

Dated:  
October 31, 2011



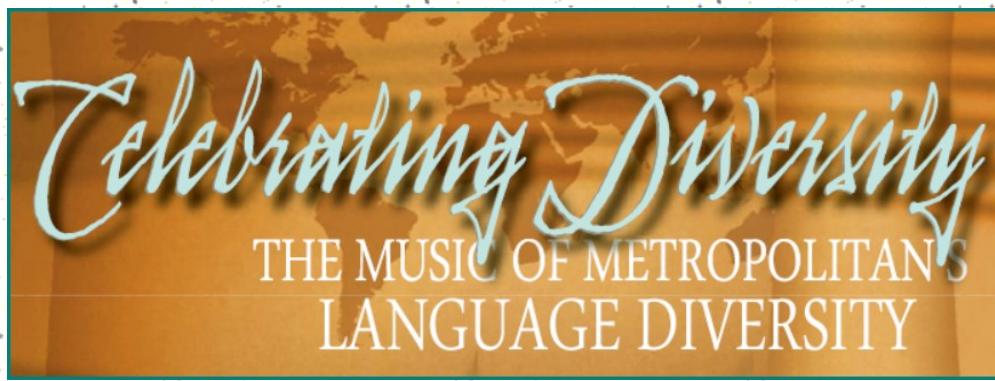
# THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

## GENERAL MANAGER'S MONTHLY ACTIVITY REPORT FOR OCTOBER 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.

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October is Diversity Awareness Month and it serves as a kickoff for the year ahead when various employee resource groups showcase a variety of activities and events supporting the various dimensions of diversity - race, ethnicity, gender, sexual orientation, socio-economic status, age, physical abilities, religious beliefs, political beliefs, or other ideologies.

Interim General Counsel Marcia Scully provided remarks about diversity to employees on October 11. The celebration of diversity continued with a first-time tribute to the richness of spoken languages. There were 14 different languages represented by the 20 participants who read before a lunchtime crowd on October 12. Participants read in their native language and followed with a translation in English. There were poems, chants, short stories, and excerpts from novels...touching upon the human conditions of joy, laughter, sadness, passion, tragedy, suffering, hope, life insights, and spirituality. French Club spokesperson remarked that hearing different languages creates a wonderful mosaic of the many people, from so many different places of the world who work at Metropolitan.

Employees at the Skinner water treatment plant hosted an international food fair with a performance by a Native American dancer. The month ended with an essay contest which gave employees the opportunity to reflect on an issue or experience related to diversity in the workplace or personal life.

*(List of languages and works from Oct. 12 event listed on page 24)*

## BAY-DELTA INITIATIVES

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

Work continued this month on the development of the Bay Delta Conservation Plan Effects Analysis. The California Department of Water Resources released two working draft sections of the Effects Analysis for public review: Effects Analysis Conceptual Foundation and Analytical Framework and the Entrainment Technical Appendix. Staff is reviewing and preparing comments on the draft Effects Analysis sections as they are made available. BDCP working groups also continued to meet in October on south Delta habitat, biological goal and objectives, and finance. Staff is continuing to participate in the working groups in coordination with other water contractors.

In October, the Delta Science Program initiated an Independent Science Review of the BDCP Effects Analysis Conceptual Foundation and Analytical Framework and working draft Entrainment Technical Appendix. The Independent Science Review Panel convened for a two-day meeting on October 25 and 26 to discuss the BDCP documents that are the focus of the review and develop initial recommendations for how these documents might be improved with respect to achieving their stated goals. The panel report is scheduled to be completed in November 2011.

### ***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***

Staff is collaborating with the State Water Contractors and DWR to evaluate modeling studies of Delta water levels and circulation patterns. A meeting was held with State Water Resources Control Board staff to discuss water-user concerns about adding water level and circulation patterns regulations into the Bay-Delta Water Quality Control Plan. The modeling studies will continue to be evaluated and a letter will be sent to the SWRCB once the evaluation is complete.

Staff, through the State and Federal Contractors Water Agency, continues to participate with the San Joaquin River water users and several interested power utilities

to develop modeling tools that will be used to evaluate the impact of proposed SWRCB flow criteria on hydropower generation. Study participants will determine the next steps once the modeling results are fully interpreted.

On October 13, the Central Valley Regional Water Quality Control Board (Regional Water Board) received an information item update on the development of a Drinking Water Policy for the Delta and upstream tributaries. When adopted, the policy will provide an improved regulatory framework for implementing source water quality protection activities in the Delta watershed. The policy is scheduled for completion by July 2013. Staff participated on a stakeholder panel at the Regional Water Board meeting.

A new scientific article on the effects of nutrient imbalances on the food web of the Bay-Delta ecosystem, prepared by Dr. Patricia Glibert of the University of Maryland and co-authors, was officially published on October 17. The paper, entitled, "Ecological Stoichiometry, Biogeochemical Cycling, Invasive Species, and Aquatic Food Webs: San Francisco Estuary and Comparative Systems," appears in the journal, *Reviews in Fisheries Science*.

### ***Develop long-term Delta improvements through the Bay Delta Conservation Plan, including measures that implement conveyance and species conservation improvements.***

On October 19, the Assembly Water, Parks and Wildlife Committee held a hearing on the BDCP. The purpose of this hearing was to revisit issues of governance, science, funding, transparency, local outreach, and consistency with the requirements of the Delta Reform Act of 2009 that have been previously raised and must be addressed before a draft BDCP can be successfully completed. Assistant General Manager Roger Patterson, on behalf of Metropolitan, participated in the Stakeholders' Perspective panel.

## BAY-DELTA INITIATIVES

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

The California Department of Water Resources reported to the Delta Stewardship Council that the Administrative Draft of the Delta Flood Emergency Preparedness, Response and Recovery Program will be issued for executive review in the first quarter of 2012, for agency review in the second quarter, and as a final document in the fourth quarter. State and Federal Contractors Water Agency provided comments on the Delta Stewardship Council's Fifth Staff Draft Delta Plan, noting the Plan's lack of a strategic risk reduction investment plan for Delta levees that would be based on economically justified and ecologically sustainable benefits. The SFCWA comments cited a lack of acknowledgment of DWR's Delta Flood Emergency Preparedness, Response and Recovery Program being prepared in coordination with the US Army Corps of Engineers, local entities, and water stakeholders, which addresses a wide range of flood emergency response strategies, including a Middle River emergency freshwater pathway in response to a catastrophic multi-island failure.

## WATER RESOURCE MANAGEMENT—Water Supply

### ***Complete Local Resources Development Strategy, review Local Resources Program, and obtain Board approval***

Local Resource Development Strategy Task Force—Staff held the fifth meeting of the Local Resources Development Strategy Task Force. The Task Force discussed the nine financial approaches identified to assist in the development of recycled water and other local resources. Staff presented a financial impact analysis for each approach and its net financial impact to Metropolitan and participating project proponents. The next steps for the Task Force are to develop a short-list of the preferred financial approaches, finalize recommendations for complementary non-financial approaches, and complete a review of Metropolitan's local resources policy principles.

### ***Implement the Local Resources Program and Conservation Program effectively***

Innovative Conservation Program—Under the 2011 Innovative Conservation Program, staff selected eight projects and commenced negotiations after completing the competitive process. The selected projects fall into two categories: landscape irrigation control and graywater. Five agreements have been executed and three agreements are anticipated to be finalized by December.

Regional Residential and Commercial Water Conservation Rebate Programs—Staff issued a Request for Proposals to help manage and administer Metropolitan's Residential and Commercial Regional Water Conservation Rebate Programs. Current

contracts expire in April 2013 and completion of the competitive process provides sufficient time to complete the selection process, execute agreements, and implement the program.

