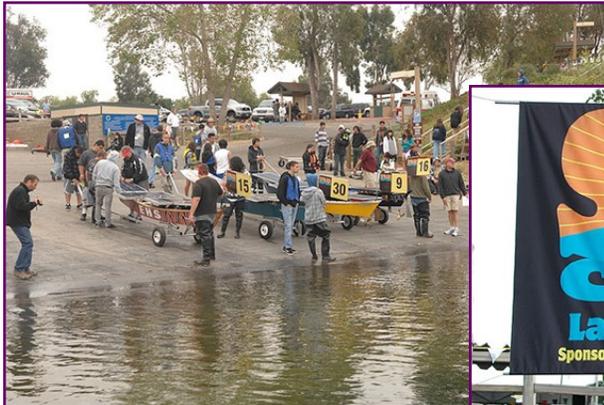


MAY 2011

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.

SOLAR CUP 2011



See story on page 15

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DATED: MAY 31, 2011

ENGINEERING SERVICES 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 64 percent complete and is scheduled to be complete by mid-2012.
- Junction Structure Seismic Upgrades—Construction is 97 percent complete and is scheduled to be completed by June 2011.
- Rapid Mix Systems—Construction is 96 percent complete and is scheduled to be complete by July 2011.
- Coagulant Tank Farm—Construction is 91 percent complete and is scheduled to be complete by July 2011.
- Filter Outlet Conduit Repair—Construction is 37 percent complete and is scheduled to be complete by August 2011.
- Filter Rehabilitation Demonstration Project—Construction of the four demonstration filters is complete. The one-year demonstration test has commenced and is scheduled to be complete by April 2012.

Diemer Water Treatment Plant

- Fire and Potable Water Pump Station—Construction is 55 percent complete and is scheduled to be complete by October 2011.
- Diemer North Access Road—Road construction is 71 percent complete and is scheduled to be complete by mid-2011.
- Diemer Emergency Broadcast System Upgrade—Construction is 40 percent complete and is scheduled to be complete by November 2011.

Weymouth—Installation of chemical trench over top of box conduit for the Inlet Conduit Relocation and Rapid Mix Systems



Diemer Plant Fire and Potable Water Pump Station –Installation of duct bank at pump station.

ENGINEERING SERVICES GROUP

CAPITAL INVESTMENT PLAN

Replace / Rehabilitate Projects for Conveyance and Distribution System

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 85 percent complete and is scheduled to be complete by June 2011.
- Eagle Mountain Standby Generator Replacement—Notice to Proceed for the construction contract to replace the standby generator at Eagle Mountain Pumping Plant was issued in May 2011.
- Copper Basin Reservoir Outlet Facilities Rehabilitation—Final design was completed and the project will be advertised for bids in June 2011.
- Sand Traps—Final design is 20 percent complete and is scheduled to be complete by the end of 2011.

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:

- Treated Water Cross Connection Prevention Program—There are five remaining construction contracts out of a total of 12. Three of the contracts were awarded in January 2011 and are scheduled to be complete by mid-2012. The two other contracts are 97 percent and 76 percent complete and are scheduled to be complete by July and August 2011, respectively.

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

- Ozonation Facilities—Construction is 71 percent complete and is scheduled to be complete by mid-2012. An upcoming major shutdown is scheduled for late 2011.

Diemer ORP—Contractors Ozone Destruct Building, and Ozone Generation Building

Weymouth ORP

- ORP Switchgear Building—Construction is scheduled to be complete by mid-2012.
- Inlet Conduit Relocation—Construction is 96 percent complete and is scheduled to be complete by July 2011. The relocated inlet conduit was placed into service during the March 2011 shutdown.
- Ozone Generation Building and Ozone Contactors—Final design is 94 percent complete and is scheduled to be complete by mid-2011



BUSINESS TECHNOLOGY GROUP

BUSINESS PROCESSES

Business Improvements

Software Upgrades – Microsoft Vista Operating System—In May, IT staff began rolling out "Vista service-pack 2" to desktops and laptops across Metropolitan. The software upgrade is intended to address security vulnerabilities in Microsoft's operating system, and improve usability / system performance. Maintaining current software versions and regularly deploying the latest security patches is a key part of Information Technology Operations to protect Metropolitan's networks, infrastructure and data.

Contracting Services Receives International Accreditation—Metropolitan's Contracting Services Unit has received the Outstanding Agency Accreditation Achievement Award by the National Institute of Governmental Purchasing, Inc. The award is given only to leaders in the public procurement profession based on a comprehensive review of purchasing practices and professionalism. It demonstrates the highest standard of competency in the public purchasing profession.

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

Metropolitan’s Rideshare Program - 2011 Diamond Award Honorable Mention—The Diamond Awards recognize outstanding businesses and individuals who keep Southern California moving. Metropolitan was being honored for the inventive way to automate the transit reimbursement process, which reduced administrative time for Metropolitan staff, eliminated the monthly wait time for individual employees, and produced an annual cost savings of approximately \$10,000.

As part of Metropolitan’s commitment to working in an environmentally sensitive manner, the 62nd Our Legacy E-newsletter has been published. The most recent newsletter offers numerous “green” tips and encourages employees to take the ONE Challenge. The ONE Challenge encourages employees and their families to make one simple change in their daily routines in the name of being “green.”

