

Dated:
September 30, 2011

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

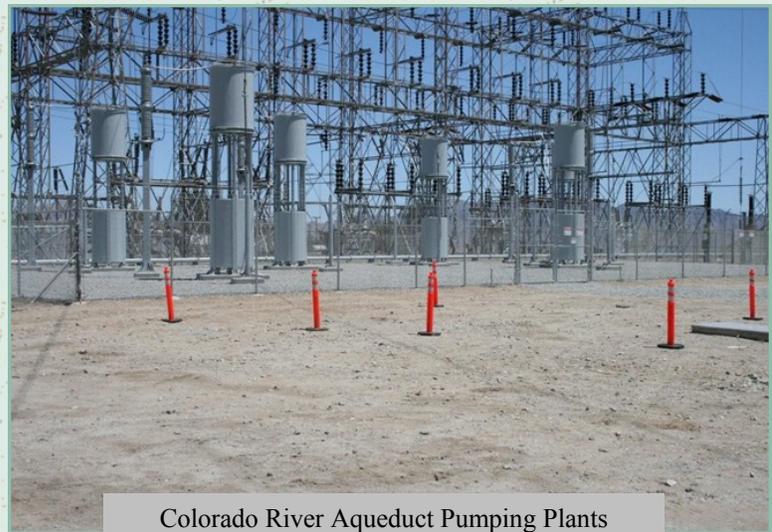


GENERAL MANAGER'S MONTHLY ACTIVITY REPORT FOR SEPTEMBER 2011

THIS REPORT IDENTIFIES THE ACTIONS/ACTIVITIES TAKING PLACE DURING THE MONTH THAT SUPPORT THE OBJECTIVES OF THE GENERAL MANAGER'S FISCAL YEAR 2011/12 BUSINESS PLAN.

CONTENTS

FINANCE	2-16
BAY-DELTA INITIATIVES	3
WATER SYSTEM OPERATIONS	4-7
WATER SUPPLY CONDITIONS	8
ENGINEERING SERVICES	9-10
BUSINESS TECHNOLOGY	11-12
HUMAN RESOURCES	13
EXTERNAL AFFAIRS	14-15
REAL PROPERTY DEVELOPMENT AND MANAGEMENT	15-16



Colorado River Aqueduct Pumping Plants
230kV Disconnect Switches Replacement

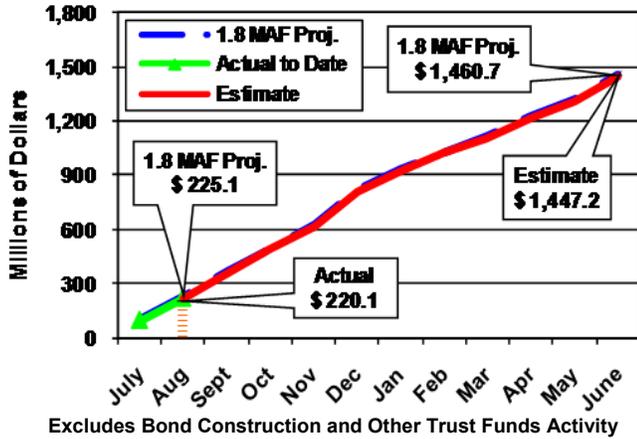
Colorado River Aqueduct Reliability Programs

These programs were established to maintain reliability of the Colorado River Aqueduct. Recent activities include the following:

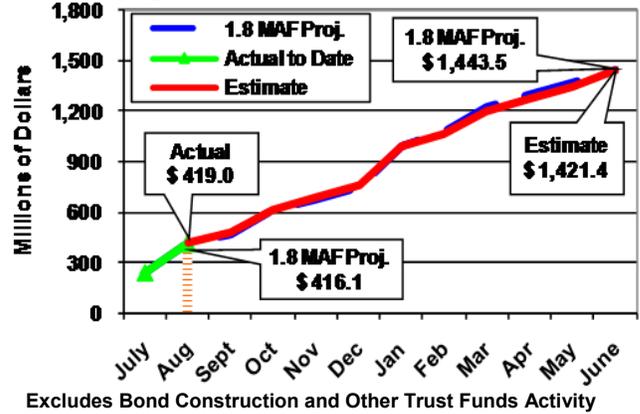
- CRA 230 kilovolts Disconnect Switches Replacement—The construction notice to proceed was issued in September 2011. The work is scheduled to be complete by March 2013.
- Hinds Pumping Plant Expansion Joints—Bids were opened and a request to the Board for award of a construction contract is scheduled for October 2011.
- Copper Basin Outlet Rehabilitation—Final design was completed and a request to the Board for award of a construction contract is scheduled for December 2011.

FINANCE as of August 31, 2011

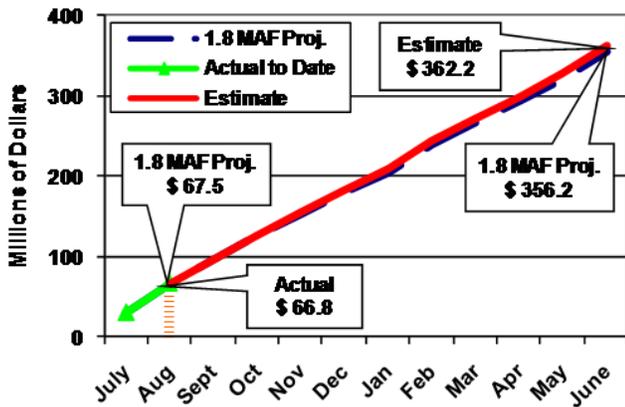
Receipts are expected to be \$14 million under the 1.8 MAF Proj. by year end, mainly due to lower water sales.



