinfection, control tastes and odors, and reduce the level of disinfection by-products in the finished water at all five of Metropolitan’s treatment plants. This program will enable Metropolitan to meet state and federal drinking water regulations 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 66 percent complete and is scheduled to be complete by mid-2012.

- Southern California Edison 66kV Substation—Connection to the new SCE 66kv substation was completed during a scheduled 7-day shutdown that started on February 27, 2011

Weymouth ORP

- Switchgear Building—Construction is 54 percent complete and is scheduled to be complete by June 2011.
- Inlet Conduit Relocation—Construction is 90 percent complete and is scheduled to be complete by April 2011.



Weymouth Inlet Conduit – Shoring and excavation to springline pipe at future tie-in

BUSINESS TECHNOLOGY GROUP

Emergency Management

Emergency Management Exercises—As part of an ongoing effort to refine Metropolitan’s ability to recover critical IT systems in the event of a disaster, staff continued to conduct detailed planning for an upcoming training exercise involving IT Emergency Management Team members. The IT Incident Command Post (IT-ICP) is a part of Metropolitan’s Incident Management System and may be activated should an emergency response and/or support is needed. The IT-ICP provides support for managing activities that occur during the response and recovery phases.

The objectives include:

- Validate IT Incident Response and Recovery Processes
- Execute emergency teams’ roles and responsibilities
- Apply problem solving and action planning
- Identify opportunities for process enhancements and refinements

The IT-ICP exercise is scheduled for April 20 in conjunction with the planned Emergency Management Exercise by Water System Operations.

BUSINESS TECHNOLOGY GROUP

BUSINESS PROCESSES

Business Improvements

E-Discovery Project—Legal and IT staff completed pre-pilot testing of the email archiving system and resolved initial issues identified during the pre-pilot testing. The E-Discovery Project will reduce legal risk, effort, time and costs associated with discovery of electronically-stored information and enhance legal compliance efforts.

IT business case analyses—Staff continued on-going coordination with the Office of the Chief Financial Officer to conduct IT business case analyses for the following projects:

- SCADA Cyber Security Upgrade project in preparation for May Board action
- Oracle 11.5.10 Upgrade.

Oracle User Training—Staff is piloting a streamlined process for training new and existing Oracle users throughout Metropolitan. Currently, staff is receiving feedback from participants on the new training system.

Metropolitan Agreement Administration—Surveyed Metropolitan Agreement Administrators to identify training needs to further enhance their Agreement Administration skills. The survey indicated a need for additional training on regular vs. rollover contracts as well as how to deal with invoicing issues. These training classes are in development and are targeted to be completed in June 2011.

Benchmarking Assessments

In April, a Gartner Executive Program Event is scheduled to be held at Metropolitan's Headquarters Building. The Gartner event consists of round table presentations (Governance and Future IT Workforce) and discussions among peer Chief Information Officers from the Los Angeles area. Staff is planning to coordinate with the appropriate personnel to extend an invitation to member agency CIOs / IT Directors.

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

Metropolitan maintained a 73 percent reduction in paper usage for the Third Quarter in FY10/11. This had reduced our greenhouse gases by 65.53 tons [short, US], equivalent to 12 fewer cars on the road.

Implement IT Strategic Plan

- Communications Infrastructure Reliability Upgrades—An appeals hearing was held in March and sustained. Next steps are being determined by management.
- Water Quality Monitoring and Rapid Event Detection System—The project is to provide real-time analysis of water quality information. Staff is finalizing an acceptance testing plan to be used by water quality personnel prior to deployment.
- Wadsworth Pumping Plant Controls—Proposals to upgrade and enhance system reliability of the Supervisory Control and Data Acquisition system at Diamond Valley Lake are due to be open May 2, 2011.
- Unix Server Upgrade—Staff continues in the definition phase of the server upgrade project to ensure continued reliability of servers that host the large enterprise applications/data (e.g., PeopleSoft Human Resources/Payroll, Oracle Financials, Maximo Maintenance Management, etc.) critical to Metropolitan’s business operations.

WATER SYSTEM OPERATIONS

SYSTEM RELIABILITY

System Operations

System Operations delivered approximately 88,000 AF of water to meet member agency demands in March 2011, which averaged 2,800 AF per day. Deliveries were low due to March’s high precipitation and the Weymouth plant shutdown that began on March 18. Full service replenishment deliveries were being made during the middle of March, which helped to increase demands to about 3,700 AF per day. However, storm events caused the Los Angeles County Department of Public Works to interrupt these deliveries for their flood control activities and to spread local runoff into groundwater basins.

Additionally, 30,000 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 remained on a five-pump flow because of lower than expected Desert/Coachella deliveries, low system demand, and the Lake Mathews, Upper Feeder, Lower Feeder, and Weymouth plant shutdowns.

State Water Project deliveries of 93,000 AF in March included 41,000 AF delivered via the Inland Feeder, which increased Diamond Valley Lake storage to 736,000 AF. At the current fill rate, Diamond Valley Lake may fill as early as late May. Additional supplies were delivered by the Department of Water Resources to refill Metropolitan’s flexible storage account in Castaic Lake in March. This refill increased delivery of SWP Article 21 surplus water, which represents additional supply for Metropolitan above its current SWP Table A allocation of 70 percent.

System Operations continues to maximize power generation whenever possible. In March, Metropolitan’s hydroelectric plants generated an average of 23 megawatts per hour for a total of 17,000 megawatts. Generation was reduced due to lower water demands, shutdowns, and full service replenishment deliveries being curtailed due to wet weather.

Operations Support Services

Staff completed refurbishment and testing of the 36-inch conical plug valve for the Monterey valve vault, which improves operational flexibility on the Palos Verdes Feeder. Metropolitan forces installed the valve during the March 2011 Upper Feeder shutdown.