Spring Green Expo—Metropolitan’s fourth annual Spring Green Expo held on May 4 was attended by approximately 1,000 individuals. Students from seven Southern California universities showcased sustainability projects and more than 40 informational booths featured a wide array of green products and services. The expo was an opportunity to introduce participants to environmentally friendly products and practices that they can use at home and/or work. This annual event represents Metropolitan’s commitment to environmental sustainability, and the preservation of today’s resources for many generations to come. *[see photos page 18]*

SYSTEM RELIABILITY

Emergency Management

IT Disaster Recovery Exercise—During the period, staff conducted exercises as part of an ongoing effort to refine Metropolitan’s ability to recover critical business processes in the event of a disaster. The May exercise involved executing recovery strategies that support Metropolitan’s financial systems. The test was successfully completed and achieved the following objectives:

- Tested enhancements to recovery procedures
- Validated recovery capabilities
- Provided on-going training to IT staff

CAPITAL INVESTMENT PLAN

Implement IT Strategic Plan

Supervisory Control and Data Acquisition (SCADA) Cyber Security Upgrades—In May, the Board authorized the implementation of SCADA Cyber Security Upgrades as identified in the Information Technology Strategic Plan. The goal of the upgrades is to reduce cyber security risks for Metropolitan's SCADA system by implementing additional countermeasures to help protect against unauthorized access. The SCADA system is used by Water System Operations to control the flow and treatment of water. As an ongoing effort, the IT Section monitors national efforts aimed at enhancing security capabilities for the water sector to help identify prudent steps and best practices.

WATER SYSTEM OPERATIONS

SYSTEM RELIABILITY

System Operations

- System Operations delivered approximately 125,000 AF of water to meet member agency demands in May, which averaged 4,050 AF per day. Deliveries continued to be lower than expected due, in part, to rain and cooler temperatures during the middle of the month.
- Additionally, 35,000 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 was increased to six-pump flow as a result of increased Desert/Coachella deliveries.
- State Water Project deliveries of 105,000 AF in May included 23,000 AF delivered via the Inland Feeder to increase Diamond Valley Lake storage to 794,000 AF. DVL is 98 percent full and three feet under the maximum storage elevation of 1,756 feet. The combined storage in DVL, Lake Mathews and Lake Skinner totals nearly 1 million acre-feet. *[see photo below]*
- Replenishment Service Program deliveries were made available beginning May 10 and will continue through the end of the calendar year, up to a maximum of 225 TAF. However, replenishment deliveries are currently limited by groundwater spreading basin capacity, which is primarily dedicated to recharging abundant local runoff from this year’s storms.
- System Operations continues to maximize power generation whenever possible. In May, Metropolitan’s hydroelectric plants generated an average of 32 megawatts for a total of 24,000 megawatt-hours. Staff completed testing of a new generation configuration at Diamond Valley Lake that resulted in an increase in power production by generating power directly from the Inland Feeder. *[see photo below]*

Conveyance and Distribution

- On May 12, a leak was detected along the Upper Feeder in the City of Pasadena. The pipe was inspected for water seepage from a joint. Staff performed an inspection and recommended sealing the seeping joint and applying a concrete patch as a temporary measure. Further assessment of the joint condition will be made during the next scheduled shutdown in December 2012.
- Staff performed leak detection on the Santa Monica Feeder between Beverly Hills and Santa Monica in an effort to locate a minor leak on the feeder. The leak location is still under investigation but the area has been narrowed to a section downstream of the Beverly Hills Pressure Control Structure.
- The Federal Energy Regulatory Commission conducted inspections for Red Mountain, Sepulveda and Venice Hydroelectric Power Plants on May 17 - 18. The inspections included review of any operational incidents and security measures for the facilities. Each inspection was completed with no deficiencies noted.



Delivery of State Project Water into Diamond Valley Lake while generating power.

WATER SYSTEM OPERATIONS

SYSTEM RELIABILITY

Operations Support Services

- Staff continued to restore large wash-outs and erosion-damaged areas within the Riverside and Orange County distribution areas caused by the December 2010 storms. The areas being repaired at this time include the Colorado River Aqueduct and the Santiago Lateral. Funds for this work will be reimbursed by the Federal Emergency Management Agency.
- Staff began mobilizing and transporting equipment to Copper Basin in support of an underwater inspection of the Copper Basin outlet structure. The information gathered will assist in the development of specifications for refurbishing the Copper Basin outlet works. *[see photo below]*
- Staff completed rehabilitation of a pump at the Greg Avenue pump station. The repairs to the pump unit are needed to maintain water delivery reliability to the San Fernando Valley in case of an emergency which disrupts flow from the Jensen water treatment plant. *[see photo below]*
- Staff completed fabrication of a third drop gate (out of a total of four) for the Department of Water Resources’ Hyatt Power Plant. Once inspected, the gate will then be coated by staff. The four drop gates are needed to provide plant isolation devices for each of its pump/turbine and turbine units. *[see photo below]*
- Staff completed machining of a spare packing box for the Gianelli Power Plant. The packing box is an important spare part in this unique power plant for the pump/turbines. The pump/turbines are used for filling and drafting San Luis Reservoir, a vital large reservoir on the State Water Project. The spare part will enable the Department of Water Resources to expedite repairs and overhauls.

Transportation of barge equipment to Copper Basin.



Greg Avenue pump impeller after rehabilitation.



DWR Hyatt Power Plant Drop Gate inspection.



WATER SYSTEM OPERATIONS

SYSTEM RELIABILITY

Environmental, Health and Safety

On May 12, staff attended a South Coast Air Quality Management District Working Group meeting to discuss proposed amendments for new stationary, diesel generators. Current regulations require these engines to meet stringent Tier 4 off-road emission standards. SCAQMD proposed amendments that alleviate the need to meet Tier 4 nitrogen oxides emissions standards for new engines. These proposed changes would simplify requirements for emergency engine replacements at some of the hydroelectric power plants.

Apprenticeship Program

Electrical apprentices began assisting in the electrical equipment refurbishment project at the Skinner water treatment plant. The apprentices rewired motor controls for the water treatment filter valves. The apprentices are both learning and contributing towards expedited completion of the project.

Mechanical apprentices supplemented their training on pressure and flow control valves by visiting a valve manufacturing facility. In addition to learning the principals of valve operation, they now have enhanced understanding of design elements and internal components.

SYSTEM RELIABILITY

Security Management

Staff performed a site assessment of a distribution structure with a history of vandalism and casual trespassing. Based on the results of the survey, staff implemented new, more secure locks for the gate, additional cameras with infrared illumination, motion activated lights, and 24/7 video monitoring capability from the Security Watch Center. These additional layers of security should reduce future incidents.