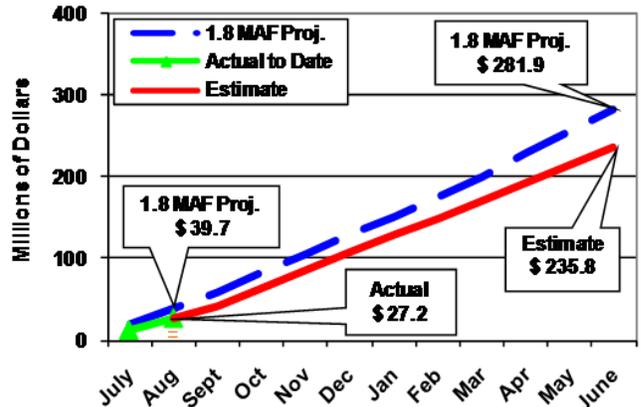
Expenditures are expected to be \$22 million under the 1.8 MAF Proj. by year end, mainly due to lower SWP and CRA power costs, partially offset by higher water supply program costs.



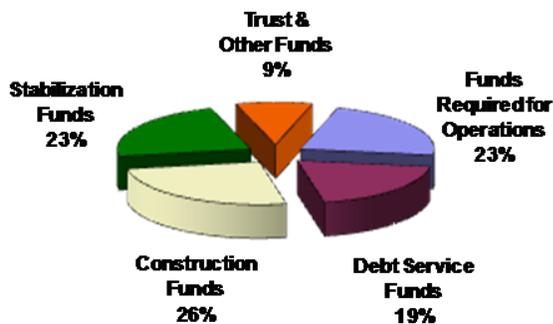
O&M expenditures are expected to be \$6 million over the 1.8 MAF Proj. by year end, mainly due to higher chemical costs.



Construction costs are expected to be \$46 million under the 1.8M Proj. by year end, mainly due to staging the construction of the Weymouth ORP.



Cash and Investments
\$924.1 million



Summary Financial Statistics

	Target	Actual
Fixed Charge Coverage	≥ 1.20 x	1.01 x
Revenue Debt Service Coverage	> 2.00 x	1.42 x
Revenue Bond Debt / Equity Ratio	< 100.0%	73.9%

Credit Ratings

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

BAY-DELTA INITIATIVES

Complete the public draft Bay Delta Conservation Plan and the associated draft Environmental Impact Report/Environmental Impact Statement

Bay Delta Conservation Plan working groups continued to meet in September. A new working group was convened this month to discuss adaptive limits for water operations. Adaptive limits set the range of adjustments in Delta water related operations (and thus supply quantities) that might be made over the life of the BDCP as determined to be necessary to address changing conditions. Metropolitan is participating in this working group to ensure that the BDCP goals of restored water supplies and increased reliability are not jeopardized. Work continues on updating the BDCP effects analysis, refining various chapters of the BDCP document, and preparing the environmental review documents.

Develop near-term measures, compatible with a long-term Delta solution, to improve water supply reliability and water quality, and facilitate protection and enhancement of Delta ecosystems and associated species

Near Term Actions: Turbidity Forecasting—Staff is preparing for a third winter (2011/12) of delta smelt and turbidity forecasting. Based on experience from the last two years, milestones and timelines have been developed and professional service task orders are being developed. Staff will continue to pursue opportunities to collaborate with key state and federal agencies. The initial forecast of the 2011/12 adult delta smelt season is planned for the first week of December 2011.

Delta Science—Dr. Deriso, Chief Scientist of the Inter-American Tropical Tuna Commission (ITTTC), has begun work on a lifecycle model for longfin smelt. He is developing the model through a contract with Metropolitan in cooperation with Dr. Mark Maunder (also of the ITTTC) and Metropolitan staff. The model will be similar in structure to the delta smelt model recently created and published by Dr. Deriso and Dr. Maunder. The longfin model will be an important analytical tool for helping to determine the causes of the decline of longfin smelt abundance in the Bay-Delta Estuary since the year 2000. Longfin smelt are listed as “threatened” under the California Endangered Species Act.

Ensure that Delta emergency response measures are implemented, including actions to develop a fresh water pathway after a major emergency event in the Delta

Delta Flood Emergency Preparedness, Response and Recovery Program (EPRRP)—In a briefing of the Delta Stewardship Council on September 23, the California Department of Water Resources advised that the Draft EPRRP would be submitted for internal review in the first quarter of 2012, followed by agency review in the second and third quarters. Representatives from the Federal Emergency Management Agency participated in the monthly status and review meeting among DWR, US Army Corps of Engineers and the water contractors in September. Options to secure remaining local funding and a reduction in feasibility study costs are being considered to proceed with a Federal Cost Sharing Agreement for Bacon Island pathway levee improvements.

A DWR and Corps of Engineers initiative for emergency response mapping is being reviewed for electronic field and management use. Army Corps of Engineers reviewed with DWR and Metropolitan staff its new hydrodynamic, fisheries, ecological, and sediment transport modeling capabilities for the Delta region, which includes a capability to highlight eminent breach conditions.

WATER SYSTEM OPERATIONS—System Reliability

Operate System Reliably

System Operations delivered approximately 205,000 acre-feet of water to meet member agency demands in September, which is an average of 6,800 AF per day, and represents an increase of about 100 AF per day compared to August 2011 deliveries. Additionally, 27,000 AF was delivered to Desert Water Agency and Coachella Valley Water District in exchange for their State Water Project Table A supplies. The Colorado River Aqueduct operated at a six-pump flow for the entire month of September, representing 83,000 AF of Colorado River water diversions in September.