### ***Collaborate with member agencies to coordinate planning efforts, develop policy recommendations, and promote consistent public communications in water resource management issues***

Long Term Conservation Plan—Staff attended the 2011 WaterSmart Innovations conference, a leading water-use efficiency conference and exposition that attracted nearly 900 participants from public agencies, private entities, and environmental organizations spanning more than 30 states and nine foreign nations. At the conference, Metropolitan met with water agencies from other regions, including Georgia, Florida, Texas, Arizona, and Northern California. The group discussed how the agencies could collaborate on a strategic focus such as proper irrigation control in order to better coordinate water use efficiency efforts.

Groundwater Basin Storage and Water Level Assessment—Completed assessment with member agencies and groundwater basin managers to update status of groundwater basin storage and water levels.

## WATER RESOURCE MANAGEMENT—Water Supply

### *Participate, and lead where appropriate, in statewide and regional planning efforts*

Stormwater Capture—Participated in the Southern California Water Committee Stormwater Task Force to develop recommendations to enhance stormwater capture for water supply. Provided input to the draft Task Force white paper addressing opportunities for integrated water management through municipal stormwater regulation.

Salt and Nutrient Management Plan—Continued participation in the Central and West Coast Basins workgroup to develop the Salt and Nutrient Management Plan required by the State Water Resources Control Board's Recycled Water Policy. The workgroup submitted its work plan to the Los Angeles Regional Water Quality Control Board for approval.

Continued coordination regarding the Salt and Nutrient Management Plans being developed for San Fernando, Main San Gabriel and Raymond groundwater basins. The Salt and Nutrient Management Plans are important for obtaining RWQCB buy-in for use of recycled water for groundwater recharge and landscape irrigation.

Salinity Management Plan—Participated in the initial work group meetings to agree on scope and tasks to update the Salinity Management Plan. The core work group is composed of representatives from the Bureau of Reclamation, Southern California Salinity Coalition and Metropolitan.

Groundwater Resources Association—Participated in the Groundwater Resources Association annual meeting to review and discuss policy issues and technical advances relating to groundwater resources.

Groundwater Ambient Monitoring and Assessment Program—Participated in the annual legislative planning meeting among Metropolitan and its member agencies. Answered questions and provided background materials for a legislative proposal to streamline groundwater monitoring requirements by incorporating them in monitoring conducted for the Groundwater Ambient Monitoring and Assessment Program.

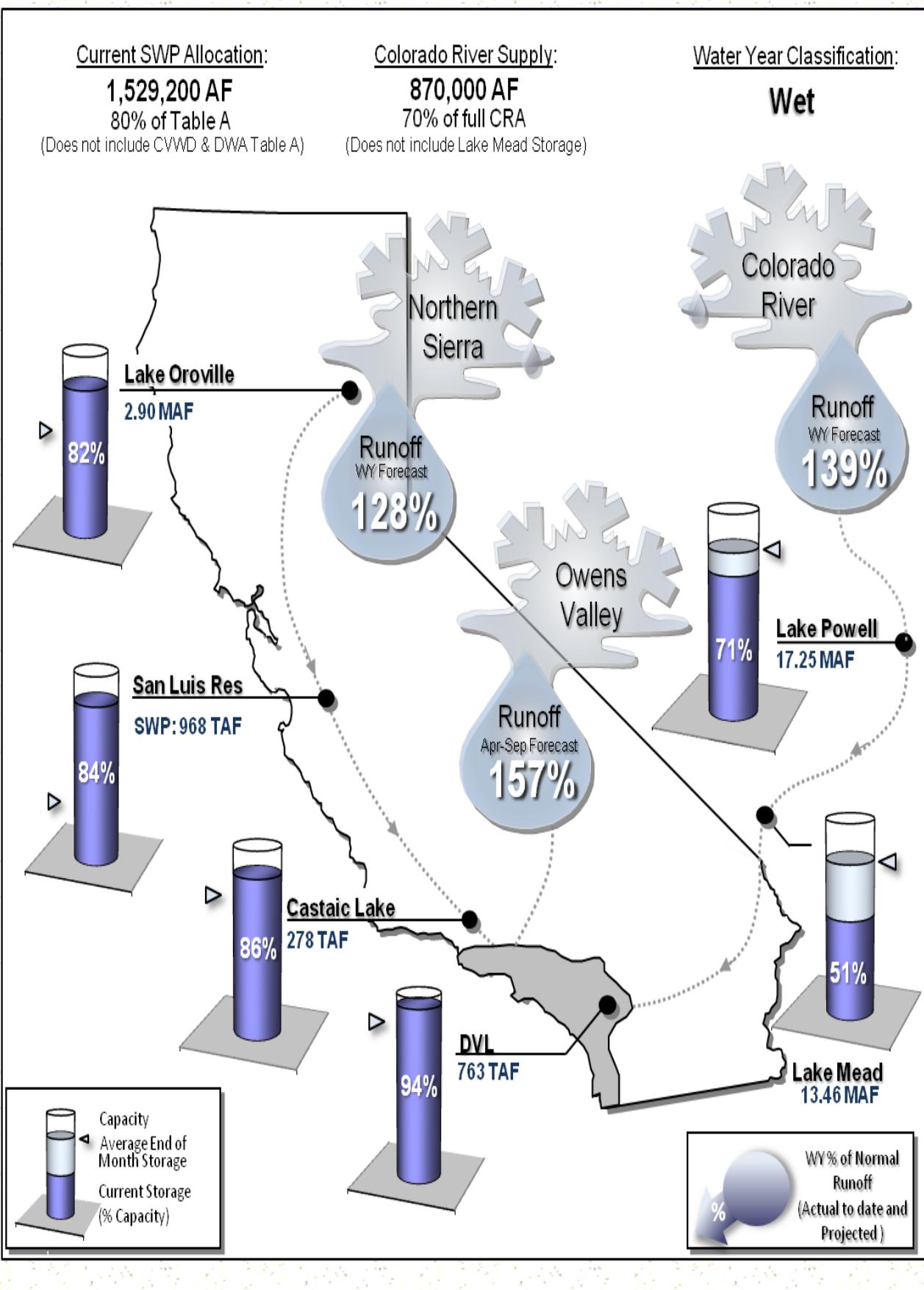
### *Ensure cost-effective and reliable State Water Contract Supply*

SWP Delivery Schedule—Metropolitan submitted its initial 2012 State Water Project delivery schedule to the California Department of Water Resources. The schedule provides up to 200,000 AF of carryover storage in State Water Project facilities and should allow Metropolitan to take advantage of Article 21 supplies that may become available. For lower Table A allocations, Metropolitan has requested the use of water from its Castaic Flexible Storage Account.

### *Maintain Colorado River water supply and operational benefits regardless of Quantification Settlement Agreement implementation*

Request for Diversion Approved—The Bureau of Reclamation approved Metropolitan's request for diversion of 611,900 acre-feet of Colorado River water in 2011. Reclamation's approval was based on Metropolitan's proposed creation of 200,000 acre -feet of Intentionally Created Surplus and the entitlements, including requests of higher priority water users. Reclamation also approved Metropolitan's use of any water unused by higher priority users in California. Metropolitan requested from Reclamation a 35,000 acre-foot upward revision to its approved 2011 diversion. The previously proposed delivery of exchange water to Coachella Valley Water District at Imperial Dam will not occur. Instead, Metropolitan will be making deliveries at the Whitewater connection off the Colorado River Aqueduct.

## WATER SUPPLY CONDITIONS as of October 31, 2011



## WATER SYSTEM OPERATIONS—System Reliability

### **Operate System Reliably**

System Operations delivered approximately 132,000 acre-feet of water to meet member agency demands in October, which is an average of about 4,300 AF per day, representing a decrease of about 2,300 AF per day compared to September 2011 average daily deliveries. The decrease is due, in part, to the completion of Replenishment Service Program deliveries on September 30. Replenishment deliveries began on May 10, 2011, when Metropolitan's Board made limited Replenishment available, due to very favorable water supply and storage conditions.

