

Dated:  
May 31, 2012

# THE METROPOLITAN WATER DISTRICT



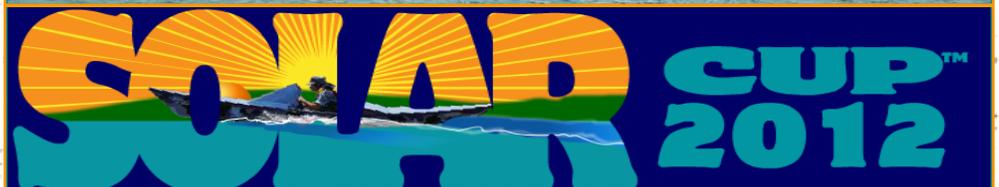
## GENERAL MANAGER'S MONTHLY ACTIVITY REPORT

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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The nation's largest solar-powered boat competition wrapped up on May 20 at Metropolitan's 10th annual Solar Cup™. Students from 39 high schools built and raced 16-foot, single-seat boats powered only by the sun. *(more on page 14)*



## 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 (BDCP)**

On May 3, California Natural Resources Agency Secretary John Laird sent a letter to Department of the Interior Deputy Secretary David Hayes regarding the progress of ongoing planning efforts for the BDCP and the preparation of the associated environmental review documents. In the letter, the state reconfirmed its commitment to developing the BDCP to reflect a workable plan based on sound science. The letter indicated that there would be delays in the release of the public review draft of the Environmental Impact Report/Environmental Impact Statement (EIR/S) (previously scheduled for the end of June 2012) but stressed that the Governor and Secretary Salazar would announce the key elements of a framework for the proposed project in mid-to-late July 2012. No new date has been officially announced for the release of the Draft EIR/S.

### ***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***

#### **State Water Resources Control Board (State Water Board)**

The State Water Board is continuing its phased review and update of the 2006 Water Quality Control Plan for the San Francisco Bay/Sacramento-San Joaquin Delta Estuary (Bay-Delta WQCP). The State Water Board held a scoping meeting on May 16 regarding the comprehensive review of the Bay-Delta WQCP, which may include issues such as net Delta outflow objectives, export/inflow objectives, and net flow objectives for other areas such as Old and Middle River. Staff worked with the State Water Contractors to provide written and oral comments for the scoping meeting.

The State Water Board will hold a series of workshops to inform the update of the Bay-Delta WQCP. The workshops will be organized to facilitate expert scientific input on the selected topics. A consultant for the State Water Board will organize and manage the workshops. Each workshop will include a panel of independent experts who will respond to technical questions concerning each topic. The workshop topics include:

- August 22, 2012: Ecosystem Changes and the Low Salinity Zone;

- September 5, 2012: Salmonids;
- September 6, 2012: Pelagic Organisms; and
- October 1-2, 2012: Analytical Tools for Evaluating the Water Supply, Hydrodynamic, and Hydropower Effects of the Bay-Delta Plan.

Staff continues to work with a team from state and federal water contractors to develop a technical presentation to State Water Board staff on issues related to south Delta water levels and circulation.

#### **Turbidity Forecasting**

Staff developed several scopes of work to plan for the turbidity forecasting effort in 2012/13. The work will support Metropolitan's ongoing strategy to obtain support from US Fish and Wildlife Service staff and the Delta Smelt Work Group, as well as to engage the State Water Project and Central Valley Project operators to eventually adopt the forecasting methodology as an operational tool.

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

#### **Delta Stewardship Council (Council)**

On May 14, the Council released the sixth staff draft of the Delta Plan. Comments on the draft are due June 13, 2012. Staff is reviewing the draft and working with other water agencies to develop comments by the deadline. The sixth draft Delta Plan includes many improvements over the previous draft. The draft includes 14 regulatory policies implemented through the covered actions consistency process and 68 non-regulatory recommendations. Staff is developing comments addressing key remaining issues of concern, including water supply reliability and reducing reliance on the Delta, incorporating the BDCP into the Delta Plan, Delta flows, and prioritization of Delta levee investments.

At the May 24 Council meeting, the Council reviewed the draft to highlight the parts of the Delta plan that changed between the fifth draft released last August and now. The Council is expected to review and discuss the draft in greater detail at their June 14-15, 2012 meeting, and provide direction on preparation of the final draft Delta Plan at their second meeting in June. The final

## BAY-DELTA INITIATIVES

draft Delta Plan will be the basis for environmental review, and the Council anticipates circulating a supplemental EIR addressing the final draft Delta Plan this summer.

***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 Plan (EPRRP)

The California Department of Water Resources has released an updated schedule for issuance and review of their EPRRP. A draft EPRRP will be completed in September 2012, with a final scheduled for June 2013. DWR released its draft Delta Emergency Channel Closure Location Study in April, which is an interim report describing analyses to determine suitable material

stockpiles and channel closure methods to support implementation of the emergency freshwater pathway.

East Bay Municipal Utility District levee improvements to protect the Mokelumne Aqueducts in the south Delta are nearing completion, a portion of which provides improvements to the eastern levee of the emergency freshwater pathway. URS consultants are analyzing the levee improvements with accompanying geotechnical data to determine their performance under severe seismic conditions. Meetings are being conducted with representatives of Reclamation District 2028 at Bacon Island to review funding, construction and design of levee improvements to the western levee of the emergency freshwater pathway. Construction of toe berm levee improvements to the Bacon Island western pathway levee under the DWR Delta Levees Program is expected to begin in summer 2012.

## WATER RESOURCE MANAGEMENT—Water Supply

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

Water Efficiency Research Symposium—Metropolitan hosted a one-day Water Efficiency Research Symposium to expand collaboration and present findings from research projects funded under the Innovative Conservation Program. Over 100 attendees participated from water agencies, businesses, universities, inventors, and entrepreneurs.

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

State Water Project Water Order—In response to the California Department of Water Resources increase of the State Water Project allocation from 50 percent to 60 percent, staff submitted an updated SWP Water Order on May 8, 2012.