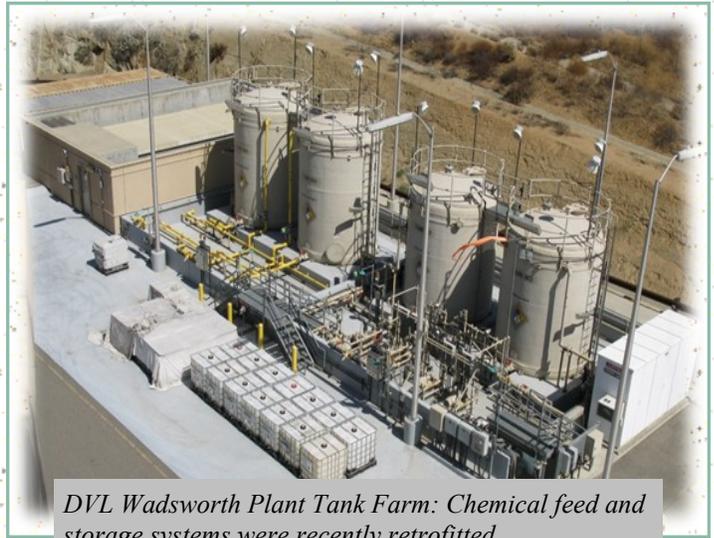
State Water Project deliveries were 135,000 AF in September, including 13,500 AF delivered via the Inland Feeder. SWP deliveries were slightly lower than August deliveries due to a seven-day outage on the Inland Feeder Pipeline to install a 78-inch valve connecting to San Bernardino Valley Municipal Water District, as part of the coordinated operating agreement between the agencies (see below for additional details).

System Operations maximized power generation whenever possible. In September, Metropolitan's hydroelectric plants generated an average of 69 megawatts for a total of 50,000 megawatt hours, which is slightly lower than August. Power production from Diamond Valley Lake for the month of September was about 4,800 MWh and is expected to increase in October. September power production at Etiwanda Hydroelectric Plant, Metropolitan's second largest hydroelectric plant, was 11,500 MWh.

In order to maintain maximum operational and storage flexibility for water supply, staff retrofitted chemical feed and storage systems at Diamond Valley Lake. Chlorine can now be injected into the water as it enters the forebay if water quality conditions merit. The water would then be de-chlorinated before being pumped into the reservoir. The chemical feed system is now fully functional and ready for use. *(see adjacent photo)*

Optimize maintenance

Colorado River Aqueduct—Staff worked to prepare the CRA to operate at a one-pump flow in the Fall. At a one-pump flow, the depth of water in the aqueduct remains quite low and some service connections to Desert Water /Coachella Valley may not operate.



DVL Wadsworth Plant Tank Farm: Chemical feed and storage systems were recently retrofitted.

Therefore, staff fabricated a new gate which operates as a weir to increase the elevation in the aqueduct.

Distribution System—During routine maintenance of the Orange County area distribution system, staff discovered an inoperable control valve at the West Orange County/ Second Lower Feeder Interconnection. This valve is used for flow control through the structure. Staff disassembled and rebuilt the motor-operated plug valve which will be reinstalled by the end of September. The Interconnection Structure remained operational using a slightly different valve configuration.

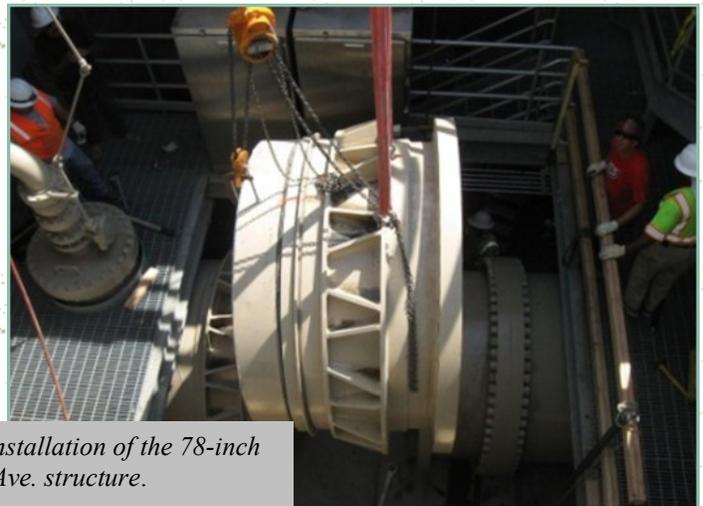
The Inland Feeder was shut down on September 12 for a scheduled eight days. This shutdown allowed staff to install a 78-inch butterfly valve which connects the Inland Feeder to San Bernardino Valley Municipal Water District’s Central Feeder pipeline. This interconnection is part of the coordinated operating agreement with San Bernardino. The shutdown was completed one day ahead of schedule. *(see photos on page 5)*

Water Treatment Plants—Staff completed an infrared thermography survey of high voltage electrical equipment at the Weymouth water treatment plant and conveyance and distribution facilities in the La Verne area. The survey is performed once a year as part of the annual preventive maintenance program. The results of the survey are used to detect anomalies with electrical and mechanical equipment. For example, the attached photos show a pump motor with a "hot spot" condition that indicated an imminent electrical problem. Staff

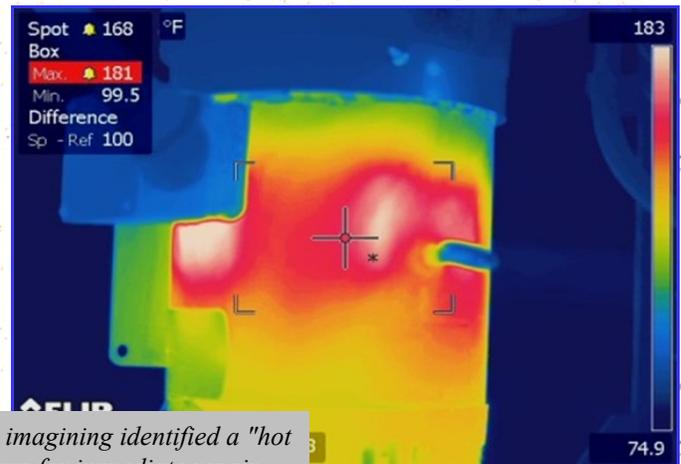
WATER SYSTEM OPERATIONS—System Reliability



Inland Feeder Shutdown: Installation of the 78-inch butterfly valve at the Opal Ave. structure. (story on page 4)



Pump motor: Infrared thermal imaging identified a "hot spot" and staff removed the pump for immediate repair .