Treated water deliveries for October totaled 82,000 AF or 2,650 AF per day. Additionally, 6,400 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 one-pump flow for the first half of the month of October and at a zero flow starting October 18 for a 30-day shutdown to perform aqueduct maintenance and to facilitate Metropolitan storage in the Lake Mead Intentionally Created Surplus Program.

State Water Project deliveries were 82,000 AF in October, including 32,000 AF delivered via the Inland Feeder. SWP deliveries for October were lower than September due to the completion of Replenishment Service Program deliveries and State Project Water blend decreases at the Weymouth and Diemer plants to reduce the impact of taste and odor producing compounds originating from the East Branch of the SWP.

System Operations continued to maximize power generation whenever possible. In October, Metropolitan's hydroelectric plants generated an average of 37 megawatts for a total of 27,900 megawatt-hours, which is lower than September generation due to lower water sales. Power production from Diamond Valley Lake for the month of October was about 4,000 MWh.



*Service Connection LA-29: New shaft undergoing machining operations on a machine shop lathe.*

### **Optimize maintenance**

Distribution System—During routine inspection and maintenance, staff discovered that service connection LA-29 on the Sepulveda Feeder required a new shaft for the service connection valve. The shaft will enable the valve to control water flow through the service connection for proper metering. The La Verne Shops were able to machine a new high quality shaft quickly and economically. (*see photo above*)

Water Treatment Plants—To address the need for operational flexibility, the La Verne Shops fabricated and coated two 6 feet x 8 feet isolation gates for the Skinner water treatment plant. The gates will be used to isolate the treatment modules. (*see photo below*)

*Skinner water treatment plant: Two fabricated gates at the completion of coating activities.*



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## WATER SYSTEM OPERATIONS—System Reliability

### **Optimize maintenance**

Colorado River Aqueduct—Starting October 1 the CRA went to a one-pump flow in preparation for a scheduled 30-day shutdown. This level of pump operation provided an opportunity to perform a variety of maintenance activities on equipment that otherwise would not be available and to support Metropolitan's goal of eight-pump readiness. Maintenance activities included testing on the electrical breaker, transformers, and lightning arrestors at Intake pumping plant.

Staff also performed repairs on a portion of the 230kV Mead-Camino high-voltage power line which is the primary source of power for the CRA. This line brings the power to the pumping plants from Hoover Dam. A 50-foot section of power line was replaced at a tower to make the repair. A secondary power line was used to keep the one-pump flow in service. (*see photo A*)

At Iron Mountain pumping plant, a 60-inch pipe joint on the inlet side of pump number 1 was sandblasted and re-coated. The pipe joint was used as part of the original construction to aid in the installation of the upstream shut-off valve of the Iron Mountain pumping plant and this was its first major rehabilitation

With the CRA completely shut down, scheduled work included the cleaning and inspecting of approximately eight miles of tunnels, repairing various piping, testing and maintaining transformers, inspecting and treating for quagga mussels, and installing canal curbing. Canal curbing eliminates intermittent splashing or overflows and helps ensure the canal can operate at its maximum capacity of eight pumps. (*see photo B*)

Safety and Environmental Services staff prepared and received approval for California Occupational Safety and Health (Cal/OSHA) diesel engine permits for the tunnel cleaning machine at Whipple Mountain and Sand Hills Conduit Tunnels. (*see photo C*)

*West 230kV line: Static line repairs north of Searchlight, NV*



*CRA Shutdown: Canal curbing work helps allow higher canal capacity to be maintained.*



*Colorado River Aqueduct Shutdown: Tunnel cleaning machine.*

## WATER SYSTEM OPERATIONS—System Reliability

### **Support water resource programs**

Staff continued to meet with Member Agency Managers with a goal of developing recommendations for a revised replenishment program. An informational Board letter and presentation regarding this revised program was also prepared and given during October.

Staff assisted on pre-shutdown work for California Department of Water Resources' Edmonston Pumping Plant outage scheduled for 2013. The work consisted of repairing a portion of the discharge valves. The La Verne Shops fabricated, coated and load tested 16 large and 24 small-lifting replacement plates. The new plates will enable the lifting and dismantling of the discharge valves and their components. (*see photo*)

### **Improve security and emergency response**

Staff completed rehabilitation (including weld repairs and coating) of two large radial gates for DWR's Montezuma Slough Boat Lock. The gates are used to allow boats up the Sacramento River while blocking fish movement. The finished gates were assembled and loaded onto DWR trucks for shipment. (*see photo*)

Security staff began meeting with local law enforcement agencies at all of Metropolitan's water treatment plants to implement proactive strategies for law enforcement personnel in emergency situations. One meeting conducted at the Weymouth water treatment plant included a walking tour of the facility to familiarize the officers with the location of critical facilities and areas, which will allow officers responding to an emergency to access the site safely and quickly.

On October 5, the Jensen water treatment plant conducted a Tabletop/Functional exercise. In this exercise, a power outage was simulated in the pipe galleries, and staff needed to conduct inspections of equipment in a timed scenario without the use of standard facility lighting. The exercise enforced site familiarity, location of critical equipment, and working safely in darkened environments.

Staff attended the Earthquake Research Associates meeting sponsored by CalTech and US Geological Survey Institute. The latest information about New Zealand and Virginia earthquakes and their Earthquake Early Warning Shake Alert was discussed. The technology has the potential to give up to one minute warning to allow utility operators to take



DWR Edmonston Pumping Plant: Eight large lifting plates are shown after fabrication and inspection. The plates will be load tested to validate the weight lifting capacity and coated.

DWR: Montezuma gates loaded on DWR trucks prior to shipment from the La Verne site



appropriate measures. The value to Metropolitan from advance warning could favorably impact water treatment (chemicals) and operations (flow changes).

Thefts of steel and copper materials in pipeline structures led staff to evaluate additional protective measures. As a result, the La Verne Shops fabricated 50 manhole locking plates for usage throughout Metropolitan's system. These locking plates will be used to prevent unauthorized entry and accidental falls into manholes. (*See photo below of fabricated locking plates prior to final coating.*)



## WATER SYSTEM OPERATIONS—System Reliability

### ***Effectively manage power system requirements and optimize generation***

On October 18, the United States Senate passed the Hoover Power Allocation Act of 2011. The House, which had already passed the same legislation on October 3, must approve a minor technical change before the bill can be sent to the President for signature. The Act provides for Metropolitan to receive 95 percent of its current allocation of low-cost Hoover power which will pump 550,000 AF/year for the next 50 years after the current contract expires in 2017. Metropolitan and the other Hoover power contractors have been working on this issue since 2007.

In late September and October, Metropolitan reversed October and November forward energy contracts with the original suppliers. The contracts totaled about 122,000 megawatt hours of energy at a value of nearly \$3.35 million. The contracts were sold due to lower energy requirements from reduced Colorado River Aqueduct pumping in 2011 and 2012.

At the October 12 meeting of the Western Electricity Coordinating Council's Operating Committee, Metropolitan successfully lobbied for a delay and further analysis of proposed electric reliability requirements related to under-frequency protection systems. The proposal would have placed new requirements on Metropolitan and utilities such as the Southern California municipal electric utilities that have high voltage transmission facilities. Metropolitan argued the proposed requirements were inconsistent and vague and could lead to disagreements and potential inadvertent violations of the national electric reliability standards. Metropolitan recently passed its first audit by WECC of its compliance with the

reliability standards associated with the Colorado River Aqueduct transmission system.