***Prepare reports and studies to support the Integrated Resources Plan implementation***

Water Demand Forecasting—Staff is working to develop a new methodology for forecasting retail level water demands. Currently, The Brattle Group is finishing work on a structural model that will be available for staff review later this month. At the same time, staff continues to work with the regional transportation planning agency, Southern California Association of Governments, to obtain updated demographic data. Staff will be providing the Board with an information item on the new methodology in July.

**WATER SUPPLY CONDITIONS as of May 31, 2012**

Current SWP Allocation:

**1,242,475 AF**

65% of Table A

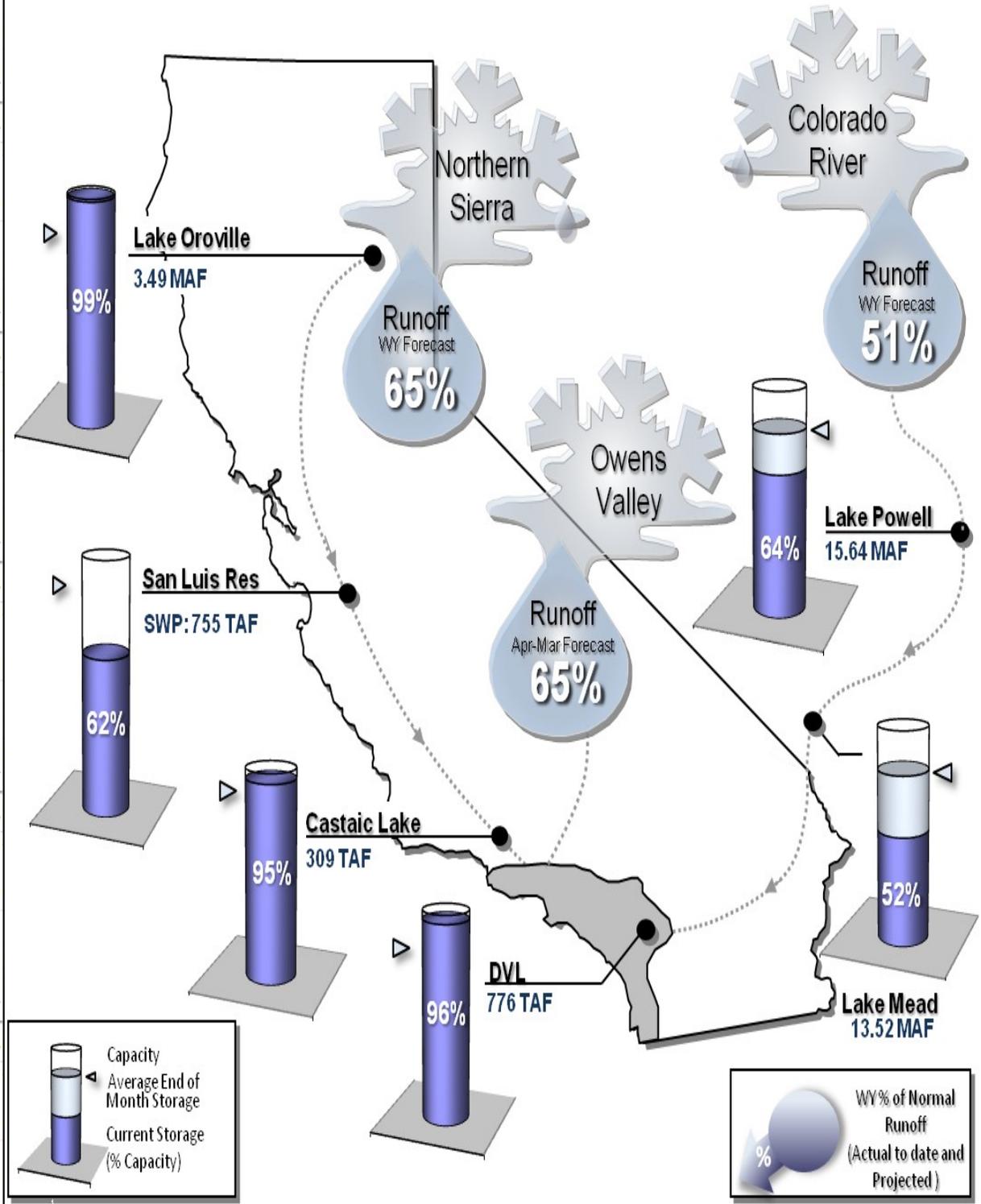
(Does not include CVWD & DWA Table A)

Colorado River Supply:

**713,000 AF**

57% of full CRA

(Does not include Lake Mead Storage)



## 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***

### Water Treatment Plant Improvement 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

- Washwater Reclamation Facility Upgrades—Construction is 35 percent complete and is scheduled to be complete by mid-2013. A procurement contract for the backwash return pumps was awarded by the Board in March 2012.
- Electrical Upgrades—This project will upgrade the Weymouth plant's aging electrical system and enable connection to the new 66 kV incoming SCE electrical service. Construction is 93 percent complete. Final testing and transfer of plant loads to the new power system will occur after Edison completes and energizes the new 66 kV power feed to the Weymouth plant.

#### Mills Plant

- Sodium Hydroxide Storage Tank Replacement—This project will replace three tanks which have been removed from service due to deterioration. A construction contract was awarded by the Board in May 2012.

#### Skinner Plant

- Electrical Building and Ground Fault Protection Upgrades—This project will upgrade the electrical equipment and ground fault protection systems in the existing Electrical Buildings Nos. 1 and 3 and nine Plant No. 1 MCC (Motor Control Center) Buildings. Construction is 36 percent complete and is scheduled to be complete by mid-2014.

#### Diemer Plant

- Filter Media Replacement—This project will replace anthracite and sand filter media to prevent the release of manganese in treated water after the plant switches to ozone disinfection. Construction is 60 percent complete and is scheduled to be complete by September 2012
- Emergency Broadcast System Upgrade—This project expanded and upgraded the existing emergency broadcast system to address system deficiencies and meet the demand of new facilities. Construction has been completed.