Support water resource programs

Staff continued coordinating and scheduling replenishment deliveries. Approximately 53,000 AF was delivered in September, bringing the total replenishment deliveries since they began in May to about 225,000 AF. In addition, staff continued to meet with Member Agency Managers with a goal of developing a revised replenishment program to take effect on January 1, 2012.

In order to maximize reliability, Metropolitan supports the Department of Water Resources through reimbursable agreements. Staff began rehabilitation (including weld repairs and coating) of two large radial gates for the Department of Water Resources’ Montezuma Slough Boat Lock. The gates are used to allow boats up the Sacramento River while blocking fish movement.



DWR: Welding repairs of the Montezuma radial gates at the La Verne Fabrication Shop.

WATER SYSTEM OPERATIONS—System Reliability

Effectively manage power system requirements and optimize generation

Metropolitan reversed three September forward energy contracts with the original suppliers. The contracts totaled 24,000 megawatt hours of energy at a value of nearly \$675,000. The contracts were sold due to reduced Colorado River Aqueduct pumping.

On September 28, Metropolitan hosted a meeting of the Hoover power contractors. The purpose of the meeting was to prepare a technical response to proposed expenditures by the Bureau of Reclamation and the Western Area Power Administration associated with Hoover Dam, the power plant and related transmission facilities. The response is part of the oversight and review of federal expenditures performed annually by the Hoover power contractors.

Improve security and emergency response

Security personnel met with Department of Homeland Security’s Protective Security Advisors for the Southern California region to develop proactive security strategies related to the 10th anniversary of 9/11. As a result of these sessions, security augmented the security force at water treatment plants, and the Colorado River Aqueduct, during and for a period after the anniversary weekend.

Security personnel attended the Joint Chemical Security Regulatory Workshop on Chemical Facilities Anti-Terrorism Standards on September 13, to analyze issues related to proposed or pending legislative regulations and formulate plans and responses for Metropolitan facilities.

Metropolitan conducted a successful district-wide communications test of low-band VHF radio coverage throughout the service area and transmission between the different Incident Command Centers and Emergency Operations Center. Testing is needed to ensure responders performing inspection and earthquake patrols have two-way radio interaction as cell sites will be greatly impacted during a disaster.

Develop workforce

The Apprenticeship Program’s mobile training unit was moved to the Jensen water treatment plant to provide hands-on motor-alignment training using simulators. Additionally, mechanics refreshed their skills on aligning motors and pumps within tolerances as thin as a human hair. Proper alignment is critical to pump, motor, and bearing wear which supports reliability and equipment life. *(see photo below)*



Mobile training unit at the Jensen water treatment plant. The simulator provides hands-on motor alignment training.

WATER SYSTEM OPERATIONS—Water Quality

Optimize water treatment and distribution

Flow-weighted running annual averages for total dissolved solids for August 2010 through July 2011 were 447, 435, and 453 mg/L for the Diemer, Weymouth, and Skinner water treatment plants, respectively.

The target blends at the Diemer, Weymouth, and Skinner water treatment plants through September were 45, 55, and 70 percent State Water Project, respectively. Staff continued to optimize operations to treat increased blends of State Water Project supplies at these plants. Further increases in State Water Project blends are expected starting in October. At the Weymouth and Diemer water treatment plants, which do not have ozone installed, staff will substantially increase chemical doses to control disinfection by-products.

WATER SYSTEM OPERATIONS—Water Quality

Protect source water quality

During this reporting period, multiple simultaneous taste-and-odor events occurred in reservoirs and conveyance systems owned and operated by Metropolitan and the California Department of Water Resources. DWR treated the East Branch of the State Water Project with copper sulfate on three occasions to control an algal bloom producing the earthy-musty compounds 2-methylisoborneol (MIB) and geosmin. Some member agencies had received taste-and-odor complaints from their customers in August and September. DWR scheduled additional treatments when the blooms did not subside. Also in DWR's system, an algae bloom (*Anabaena circinalis*) resulted in a 40-fold increase in levels of geosmin in Castaic Lake over a three-week period. DWR treated the lake on September 13. There were no consumer complaints from customers receiving water from the Jensen water treatment plant as the high geosmin levels were restricted to the upper levels of the lake and because Metropolitan operates ozone facilities to control these compounds.

In Metropolitan's system, an algal bloom in Lake Skinner resulted in increased levels of MIB and geosmin. The algal bloom was brought under control

by a copper sulfate treatment on August 23. No consumer complaints were received.

On September 14-15, Metropolitan hosted a two-day meeting for the Municipal Water Quality Investigations Branch of DWR. Activities included staff presentations and tours of the SWP and Metropolitan facilities, including water quality monitoring sites, the Jensen water treatment plant, and the Water Quality Laboratory.

Staff met with the U. S. Bureau of Reclamation and the Southern California Salinity Coalition on September 27 to initiate an update of the 1999 Salinity Management Study.

Prepare for future regulations

Staff provided a regulatory and legislative update at the member agency water quality webinar on September 6. The update covered hydraulic fracturing, groundwater well information, hexavalent chromium regulatory development, public notification, and funding.

Current Distribution & Storage

	9/30/2011 Storage (AF)	Percent of Capacity
Lake Mathews	170,512	94%
Lake Skinner	38,983	89%
DVL	764,350	94%