During the month of October, Metropolitan provided information regarding its CRA operations to several utilities investigating the widespread electrical outage that occurred on September 8, 2011. While Metropolitan did not experience any operational interruptions from the outage, it did voluntarily stop pumping at Gene and Intake pumping plants for approximately four and one-half hours to assist the Western Area Power Administration's electric service area near Parker and eastern Arizona. The reduction in pumping at Gene and Intake did not reduce the flows on the rest of the CRA.

### ***Develop workforce***

Integrating preventive maintenance standards into Apprenticeship training and journey-level skills development ensures the use of efficient and cost effective practices critical for system reliability. For example, Apprenticeship Instructors partnered with staff across Metropolitan to develop standardized specifications and methods for proper bolt tightening in a variety of field applications. How tight to torque a bolt can vary depending on bolt size, material strength, lubrication, and wrench type. Rapid and consistent torque application is important during major pipeline shutdowns when time is of the essence. Leaks from loose flanges or broken equipment will cause additional service delays and increase costs. Using Apprenticeship Program training simulators, staff and apprentices have noticed the difference between previous methods and the standardized practices using torque tables and adjustable pneumatic torque wrenches.

## WATER SYSTEM OPERATIONS—Water Quality

### ***Prepare for future regulations***

Speakers from the American Water Works Association and Metropolitan provided drinking water regulatory and legislative updates at the Member Agency Water Quality Managers Meeting on October 13. The updates covered issues such as the federal budget, state storm water and discharge permits, and potential federal regulatory actions in the next two years.

## WATER SYSTEM OPERATIONS—Water Quality

### **Protect source water quality**

Simultaneous taste-and-odor events continued to occur through October in reservoirs and conveyance systems owned and operated by the California Department of Water Resources. DWR treated the East Branch of the State Water Project with copper sulfate on five occasions this month to control an algal bloom producing the earthy-musty compound 2-methylisoborneol (MIB). The treatments have not resulted in a reduction of MIB entering Silverwood Lake, but concentrations of MIB leaving the lake have improved, likely due to microbial degradation. Also in DWR's system, an algal bloom of *Oscillatoria curviceps* in Lake Perris resulted in a three-fold increase of MIB in a one-week period. DWR treated Lake Perris and Metropolitan suspended deliveries from Lake Perris until the water quality improves. (see photo below)

During this period, two member agencies that receive raw water from Silverwood Lake reported consumer complaints about the earthy-musty tasting water. In addition, five member agencies that receive treated water from the Weymouth and Diemer water treatment plants reported consumer complaints. Water leaving Weymouth and Diemer is currently acceptable as a result of decreasing the State Water Project blends to dilute the earthy-musty odors.

On October 12, the Lower Colorado River Water Quality Partnership (collectively, Metropolitan, Southern Nevada Water Authority and Central Arizona Project) sent a letter to the Secretary of Energy to advocate for increased funding for expeditious removal of the uranium mill tailings pile near Moab, Utah.

*East Branch, State Water Project: Copper plume following the copper sulfate treatment.*

### **Optimize water treatment and distribution**

Flow-weighted running annual averages for total dissolved solids for September 2010 through August 2011 were 440, 418, and 431 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 October were 25, 25, and 70 percent State Water Project, respectively. Staff decreased blends of State Water Project supplies at the Diemer and Weymouth water treatment plants from 50 to 25 percent in response to elevated levels of taste-and-odor compounds entering Silverwood Lake. Staff will increase the water blends at these plants once the taste-and-odor compounds leaving the lake return to acceptable levels. Metropolitan's water treatment plants with ozone online were unaffected by the taste-and-odor episode in the East Branch of the State Water Project. Though both Mills and Skinner water treatment plants received water with elevated levels of MIB, the combination of ozone and hydrogen peroxide destroyed the MIB and prevented widespread consumer complaints in their service areas.



## WATER SYSTEM OPERATIONS—Water Quality

### **Fully comply with water quality, safety, and environmental regulations**

Metropolitan complied with all water quality regulations and standards during the month of October.

Staff submitted comments on September 27 to the California Air Resources Board (CARB) on the Cap-and-Trade Regulation. Metropolitan is included in Cap-and-Trade proposed regulations due to the supplemental imported energy for Colorado River Aqueduct pumping. CARB did not address Metropolitan's previous comments; therefore, staff reiterated strong objections to the deficiencies and inequities as previously identified.

On October 19, Metropolitan filed comments on CARB's responses to comments on the Functional Equivalent Document (FED) for the Cap-and-Trade Program. The FED addresses environmental issues related to Cap-and-Trade. Metropolitan opposes the FED because CARB has not updated it sufficiently following substantial changes to Cap-and-Trade. Specifically, Metropolitan stated the FED inadequately addressed the potential environmental impacts of higher water costs caused by Cap-and-Trade and the resulting potential changes to water supply and quality.

Staff testified before the October 20 CARB meeting to state Metropolitan's opposition to its inclusion in Cap-and-Trade. Metropolitan advocates regulation through water specific sector measures to be developed at a later time. Metropolitan continues to pursue all options to be excluded from the current Cap-and-Trade Program energy sector regulations.

Staff submitted comments to the South Coast Air Quality Management District Board on the proposed amendments to Rule 1470 on diesel emergency standby engines. The amended rule would require the placement of diesel particulate filters on stationary emergency generators. Staff expressed concerns on the potential impacts to system reliability that could be created by the proposed requirement. Staff asked for a delay in implementing the rule for essential public services, including water agencies. At the SCAQMD Board hearing on October 7, the Board supported industry's concerns about the cost of diesel particulate filters and risk of failure of emergency engines. The SCAQMD Board directed their staff to address the stakeholders' concerns and develop a new proposal.

### **Current Distribution & Storage**

	10/31/2011 Storage (AF)	Percent of Capacity
Lake Mathews	151,264	94%
Lake Skinner	36,236	82%
DVL	763,864	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

## 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 86 percent complete and is scheduled for completion in mid-2012.

#### Weymouth ORP

- ORP Switchgear Building—This building will house the breakers and other electrical equipment to provide power from the new 66 kV SCE incoming electrical service to the new ozonation facilities. Construction is 81 percent complete and is scheduled to be complete by mid-2012.
- Ozone Generation Building and Ozone Contactors (Staged Capacity)—Final design is 93 percent complete and is scheduled to be complete by November 2011.

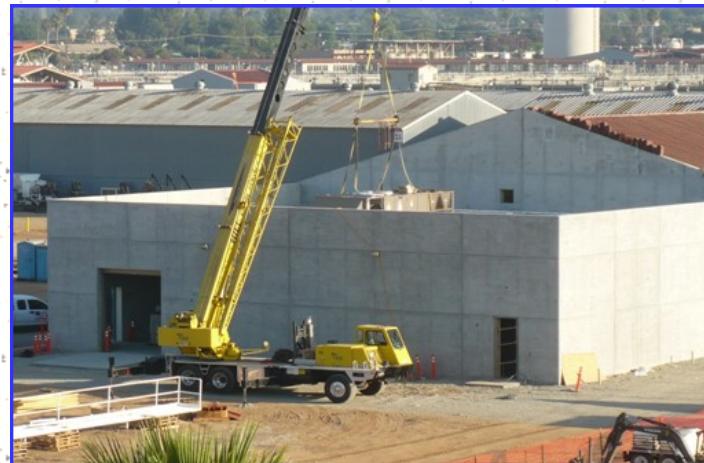
### Water Treatment Plant Improvements Programs

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.