### Oxidation Retrofit Program (ORP)

This program was established to add ozonation facilities and thereby reduce the level of disinfection by-products in the finished water of Metropolitan's five treatment plants in order to meet federal drinking water regulations. Recent activities include the following:

#### Weymouth ORP

- Main ORP Construction (Staged Capacity)—Final design is complete and the project was advertised for competitive bids in January 2012. Bids were opened in April 2012. A request to the Board for award of the construction contract is planned for June 2012.
- ORP Switchgear Building—This building will house the circuit breakers and other electrical equipment to serve the new ozonation facilities. Construction is 93 percent complete.

#### Mills ORP

- Ozone System Reliability Upgrade—This project will install ozone generation equipment that has been fabricated and is currently being stored in a bonded and climate-controlled facility. Final design is complete and the project is planned to be advertised for competitive bids in July 2012.

## ENGINEERING SERVICES—Capital Investment Plan

Continued from page 5.....

### Diemer ORP

- Main ORP Construction—Construction of the Diemer ozonation facilities is 96 percent complete and is scheduled to be completed in late 2012.



*Diemer Ozone Generation Building*

### ***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:

- La Verne Shop Buildings Expansion and Upgrades—This project will refurbish and replace shop equipment and will expand the shop buildings to ensure Metropolitan's ability to respond to emergency fabrication and machining needs. This project is being executed in four stages.
  - Stage 1 replaced 19 pieces of equipment and is complete.
  - Stage 2, which replaced the machine shop roof, provided seismic upgrades for the fabrication building, and upgraded the bridge cranes, is complete.
  - Stage 3, which will upgrade the coating shops is 60 percent complete and is scheduled to be complete by December 2012.
  - Stage 4 will integrate the machine and

fabrication shop functions into a single building and will rehabilitate and replace additional equipment. A construction contract was awarded by the Board in May 2012.

- Eagle Rock Tower and Puddingstone Spillway Gates Rehabilitation—This project will replace the single radial gate at Puddingstone with two slide gates and actuators and will rehabilitate five corroded slide gates and replace actuators at Eagle Rock Tower. Construction is 30 percent complete and is scheduled to be complete in December 2012.

#### CRA Reliability Programs

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

- Copper Basin Outlet Rehabilitation—This project will rehabilitate the 73-year old reservoir outlet structure. The scope of work includes rehabilitation of the slide gates and actuators and replacement of electrical equipment. Construction is approximately 10 percent complete and is scheduled to be completed by mid-2013.
- Orange County Feeder Relocation—This project will relocate 1,100 feet of the Orange County Feeder to accommodate major street improvements planned by the city of Fullerton. Preliminary design is scheduled to be complete by August 2012.
- Intake Power & Communication Line Relocation—This project will replace a two-mile-long power pole line which has deteriorated over 50 years of operation. The pole line is the primary source of power for several critical facilities, including the Gene Wash Dam, Intake Village, and Black Metal Mountain communication towers. Preliminary design is 95 percent complete and is scheduled to be complete by June 2012.

#### **CRA Seismic Evaluation of Electrical Switch House Buildings**

This project will evaluate the seismic stability of the electrical switch house buildings at all five CRA pumping plants. The switch houses contain electrical equipment that is used to start and stop the pumping plant motors. The seismic evaluation is scheduled to be complete by August 2012.

## 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***

#### Vendor Development, Training and Certification

Business Outreach introduced over 2,800 businesses to Metropolitan’s business opportunities, training programs, and our E-Procurement, Vendor Registration, Small Business Certification, Contract Compliance and Accountability programs on NETConnect.

- Business Outreach partnered with the State of California Department of General Services (DGS), the North County Small Business Development Center (SBDC), the San Diego County Water Authority, and University of California, San Diego to support the San Diego County Business Community by participating in *Get Connected with Government Contracts*. Forty business owners from a variety of business sectors participated.

Business Outreach also continued vendor development, education, training, and support of the Southern California Business Community by participating in the following May 2012 award programs, conferences, expos and events:

- Ventura County Score Small Business Expo – Ventura
- San Diego Regional Minority Supplier Development Council - *Navigating Government, Agency and Private Sector Contracting* – San Diego County
- 2nd Annual SBA Southern California 8(a) Conference – Orange
- National Association of Women in Construction, San Gabriel Valley Chapter Annual Industry Appreciation Banquet – Monrovia -
- Women in Water – Irvine - Urban Research Center, University of California at Irvine

#### Other Business Outreach Activities

Business Outreach represented Metropolitan at OCTANe’s “VC in the OC” and “Clean Tech” Conferences and Expos in Huntington Beach on May 15 and 16. OCTANe connects people and ideas with capital and resources to fuel technology growth in Orange County.

#### Support of State of California and the Southern California Business Community

- Supported the Los Angeles Business Community and the Pacific Regional Small Business Development Center by participating in the *35<sup>th</sup> Anniversary Celebration of Entrepreneurship Awards*. More than 600 business owners, government agencies, association leaders and business support organizations attended the event.
- Continued partnership and support for the National Association of Women Business Owners by participating in the NAWBO Bravo Awards in San Diego County. Over 250 businesses and government agencies attended the event and honored award winners.

#### Support of the Veteran Business Community

- Supported Metropolitan’s Service Disabled Veteran Owned Business Enterprise (DVBE) Program and the California DVBE Community at the 20th Annual Disabled Veteran Business Enterprise Alliance’s annual *Keeping the Promise Conference*. Over 1,500 sponsors, exhibitors and disabled veteran business men and women participate in the event. Metropolitan has invested more than \$2 million back into the DVBE business community.
- Supported the Riverside County Disabled Veteran Business Community and Metropolitan’s Disabled Veteran Business Enterprise Program by participating in the *1<sup>st</sup> Annual Veterans Small Business Conference and Job Fair*. Over 83 exhibitors and 450 DVBE’s attended the event in Perris.