Staff met with Transportation Security Administration Rail Chlorine inspectors and representatives from the Burlington Northern/Santa Fe railroad in a collaborative effort to ensure TSA inspectors are able to observe chlorine rail car exchanges at Metropolitan’s Jensen facility. The emphasis was on the coordination of tracking chlorine rail cars.

Emergency Management

Metropolitan hosted the Water Sector Unit Leader training provided by the California Specialized Training Institute. The purpose was to train water agency staff to provide assistance and water system expertise in emergencies at the state and county emergency operations centers. Metropolitan staff also participated in final review of the Operational Plan for this position.

Staff participated in the California Utilities Emergency Association Water/Wastewater committee teleconference to discuss security vulnerability assessments, training, and reports on emergency exercises.

ENERGY MANAGEMENT

Manage System Power Operations

On May 25, the Western Electric Coordinating Council (WECC) audited Metropolitan’s compliance with 15 national electric reliability standards. These standards contain requirements covering a broad range of activities including transmission line right-of-way management practices, protective equipment testing and maintenance, and a determination of critical power and related cyber assets. Metropolitan was required to provide significant documentation and data to the WECC auditors, including field test reports dating back to 2002. WECC did not determine any areas of non-compliance, and provided a rating of “No Finding” for the applicable standards, the best audit result possible. Serious violations of national electric reliability standards can result in penalties up to \$1 million per occurrence.

During the month of May, Metropolitan completed all hardware, software, and communication modifications necessary to allow the sale of Diamond Valley Lake generation to Southern California Edison as a renewable resource. This will significantly increase the revenue Metropolitan receives when DVL is generating. Current operating plans for this summer anticipate generating at DVL from June through September.

WATER SYSTEM OPERATIONS

WATER QUALITY

Manage Water Treatment

The flow-weighted running annual average of total dissolved solids levels for April 2010 through March 2011 were 502, 521, and 498 mg/L for the Weymouth, Diemer, and Skinner water treatment plants, respectively. The target blends at the Weymouth, Diemer, and Skinner treatment plants are projected to be maintained at 45 percent State Water Project water through May.

At the water treatment plants, staff continued to optimize processes that minimize disinfection by-products. A new method to control bromate, an ozonation by-product, has been successfully deployed at the Mills plant in a demonstration test. This new process substantially reduces the amount of sulfuric acid and sodium hydroxide needed.

Protect Source Water Quality

On May 18 – 19, Metropolitan hosted the Topock Leadership Partnership meeting at the Gene pumping plant facility. The Partnership meets periodically to discuss the Topock Chromium 6 remediation project and allows for leadership input and communication transparency. Officials from the California Department of Toxic Substance Control, U.S. Department of Interior, U.S. Bureau of Land Management, Colorado River Basin Regional Water Quality Control Board, Pacific Gas and Electric, and several Native American Indian tribes were in attendance.

An earthy taste-and-odor event caused by the production of geosmin in Lake Perris was detected and evaluated by Water Quality. *[see photo below]*

At Metropolitan’s recommendation, the California Department of Water Resources treated Lake Perris with copper sulfate on May 24.



Taste-and-odor producing blue green algae detected in Lake Perris.

Current Distribution & Storage

	5/31/2011 Storage (AF)	Percent of Capacity
Lake Mathews	151,314	83%
Lake Skinner	37,405	85%
DVL	794,567	98%

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 RESOURCE MANAGEMENT

WATER SUPPLY

State Water Project

In April, Metropolitan staff negotiated a letter agreement with Arvin-Edison to reduce costs and minimize cash flow requirements on the Arvin-Edison Storage Program. The agreement provides Metropolitan a credit of \$50 per acre-foot when Arvin-Edison provides exchange water, resulting in an annual savings of up to \$4,000,000. The credit would also apply in future years resulting in additional cost savings.

By letter dated April 27, 2011, Metropolitan transmitted to the California Department of Water Resources a State Water Project delivery schedule that incorporates the 80 percent allocation. The schedule provides for delivery of 1.4 MAF to Metropolitan’s service area, 0.3 MAF of deliveries to groundwater storage in the Central Valley, and for the carryover of 0.3 MAF of Table A into the following year.

Article 21 Supplies—Metropolitan took delivery of approximately 180 thousand acre-feet of Article 21 supplies from late February through April 29, 2011. Of the 180 TAF, 88 TAF was delivered to Diamond Valley Reservoir, 37 TAF to fully replace Metropolitan’s flexible storage accounts, and 5 TAF was delivered to groundwater storage in the Central Valley. The remaining 50 TAF was delivered to meet member agency demands.

MWDOC and IRWD Agreement—Metropolitan executed a coordinated operating agreement with the Municipal Water District of Orange County and the Irvine Ranch Water District. The agreement permits Metropolitan to utilize storage developed by IRWD and creates opportunities to acquire additional State Water Project supplies from other contractors through unbalanced exchanges. The agreement will improve reliability for MWDOC and IRWD during allocations, which is consistent with the Water Supply Allocation Plan. Metropolitan is paid the full service water rate when water stored through this agreement is delivered to MWDOC.

Colorado River

Review of draft Water Accounting Report—Metropolitan completed its review of the first and second draft water accounting reports prepared by United States Bureau of Reclamation for calendar year 2010. Preliminary accounting indicates that Metropolitan increased its storage in Lake Mead by 94 thousand acre-feet after accounting for losses, as a result of water saved by fallowing in the Palo Verde Valley.

Water Conservation Program

Innovative Conservation Program Pre-Proposal Workshop—Metropolitan conducted an Innovative Conservation Program pre-proposal workshop in April for prospective applicants. Seventy-eight short-form proposals were received in May from public and private entities in the first part of the two-step selection process. Selected short-form proponents will be invited to submit full proposals by June 9, 2011.