**Weymouth—ORP Switchgear Building**



**Diemer—ORP Ozone Generation Building**



## ENGINEERING SERVICES—Capital Investment Plan

**Manage high priority projects which replace or rehabilitate equipment and facilities, to enhance reliability of Metropolitan's conveyance and distribution system, and to protect water quality**

### 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:

- Santa Ana River Bridge Seismic Retrofit—This project will seismically retrofit the Santa Ana River Bridge, which supports the above-ground portion of the Upper Feeder where it crosses the Santa Ana River. Preliminary design of the upgrades is 85 percent complete and is scheduled to be complete by December 2011.
- La Verne Shop Buildings Expansion and Upgrades—This project is being implemented in four stages. Stages 1 and 2 are complete, while Stage 3 will expand the coating shop facilities and upgrade coating shop equipment. Construction is 30 percent complete and is scheduled to be complete by December 2012. (*see photo below*)
- Reservoir Cover Replacement—This project will replace the floating covers and liners at four treated water reservoirs. Replacement of the floating cover at the Skinner Finished Water Reservoir is complete. For Palos Verdes Reservoir, preliminary design is 50 percent complete and is scheduled to be complete by January 2012.

*La Verne Shop Building Upgrades*



### Colorado River Aqueduct Reliability Programs

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

- CRA Access Structure and Manhole Cover Replacement—This project replaces 133 deteriorated steel and concrete access covers. Final design was completed in September 2011. A request to the Board to award the construction contract is scheduled for November 2011.
- Copper Basin Outlet Rehabilitation—This project will rehabilitate 70-year old outlet gates that have reached the end of their service life. Final design was completed in October 2011. A request to the Board to award a construction contract is scheduled for February 2012.
- CRA Sand Trap Equipment Upgrades—This project will rehabilitate mechanical and electrical equipment at three sand traps along the CRA. Sand traps capture and settle out sand from the water before it reaches the pumping plants where it could damage the equipment. Final design is 60 percent complete and is scheduled to be complete by March 2012.
- Iron Mountain Tunnel Rehabilitation—This project will repair a 2,500-foot stretch of the Iron Mountain Tunnel that has developed longitudinal and circumferential cracks. Preliminary design is 35 percent complete and is scheduled to be complete by January 2012.

### Dam Rehabilitation Program

This program was established to evaluate the seismic stability and spillway capacities of Metropolitan's dams and reservoirs using up-to-date geotechnical information and assessment techniques. To date, 11 dams have been confirmed as being seismically stable, with no further study warranted. Assessments are continuing for Metropolitan's remaining 15 dams. Assessment work includes limited field and laboratory investigations and simplified seismic analyses. Assessment is 75 percent complete and is scheduled to be complete by October 2012. Based on the result of this study, staff may return to the Board with a more detailed evaluation.

## 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***

Environmental Health and Safety Management System—In October, staff received Board authorization to proceed. This technology will implement a cloud-based system for Water System Operations' Safety and Environmental Section (SES) to enhance the tracking and monitoring of compliance related activities with regulatory agencies including South Coast Air Quality Management District, California Air Resources Board, State Water Resources Control Board, regional water quality control boards, Department of Toxic Substance Control, and Cal/Occupational Safety and Health Administration. The new system will assist SES in managing over 3,000 compliance-related deliverables involving complex regulations, permits and mandatory reporting. As the number of new and amended regulations continues to increase, the new system will allow for efficient and effective management of Metropolitan's complex array of environmental, health and safety functional areas.

Water Quality Lab Sheet Product—Lab sheet upgrades for fluoride treatment process have been completed and implemented at all treatment plants. Labsheet upgrades for ozone are completed at Mills, Skinner and Jensen. Diemer is scheduled to begin in January 2012 once construction is complete.

Interim Enhanced Surface Water Treatment Rule Application Upgrade—During the period, staff completed final user-acceptance testing and implemented the upgrades to this application to align with the new processes at Weymouth. This software application is used for California surface water filtration and disinfection treatment regulations compliance reporting.

Disaster Recovery and Business Continuity Exercise—During October, staff completed an information technology disaster recovery / business continuity exercise involving key business users from Engineering, Finance, Water Quality, Legal, Human Resources and Information Technology. The exercise provided live simulation of staff accessing critical applications via servers/databases located at Metropolitan's remote disaster recovery facility. The test was successfully completed and met all the objectives of the exercise, including hands-on training, validation of recovery

procedures, and identifying opportunity for enhancements to the IT Disaster Recovery Plan and Procedures Guide.

Oracle Financials Upgrade—Staff has completed the setup and configuration of the test environment (hardware/software), and completed initial IT testing. The next step is to begin the end-user functional test phase involving the Chief Financial Officer's Office. Comprehensive end-user testing of the modules and workflow within the Oracle Financial system will be conducted over the next several months. Final user-acceptance testing is scheduled for the third quarter of this fiscal year.

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

Our Legacy E-Newsletter—Issue No. 58, Bring Nature Home – Part 2 shows employees how, with a little planning, creating a garden that will provide a balanced ecosystem for both plants and animal species is not difficult.

Energy Star Award—Metropolitan received the 2011 Energy Star Award for the sixth consecutive year. The award recognizes companies that continue to implement effective energy efficiency improvements that result in ongoing energy reduction. (*see photo below*)



## BUSINESS TECHNOLOGY—Business Processes and Information Technology

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

PeopleSoft/CalPERS Interface—During the month, staff successfully completed the CalPers interface for reporting payroll, PERS and medical information. This interface was requested by CalPers to improve the method for data transfer using current technology. In the old method, electronic files were submitted to CalPers which required additional processing. With the new interface, Metropolitan may now directly submit the data into the CalPers system, which greatly streamlines the process.

Municipal Information Systems Association of California (MISAC)—Metropolitan was recognized by MISAC and was presented the 2011 Award for Excellence in IT Practices. MISAC is comprised of a professional group of California IT leaders from municipal and special government districts. Annually, MISAC evaluates award submissions to determine whether they meet or exceed high standards of excellence for IT processes and procedures, and issues an award at one of two levels: "Achievement" or "Excellent." Metropolitan was rated "Excellent" based on its practices in IT strategic planning and budget, purchasing, operations, customer satisfaction, project management, training, disaster preparation and recovery, policies and procedures. This is the second year that Metropolitan's has been recognized.

(see photo to the right)

Metropolitan's Reference and Research Center—As part of an effort to improve customer service and efficiency, a self-service model for the research center is underway, with a completion date of December 2011.

Electronic Document Management System Scanning Project—Scanning of legacy board documents and records has been initiated and is expected to be 10 percent complete and available early November.

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

Food Management Services at Headquarters—Staff finalized site visits in October of the top three vendors. Final recommendation to award is planned for November 2011.

Diamond Valley Lake Visitors Center—Replacement of 32 solar converters under warranty was completed during the month and construction drawings for the DVL solar optimization project were submitted to the City of Hemet; the building permit is pending.



## BUSINESS TECHNOLOGY—Business Processes and Information Technology

### Maintain an effective Business Outreach Program for regional, small, and veteran businesses 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:

- Metropolitan's Business Outreach Program and Metropolitan's Contracting Services Unit hosted the second in a planned series of Inventory Replenishment Contracts Mini Supplier Resource Fairs. The fair was held at the Skinner water treatment plant. Sixteen contractors and eight manufacturers exhibited their products at the event and introduced new technologies and products to 55 Metropolitan employees from different departments. (*see photo on page 17*)
- Supported Service Disabled Veteran Owned Business Program and the San Diego Business Community by participating in the *Fifth Annual Elite Service Disabled Veteran Owned Business Expo* in San Diego. Metropolitan has invested more than \$2 million into the SDVOB business community.
- Continued partnership and support for the Regional Hispanic Chamber of Commerce by sponsoring the *2011 Southern California Business Development Conference* in Long Beach. Additional support for the event came from Long Beach City College and The U. S. Small Business Administration. Metropolitan staff participated in panel discussions and workshops at the event. Over 500 businesses participated.
- Supported Member Agencies and the San Diego Business Community by participating in the *Southern California Small Business Agency Forum* hosted by the San Diego Association of Governments. Business Outreach was invited to share ideas and best practices, and reflect on lessons learned on past small business outreach projects with other participants.
- Participated in the Canadian Embassy's Business Networking Event at the *84th Annual Water Environment Federation Technical Exhibition and Conference* in Los Angeles. The Consul General of Canada talked about the innovative water programs that Metropolitan was using and opportunities in the Southern California water

industry available for Canadian businesses and entrepreneurs with new and emerging water technologies.