Staff fabricated two of four drop gates for California’s Department of Water Resource’s Hyatt Power Plant. The drop gates provide the plant with full isolation of its pump/turbine and turbine units.



Monterey Valve body refurbishment included blasting and coating of the valve body (background) and plug



Santiago Tower slide gate refurbishment

WATER SYSTEM OPERATIONS

SYSTEM RELIABILITY

Environmental, Health and Safety

On December 16, 2010, the California Air Resources Board (CARB) adopted the cap and trade regulation as required under the AB32 Scoping Plan. Metropolitan is covered under the Cap and Trade Program for the supplemental imported energy for Colorado River Aqueduct pumping. The regulation caps greenhouse gas emissions and creates a market-based trading process for emission allocations or allowances. In January 2011, CARB's decision to utilize a Cap and Trade Program to control carbon emissions was challenged by several environmental justice advocates. These advocates claim that a Cap and Trade Program will negatively impact low income and minority communities as compared to more direct regulation. On March 21, 2011, the California Superior Court ruled that CARB

failed to adequately examine alternative control measures, such as a carbon tax or other command and control measures. The court enjoined implementation of the state's Cap and Trade Regulatory Program pending a more thorough review of alternatives under CEQA provisions in CARB's analyses.

CARB is appealing the Judge's decision; however it is likely that they will be required to redo and augment their CEQA analyses of alternatives and provide for more extensive public review of the alternatives. It is expected that this court decision and additional CEQA work could delay the scheduled January 1, 2012 implementation date for Cap and Trade, possibly by six months to one year.

Security Management

Security staff met with FBI and Homeland Security at the Joint Regional Intelligence Center to improve collaboration in handling of suspicious activity reports. The emphasis was on incidents involving suspicious photography of Metropolitan's critical infrastructure sites, such as control facilities.

Emergency Management

Staff participated via teleconference in the quarterly California Utilities Emergency Association board meeting. Initial lessons learned from the earthquake and tsunami in Japan were discussed, including what some California telecommunications companies were doing to assist with response and recovery.

Staff continued planning a district-wide emergency exercise scheduled for April 2011. As part of the preparation, staff conducted a Message Handling Workshop for some employees who would report to the Emergency Operations Center during an emergency. These employees would answer phones, receive emails, and ensure that messages go to the appropriate Emergency Operations Center staff.

ENERGY MANAGEMENT

Manage System Power Operations

On March 25, Metropolitan submitted requested information on its 230 kilovolt Colorado River Aqueduct power transmission system as required in a pre-audit survey from the Western Electricity Coordinating Council. WECC will conduct an audit of Metropolitan's compliance with 15 national and regional electrical reliability standards on May 25, 2011.

WATER SYSTEM OPERATIONS

WATER QUALITY

Protect Source Water Quality

- No taste-and-odor problems occurred in Metropolitan’s source water reservoirs during the month of March. The February phytoplankton blooms in Diamond Valley Lake and Lake Skinner receded without causing water quality problems.
- On March 16, Water Quality staff participated in the first Coordination Committee meeting for the Lower Colorado River Water Quality Partnership with Southern Nevada Water Authority and Central Arizona Project. The Partnership was recently formed to help advance initiatives and recommend actions to protect and improve Colorado River water quality. The Committee is currently preparing comments on a draft environmental impact statement related to uranium mining claims in the Grand Canyon area.
- Water Quality staff and Metropolitan’s Legal Department met with the bankruptcy trustee for the Tronox site on March 28 in Henderson, Nevada, to discuss ongoing perchlorate clean-up plans for the site. The Nevada Division of Environmental Protection and Southern Nevada Water Authority also participated in the meeting.
- Metropolitan received a letter dated February 22, 2011 from the Las Vegas area wastewater agencies that expressed their commitment to continued optimization of their wastewater treatment processes, specifically related to increased phosphorus removal. Water Quality staff participated in a meeting on March 28 with

the wastewater agencies to further discuss their phosphorus removal efforts and tour the wastewater treatment plants

Manage Water Treatment

The latest total dissolved solids results from February for Weymouth, Diemer and Skinner water treatment plants were 444, 429, and 416 mg/L, respectively. The target blends at the Weymouth, Diemer, and Skinner treatment plants were maintained at 45 percent State Water Project.

In March, two major shutdowns were coordinated at the water treatment plants. From February 27 through March 5, the Diemer plant was shut down to perform work in preparation for the ozone retrofit program completion. The shutdown was completed on time and the plant successfully returned to service.

On March 18, the Weymouth plant was shut down to perform reliability upgrades to prepare the plant for the future ozone retrofit, and to inspect structures inaccessible when the plant is in service. Crews worked around-the-clock for 11 days and the plant and distribution system were successfully returned to service on March 28.

Future Regulations

Metropolitan released its 2010 Annual Water Quality Report to member agencies on March 3. The member agencies use the information from this report to compile their annual Consumer Confidence Reports which provide the public with an assessment of their water quality.