BAY-DELTA INITIATIVES

BAY-DELTA SOLUTIONS

Long-Term Measures

Bay Delta Conservation Plan (BDCP)—The Governor’s administration has proposed a new public participation process for the BDCP. A series of topic-specific workgroups are being formulated to expand stakeholder participation in the discussion and resolution of key BDCP issues. Initially, 13 workgroups will be established to consider a range of technical and organizational issues. Each workgroup will be comprised of representatives from interested stakeholders who demonstrate “a commitment to active participation, a willingness to engage in a constructive manner, an identifiable interest in the subject matter and outcome, and local or subject matter knowledge or expertise.” All work groups will be open to the public. Metropolitan staff intends to participate in each workgroup directly or through coordination with other state and federal water contractors. In addition to the work groups, public meetings will be held every four-to-six weeks as the draft BDCP is developed.

Delta Stewardship Council—The Council held a meeting May 12 and 13 and continued to focus on review of the draft Delta Plan. At the May meeting the Council completed their chapter by chapter detailed review of the third draft Delta Plan that was released in April. The Council received over 50 comment letters and more than 1,000 individual comments submitted by stakeholders, state and federal agencies, and other interested parties. Metropolitan submitted a comment letter on May 6 focused on our key concerns with the Delta Plan, including Council regulatory authority, consistency determinations, consistency reviews for water contracts and water transfers, the mandated schedule for developing Delta flow requirements, and BDCP approval requirements. At their May meeting, the Council decided to alter their upcoming meeting schedule and the scheduled release of the fourth draft Delta Plan to allow time to incorporate public comments. The fourth draft Delta Plan is scheduled for release on June 13, and the Council will hold a special one-day meeting on June 16 to discuss the overall Delta Plan approach, and the scope and the role of the Council and the Delta Plan. The Council will then hold a meeting on June 23 and 24 to take action to revise the fourth draft Delta Plan and to circulate the Programmatic Draft Environmental Impact Report for public comment.

Emergency Preparedness

Work continued this month on Delta emergency preparedness efforts. The Department of Water Resources Flood Management staff continued to work on funding commitments for Bacon Island pathway levee improvements to allow the U.S. Army Corps of Engineers feasibility studies to proceed under a Federal Cost Sharing Agreement. Metropolitan consultants are currently finalizing seismic studies of pathway landside levee fill to minimize slumping and facilitate emergency response. DWR consultants have developed a simplified water analysis model for timely assessment of emergency response following severe levee breaks. At Metropolitan’s request, DWR consultants are also evaluating the water quality effects of potential scenarios for resuming water exports following a Delta emergency and severe levee failure.

The Department of Interior, Office of Environmental Policy and Compliance, Oakland, has offered assistance in enhancing dialogue between federal and state agencies in Delta emergency operations planning initiatives. A policy briefing is being planned for this office involving agency executives directing the current Delta emergency operations planning team.

HUMAN RESOURCES

HUMAN RESOURCES EXCELLENCE

Total Compensation

HR Benefits hosted three days of financial, pre-retirement, and retirement workshops during the month of May:

Headquarters attendance:

- Pre-Retirement Death Benefits & Estate Planning - 18
- Financial Planning - 16
- As the Planner Group Forum - 18
- Stepping Into Retirement - 32

Skinner attendance:

- Achieving Your Dream Retirement – 23
- Financial Planning Workshop - 22

Workers’ Compensation / Medical

- Conducted initial investigations on 15 injury incidents.
- Submitted 10 new claims to Metropolitan’s workers’ compensation claim administrator.
- Settlements were negotiated in 1 claim, finalized in 1 claim, and 6 claim files were closed.
- Conducted Medvans at Soto facility.
- Arranged 25 medical evaluations (DMV medical surveillance, etc).
- Addressed 5 accommodation issues.

Risk Management

The Risk Management Unit completed a projected 56 incident reports communicating instances of Metropolitan property damage, liability, workplace injuries, regulatory visits and spills.

Risk Management completed a projected 60 risk assessments on contracts, including professional service agreements, construction contracts, entry permits, special events and film permits.

Talent Acquisition

- Initiated the posting of external job announcements on Metropolitan’s Facebook page and continued to post all jobs on Employment Development Department/Cal JOBS website.
- Two new employees started working at Metropolitan during the month of May. There are two open job postings and an additional 19 recruitments in various stages of the process.
- Staff participated in the “Hollywood – Miracle Mile Community Job and Resource Fair” sponsored by Los Angeles City Councilman Mike Feuer on May 20.

Employee Relations

Employee Relations staff have been taking part in Memorandum of Understanding negotiations which resumed in May. The negotiations are with three of the bargaining units - American Federation of State, County and Municipal Employees, Management and Professionals Association and the Supervisors Association.

Learning and Development

- The New Manager Orientation group that was started in March completed Day 5 – the final day of training.
- Staff coordinated the presentation of another session of *Avoiding Litigation Landmines* by Senior Deputy General Counsel Heather Beatty at the Mills plant.
- *InsideTrack – A Day in La Verne* was a success, with 25 employee participants getting a tour and education on various aspects of the water business presented by subject matter experts at the Weymouth plant.
- Delivered *Success Signals for Communication* class for 30 Water Resource Management staff.
- Scheduled and supported *Finance For Non-Finance Managers* classroom presentation to desert area managers at Gene facility.

Management Excellence

- Organizational Development provided individual consultation and coaching for six managers on supervisory skills, career paths, succession planning and assessment tools for promotional opportunities.
- Ongoing administration of two engagements with external coaches, including oversight, ongoing updates, three-way conferences and invoice processing.
- Successfully completed a conflict mediation intervention, with an interest-based resolution that was acceptable to all parties involved.