- Sponsored and participated in Tri-Tech SBDC's *3<sup>rd</sup> Annual Funding the Big Idea Event – Where Capital and Innovation Connect*. Over 150 businesses participated in the event.

### Vendor Development, Training and Certification

Business Outreach was able to introduce over 3,200 businesses to Metropolitan's business opportunities, training programs, and our E-Procurement, Vendor Registration, Small Business Certification, Contract Compliance and Accountability programs on NETConnect.

- Partnered with the Inland Empire Small Business Development Center and provided a procurement class (*The Procurement Advantage*) and a Vendor Registration and Small Business Certification Workshop. Forty business owners from a variety of business sectors attended.
- The seventh workshop in Business Outreach Program's monthly "Managing Your Innovation" series of workshops and networking events was held at Metropolitan on October 20.
- Metropolitan hosted an event with the U.S. Small Business Administration's SCORE – Business Advisors and the Small Business Development Center Greater Los Angeles. Over 175 small businesses participated in the workshops and learned how to use new technologies to market and grow their companies.

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

- Filipino American Chamber of Commerce of Orange County Business Awards Program
- Asian American Architects/Engineers Association - 34th Annual Awards Banquet
- Society of Hispanic Professional Engineers, Inc. Los Angeles High Tech Management Program
- Orange County Transportation Authority Small Business Expo
- Asian Business Association Los Angeles Small Business Awards

## BUSINESS TECHNOLOGY—Business Processes and Information Technology

Metropolitan Receives Award—The Latin Business Association extended their gratitude to Metropolitan and presented Metropolitan with the Chairman's Historical Corporation of the Year Award for historically contributing invaluable support to the Latin Business Association. The LBA stated that without Metropolitan's dedicated commitment to diversity, the work of the LBA would not be possible.



*Inventory Replenishment Contracts Mini Supplier Resource Fairs.  
(story on page 16)*

## HUMAN RESOURCES—Human Resources Excellence

### ***Identify, assess, and manage risk***

- The Risk Management Unit completed 44 incident reports communicating instances of Metropolitan property damage, liability, workplace injuries, regulatory visits and spills.
- Risk Management completed 42 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 12 injury incidents.
- Submitted 10 new claims to Metropolitan's workers' compensation claim administrator.
- Settlements were negotiated in 1 claim and 6 claim files were closed.
- Conducted Medvan at Hinds, Eagle Mountain, Iron Mountain and Gene facilities.
- Arranged 14 medical evaluations (DMV medical surveillance, hearing conservation, etc).
- Addressed 2 accommodation issues.
- Distributed 600+ flu shots to Metropolitan staff and directors at 11 locations.

### ***Manage total compensation***

- Launched open enrollment incorporating recently negotiated benefit structure changes.
- Total Compensation/Human Resources Information System has revised contracts, systems, and necessary documents to implement the various provisions of the recently approved bargaining unit contracts.
- HR Benefits hosted an all-day Stepping Into Retirement Workshop on October 27 at Headquarters. This event combines presentations on CalPERS, Social Security, Medicare, Great-

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

- During the month of October, Employee Relations was actively involved in finalizing Memorandum of Understanding language following Board adoption of the Association of Federal, State, County, and Municipal Employees; Management and Professionals Association; and Supervisors Association MOUs. Employee Relations also began briefing managers on the new MOU provisions, a process that will continue throughout November.
- Employee Relations also took part in ongoing discussions with AFSCME on the Classification/Compensation Study.

## HUMAN RESOURCES—Human Resources Excellence

### **Foster learning and development**

- Coordinated and delivered *New Manager Day 1 and Day 2* at Headquarters and La Verne, including The Principles of Genuine Leadership.
- Delivered career development training curriculum – *Moving Into Management Day 1 and Day 2* at Headquarters, as well as *InsideTrack: A Day in La Verne* at Weymouth Plant.
- Coordinated training sessions for Water System Operations: (1) Email Writing at a Manager Retreat and (2) Persuasive Writing Series for staff.
- Conducted Metropolitan Education Fairs to support the tuition reimbursement program. More than 20 colleges and universities participated in the fairs held at Jensen, Diemer, La Verne and Headquarters.

### **Foster management excellence**

Staff provided internal coaching and consultation for five managers as well as coordinated coaching interventions with external coaches for four managers.

### **Acquire talent**

- Four regular full-time employees and one part-time temporary Student Intern employee started at Metropolitan during the month of October. Four open positions were filled through the voluntary Internal Transfer process.
- Thirty five employees who completed probation in the past 18 months attended a recognition event with the General Manager on Oct 19. General Manager Kightlinger, Chief Administrative Officer Ivey and Director of Human Resources Mares participated and spoke to the employees about water issues, future opportunities and high performance workforce expectations. (*see photo below*)
- Staff participated in four Job Fairs this month at California State Polytechnic University, Pomona; Working World in Hollywood; California State University, Dominguez Hills; and Employment Development Department /Honor a Hero in Woodland Hills.
- Workforce data analysis necessary to respond to required federal reporting was completed and Metropolitan's Equal Employment Opportunity -4 report was filed with the regulatory agency. Efforts continue with analyzing additional workforce data necessary to complete other upcoming federal and state regulatory reporting requirements.



*Post-Probationary Employees celebrate with General Manager Jeff Kightlinger, Chief Administrative Officer Gilbert Ivey, and Director of Human Resources Feedy Mares.*

## 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***

#### Local Government

- Staff organized and conducted an annual planning meeting with the Member Agencies' legislative coordinators. In addition to reviewing the legislative highlights from the past year, the group discussed preliminary legislative proposals and anticipated issues for 2012 in preparation for review and discussion at the Communications and Legislation Committee in November and for action at the December meeting.
- As part of Metropolitan's ongoing outreach efforts, staff secured several letters of support for SB 250 (Rubio) regarding the Bay Delta Conservation Plan.
- On October 5, Metropolitan hosted the 10th Annual Building Industry Legal Defense Foundation – Law and Policy Conference. General Manager Kightlinger was the opening speaker for the conference and spoke to over 80 home builders and land use attorneys about the status of the 2009 Delta legislative package and the Bay Delta Conservation Plan in resolving water supply reliability challenges.
- Metropolitan sponsored and staff and 500 business and community leaders throughout the San Fernando Valley attended Valley Industry and Commerce Association's annual Business Forecast Conference.

#### State Legislation

- The deadline for Governor Brown to take final action on measures passed in 2011 was midnight on Sunday, October 9. 870 bills reached the Governor's desk, with only 745 becoming law -- the lowest record of bills sent to any Governor since 1966. 125 bills were vetoed, translating to a 14 percent veto percentage rate for Governor Brown and a record for any Democratic governor.
- On October 19, the Joint Legislative Committee on Emergency Management and the Assembly Select Committee on Regional Approaches to Addressing

State's Water Crisis, chaired by Assembly Member Bonnie Lowenthal (D-Long Beach) and Assembly Member Jose Solorio (D-Santa Ana), respectively, convened a discussion of the state's water delivery systems' vulnerability to major seismic events. The hearing took place in Metropolitan's board room. Assistant General Manager Debra Man testified on behalf of Metropolitan.