## BUSINESS TECHNOLOGY—Business Processes and Information Technology

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

Status of Online Documentation System:

- Three hydro electric plant manuals are going online this fiscal year:
  - Etiwanda – 90% complete
  - Valley View – 80% complete
  - Red Mountain – 80% complete
- Three distribution system manuals are going online this fiscal year:
  - San Diego 6 – 90% complete
  - Box Springs – 80% complete
  - Culver City – 80% complete

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

Planning for June Disaster Recovery Exercises—As part of an ongoing effort to refine Metropolitan's ability to recover critical IT systems in the event of a disaster, staff continued to conduct detailed incident/emergency planning for an upcoming disaster-recovery exercise involving the Labsheet, Exchange, CAD applications and accessibility to the internet. The objectives for the June exercise include:

- Validate IT Recovery Processes
- Identify opportunities for process enhancements and refinements
- Validate recovery procedures

This planned exercise will be conducted in conjunction with the annual Headquarters power shut-down to test Metropolitan's capability and Metropolitan's remote Disaster Recovery site.

Also planned for June is Metropolitan's district-wide functional exercise as part of the 2012 Golden Guardian Exercise, based on a 7.8 earthquake on the Southern San Andreas Fault. Information Technology will participate in this exercise by implementing IT's Disaster Recovery Program with full activation of the IT Incident Command Post, mobilization of the IT incident management team and support staff. The exercise serves as training to ensure key staff members are familiar with the procedures to mobilize recovery efforts for Metropolitan's mission-critical IT systems follow during an emergency/disaster situation.

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

- Published issue 66 of *Our Legacy*, Green Summer Challenge edition.
- Successfully coordinated the 5<sup>th</sup> annual Spring Green Expo; over 800 employees and members of the public visited the vendor, student and photo exhibits.
- Rideshare Program—The transportation authorities for Los Angeles, Orange, and Ventura counties voted Metropolitan the winner of the 2012 Rideshare Diamond Award. "The Diamond Awards recognize outstanding rideshare programs at employers in Southern California," said April McKay, director of Los Angeles Metro Commute Services. "These awards highlight the best ideas in implementing alternatives to single occupancy vehicles commuting to the worksite -- thereby reducing traffic congestion and air pollution for everyone in the region." Metropolitan was selected for reducing the vanpool waitlist by 90 percent and increasing the number of vanpools by 10 percent, without increasing the program budget.

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

Completed Phase II of the backbone replacement for Headquarters building controls automation. The phased replacement of the building controls systems will ensure reliable management of the building's mechanical and electrical equipment such as ventilation, lighting, power systems, fire systems, and security systems.

## WATER SYSTEM OPERATIONS—Water Quality

### ***Protect source water quality***

On May 7, Metropolitan's Water Quality staff met with Las Vegas area wastewater dischargers, Southern Nevada Water Authority, and Central Arizona Project to discuss improvements at Las Vegas area wastewater treatment plants. Staff continues to advocate for long-term control of phosphorus in Colorado River water to reduce algae growth and protect downstream drinking water uses.

Lake Skinner was treated on May 15 with eight tons of copper sulfate to control geosmin, an earthy/musty taste-and-odor compound produced by the cyanobacteria (*Anabaena lemmermannii*). No customer complaints were received during this event. Lake Perris was treated on May 17 with four tons of copper sulfate to control production of both geosmin and 2-methylisoborneol (also an earthy/musty taste-and-odor compound) which had increased to higher levels. (*see photo lower right*)

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

Flow-weighted running annual averages for total dissolved solids for April 2011 through March 2012 were 413, 372, and 343 mg/L for the Diemer, Weymouth, and Skinner water treatment plants, respectively.

### ***Provide technical support to member agencies***

Member agencies with accredited water quality laboratories were invited to participate in a quality assurance training session conducted by a third party provider on April 30 through May 2 at Metropolitan's Water Quality Laboratory.

Water Quality staff conducted a Member Agency Water Quality Webinar on May 8. Staff provided updates on water regulations and legislation, water quality, water supply, and water system operations.

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

Staff continued to participate in discussions regarding future regulatory activities on hexavalent chromium (Cr 6) with the American Water Works Association CA-NV Section and the Association of California Water Agencies. A joint communication is being prepared to urge California's Office of Environmental Health Hazard Assessment to formally review recent scientific research on the health effects of Cr 6 to ensure that the best available science is used in

OEHHA's risk assessment process.

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

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

Staff attended an Occupational Health and Safety Administration certified Fall Protection Course. This class covered principles of fall protection, fall arrest equipment, and OSHA requirements. According to OSHA, falls are one of the most common injuries in industry. This class will enable safety staff to provide better fall protection expertise to field staff.

June is the National Safety Council's National Safety Month. This year's theme is "*Educating and influencing behaviors of employees for prevention of injury and illnesses.*" In preparation, staff is reviewing Metropolitan's Injury and Illness Prevention Program with employees. In addition, staff has provided safety posters to the facilities that emphasize the importance of observing surroundings, planning for safety, evaluating and discussing work, and making adjustments throughout the work day.

Staff attended a California Air Resources Board Cap and Trade workshop on May 4. CARB is considering potential proposed regulatory amendments and/or guidance to address electricity identification and Cap and Trade allowance issues. Staff used the workshop as an opportunity to reiterate and emphasize Metropolitan's previous comments on its inclusion in the Cap and Trade Program, specifically with respect to administrative burden and inequities in not receiving free allowances.

*Lake Skinner copper sulfate treatment*



## WATER SYSTEM OPERATIONS—System Reliability

### ***Optimize maintenance***

#### Colorado River Aqueduct Maintenance

To ensure water conveyance capacity for an eight pump flow, staff dredged canals between Eagle Mountain and Iron Mountain pumping plants.