REAL PROPERTY DEVELOPMENT AND MANAGEMENT

REAL PROPERTY MANAGEMENT

Property for Future Water Infrastructure and other Real Property Goals

- An entry permit was issued to Southern California Edison for installation of a new tubular steel pole within an existing row of poles along the westerly property line of Metropolitan’s property at the Etiwanda Power Plant.
- WSR Group, LLC was issued a one-day entry permit to use exterior areas adjacent the ozone building at the Joseph Jensen Water Treatment Plant for filming a commercial for a Mattel rocket toy.
- A one-day entry permit was issued to Westridge School for Girls for use of a portion of the parking areas at the Metropolitan Headquarters Building for an event being held at Union Station train terminal.

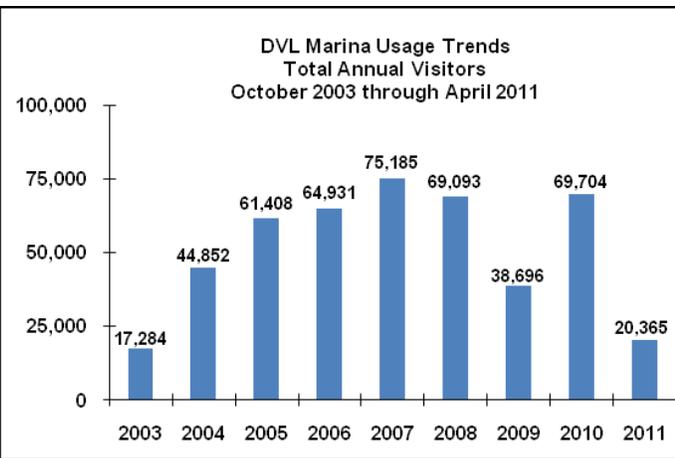
DVL Master Plan

Staff continued to work with Axio Power and its consultants in support of Southern California Edison’s review of Axio’s proposed solar projects on Metropolitan’s north and west properties at Diamond Valley Lake.

Recreation Facilities Diamond Valley Lake

Approximately 93,000 anglers have visited Diamond Valley Lake, and 17,500 private boats have launched since the reopening of the boat ramp on December 20, 2009. Increased launch fees collected through May 2011 for the purpose of reimbursing the cost of construction are estimated to be \$115,000.

The 2010/11 trout planting season ended with Mt. Lassen delivering a total of 28,000 pounds from October 2010 to April 2011. The bi-weekly 2,000-pound plants were paid for using Fishing Access Permit funds. The California Department of Fish and Game supplemented these plants with 20,000 pounds of rainbow trout and 5,000 pounds of brown trout.

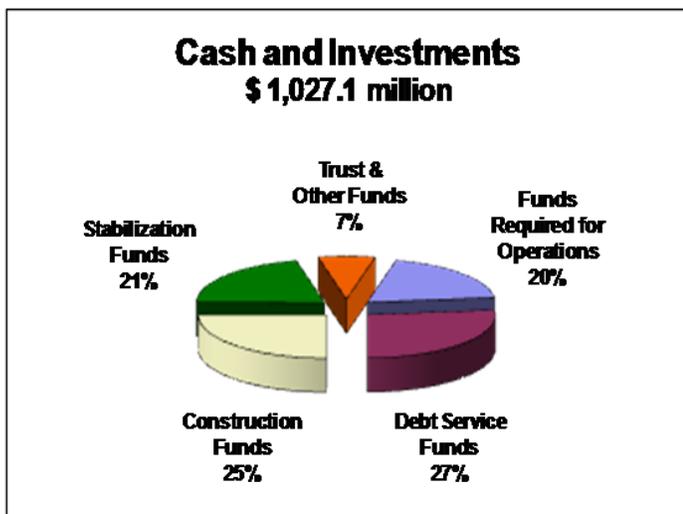
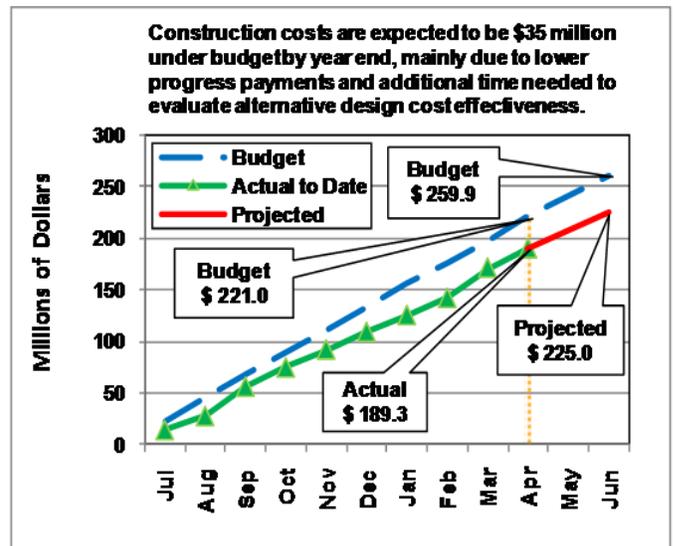
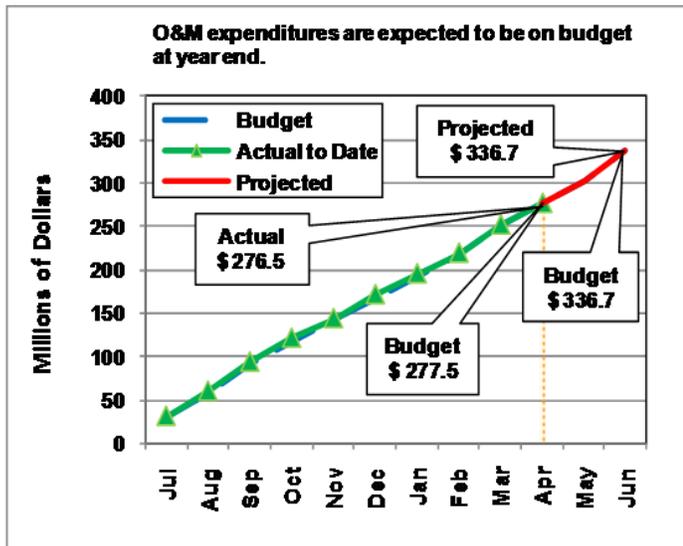
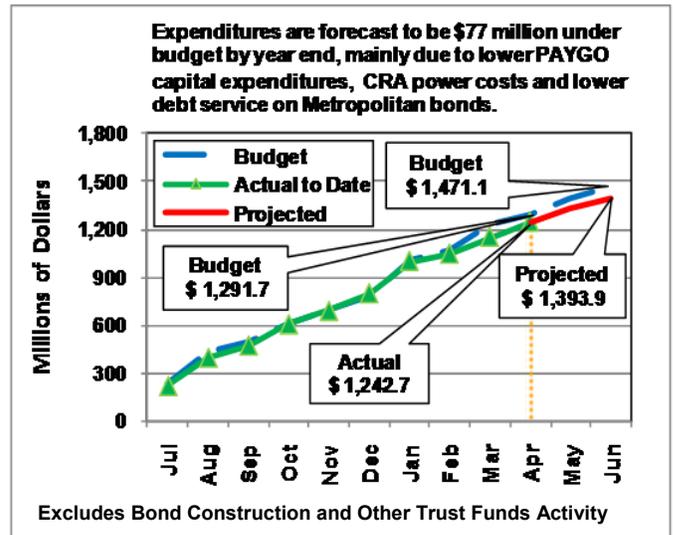
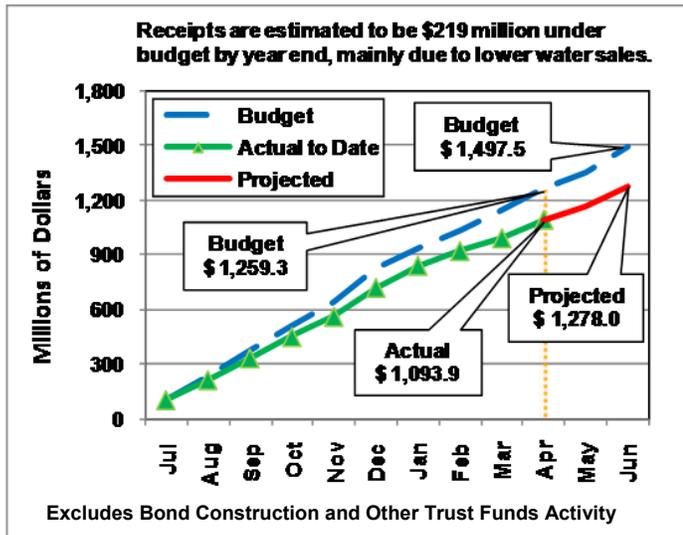