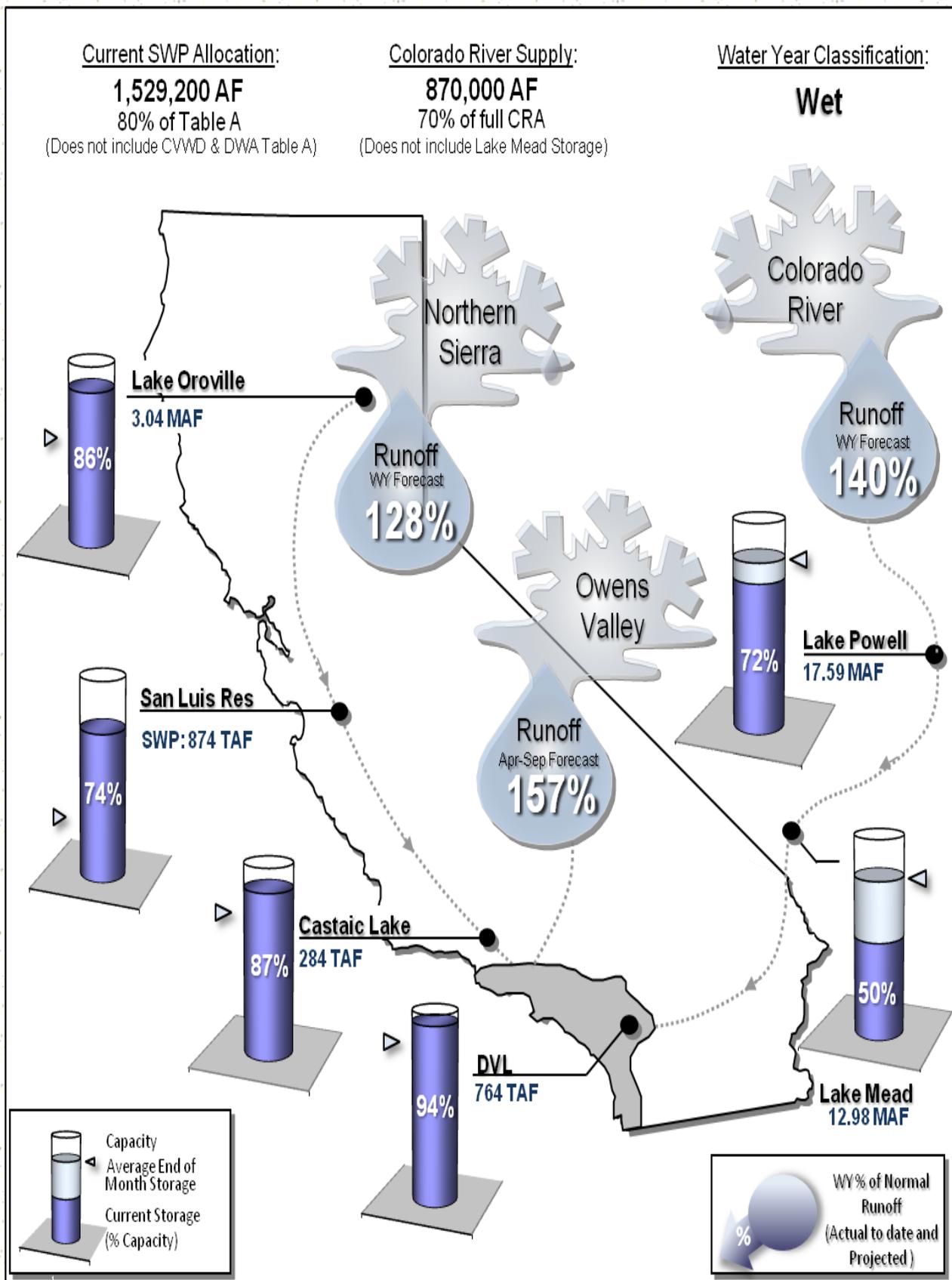
Useful information:

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 as of September 30, 2011



ENGINEERING SERVICES—Capital Investment Plan

Manage high priority projects which replace or rehabilitate equipment and facilities, to enhance reliability, comply with regulations, and improve plant operating efficiency of Metropolitan's water treatment plants

Oxidation Retrofit Program (ORP)

This program was established to add ozonation at all five of Metropolitan's water treatment plants to provide disinfection, control tastes and odors, and reduce the level of disinfection by-products in the finished water. This program will enable Metropolitan to meet state and federal drinking water regulations. Three of the five treatment plants (Jensen, Mills, and Skinner) have operational ozonation systems, while two plants (Diemer and Weymouth) remain to be completed. Recent activities for these two plants include the following:

Diemer ORP

- Ozonation Facilities—Construction of ozone facilities is 84 percent complete and is scheduled for completion in mid-2012. The commissioning of the new 66kV power from Southern California Edison to the Diemer plant is complete. An upcoming major shutdown is scheduled for late 2011 which will connect the new ozone contactor structure to the plant's inlet piping.

Weymouth ORP

- ORP Switchgear Building—Construction is 79 percent complete and is scheduled to be complete by mid-2012.
- Ozone Generation Building and Ozone Contactors—Final design is 98 percent complete and is scheduled to be complete by October 2011. This project is scheduled to be advertised for bids in late 2011.
- Hypochlorite and Sulfuric Acid Feed Facilities—The Board authorized preliminary design in September 2011.

Water Treatment Plant Improvements Programs

These programs were 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 Plant

- Electrical Upgrades—Construction is 79 percent complete and is scheduled to be complete by mid-2012.
- Coagulant Tank Farm—Construction is 99 percent complete and is scheduled to be complete by October 2011.
- Washwater Reclamation Facility Upgrades—Construction is 20 percent complete and is scheduled to be complete in late 2012.

Diemer Plant

- Fire and Potable Water Pump Station—Construction is 75 percent complete and is scheduled to be complete by January 2012.
- Diemer North Access Road—Road construction is 99 percent complete and is scheduled to be complete by September 2011.
- Diemer Emergency Broadcast System Upgrade—Construction is 63 percent complete and is scheduled to be complete by November 2011.

Skinner Plant

- Skinner Electrical Building and Ground Fault Protection Upgrade—Construction is 17 percent complete and is scheduled to be complete by mid-2014.

Diemer—Fire and Potable Water Pump Station



ENGINEERING SERVICES—System Reliability

Ensure public safety, minimize long-term cost, and avoid unplanned outages by performing periodic technical assessments and monitoring facilities and right-of-way

Infrastructure Protection

Staff monitors critical facilities on an ongoing basis, including dams, reservoirs, pipelines, and chemical tanks, to assess their condition and ensure facilities are fit for service. These efforts involve predictive assessments using specialized equipment, data collection, visual inspections, trend analysis, coordination with external agencies, and collaboration with Water System Operations maintenance staff. Recent activities include the following:

- Staff authored a revision of the by-laws for the Southern California Cathodic Protection Committee that was adopted by the Committee in September 2011 to improve coordination among Southern California pipeline operators in resolving cathodic protection and stray current issues.
- Staff completed extensive cooperative stray current

interference testing at 20 locations on the prestressed concrete cylinder pipe portions of the Sepulveda and Second Lower Feeders.