Staff refurbished the high voltage circuit breaker access doors in the 6.9kv switchyard at the Hinds pumping plant. The process entailed encapsulating the entire breaker area for prepping, priming, painting, and cleanup. The coatings process typically protects the switchgear equipment for 15 to 20 years. *(photos to the right)*

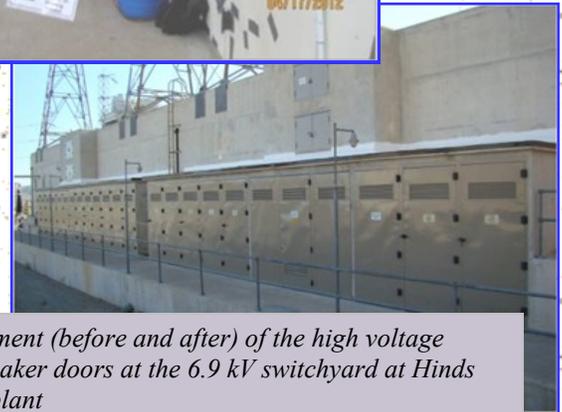
The Desert Water Agency and Coachella Valley Water District’s 2T service connection diffuser and orifice plate cover at the Whitewater Siphon was rehabilitated. In addition to the standard procedures, a metalized coating was also added. A metalized coating is both a barrier and a galvanic coating that protects steel and will last for 30 years or longer. The DWCV-2T service connection delivers Colorado River Aqueduct flows as part of Metropolitan’s Exchange Program that allows Metropolitan to store water in the Upper Coachella Valley basin. *(photos to lower right)*

### ***Operate system reliably***

System Operations delivered approximately 155,000 acre-feet of water to meet member agency demands in May, which averaged approximately 5,000 AF per day. Treated water deliveries for May totaled 82,000 AF, or 2,600 AF per day. Additionally, 37,000 AF was delivered to Desert Water Agency and Coachella Valley Water District in exchange for their State Water Project Table A supplies.

State Water Project deliveries were 100,000 AF in May, approximately the same as last month. SWP deliveries remain high due to favorable supply conditions. DVL storage increased by approximately 19,000 AF to a total storage of 776,000 AF (96 percent full) in May, with deliveries through the Inland Feeder for most of the month.

System Operations continued to maximize power generation whenever possible. In May, Metropolitan’s hydroelectric plants generated an average of 33 megawatts for a total of 25,000 megawatt-hours (MWh).



*Refurbishment (before and after) of the high voltage circuit breaker doors at the 6.9 kV switchyard at Hinds pumping plant*



*Rehabilitation of DWCV service connection that releases water from the CRA to Whitewater River*

## WATER SYSTEM OPERATIONS—System Reliability

### ***Optimize maintenance***

#### Distribution System Maintenance

The Sepulveda Canyon and Etiwanda Hydroelectric Plants underwent comprehensive, scheduled preventative maintenance. Maintenance work included inspecting and testing of the generators, high-voltage cables, transformers, and switchgear. The maintenance work was scheduled to coincide with system flows to avoid loss of generation revenue. The hydroelectric plants provide renewable energy when demands and water flows are sufficient to run the plant within its operational range.

Staff resolved an ongoing issue with the OC-88 service connection vibration monitoring system that caused erratic readings on four of the pump units. After investigation, a physical anomaly, caused by the presence of an uneven epoxy coating applied by a contractor in 2005, was discovered on the top of the motor shaft. This irregularity caused the vibration sensor to falsely indicate problematic vibrations. As pumps are removed from service, the coating interference will be corrected. Vibration systems are used throughout Metropolitan to protect critical equipment from serious equipment malfunctions.

Staff maintained patrol roads in Orange County along the Santiago Lateral and Allen-McColloch Pipeline, and in Riverside and San Diego Counties along San Diego Pipelines 1, 2, and 3. These unpaved access roads sustained moderate storm damage over the winter. Some repairs required bringing in gravel and rock to shore up and repair eroded areas.

The La Verne Machine shop manufactured new shear pins for the Perris and Coyote Creek hydroelectric plants. The sacrificial pins are designed to break at a specified load to prevent damage to generator components that might be caused from debris or abnormal operating conditions.

Maintenance engineering developed failure remedy codes for specialized equipment such as disconnect switches, large rotating equipment and programmable logic controllers. These codes complement codes already in place for most of Metropolitan's equipment. Failure codes allow staff to evaluate systemic equipment failures, evaluate the effectiveness of ongoing maintenance, and provide detailed information necessary to optimize preventative maintenance efforts. Failure codes also provide feedback on equipment specifications to improve the quality of equipment that Metropolitan purchases.

#### Water Treatment Plants Maintenance

Staff is coordinating the electrical reliability project at the La Verne facility. Over the next 12 months, approximately 50 planned power interruptions will be necessary to connect various facilities to the new electrical service. The first shutdowns were conducted this month. The contractor connected the new 480V cables to the new Southern California Edison 66 kV substation located at the facility. Portable generators provided uninterrupted power during the electrical work.

### ***Support water resource programs***

Metropolitan supports the California Department of Water Resources through reimbursable agreements. This month DWR requested rehabilitation work on 15 deck plates for their Thermalito Power Plant. Metropolitan removed the weathered and aged coatings and applied new long-life epoxy coating at the La Verne Coatings Shop.

Staff also completed repairs to a corroded access hatch for the Gianelli Power Plant for DWR. The hatch allows personnel to access a chamber for maintenance and inspection of a pump unit. The hatch is made of heavy steel to withstand high water pressure and resist corrosion when the units are in service.

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

In May, Metropolitan sold one forward-energy contract. The contract totaled 7,600 megawatt hours of energy for \$138,700. The contract was sold due to "reduced" Colorado River Aqueduct pumping in 2012 with water being stored in Lake Mead.

On May 30 and 31, Metropolitan attended a meeting sponsored by the American Public Power Association and the National Rural Electric Cooperative Association on federal power marketing administrations (PMA). PMAs, such as the Western Area Power Administration, distribute power from federal hydroelectric projects like the Central Valley Project and Hoover Dam. The public power associations work together to coordinate changes to the PMA's operations due to Department of Energy directives.

**WATER SYSTEM OPERATIONS—System Reliability*****Develop workforce***

Eighteen of the 21 new apprentices began in May. Immediately following new employee orientation, these mechanical and electrical apprentices spent two days attending training courses designed to ensure understanding of their work environment and employee safety. Attendance in these classes prior to reporting to actual team assignments improved knowledge of safety and enabled the apprentices to begin working with their respective teams.