Sustainability in all Aspects of Real Property

Expenses for the Real Property Development and Management Group are currently seven percent under budget. Revenue for the Fiscal Year 2010/11 is projected to be \$13 million, compared to \$3.9 million for FY 09/10, with revenue currently six percent above projected estimates. This revenue projection includes the sale of the Arrow Highway property for \$8 million and the residential property in Yorba Linda for \$390,000.

BrightSource completed its six-month Initial Site Review Period on the Palo Verde mesa land and has moved into the entitlement phase. This phase is expected to take two-and-a-half to three years, during which time the California Energy Commission will review the proposed project and complete the California Environmental Quality Act process. Metropolitan is scheduled to receive \$600,000 every six months throughout the entitlement period. The payments will be paid into escrow and will be released to Metropolitan upon execution of the future lease agreement.

FINANCE AS OF APRIL 30, 2011



Summary Financial Statistics

	Target	Actual
Fixed Charge Coverage	≥ 1.20 x	0.91 x
Revenue Debt Service Coverage	> 2.00 x	1.36 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

* Fitch downgrade to AA+ effective May 17, 2011

EXTERNAL AFFAIRS

COMMUNICATIONS

Support Board with Communications and Working Relationships

- On May 3 – 5, Vice Chairs Gloria Gray and John Murray, Directors Fleming, Friedman and Wunderlich and staff participated in the Los Angeles Area Chamber of Commerce’s annual advocacy trip to Washington, D.C., “Access D.C. – Los Angeles on the Hill.” Metropolitan staff played a key role in scheduling appointments and preparing briefing materials on key water and power issues for the briefing and meetings. These included meetings with Secretary of Energy Steven Chu; Environmental Protection Agency Administrator Lisa Jackson; Senator Jeanne Shaheen from New Hampshire, Chair of the Senate’s Committee on Energy and Natural Resources Subcommittee and Water and Power; and Representatives Grace Napolitano, Ken Calvert and Tom McClintock. Directors and staff also attended meetings with staff members to Speaker of the House John Boehner,

Representatives Jeff Denham, John Garamendi, Kevin McCarthy and Gary Miller and Senators Feinstein and Boxer.

- During the week of May 9, Chairman Foley, several directors, executive management and staff attended the Association of California Water Agencies Spring Conference in Sacramento. Director Randy Record, Vice President of ACWA, played a lead role in the conference and led various panels and discussions. In addition to numerous presentations on water quality, water supply reliability, and energy generation and use, the conference featured a keynote presentation by John Laird, California’s Secretary of Resources. Secretary Laird discussed the pressing need to solve the water supply and ecological challenges related to the Delta.

Public Education / Advertising Conservation Efforts

- Online search on 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.
- More than 38,000 people visited bewaterwise.com in May.

Work with Member Agencies—Coordinate Common Water Policy Issues and Actions

Metropolitan was a sponsor of the fourth annual Orange County Water Summit organized by the Municipal Water District of Orange County and the Orange County Water District. The summit held in Anaheim, featured a presentation on seismic risks in the Delta by Curt Schmutte of Metropolitan’s Bay-Delta Initiatives group. Additional presentations were made by renowned seismologist Dr. Lucy Jones, who discussed the significant threat to Southern California infrastructure from an anticipated earthquake along the San Andreas Fault. Directors Barbre and Dick attended the summit along with staff.