Current Distribution & Storage

	3/31/2011 <u>Storage (AF)</u>	Percent of <u>Capacity</u>
Lake Mathews	166,889 AF	92%
Lake Skinner	38,475 AF	87%
DVL	735,789 AF	91%
Lake Perris	73,075 AF	56%

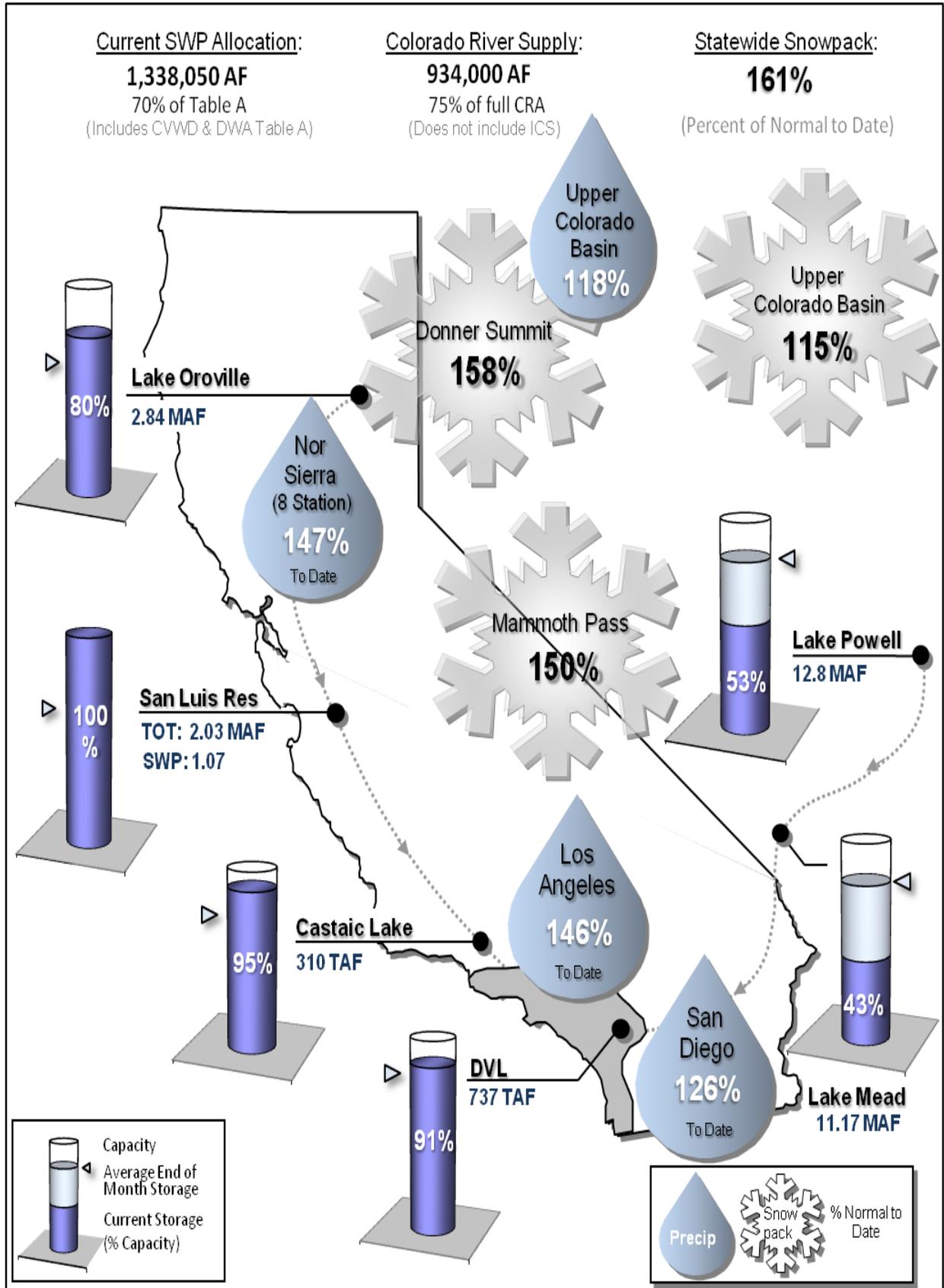
Useful information:

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—Staff provided an update at the Central Basin MWD Caucus. In preparation for an upcoming review of the draft Long-Term Conservation Plan with member agency managers, Metropolitan incorporated comments from member agency staff regarding goals and strategies for the draft plan

WATER SUPPLY

Water Supply Allocation Plan

WSAP Review—Metropolitan has commenced a WSAP review process with member agencies. The purpose of the review process is to collaborate with the member agencies to identify potential modifications to the WSAP and to recommend changes, if any, for board consideration. The kickoff meeting of the WSAP review process was held on February 23, 2011 with subsequent workgroup meetings on March 14 and 25. Member agency participants agreed to meet as needed between March and May to discuss other identified issues. Future workshops are scheduled for April 8 and 27.

State Water Project

Table A Increase—On March 15, the California Department of Water Resources announced an increase in Table A allocation for 2011 from 60 percent to 70 percent. In addition to Table A supplies, DWR declared the availability of Interruptible (Article 21) Supplies that became available to Metropolitan on February 21 and are expected to continue through March 31. Through March 28, Metropolitan has taken delivery of 143,000 acre-feet. Under the 2011 Turn-Back Pool Program, Metropolitan purchased 8,237 acre-feet of Pool A water at a cost of \$20.96 per acre-foot.

United State Bureau of Reclamation Grant Application—Metropolitan submitted a grant application to USBR’s Water Conservation Field Services Program to conduct landscape efficiency research. Under the proposed two-year project, Metropolitan would provide up to \$60,000 that would be matched by Reclamation for a total of \$120,000. Selections will be announced in April 2011.

Local Resources Program for Water Recycling / Groundwater

Replenishment Workgroup—A new Water Replenishment Workgroup with the member agencies to discuss groundwater replenishment held its kickoff meeting on March 14. A follow-up meeting was also held on March 25. The purpose of the Replenishment Workgroup is to develop a long-term approach for groundwater and other local storage, as well as a potential interim program for 2011. Future workgroup meetings are scheduled for April 8 and 27.

Seawater Desalination

SWRCB Hearing—On March 15, staff testified at a State Water Resource Control Board hearing on proposed changes to the California Ocean Plan affecting desalination projects. Metropolitan’s testimony affirmed that existing Ocean Plan regulations adequately address desalination projects and urged the SWRCB to base any new regulations on sound science. CalDesal helped coordinate testimony between the member agencies, Metropolitan, and other stakeholders from around the state.