- Staff performed over 70 mandated Underground Service Alert marking and related surveys to prevent third party damage to Metropolitan facilities, with a goal of avoiding unplanned outages.
- Engineering Services and Water Systems Operations staff worked successfully with the California Department of Public Health to obtain a variance to allow the use of galvanizing materials that contact water, which will avoid future costs associated with a new regulation until local galvanizer firms can be certified per the new regulation.
- Staff completed 16 regulatory dam safety inspections and filed official reports with the California Division of Safety of Dams.

ENGINEERING SERVICES

State Water Contractors/Department of Water Resources/Metropolitan Water District Technical Workshop—At the request of SWC, Metropolitan coordinated with DWR for a DWR-SWC Emergency Response Planning Workshop. Metropolitan and DWR staff presented their respective emergency response plans on September 20, as part of a technical exchange among organizations. The goal is to develop a vulnerability assessment of the State Water Project. In addition, future discussions may lead to joint Emergency Response exercises.

Maintenance Activity—Staff responded to the Water Systems Operations notification that there was extensive storm damage to aqueduct patrol roads and electrical transmission patrol roads. Road repairs were monitored to ensure avoidance of desert tortoises.

BUSINESS TECHNOLOGY—Business Processes and Information Technology

Ensure operational reliability and security of Metropolitan's Information Technology systems by delivering cost-effective information technology products and services

Replace the Asset Information Management System with a new Lease Management System using the eCloud computing strategy. This project is replacing existing in-house developed software comprised of modules that range in age from 10 to 17 years old. A new system is needed as the existing system no longer meets all of Metropolitan's business needs and a newer off-the-shelf software is available, providing more cost-effective solution than modifying/enhancing the outdated existing system. During the period, staff obtained managements approval for the recommendation to award and to proceed with the Lease Management System project, based on a cloud-based application.

Upgrade Interim Enhanced Surface Water Treatment Rule application to include Weymouth contact time calculation to be aligned with the new filtration process. The Interim Enhanced Surface Water Treatment software application is used for California surface water filtration and disinfection treatment regulations compliance reporting. During the period, staff completed the software development phase (e.g. programming). The next step is to conduct the test phase followed by final-user-acceptance and deployment in November.

Deployed Software Enhancements to Metropolitan's MAXIMO Hand-Held System—During the period, IT staff deployed into production a number of customer requested software enhancements to the Maximo hand-held system. Maximo is used by Water System Operations to organize, plan and record maintenance activities such as preventive and corrective maintenance work orders. Key program upgrades include:

- Enhanced usability allowing greater search capabilities without having to switch views or log into different software modules.
- Improved decision-making through better information such as a greater level of detailed work order history/ equipment specification information.
- Improved data validation to streamline data entry and standardization as well as time entry enhancement function.

Continue to implement business improvements and promote self-service to increase organizational efficiency

Intramet Online Portal Requisitioning—In an effort to streamline employee self-service and procurement/contracting, staff started with the development of an online portal for materials and supplies. After focus groups were held with all stakeholder managers, the operations of Warehouse and Inventory Management have been selected to pilot the new online portal.

New Online Documentation System—Continuing the development of online technical documentation for Water System Operations staff. The current focus is on Metropolitan's distribution system and hydroelectric plants. The online manuals offer improved user input, quicker more accessible information, and lower reproduction costs.

Metropolitan's Reference and Research Center—In another effort to improve customer service and increase efficiency, the Center is being transitioned into a self-service center. The Business Technology and Engineering Services Groups are collaborating to have the transition to self-service completed by November 1, 2011.

Continue to implement sustainable business practices to reduce Metropolitan's use of natural and renewable resources

Metropolitan's Paper Reduction Program—Paper usage for the first quarter of fiscal year 2011/12 has been reduced 76 percent from the 2007 baseline year.

Efficiently maintain and operate Metropolitan's Headquarters building, the Diamond Valley Lake Visitor Center, and the DVL Education Center.

Food Management Services at Headquarters—In September, staff completed site visits for the three vendors that have made the shortlist. Final negotiations will be conducted in October, with a final recommendation to award in November 2011.

BUSINESS TECHNOLOGY—Business Processes and Information Technology

Maintain an effective Business Outreach Program for regional, small businesses and veterans to ensure broad participation and competitive costs

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

- Sponsored, participated on a panel, and exhibited at *Business Life - Women Achievers Business & Healthcare Conference* in Glendale. Glendale Mayor and Metropolitan Board Member Laura Friedman welcomed over 750 civic, service, professional and business organizations from the Twin Valleys of San Fernando and San Gabriel, linked by Burbank, Glendale, and Pasadena to the event.
- Co-sponsored, with Southern California Edison, the Southern California Minority Business Development Council’s 6th Annual Business Development and Networking Event, *The Power of Networking Connecting Corporate America with Southern California Suppliers*. Director John Murray spoke about business opportunities at Metropolitan.
- Participated in American Express OPEN®’s *Government Contracts: Victory in Procurement for Small Business*, a national program to help small business owners capitalize on the enormous growth opportunity provided through government contracts.
- Participated in Southern California Edison’s *18th Annual Water Conservation Conference*. Conference attendees joined Southern California Edison in a discussion about California’s current water situation and received an update on efforts underway to advance energy, water, and climate change initiatives.
- WBEC-West Presents: Understanding Woman-Owned Small Business Program-Los Angeles—Staff provided an exhibit and gave a presentation on Metropolitan’s procurement policies and opportunities.
- The County of Los Angeles Supervisor Don Knabe, 4th District and the City of Whittier—Small Business Contracting Connections.