In coordination with the West Basin Municipal Water District, Metropolitan co-hosted the Redondo Beach Chamber of Commerce 2011 Leadership Redondo class on water issues for elected officials, business and community leaders. Held at West Basin’s Ocean Water Desalination Demonstration project, the class featured a presentation on regional water supply reliability, including ongoing Delta issues, and West Basin’s local project development initiatives.

EXTERNAL AFFAIRS

COMMUNICATIONS

Public Information Programs

Efforts and activities included:

- Provided extensive information to the news media before, during and after the Solar Cup competition. Information included press advisories, press releases and several interviews with Metropolitan staff. Extensive media coverage included stories by KABC-TV Channel 7, KCBS-TV Channel 2, KCAL-TV Channel 9, KNBC-TV Channel 4, Los Angeles Times, Riverside Press-Enterprise, Inland Valley Daily Bulletin, The Californian, Southwest Riverside News Network, Clean Energy News, Patch-Temecula and various ABC affiliates nationwide and in Canada, including in Duluth, Minn.; Austin, Tex.; Omaha, Neb.; Washington, D.C., and Grand Junction, Colo.
- Arranged interview with Water Resource Management Group Manager Upadhyay and North County Times reporter for a story about Metropolitan’s reliance on groundwater storage and Central Valley water banking. Also arranged interview with Mr. Upadhyay and Orange County Register reporter for a story about Metropolitan’s water rates and the end of the drought.
- Set up live radio interview with General Manager Kightlinger and host of “These Days” program on KPBS radio in San Diego to discuss lifting of Metropolitan’s water supply allocation plan.
- Made arrangements for Metropolitan’s Bill Hasencamp to be interviewed by a reporter for the Whittier Daily News for a story about the impact of climate change in the Colorado River Basin.
- Arranged an interview with Assistant General Manager Patterson and American Water Intelligence reporter for a story about Colorado River reservoirs and increases in storage.
- Arranged interview with Assistant General Manager Patterson and reporter for Voice of San Diego to discuss Lake Mead storage levels and impact of this winter’s above-average snowpack in the Colorado River Basin.
- Issued press advisory for Metropolitan’s Spring Green Expo. Also set up interviews and provided information about the Spring Green Expo to reporter from the Singh Tao Times, a Chinese daily newspaper.

LEGISLATIVE AND COMMUNITY RELATIONS

Community Outreach

Efforts and activities included:

- Staff conducted and completed Solar Cup 2011, the ninth annual event at Lake Skinner near Temecula. Forty high school teams, the most in the history of Solar Cup, qualified for the sprint and endurance races during the May 13-15 weekend event. Over 750 students and teachers participated. The top awards, veteran overall winner and rookie overall winner, were captured by Savannah High School from Anaheim (Anaheim Public Utilities) and Oak Park High School from Oak Park (Calleguas MWD), respectively. Other awards included the Teamwork Award, which went to San Jacinto High School (Eastern MWD) and the Bart Bezyak Memorial *Spirit of Solar Cup* Trophy (sportsmanship), which was awarded to Anaheim High School. The hottest looking boat awards went to the veteran team from La Canada High School in La Canada Flintridge (Foothill MWD and La Canada Irrigation District) and the rookie team from Southeast ROP/Norwalk High School in Norwalk (Central Basin MWD).
- Staff conducted a Diamond Valley Lake tour for California State Polytechnic University, Pomona engineering students.
- Ten Diamond Valley Lake field trips were conducted (grades four-six) for about 300 students from Hemet, Lake Elsinore, Murrieta Valley and Temecula Valley school districts. Staff conducted three in-class presentations, two at Temecula Valley Unified School District schools and three at Lake Elsinore USD schools for 220 fourth and fifth grade students. Staff hosted 15 field trips for more than 800 students in collaboration with the Western Science Center outreach program.

EXTERNAL AFFAIRS

LEGISLATIVE AND COMMUNITY RELATIONS

Policy and Legislative Strategies

State Legislation

On May 16, Governor Brown released the May budget revision, his updated projection of state revenues, caseload numbers and other factors impacting state expenditures. In terms of impacts to state resources and environmental protection programs, the May Revise has proposed minimal changes from the Governor’s January budget proposal.

The May Revise does propose to eliminate the Salton Sea Council and Colorado River Board. The document also proposes to manage the state’s infrastructure bond proceeds more efficiently. Details on how the Administration plans to manage the bond proceeds will develop over the next several months. The Governor also proposed shifting \$16 million from the General Fund to Proposition 1E for the Department of Water Resources to support flood management activities, including levee maintenance, Delta levees and floodplain mapping activities.

Federal Government

Staff worked with the Hoover Power Allocation Coalition to secure letters from U.S. Senators urging the Western Area Power Administration to set aside or implement a “stay of decision” connected to a recent WAPA rule-making announcement regarding proposed administrative or regulatory changes to the Hoover Power Allocation now under congressional consideration via S. 519, Reid (D-NV).

Local Government

- Metropolitan sponsored and staff participated in the Orange County Business Council’s annual Sacramento legislative conference, which featured a presentation by Executive Legislative Representative Kathy Cole on water-related legislation and the Bay Delta Conservation Plan. The Business Council’s delegation met with the Orange County legislative caucus as well as Insurance Commissioner David Jones, Treasurer Bill Lockyer and Senator Ron Calderon.
- As part of Metropolitan’s ongoing outreach efforts, staff briefed several organizations on regional water supply reliability and the Bay Delta Conservation Plan, including the board of the Bell Gardens Chamber of Commerce, the board of the South Gate Chamber of Commerce and the members of the El Monte/South El Monte Chamber of Commerce Legislative Committee.
- Staff requested and secured letters of support for H.R. 470 (Heck, R- NV)) and S. 519 (Reid, D-NV), the Hoover Power Allocation Act of 2011.

Coordinate / Communicate Day-to-Day Efforts

Staff participated in a meeting with Southern California Edison and the University of La Verne to discuss the Weymouth Substation Construction Project alignment and schedule.