Water Conservation Program

Water Use Efficiency Program—Metropolitan completed refinements to the FY 2011/12 Water Use Efficiency Program with collaboration from the member agencies, which will be presented to the Board later this year.

BAY-DELTA INITIATIVES

BAY-DELTA SOLUTIONS

Near-Term Measures

Habitat Restoration—Progress continued in March on the Lower Yolo Bypass tidal marsh restoration project. The 1,100 acre tidal marsh restoration project is located in the lower Yolo Bypass just to the north of Liberty Island. A public scoping session was held on March 15 in West Sacramento to provide information and receive public comments on the Notice of Preparation and Initial Study. With Metropolitan staff assistance, State and Federal Contractors Water Agency (SFCWA) consultants are continuing to work on the newly expanded CEQA documentation. A public draft EIR is currently scheduled to be completed this June. Concurrently, the water contractor team is preparing various permits and continuing to develop a Habitat Restoration Plan. The wetland delineation was recently submitted to the Army Corps of Engineers and the permit application will be submitted to the Corps soon. The SFCWA/Metropolitan team is also continuing to work with Yolo County representatives to consider a draft MOU from Yolo County to exclude the project from their habitat moratorium provisions. Finally, options are being evaluated for the potential acquisition of Yolo Flyway

Farms, which would be an integral part of the lower Yolo restoration project.

In addition to habitat restoration in the lower Yolo Bypass, the SFCWA team is considering restoration opportunities in the Suisun Marsh. Both regions have attributes which make them a high priority for providing near-term fish benefits. Portions of the Suisun Marsh and Lower Yolo Bypass are two of the best locations to restore new tidal wetlands in the Delta to meet the Endangered Species Act regulatory requirements, which require restoration of 8,000 acres of tidal wetlands in order to maintain the operations of Delta water exports. As a means to facilitate the creation of new tidal marsh, SFCWA has entered into an initial planning contract with a habitat restoration contractor to restore over 300 acres of habitat in the Suisun Marsh through a public-private joint venture. With Metropolitan staff assistance, SFCWA consultants are developing draft contracts, preparing easement appraisals, planning restoration activities, advancing crediting/funding agreements and coordinating with the state and local interests.

Long-Term Measures

Delta Stewardship Council—The Delta Stewardship Council (Council) held two meetings in March and continued to work on development of the Delta Plan. The Council held a public workshop on March 10 and 11, to receive input on priorities that should be addressed in the Delta Plan. The workshop was organized around three panels addressing the following topics: (1) protecting, restoring and enhancing the Delta ecosystem, (2) providing a more reliable water supply for California, and (3) reducing risks to people, property and state interests in the Delta. Panelists representing different stakeholder interests were invited to participate and comment on Delta Plan priorities. Roger Patterson participated on the panel addressing Delta ecosystem restoration, representing Metropolitan.

The Council released the second draft of the Delta Plan on March 18. The "findings" (defined as conclusions reached after examination or investigation) included in the first draft have been removed from the second draft because they are under review by the Independent Science Board and Council staff, and it is anticipated that the previously published findings will be modified. A new addition to the second draft Delta Plan is the inclusion of "regulatory policies" and "recommendations" in several areas, including governance, water resources management, ecosystem restoration, water quality, reducing Delta risk, Delta as an evolving place, and finance plan. The second draft Delta Plan was discussed at the Council meeting on March 24 and 25 and will be discussed at the April 14-15 Council meeting as well. Written comments on the draft are due April 15 and the Chair of the Council has strongly encouraged comments by April 1. Staff is reviewing the draft policies and recommendations in the second draft Delta Plan and is preparing comments to submit to the Council. Metropolitan's comments will address the authority of the Council, the scope of the Delta Plan, and draft policies

HUMAN RESOURCES

HUMAN RESOURCES EXCELLENCE

Total Compensation

HR Benefits conducted three workshops/seminars for the month of March:

- March 9, two financial planning workshops at Gene. One class titled *Achieving Your Dream Retirement* which is a four-hour workshop in which 22 employees attended. The second class titled *Financial Planning* which was a forum style two-hour seminar in which case samples were provided and attendees allowed to ask any financial or retirement questions they had. There were 22 employees in attendance. Presentations were provided by Financial Finesse, CalPERS, and HR Benefits staff.
- March 29 HR benefits hosted an all-day Retirement Workshop *Stepping Into Retirement* at Metropolitan's Headquarters. Approximately 40 participated. Presentations were provided by CalPERS, Social Security, Great-West, and HR Benefits staff.

The 2010 Total Compensation statements were provided to all active employees reflecting total earnings, total reimbursements, and employer-paid benefits including the cost of benefits as a percentage of compensation.

HR Benefits coordinated site visits to all four desert facilities (Gene, Iron, Eagle Mountain, and Hinds) to provide one-on-one consultations with Jim Guarente and Great-West staff to 37 employees to discuss their 401k and/or 457 plans, and answer CalPERS service credit and retirement benefit questions.

Workers' Compensation / Medical

- Conducted initial investigations on 17 injury incidents.
- Submitted 10 new claims to Metropolitan's workers' compensation claim administrator.
- Settlements were negotiated in 3 claims, finalized in 4 claims, and 11 claim files were closed.
- Conducted quarterly claim review with claim administrator.
- Conducted Medvans at Mills, Lake Skinner and Lake Mathews facilities.
- Arranged 11 medical evaluations (DMV medical surveillance, etc).
- Addressed 5 accommodation issues.
- Coordinated random drug/alcohol testing at 3 facilities.

Risk Management

The Risk Management Unit completed a projected 70 incident reports communicating instances of Metropolitan property damage, liability, workplace injuries, regulatory visits and spills.

Risk Management completed a projected 82 risk assessments on contracts, including professional service agreements, construction contracts, entry permits, special events and film permits.