In an effort to continue to develop the skills and knowledge of our journeyman electricians, the Apprenticeship Team is planning a Programmable Logic Controller Class in the desert scheduled to begin in mid-June.

***Improve security and emergency response***

Staff attended the Water Emergency Response Organization of Orange County quarterly meeting. Municipal Water District of Orange County received a grant to purchase potable water trailers for water distribution in an emergency. MWDOC is reviewing specifications before putting out a Request for Proposal to purchase the trailers. The meeting concluded with discussion of coordination with the California

Department of Public Health on drinking water for water emergencies. Under the Multi-Agency Guidance for Potable Water Distribution, a water agency's first responsibility in case of disaster is to repair its system, while local jurisdictions have primary responsibility for providing emergency drinking water. To the extent that a retail water agency is able, either after or during repair of its system, it would assist in delivering potable water. Many jurisdictions (counties and cities) have set up plans for Points of Distribution that can be used to distribute medications, vaccinations, bottled water, or other necessities, and could be used to stage potable water haulers. Metropolitan as a wholesale agency would not have a direct responsibility to provide potable water beyond what the treatment and distribution system can deliver, but would play a role in obtaining or arranging for potable water.

An exercise seminar/workshop was held on May 9 and 10 for Metropolitan’s Emergency Coordinators. The training focused on developing and conducting tabletop exercises and enhancing Metropolitan’s readiness to handle emergencies.

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**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*****Federal**

On May 17, staff attended a Senate Energy and Natural Resources Committee hearing on Senator Bingaman’s proposal for federal objectives to increase the use of renewable energy resources (S. 2146).

Staff also met with the minority staff director of the House Transportation Infrastructure Subcommittee on Water Resources and Environment to discuss Metropolitan’s perspective on the progress of proposed solutions in the California Bay Delta.

## 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****Delta-Related Legislation**

The coalition of water and business interests, who collectively opposed six problematic Delta-related measures, has made significant progress. All but two measures in the Assembly have been defeated. AB 2421 and 2422 by Assembly Member Bill Berryhill (R-Lodi) related to Delta conveyance are in the Assembly Appropriations Committee. Metropolitan testified in opposition to these measures.

Metropolitan, the Association of California Water Agencies and the Westlands Water District have renewed concerns with SB 1495 by Senator Lois Wolk (D-Davis). Proposed amendments to the bill would allow dredging beyond yearly "routine" work and could impact primary habitat for Delta Smelt. Staff continues to work with the author, the Ports of Stockton and West Sacramento and the opposition on amendments to the bill.

**State Legislative Priorities**

- SB 1535 (Padilla, D-Los Angeles): Seeks to provide equitable regulation of greenhouse gas emissions for Metropolitan's occasional purchase of supplemental power solely for the purpose of moving essential Colorado River water supplies to Southern California. The California Air Resources Board (CARB) has categorized Metropolitan as an electrical marketer because of its purchase of supplemental out-of-state power, even though Metropolitan does not resell this power and provides no electricity to any retail customer. This designation would require Metropolitan to purchase greenhouse gas allowances. Metropolitan is the only water utility in California regulated as an electrical marketer, and unlike the other regulated parties, Metropolitan was not given any allowances to mitigate the price impacts on its ratepayers.
- AB 2595 (Hall, D-Los Angeles): Directs the Ocean Protection Council to establish a task force for making recommendations on improvements to the seawater desalination permitting process. Recent committee amendments were adopted that include limiting the vote on the task force recommendations to state agencies that have the majority of permitting responsibilities; clarifies that other task force

stakeholders will serve in an advisory role; and includes a requirement to identify how seawater desalination can fit within a balanced state water portfolio. Metropolitan supports AB 2595 and staff continues to work towards its passage.

**State Budget**

On May 14, the Brown Administration announced that the state budget deficit had grown by 70 percent since January, from \$9.2 billion to \$15.7 billion. To balance the budget, the Governor has proposed a mix of spending cuts, fund shifts and an \$8.5 billion tax hike. Despite the growing deficit, budget items related to natural resources, environmental protection and clean energy did not suffer additional cuts.

**Local**

On May 2, Metropolitan staff participated in the California Building Industry Association's Board of Directors and Committee meetings in Sacramento to discuss water legislation. Additionally, Tim Quinn, Executive Director of the Association of California Water Agencies briefed the board on the November Water Bond.

On May 10, Metropolitan staff participated in a Valley Industry and Commerce Association event featuring Senator Alex Padilla as keynote speaker. Approximately 150 business leaders from the San Fernando Valley region attended and participated in a discussion on key business issues, including water.

Metropolitan staff participated in the South Bay Association of Chambers of Commerce's Annual Legislative Conference in Sacramento on May 21 and 22. The SBACC met with legislators from the South Bay region of Los Angeles County and expressed opposition to AB 2421 and AB 2422 by Assembly Member B. Berryhill. The group also discussed the Water Bond and urged continued support for the Bay Delta Conservation Plan.

Staff also led a delegation from the Valley Industry Commerce Association in discussions with legislators on water policy as part of the California Chamber's Annual Business Summit in Sacramento including discussions on the water bond and legislative issues related to the BDCP, conservation, recycling, and energy.

## 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***

- Arranged a meeting with General Manager Kightlinger and The Union Tribune of San Diego editorial board to discuss issues related to the San Diego County Water Authority.
- Also coordinated separate interviews with General Manager Kightlinger and reporters for the New York Times and San Gabriel Valley Tribune for stories about the San Diego County Water Authority litigation.
- Arranged interview with General Manager Kightlinger and North County Times reporter for stories about the rising cost of maintaining and repairing Metropolitan's aging infrastructure.
- Worked with Legal to provide Public Records Act information to reporters from KCBS-TV Los Angeles, KGTV-TV Channel 10 San Diego, and Surf City Voice.
- Set up interview with Assistant General Manager Patterson and reporter for Law 360, a legal wire news service, for a story about Metropolitan's position on Assembly Bill 2421.
- Provided information and arranged interview with General Manager Kightlinger and PBS SoCal program reporter for a story about Metropolitan's Spring Green Expo.
- Issued press releases and news advisories about the Solar Cup program, including participating schools, race times, and Lake Skinner, the site of the event. The event earned significant coverage.