BUSINESS OUTREACH

Support of State of California, Member Agencies, City of Los Angeles, the Southern California Business and Veteran Business Community with the following activities:

- Business Outreach participated in the Governor’s Conference on Small Businesses and Entrepreneurship to discuss the important contributions small businesses make to California’s economy. Produced by the Governor’s Office of Economic Development and the state’s Small Business Development Centers, the conference gathered more than 800 small business owners, association leaders and small business support organizations from all over California to share ideas and practical solutions to drive the small business economy forward.
- The Business Outreach Program continued its partnership and support for the National Association of Women Business Owners by participating in the NAWBO Bravo awards in Ventura and San Diego Counties.
- Business Outreach supported the San Diego Business Community and the Disabled Veteran Business Enterprise Program (DVBE) by speaking to over 150 companies at the San Diego Supplier Development Council Small Business Expo and Conference.

Vendor Development, Training and Certification

Business Outreach has been able to introduce over 1,900 businesses to Metropolitan’s business opportunities, training programs, and E-Procurement, Vendor Registration, Small Business Certification (SBE), and Contract Compliance and Accountability (CCAP) programs on NETConnect. The activity for May was:

- Metropolitan supported the San Diego and Disabled Veteran Business Enterprise Community by exhibiting at the two-day Second Annual “*General Services Association Small Business Expo and Conference.*”

Business Outreach also continued vendor development, education, training, and support of the Southern California Business Community by participating in the following May 2011 award programs, conferences, expos and events:

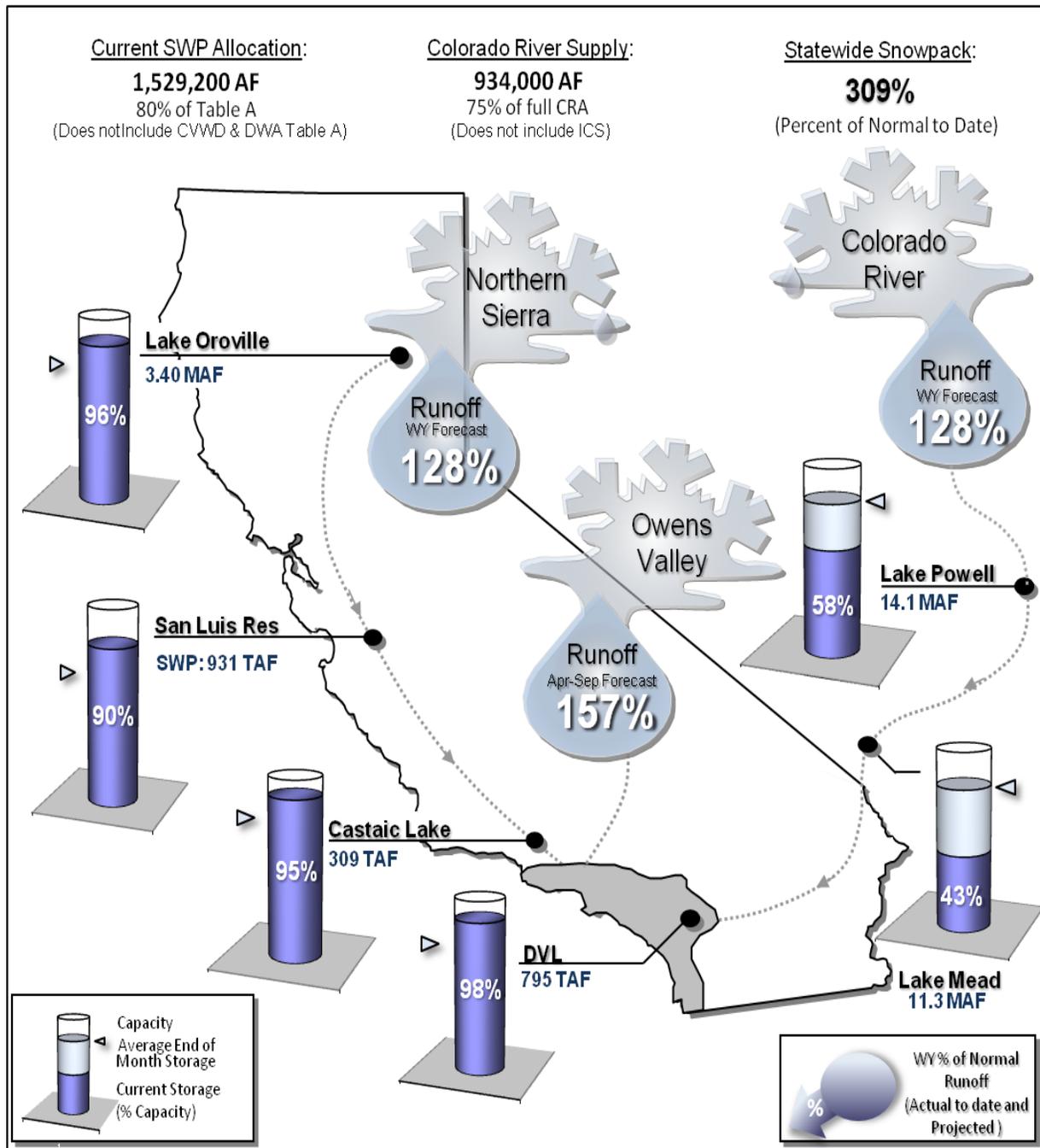
- National Latina Business Women Association – Los Angeles (NLBWA -LA) Awards Judging Committee
- Inland Empire Utilities Agency Procurement Training
- National Association of Women in Construction – San Gabriel Valley
- Business Resource Connection of the Inland Empire
- 3rd Annual City of Riverside Small Business Resource Expo
- Women Business Enterprise Council – West Premier Platinum Supplier Showcase
- Women’s Business Enterprise Council - West “Meet the Buyer Workshop”



May 4, Spring Green Expo



WATER SUPPLY CONDITIONS



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.

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