Talent Acquisition

- One new employee started working for Metropolitan during the month.
- Six job postings were announced through *MyJobs*, the online application and automated applicant tracking system. Several postings have closed for internal applicants. Jobs announced externally and through a co-sourcing partner are yielding a healthy contingent of applicants.
- Staff participated in the Spring Internship and Jobs Fair at California State University, Dominguez Hills.
- Participated in the Water Systems Technology Advisory Committee of the College of the Canyons to develop pipelines for recruitment outreach and to network for water education partnering.

Employee Relations

Employee Relations staff continued the Metropolitan-wide training program on Drug and Alcohol Awareness, visiting numerous field sites including the desert. The program introduces employees to tell-tale signs of drug or alcohol abuse, and reinforces their responsibility to report suspected use to management. Employee Relations staff also took part in HR's quarterly New Managers Orientation, in which newly appointed managers are introduced to the basics of employer-employee relations.

HUMAN RESOURCES

HUMAN RESOURCES EXCELLENCE

Learning and Development

- Conflict mediation support is being provided to a team to improve communications and to resolve working relationship issues.
- Provided facilitation for the Urban Water Management Plan Workshop held at Headquarters on March 25 by the Southern California Water Committee.
- The pilot session of the *Finance for Non-Finance Managers* class was held on March 10. The part-online, part in-class course will be rolled out to all managers during the month of April.
- *NeMO (New Manager Orientation)* was provided this month with Day 1 and Day 2 sessions delivered at Headquarters and La Verne, respectively.
- “*INSIDE TRACK – A Day in La Verne*” was coordinated and presented to 22 employee participants with resounding success. The program involved 7 different presenters and tours of the facility.
- *Moving Into Management Day 2*, an eight-hour training on the employees own time was delivered at La Verne, followed by a class on *Preparing for Job Interviews* at Headquarters for 9 participants to support career development initiatives.
- A new class on *Board Letter Process Improvement and Influence Skills* for board letter writers was delivered on March 16.
- In addition to online self-serve learning offerings, employee development classes delivered were *Conflict Resolution*, *The Principles and Qualities of Genuine Leadership*, *Facilitating for Results*, and *Speaking with Confidence (New Class)*.
- 20 sessions of *Drug and Alcohol Awareness*, a mandatory one-hour class for all employees, was presented throughout Metropolitan facilities, including desert locations, during March. Approximately 50 percent of all employees have attended the class.

Workforce Successions

Continuing work with Group Managers on succession planning efforts to develop tools to ensure critical positions can be filled as vacancies arise.

HIGH PERFORMANCE WORKPLACE

Management Excellence

Continuing to provide face-to-face coaching and consultations for seven established managers and facilitating the administration of three engagements with external coaches, including oversight, ongoing updates and three-way conferences.

REAL PROPERTY DEVELOPMENT AND MANAGEMENT

REAL PROPERTY MANAGEMENT

Property for Future Water Infrastructure and other Real Property Goals

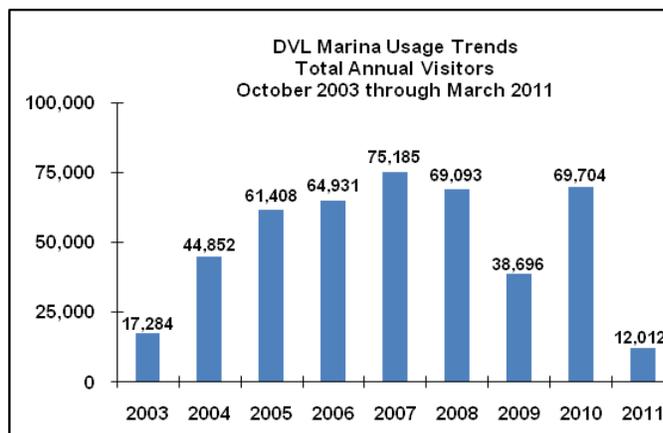
- A long-term lease was granted to Cingular Wireless, LLC for the construction, operation and maintenance of a telecommunications facility located near Metropolitan’s Iron Mountain Pumping Plant.
- An entry permit was issued to Marvel Eastern Productions, LLC, for the filming of scenes for a movie entitled “Thor.” Filming occurred in portions of the ozone contactor tunnels at the Joseph Jensen Water Treatment Plant.
- The American Water Works Association was issued an entry permit to allow the photography of Metropolitan facilities and staff at portions of the Metropolitan Headquarters Building, F. E. Weymouth Water Treatment Plant and Live Oak Reservoir. These photographs are intended to be used in a variety of AWWA publications such as newsletters, editorials, videos, manuals, and webcasts.
- An entry permit was issued to Yvonne Cooks, LLC dba PD Markets to allow for parking at the Metropolitan Headquarters Building in conjunction with the “Truckit Fest” event at Union Station train terminal. This entry permit is effective for a portion of the first Sunday of every month from March through August 2011.

DVL Master Plan

Staff is initiating entitlement work with its consultants and the City of Hemet for the proposed solar farms on the north and west properties located near DVL

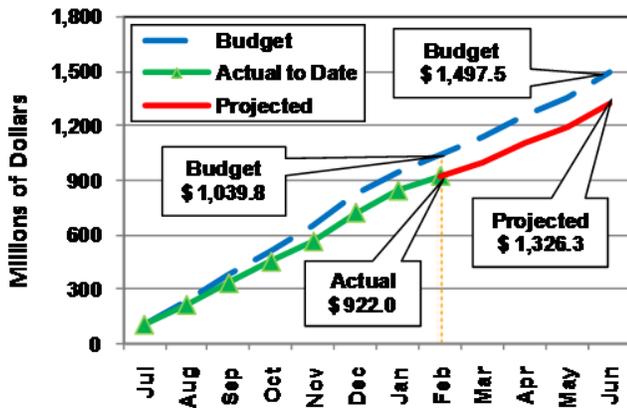
Recreation Facilities Diamond Valley Lake

Approximately 78,400 anglers have visited Diamond Valley Lake, and 14,400 private boats have launched since the reopening of the boat ramp December 2009. Increased launch fees collected through March are estimated to be \$82,000.