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

- On May 8-11, several directors, executive management and staff participated in Association of California Water Agencies' annual Spring Conference entitled *A Strong Foundation for Rebuilding California* held in Monterey, CA. The conference featured numerous presentations on water supply and quality issues, local government finance, public policy and regulatory compliance.
- On May 14-15, Director Kris Murray and staff participated in the Orange County Business Council's annual legislative trip to Sacramento. The OCBC delegation briefed several members of the State Legislature, Treasurer Bill Lockyer and California Air Resources Board Chairman Mary Nichols on a variety of key concerns.
- On May 18, Metropolitan sponsored, and several directors and staff attended, the Orange County Water Summit, jointly hosted by the Municipal Water District of Orange County and the Orange County Water District. The event highlighted a variety of topical water issues, including how water supply impacts the state's economy and safety.

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

Efforts and activities included:

- Almost 40 teams from Metropolitan's six-county service area competed in the 10<sup>th</sup> Annual Solar Cup event at Lake Skinner in Temecula. Canyon High School of Orange County (City of Anaheim) captured first place in the veterans division and South El Monte High School (Upper San Gabriel Valley Municipal Water District) took the top prize in the rookie division. Additionally, Elsinore High School (Wildomar, Eastern Municipal Water District) won the Bart Bezyack Memorial Spirit of Solar Cup Trophy and Centennial High School (Corona, Western Municipal Water District) won the Teamwork Award. For complete results, please check Metropolitan's Education Website.
- Staff conducted two Diamond Valley Lake Education Program field trips for nearly 80 students in grades 4-5 from the Lake Elsinore and Murrieta Valley Unified School Districts. Additionally, staff conducted five in-class presentations with over 200 students in grades 4-5 from Romoland, Murrieta Valley and Hemet Unified School Districts. Staff also worked with more than 650 students on ten field trips, in collaboration with the Western Science Center.

## REAL PROPERTY DEVELOPMENT AND MANAGEMENT GROUP

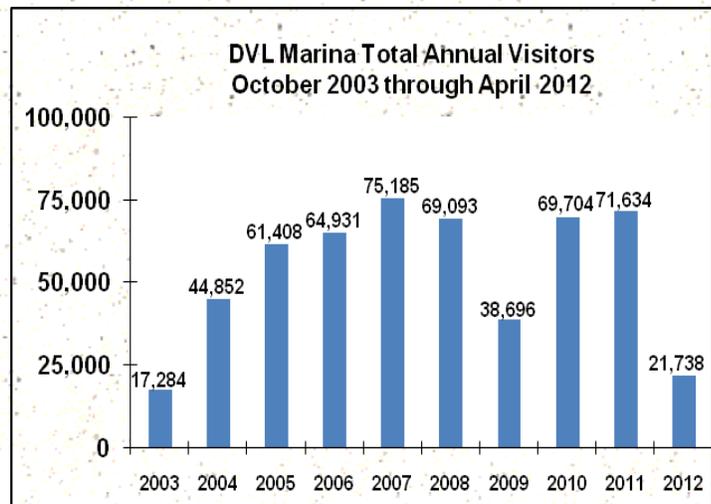
### Real Property Management

***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***

- Cingular Wireless was issued a five-year extension to an existing telecommunications lease at the Santiago Control facility near the Lower Feeder right of way.
- An entry permit was issued to Bruno Farms, Inc. for sheep grazing purposes on a portion of property east of Diamond Valley Lake.
- New Cingular Wireless was issued an entry permit to use property near Lake Mathews as a construction staging area and a temporary telecommunications site.
- A four-day photography entry permit was granted to Concrete Images, Inc. to use portions of areas at Robert A. Skinner Water Treatment Plant. These photographs are intended to be used in a European clothing advertising catalog.
- With the completion of the Calleguas Annexation No. 96 on April 23, 2012, Metropolitan’s service area increased by just under 4.9 acres. This brings the total service area to 5,179.2490 square miles.

***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 an agreement with the Cal Poly Corporation to determine the viability of providing non-traditional alternatives for wet and dry utilities in the DVL marina area. A report of recommended solutions, preliminary designs, and preliminary cost estimates for installation and maintenance is anticipated in the fall.
- Metropolitan executed a three-year agreement with the California Department of Parks and Recreation for law enforcement services at the DVL facilities beginning June 1, 2012. State Rangers will be available on a part-time and as-needed basis to enforce recreation area rules as well as applicable California statutes and local ordinances at the marina and surrounding areas.
- Metropolitan received the first seven month’s rent on the percentage lease with Urban Park Concessionaires for the operation of the DVL Marina and the Lakeview Trail. The \$47,554 received represents seven percent of the October 2011 through April 2012 gross receipts.
- Diamond Valley Lake has hosted approximately 541,000 visitors at its marina facilities and 129,000 private boats have launched since the 2003 public opening.



## HUMAN RESOURCES—Human Resources Excellence

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

- The Risk Management Unit completed 54 incident reports communicating instances of Metropolitan property damage, liability, workplace injuries, regulatory visits and spills.
- Risk Management completed 80 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 20 injury incidents
- Submitted 12 new claims to Metropolitan's workers' compensation claim administrator
- Settlements were negotiated in 2 claims, finalized in 1 claim, and 10 claim files were closed
- Conducted MedVan evaluations at Soto Street facility
- Arranged 16 medical evaluations (DMV, medical surveillance, hearing conservation, etc.)
- Coordinated random drug/alcohol testing at 1 facility
- Addressed 2 accommodation issues

### ***Manage Total Compensation***

HR Benefits in coordination with Great-West conducted quarterly site visits at Headquarters, LaVerne, and Diemer, providing one-on-one consultations to 69 employees with regards to 401k and 457 plans.