Vendor Development, Training and Certification

Business Outreach was able to introduce over 2,600 businesses to Metropolitan’s business opportunities, training programs, and Metropolitan’s E-Procurement, Vendor Registration, Small Business Certification, and Contract Compliance and Accountability Program on NETConnect.

- The sixth workshop in Business Outreach Program’s monthly “Managing Your Innovation” Series of Workshops and Networking Events was held at Metropolitan on September 15.
- Supported the Orange County Business Community by exhibiting at the Asian Business Association of Orange County’s *Procurement Opportunities & Export Initiatives Conference* on September 22, 2011 in Anaheim. Metropolitan was able to introduce over 500 small businesses to opportunities at Metropolitan, promoted Metropolitan’s Innovative Conservation Program, and encouraged business owners to register as vendors and get SBE Certification in Metropolitan’s NETConnect system.
- Supported the Ventura County Business Community by participating in *2011 Next Steps for Small Business Conference*. Metropolitan exhibited at the conference and participated in a panel discussion on “How to Do Business with Government Agencies.”

HUMAN RESOURCES—Human Resources Excellence

Identify, assess, and manage risk

- The Risk Management Unit completed 53 incident reports communicating instances of Metropolitan property damage, liability, workplace injuries, regulatory visits and spills.
- Risk Management completed 39 risk assessments on contracts, including professional service agreements, construction contracts, entry permits, special events and film permits.

Control Workers’ Compensation costs

- Conducted initial investigations on 11 injury incidents.
- Submitted 4 new claims to Metropolitan’s workers’ compensation claim administrator.
- Settlements were negotiated in 5 claims, finalized in 3 claims, and 12 claim files were closed.
- Conducted Medvan at Lake Mathews and Weymouth facilities.
- Arranged 8 medical evaluations (DMV medical surveillance, etc).
- Coordinated random drug/alcohol testing at 1 facility.
- Addressed 1 accommodation issue.
- Coordinated 2011 flu shots and issued memorandum to all employees.

Manage total compensation

- HR Benefits hosted the following Financial Education workshops at Lake Skinner:
 - Investing in Today’s Environment
 - Tax Basics Workshop
 - Ask the Planner Group Forum
- One-on-one retirement consultations at Lake Skinner.
- On September 13, one-on-one consultations were provided at the Weymouth facility.

Foster learning and development

- Staff completed a five-day certification in Mediation Skills in the Workplace, from the Federal Mediation and Conciliation Service.
- Staff attended the Western Region Inter-governmental Personnel Assessment Council meeting examining a range of issues in job testing and test validation.
- Participated in an Advisory Committee of the Green Building Maintenance and Management Training Program funded by the State Energy Sector Partnership to develop work-source pipelines in Southern California.
- Management and employee development classes delivered this month were: Finance for Non-Finance Managers, Writing with Purpose, Facilitating for Results, Teamwork, and Presentation Skills.
- Career development classes such as Moving into Management and Managing your Career were delivered for employees to attend on their own time. A session of InsideTrack, which includes a tour of the Weymouth plant and water quality laboratory, was also conducted.
- Additional Drug and Alcohol Awareness classes for employees have now reached over 88 percent of employees and Reasonable Suspicion Training for managers has reached 93 percent participation.

Provide proactive, swift, and consistent employee relations and positive labor relations.

- Completed work on three Tentative Agreements which were approved by the Board, with employee ratification pending only with AFSCME.
- Employee Relations spoke at the semiannual meeting of Water System Operations managers.

EXTERNAL AFFAIRS—Legislative, Communications and Community Relations

Continue to develop and implement local, state, and federal water policy and legislative strategies consistent with board-adopted policies

State Legislation

Governor Brown is calling for a water bond that would be smaller than the \$11.1 billion version now scheduled for the November 2012 ballot. He has indicated that he will address details related to potential modifications to the bond sometime next year after his plan regarding Delta conveyance has been presented. He has expressed interest in reshaping the 2009 bond in light of the state's continuing economic issues and has speculated, as have others, the bond may not pass in its current form.

Federal Legislation

On September 8, House Democrats urged President Obama to include water infrastructure investment in the jobs package he announced in a speech to a joint session of Congress. Representatives Nick Rahall of West Virginia, leading Democrat on the Transportation and Infrastructure Committee, and Tim Bishop of New York, the leading Democrat on the Subcommittee on Water Resources and Environment, sent the letter, which includes signatures of 50 colleagues, including Energy and Commerce Committee ranking member Henry Waxman of California.

On September 14, the House Natural Resources Subcommittee on Water and Power held a hearing on a variety of measures, including water quality concerns in Southern California and the need to streamline the Federal Energy Regulatory Commission licensing process for small system hydropower development.

Support board member communications and working relationships with elected officials, other government leaders, and business and community leaders

- Director Grandsen, Metropolitan staff, and 300 water leaders attended the Association of Water Agencies of Ventura County's 16th Annual Member and Policyholders Reception at the Ronald Reagan Presidential Library.
- Metropolitan was also a sponsor of the Valley Economic Alliance's dinner reception honoring Director Fleming, who helped found the organization and served as its chair for 16 years. Attending on behalf of Metropolitan were Director Ballin and General Manager Kightlinger.

Communicate and work with member agencies to assist in coordination and delivery of water policy issues and actions to ensure key priorities identified by Metropolitan and its member agencies are addressed.

Coordinated executive staff monthly meeting with the member agency managers at which the Draft Plan released by the Bay Delta Stewardship Council and other topics were discussed. David Sunding, of University of California, Berkeley, gave a presentation entitled "Explaining Recent Changes in Residential Water Demands at MWD Member Agencies."

Coordinate and communicate day-to-day efforts to maintain and improve: operations and maintenance; source water quality protection and water treatment; infrastructure replacement, refurbishment and development; emergency management; and media communications and community outreach.