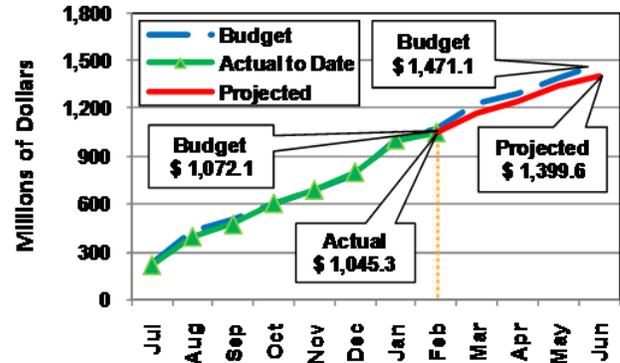
FINANCE AS OF FEBRUARY 28, 2011

Receipts are estimated to be \$171 million under budget by year end, mainly due to lower water sales.



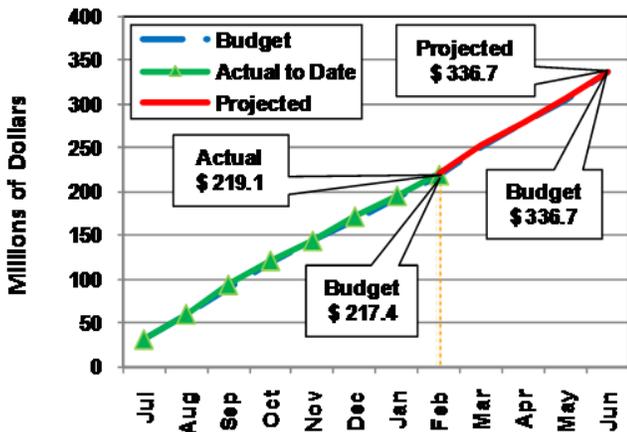
Excludes Bond Construction and Other Trust Funds Activity

Expenditures are forecast to be \$72 million under budget by year end, mainly due to lower PAYGO capital expenditures, CRA power costs and lower debt service on Metropolitan bonds.

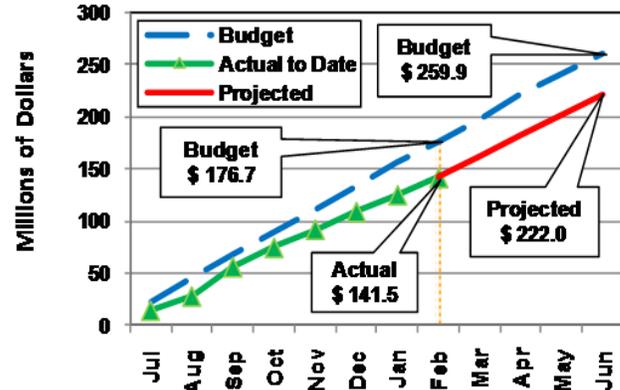


Excludes Bond Construction and Other Trust Funds Activity

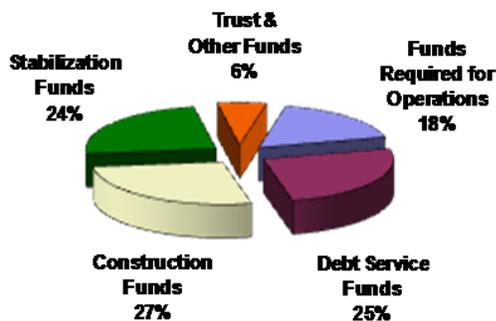
O&M expenditures are expected to be on budget at year end.



Construction costs are expected to be \$38 million under budget by year end, mainly due to lower progress payments and additional time needed to evaluate alternative design cost effectiveness.



Cash and Investments \$1,090.1 million



Summary Financial Statistics

	Target	Actual
Fixed Charge Coverage	≥ 1.20 x	0.87 x
Revenue Debt Service Coverage	> 2.00 x	1.26 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

Support Board with Communications and Working Relationships

- Directors Ackerman, Peterson, Fleming, Friedman, Camacho and staff participated in the Association of California Water Agencies 2011 Washington D.C. Conference, March 1-3, where they received briefings from senior staff of the Obama Administration’s Army Corps of Engineers, Environmental Protection Agency and other Department of Interior and Department of Agriculture staff as well as Representatives Bass, Calvert, Costa, Garamendi, McClintock and Napolitano.
- Directors Ackerman and Laura Friedman, accompanied by Linda Waade and Brad Hiltcher, met in Washington, D.C. with staff assistants to U.S. Representatives Ed Royce and Dana Rohrabacher to promote support for the enactment of H.R. 470 (Heck, R-NV), the Hoover Power Allocation Act of 2011.
- Vice Chair Murray and directors Grunfeld, Brown, Ballin, Dick and Brick along with General Manager Kightlinger participated in the “Israeli Innovation Day” co-hosted by Metropolitan and the Israeli Economic Mission. Nine leading water technology companies from Israel and member agency staff participated in the half-day event focused on innovative solutions to water supply and treatment issues shared by Israel and California. External Affairs and Business Outreach staff worked in collaboration with staff

from the Israeli Economic Mission to produce the event.