- In Sacramento that same day, the Assembly Water, Parks and Wildlife Committee, chaired by Assembly Member Jared Huffman (D-San Rafael), and the Assembly Budget Subcommittee No. 3, chaired by Assembly Member Richard Gordon (D-San Mateo), convened for a progress report and update on the Bay Delta Conservation Plan. Assistant General Manager Roger Patterson testified on behalf of Metropolitan.
- October 20, a joint hearing of the Senate Natural Resources and Water Committee and Senate Select Committee on the Environment, the Economy and Climate Change – both committees chaired by Senator Fran Pavley (D-Agoura Hills), convened to provide an update on climate change adaptation science, current policy and likely impacts to the Los Angeles coastal zone.

#### Federal Legislation

- On October 3-5, Assistant General Manager Roger Patterson met in Washington, DC, with other Bay Delta Conservation Plan stakeholders to provide representatives of the Obama Administration with the latest developments in California with respect to the progress that has been made to date on the Bay-Delta planning process.
- Additionally, the BDCP stakeholders met with more than a dozen members of the California Congressional delegation, including Representatives Napolitano, Garamendi, McClintock, McNerney, George Miller, Mike Thompson, Matsui, Denham and others.

## EXTERNAL AFFAIRS—Legislative, Communications and Community Relations

***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:

- Arranged interview with General Manager Kightlinger and San Diego Union-Tribune reporter for a story about potential electricity rate increases in proposed state government-mandated cap and trade/AB 32 regulations.
- Arranged interview with Assistant General Manager Patterson and Associated Press reporter for a story about proposed desalination plant in Rosarito Beach, Mexico.
- Provided a Sacramento-San Joaquin Delta seismic risk video/animation to CNBC for a story about infrastructure and to the city of Los Altos museum for a history of water exhibit.
- Provided information to a Daily Journal reporter for a story about a federal court salmon decision and its impact on the Sacramento-San Joaquin Delta.
- Provided information about the history and purpose of the Weymouth water treatment plant to a writer for the Inland Valley Daily Bulletin's Foothills Magazine for a feature story about the plant's architecture.
- Worked with publication Bilingual Weekly to provide information about Metropolitan's ongoing conservation efforts and role in the Bay Delta Conservation Plan.
- Issued press release about new Assistant General Manager/Chief Financial Officer Gary Breaux joining Metropolitan.
- Issued press release regarding taste-and-order problems in parts of the Metropolitan distribution system due to an algal bloom in the east branch of the State Water Project. The press release was picked up by a dozen media outlets. In addition, Metropolitan's Press Officer was interviewed regarding the issue live on KABC-TV Channel 7 News.

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

- Staff organized a Community Leaders' Briefing with special guest speaker Assembly Member Roger Hernández on October 20 in the City of Industry. Metropolitan Directors David De Jesus and Ed Chavez along with 60 other San Gabriel Valley community and elected leaders gathered to hear Assembly Member Hernández deliver an update on Sacramento activities and to hear General Manager Kightlinger discuss regional water supply reliability, including the Bay Delta Conservation Plan.
- Metropolitan was a sponsor of the United Chambers of Commerce's annual Mayors' Luncheon attended by over 300 business leaders throughout the San Fernando Valley.
- General Manager Kightlinger provided an update to the Western Riverside Council of Governments on October 3 at the Riverside County Administrative offices. Director Evans attended the presentation which focused on California's water supply conditions and the need for a comprehensive Delta solution.
- Director Fleming, staff and 200 local business leaders attended the Los Angeles Area Chamber of Commerce's annual Access City Hall to hear from Chamber leadership, Mayor Villaraigosa and members of the city council about key issues affecting the City.

## EXTERNAL AFFAIRS—Legislative, Communications and Community Relations

### ***Strengthen Metropolitan's community outreach efforts***

Efforts and activities included:

- Staff conducted the Southern California World Water Forum College Grant Program Kick-off event on October 7. The purpose of the event was to distribute the Request For Proposal. More than 100 students and faculty representing 32 colleges and universities attended. The RFP is available for downloading by interested colleges and universities on Metropolitan's World Water Forum website. Proposals are due by December 9.
- Staff began the 18<sup>th</sup> year of the Diamond Valley Lake Field Trip Education Program with seven field trips for nearly 300 students in grades 4-6 from the Hemet, Lake Elsinore, Perris and San Jacinto Unified School Districts. For the school year, staff will have about 58 field trips and 25-30 classroom presentations, in addition to the ongoing field trip collaboration with the Western Science Center.
- Staff participated with an exhibit booth at the California Science Teachers Association Conference in Pasadena on October 21-22. Over 3,500 science teachers attended the event. The booth featured information about Metropolitan's education programs, including its newest supplement, *Conservation Connection*.
- Staff participated as a panelist in the San Fernando Valley Green Team's Green Practices and Projects Workshop which featured Senator Fran Pavley. This event, which was cosponsored by Metropolitan and the Los Angeles Department of Water and Power, educated over 300 neighborhood council board and committee members throughout Los Angeles on the benefits of using low-water landscaping and water conservation technologies in urban garden settings.

## CHIEF FINANCIAL OFFICER GROUP

### ***Ensure adequate financial controls are utilized***

In October 2011, the Chief Financial Officer's Office issued its report on the effectiveness of internal controls over financial reporting, including information technology controls and security for the fiscal year ending June 30, 2011. This report is the basis for the annual reporting to the Executive Committee on the effectiveness of internal controls pursuant to Administrative Code §2700(c).

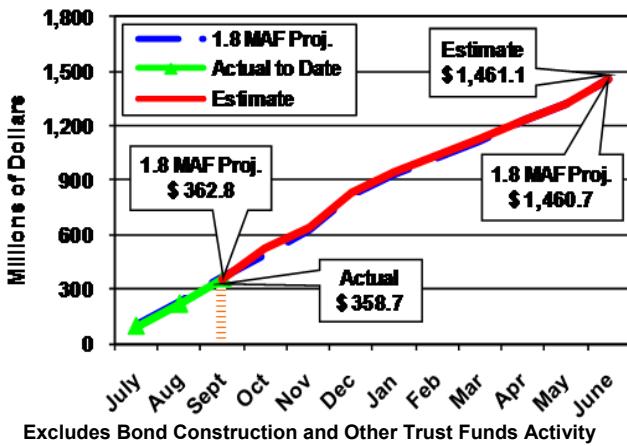
In his report to senior management, the Controller reported that no material weaknesses were noted and concluded that the internal controls over financial reporting and information technology security are effective for the fiscal year ending June 30, 2011.

### ***Record and report the financial activities of Metropolitan in a timely and transparent manner to the Board, executive management, member agencies, and the financial community***

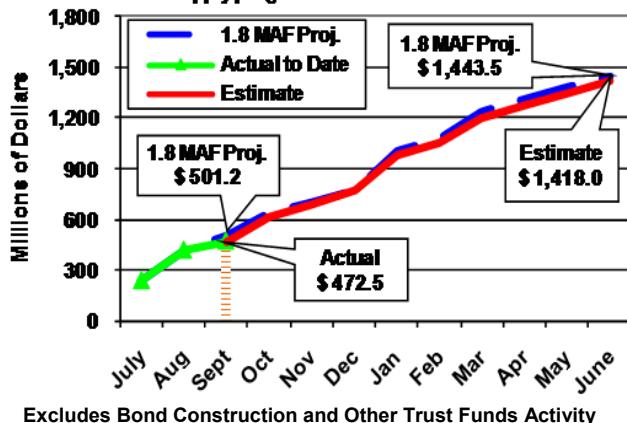
Financial activities are recorded in a timely and transparent manner. The annual external audit of the June 30, 2011 Basic Financial Statements was completed in October 2011. Monthly financial statements for July, August, and September will be released by November 15, 2011.