Efforts and activities included:

- Participated in a meeting with Metropolitan's Engineering staff and City of Santa Clarita Public Works and Planning staff regarding the Foothill Feeder carbon fiber lining project.
- Arranged interview with Assistant General Manager Roger Patterson and Contra Costa Times reporter for a story about levees in the Sacramento-San Joaquin Delta.
- Provided information to San Diego Union-Tribune reporter about impact to Metropolitan from major power outage in San Diego and southern Orange County.
- Issued press release regarding seating of Ed Chavez on Metropolitan's Board of Directors. Chavez represents the Upper San Gabriel Valley Municipal Water District.

EXTERNAL AFFAIRS—Legislative, Communications and Community Relations

Continue to develop and manage public education and outreach programs focusing on extraordinary conservation efforts

There were more than 35,000 visitors to bewaterwise.com in August and more than 21,000 visits to the bewaterwise.com website from September 1-18.

Strengthen Metropolitan's community outreach efforts

Staff conducted three teacher orientation sessions for the Diamond Valley Lake Education Program on September 14, 15, and 17. More than 70 teachers attended the sessions.

Staff is preparing materials, updating teacher and student evaluations and completing final preparations for the education docent trainings on October 5 and 6. The Diamond Valley Lake Education Program begins its 17th year on October 10.

REAL PROPERTY DEVELOPMENT AND MANAGEMENT GROUP

Real Property Management

Refine and implement strategies to identify and acquire right-of-ways and adjacent properties that are necessary to implement future water infrastructure projects and other real property goals

The Real Property Development and Management Group continued to work with Bay Delta Initiatives staff on near-term actions for habitat restoration. Assistance was provided to the State and Federal Contractors Water Agency to appraise key properties in the Suisun Marsh Restoration Opportunity Area.

Transition the Diamond Valley Lake Visitor Center in partnership with private, public, academic, and not-for-profit organizations

Staff received a letter from a major university interested in taking a leadership role in developing educational programs at the Diamond Valley Lake campus.

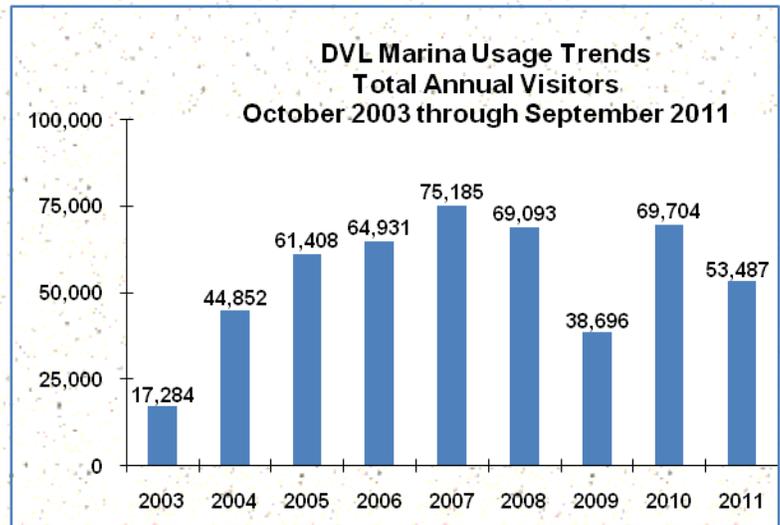
Develop policies, strategies, and actions that enable sustainability in all aspects of real property including development, revenue optimization, appraisal, acquisition and annexation while concurrently improving the planning, management, and quality of internal real property activities and services

- Three proposals were received in response to a Request for Proposal for the leasing of 7,000 acres of Metropolitan's Palo Verde farm land. The results of the process will be presented at the October Real Property and Asset Management Committee meeting.
- A license amendment was granted to Orange County Water District to extend the term for access to perform grading of segments of the Santiago Creek to assist in the increase of groundwater recharge within the creek.
- An entry permit was issued to County of Riverside to allow for access for a segment of the Winchester Road improvement project near Diamond Valley Lake.
- An entry permit was issued to San Dimas Rodeo, Inc. to allow parking of vehicles and trailers. The use included a site for a Los Angeles County Sheriff's Department satellite command center. The permit helps to support the annual Western Days Rodeo event located near the F. E. Weymouth Water Treatment Plant.
- An entry permit amendment was issued to Blythe Energy, LLC, to extend the term for construction of facilities associated with improvements to the interconnection and switch racks at Julian Hinds Pumping Plant.
- An easement was quitclaimed to Angel View Crippled Children's Foundation and the deed was recorded.

REAL PROPERTY DEVELOPMENT AND MANAGEMENT GROUP

Manage natural resources and related facilities at Diamond Valley Lake and Lake Skinner through best management and sustainable practices to effectively protect water quality

Approximately 459,000 anglers have visited Diamond Valley Lake and 119,000 boats have launched since the 2003 public opening and 35,000 of those launches followed the extension and reopening of the boat ramp in December 2009. Increased launch fees collected through October 2011 for the purpose of reimbursing the cost of construction are estimated to be \$149,000.



CHIEF FINANCIAL OFFICER GROUP

Effectively manage costs and communicate the results of Metropolitan’s budget to meet board policies and objectives

Staff continues to effectively balance estimated revenues for fiscal year 2011/12 that are about \$14 million lower than the 1.8 million acre-feet projection mainly due to lower water sales. Continued scrutiny of Metropolitan's Capital Investment Plan has resulted in a reduction of \$46 million in the estimated capital expenditures primarily by staging the construction of the Weymouth Oxidation Retrofit Program. With expenditures expected to be under the 1.8 MAF projection by year end, staff now expects a modest draw down of reserve fund balances, leaving approximately \$49 million above the minimum reserve level required by Board policy.

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

On September 27, Metropolitan closed a \$157.1 million water revenue bond refunding at a true interest cost of 3.15 percent. The refunding will provide \$11.8 million of net present value savings over the next 25 years, or cash flow savings of approximately \$740,000 per year.

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

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

Connect With Us



Join Us
on Facebook



Subscribe to us
on YouTube