- Directors Grandsen and Peterson along with staff from Calleguas MWD, Las Virgenes MWD and Metropolitan participated in a legislative briefing with Assembly Member Jeff Gorell on March 4 to discuss Metropolitan’s state legislative priorities.
- Directors De Jesus and Fellow, General Manager Kightlinger and staff participated in a legislative briefing with Assembly Member Roger Hernandez at his district office on March 25 to discuss Metropolitan’s state legislative priorities

Public Education / Advertising Conservation Efforts

- Google Search and the Google Content Network continued this month. Links to bewaterwise.com appear when keywords such as “water,” “California weather,” and “water rebates” are searched for by Southern California users.
- Nearly 27,000 people visited bewaterwise.com in February.
- Metropolitan was a lead sponsor of the California Water Policy 20 conference on March 3-4. More than 250 people attended the two-day event, organized by the Public Officials for Water and Environmental Reform at the Wilshire Grand Hotel in Los Angeles. Steve Arakawa and Deven Upadhyay participated in panel discussions at the conference.

Public Information Programs

Efforts and activities included:

- Conducted a week-long media outreach campaign to inform the public about the 10-day Weymouth treatment plant shutdown which began March 18. The effort included close coordination with affected Member Agencies as well as development of a shutdown web page, meetings with newspaper editors, interviews with reporters, news releases and advisories, and a pre-shutdown media briefing. Coverage by the news media was extensive including multiple stories by television stations KABC, KCAL, KTLA, Fox News, Univision and several newspapers including the L.A. Times, L.A. Daily News, Pasadena Star-News, Inland Valley Daily Bulletin, San Gabriel Valley Tribune and various news blogs and radio stations.
- Arranged interview with Metropolitan’s Legal Department and a North County Times reporter for an article about arbitration between the San Luis Rey Indian Water Authority and Metropolitan over price of water under the Quantification Settlement Agreement.
- Facilitated arrangements allowing the Jarrett Edwards Outdoors production company to produce and film two fishing shows at Diamond Valley Lake for national broadcast.
- Issued a statement from General Manager Kightlinger to reporters from the L.A. Times and Greenwire blog concerning Operations Criteria and Plan Delta smelt settlement agreement.
- Issued press release about Michael Camacho, representing the Inland Empire Utilities Agency, being seated as new member of Metropolitan’s Board of Directors.

EXTERNAL AFFAIRS

LEGISLATIVE AND COMMUNITY RELATIONS

Policy and Legislative Strategies

State Legislation

- The State Senate voted affirmatively to confirm Governor Brown’s appointment of Ana Matosantos as Director of Finance and John Laird as Secretary of the Resources Agency.
- In Secretary Laird’s testimony before the Senate Rules Committee, he outlined the Administration’s perspective and desire to fully implement the 2009 Delta package and proclaimed “...we’re within striking distance” of moving forward with a comprehensive plan to carry out the co-equal goals established by Legislature.” Secretary Laird committed to improving stakeholder outreach in the Bay Delta Conservation Plan process, particularly in the Sacramento Valley and Delta counties. He also emphasized that science must govern water operations in the south Delta.

Local Government

- Staff arranged for Chief Operating Officer Man to speak to the Industry Manufacturers’ Council regarding Metropolitan’s resource strategy and Metropolitan’s current efforts to secure water supply reliability through the Bay Delta Conservation Plan. More than 300 Council members were in attendance for the presentation.
- Staff arranged for Water Resource Management Group Manager Upadhyay to brief the City Managers of the Gateway City Managers Group/ Southeast Los Angeles County on the water supply outlook and Metropolitan’s Integrated Resources Plan at the City Managers’ monthly meeting. The

Gateway City Managers Group includes the following cities: Artesia, Avalon, Bell, Bellflower, Bell Gardens, Cerritos, Commerce, Compton, Cudahy, Downey, Hawaiian Gardens, Huntington Park, La Habra Heights, La Mirada, Lakewood, Long Beach, Lynwood, Maywood, Montebello, Norwalk, Paramount, Pico Rivera, Santa Fe Springs, Signal Hill, South Gate, Vernon and Whittier.

- Staff attended the National Association of Home Builders’ Board of Directors/Annual Legislative Conference in Washington, D.C., March 15-17, and joined Home Builders members from California to advocate support for H.R. 470 (Heck, R-NV) and S. 519 (Reid, D-NV) the Hoover Power Allocation Act of 2011 in meetings with Representatives Miller and Calvert and Congressional staff for Representatives Bass, Becerra, Berman, Bono Mack, Schiff, Sherman and Waters.
- In support of Metropolitan’s legislative priorities, staff secured support from numerous organizations for Metropolitan’s position to oppose AB 134 (Dickinson) Sacramento Regional County Sanitation District, AB 550 (Huber) Sacramento-San Joaquin Delta: Peripheral Canal, and SB 200 (Wolk) Sacramento-San Joaquin Delta: Delta Conveyance Facility. These organizations joined as signatories of coalition letters in opposition to each of these bills. In addition, staff secured several letters from local organizations in support of H.R. 470 (Heck, R-NV) The Hoover Power Allocation Act of 2011.

Community Outreach

- Staff conducted tours of Diamond Valley Lake for Yucaipa Valley Water District and California State Polytechnic University, Pomona.
- Staff participated in the Water Replenishment District’s 4th Annual Groundwater Festival on March 12.
- Eleven Diamond Valley Lake field trips were conducted (grades four and five) for nearly 400 students from Hemet, Lake Elsinore, Menifee, Perris, San Jacinto and Temecula Valley school districts. Staff conducted an in-class presentation at two schools for nearly 70 fifth-grade students. Staff hosted 14 field trips for nearly 1,000 students in collaboration with the Western Science Center outreach program. In addition, DVL hosted the

annual Western Riverside Council of Governments Environmental Youth Summit with nearly 250 middle school students in attendance.

- Staff conducted a water conservation activity at the annual Orange County Children’s Water Education Festival for approximately 375 fifth-grade students.