## FINANCE as of September 30, 2011

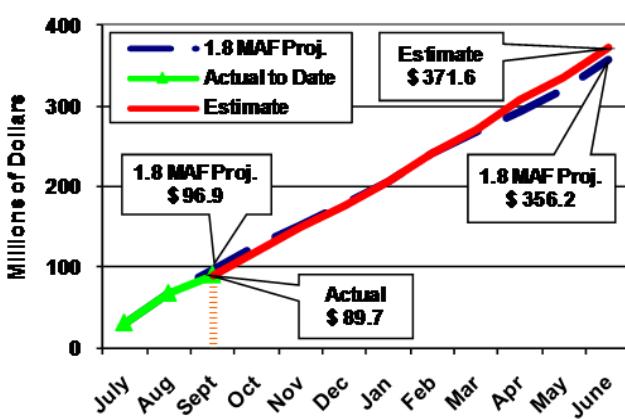
Receipts are expected to be slightly over the 1.8 MAF Proj. by year end, mainly due to higher exchange revenue, partially offset by lower water sales.



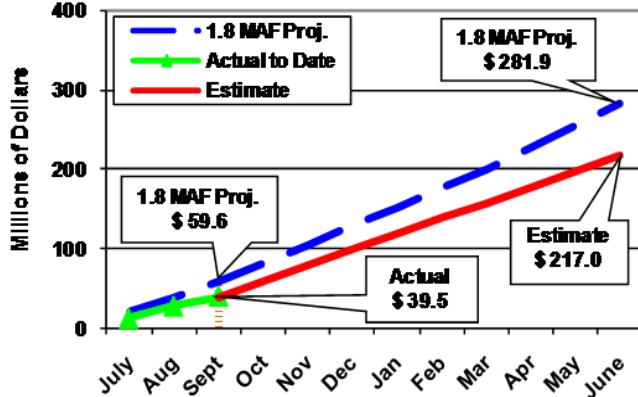
Expenditures are expected to be \$25 million under the 1.8 MAF Proj. by year end, mainly due to lower SWP and CRA power costs, partially offset by higher O&M and water supply program costs.



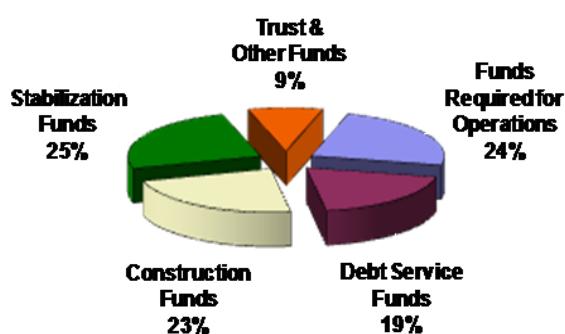
O&M expenditures are expected to be \$15 million over the 1.8 MAF Proj. by year end, mainly due to the new MOU agreements and higher chemical costs.



Construction costs are expected to be \$65 million under the 1.8 MAF Proj. by year end, mainly due to staging the construction of the Weymouth ORP, and rescheduling other work to optimize design changes.



## Cash and Investments \$1,000.7 million



## Summary Financial Statistics

	Target	Actual
Fixed Charge Coverage	$\geq 1.20 \times$	1.11 x
Revenue Debt Service Coverage	$> 2.00 \times$	1.55 x
Revenue Bond Debt / Equity Ratio	$< 100.0\%$	73.8%

### Credit Ratings

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

## REAL PROPERTY DEVELOPMENT AND MANAGEMENT GROUP

### Real Property Management

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

On October 11, 2011, the Board authorized entering into an exclusive negotiating agreement with Diamond Development, LLC, for the development of an educational campus at Diamond Valley Lake.

Representatives from Cal Poly San Luis Obispo and the Chancellor's office visited the campus on October 14, 2011. Metropolitan staff gave presentations on Metropolitan's challenges in the areas of workforce, energy, and water quality. The group also toured the DVL Visitor Center, the Western Science Center, the Western Center Academy, and the DVL Marina.

***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***

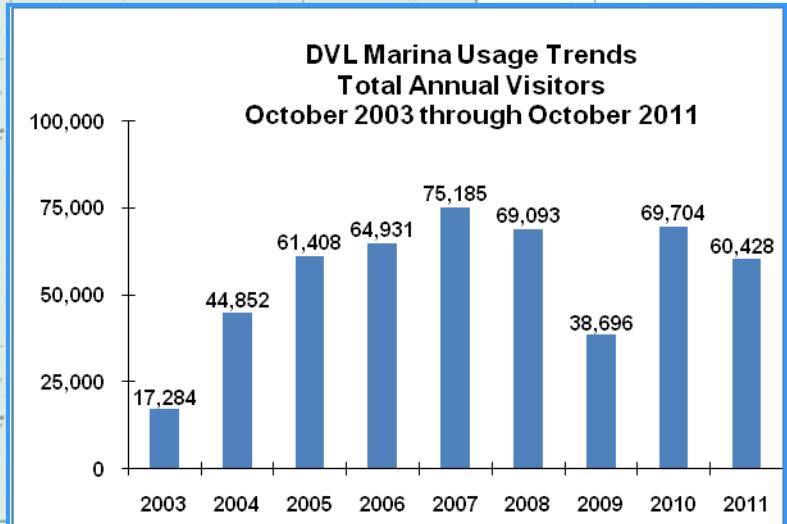
- An amendment to Western Municipal Water District was executed on an existing lease for Western's operations center located near Lake Mathews. The amendment combines all leased areas into one lease agreement and allows Western to sublease a portion of the area to a solar operator for the purpose of generating electricity for on-site use.
- An entry permit was issued to City of Santa Clarita to allow access and construction staging activities on a portion of the Foothill Feeder right of way in conjunction with a sidewalk improvement project.
- A one day entry permit was issued to 42 Productions, Inc. to use portions of the zeolite building, basement, tunnels, parking spaces and access roads at the F. E. Weymouth Water Treatment Plant to film a Wrigley Gum commercial.
- A one-day entry permit was granted to Jennifer Inkles; American Movie Classics, LLC and Z Valet, Inc. to use 110 parking spaces at Metropolitan Headquarters Building for an event being held at Union Station.

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

Metropolitan executed a short-term six-month lease with Urban Parks Concessionaires for the operation of the DVL Marina and the Lakeview Trail, replacing the former professional services agreement. In exchange,

Metropolitan receives seven percent of gross receipts with all marina operations costs shifted to the marina operator. It is anticipated that a long-term lease will be negotiated and brought to the Board for approval in early 2012.

Approximately 501,000 anglers have visited Diamond Valley Lake and 121,000 private boats have launched since the 2003 public opening and 36,000 of those launches follow an 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 \$157,000.



Story on page 1.

Language Spoken	Title of the Reading
Amharic (from Ethiopia)	“Tizita” (“Longing”) by Ethiopian poet and prolific writer Mengistu Lemma
Armenian	“Mother’s Hands” by Paruyr Sevak
Bengali	A poem by R. N. Tagore
Cantonese	“Gold Threaded Robe” by Du Quinniang
French	“Automne” by Rene Guy Cadou
Haitian Creole and French	“Mon Rêve” “Rèv Mwen” “My Dream” by Mireille Sylvain-David
Hindustani (combination of Hindi and Urdu)	“Couplets on Love, Life and Alcohol”
Korean	“Beside a Chrysanthemum” by Seo Jung Ju (Mi-dang)
Mandarin	“Pondering at Night” by Lee By
Persian	A Poem from Rumi
Russian	Readings from the short story/novella “Matryona’s Home” (“Matryonin Dvor”) by Aleksandr Solzhenitsyn
Sanskrit	Vedic Chantings
Spanish	Two classics of poetry in the Spanish language
Spanish	Readings from “Nieve en La Habana” (“Waiting for Snow in Havana”) by Carlos Eire
Spanish	Poem #20, or Poema # 20 by Pablo Neruda
Yoruba	“Work is the Antidote for Poverty”

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**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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