Coordinate / Communicate Day-to-Day Efforts

Staff coordinated the distribution of notices to approximately 3,500 residents in Pasadena, South Pasadena and La Verne regarding potential impacts related to construction work sites adjacent to homes during the Weymouth plant shutdown.

BUSINESS OUTREACH

Support of Member Agencies, the Southern California Business and Veteran Business Community

- Directors Laura Friedman and Glenn Brown joined Metropolitan in hosting a Connect 2 MET networking and educational event on March 17 in Glendale. Nearly 200 business owners were in attendance to exchange information with exhibitors. The day featured a networking exercise and two breakout sessions: *The Procurement Advantage* and *Breaking into the Government Market*.
- Directors Sylvia Ballin and Laura Friedman, along with Business Outreach, continued support for the National Association of Women Business Owners (NAWBO) at the Los Angeles Chapter’s 25th Annual Leadership and Legacy Awards Luncheon. Over 1,000 businesses and government agencies attended the event.
- Director Sylvia Ballin introduced Metropolitan to the National Latina Business Women’s Association group, which included members from the Los Angeles, Orange County, and Inland Empire organizations. This is the second year that Metropolitan has sponsored the six-session Business Development program for 38 businesses.
- Metropolitan exhibited at the JPL/NASA High Tech Expo and Conference and increased outreach to the Veteran Business Community. Metropolitan’s Business Outreach team was able to introduce over 1,116 attendees at the JPL/NASA High Tech Expo and conference to Metropolitan’s NETConnect Vendor E-Procurement, Registration and Certification System and to increase awareness of Metropolitan’s business opportunities and “Managing Your Innovation” Workshops and Networking Events. The conference presented Metropolitan with an opportunity for business owners, private sector companies, and government agencies to network, attend strategic sessions and view innovative products and services.
- The Business Outreach Program co-sponsored a business program, “City of Los Angeles 12th Annual Minority Enterprise Development Week Awards,” with the City of Los Angeles that featured Mayor Antonio Villaraigosa as the keynote speaker along with civic and community leaders.

Vendor Development, Training and Certification

Business Outreach was able to introduce over 1,300 businesses to Metropolitan’s business opportunities, training programs, and our E-Procurement, Vendor Registration, Small Business Certification (SBE), Contract Compliance and Accountability (CCAP) programs on NETConnect. Business Outreach also continued vendor development, education and training and support of the Southern California Business Community by participating in the following March 2011 vendor training, award programs, conferences and expos:

- Metropolitan’s Business Outreach Program developed a two-day Certificate Training Program for Project Management for Construction, with 38 participants completing the two-day course. The objective of the training program is to enhance the management skills of large and small businesses and subcontractors for public works projects for Metropolitan and other government agencies. Subcontractors currently working on Metropolitan projects participated in the program, which included strategies on how to keep projects on track and on budget; advantages of great documentation; instruction on interactive verbal communication skills; effective writing guidelines; how to measure productivity; and the nine building blocks to success.
- Staff met with the new Director of the Small Business Development Center (SBDC) in Ventura County. The Ventura SBDC and Metropolitan agreed to work together on future training programs and Metropolitan will co-sponsor a Procurement Workshop with the SBDC in Ventura County.
- Metropolitan staff attended the 18th Annual Greater Los Angeles African-American Chamber of Commerce Economics Awards Dinner.
- Metropolitan staff participated in Caltrans District 11 and San Diego Public Agency Consortium 7th Annual Small Business Exchange. Over 300 small businesses attended the event.
- Metropolitan staff attended and exhibited at the California Board of Equalization’s “Connecting Women to Power” Business Conference. Over 500 women attended this event.

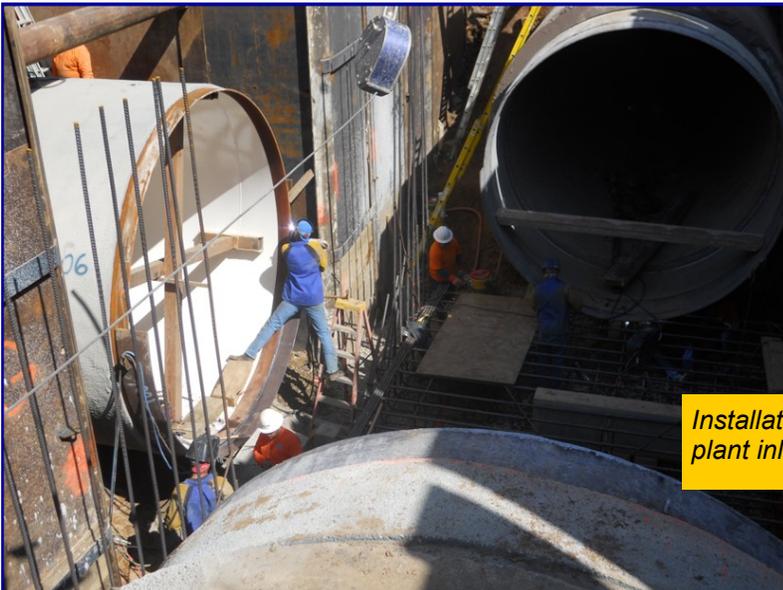
PHOTOS FROM MAINTENANCE/ SHUTDOWNS



Valve repair of Lake Mathews Forebay Outlet Tower



Lake Mathews Outlet Tower during the shutdown



Installation of 140-inch pipe segments at Weymouth plant inlet.

PHOTOS FROM MAINTENANCE/ SHUTDOWNS



Contractor repair on the Allen-McColloch Pipeline.

Concrete repair for Junction Structure seismic upgrade at Weymouth



Service Connection FM-01 on the Upper Feeder Pipeline (Treated).

www.MWDH2O.com
www.BeWaterWise.com



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

About Metropolitan

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

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