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

Employee Relations took part in a series of Water System Operations Managers' meetings and announced the creation of a training program designed to help managers properly utilize the probationary period for new hires. This is a program that several managers had asked for in recent months.

### ***Foster learning and development***

- Delivered courses during the month in *Managing your Career*, *Effective Performance Conversations* and *New Manager Orientation*.
- Continuing to facilitate a process improvement team in the Water Quality Chemistry Unit.

### ***Acquire talent***

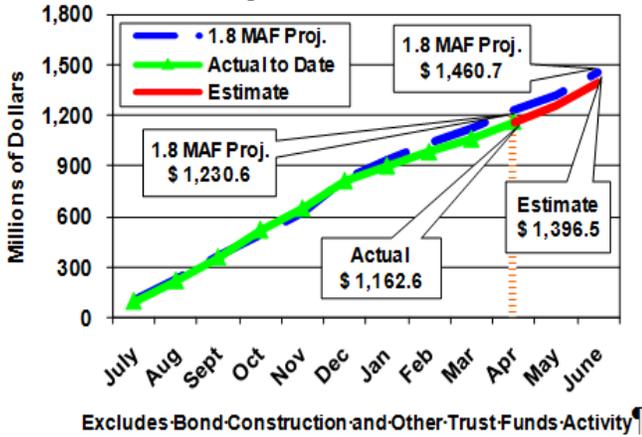
- Three regular full-time employees started working at Metropolitan during the month of May.
- Staff participated in meetings aimed at outreach and workforce planning with the Advisory Committee of the Central Los Angeles Worksource and the Advisory Council of the Department of Rehabilitation. Additionally, staff spoke at the Pasadena Employment Development Department's Career Day.
- Staff provided extensive advice and support for the Engineering Services Group in the protocol for assessment and selection for recruitments.
- Launched a test validation study for the Operations and Maintenance Technician IV classification.

### ***Foster management excellence***

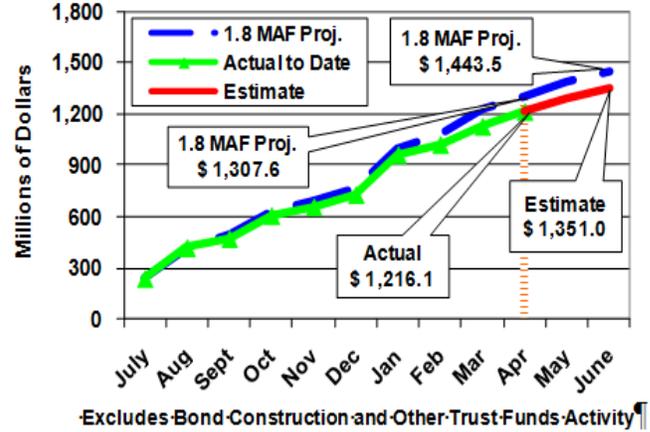
Staff continued ongoing administration of four engagements with external coaches and internal coaching and consultation for eight managers on issues from transition management and development to succession planning.

FINANCE as of April 30, 2012

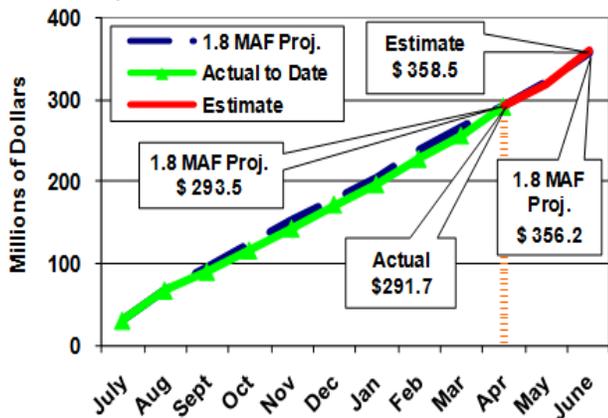
Receipts are expected to be \$64 million under the 1.8 MAF Projection by year end, mainly due to lower water sales, partially offset by the Coachella Valley Water District exchange sale.



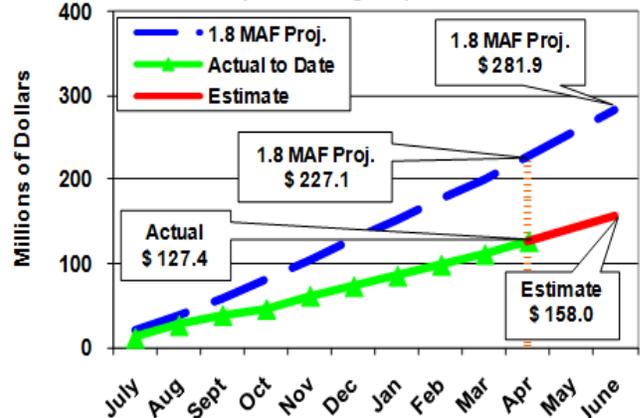
Expenditures are expected to be \$93 million under the 1.8 MAF Projection by year end, mainly due to lower SWP and CRA power costs, partially offset by higher water supply program and O&M costs.



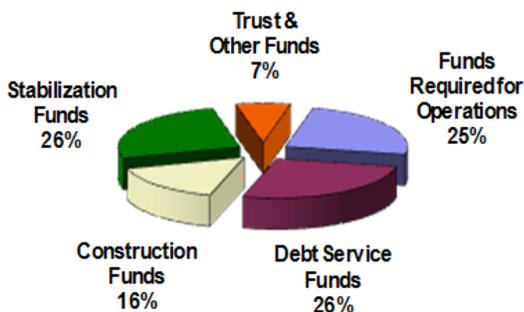
O&M expenditures are expected to be \$2 million over the 1.8 MAF Projection by year end, due to the new MOU agreements, partially offset by lower labor and professional services costs.



Construction costs are expected to be \$124 million under the 1.8 MAF Projection by year end, mainly due to staging the construction of the Weymouth ORP, and rescheduling other work to optimize design requirements.



Cash and Investments  
\$1,021.4 million



Summary Financial Statistics

	Target	Year-End Projected
Fixed Charge Coverage	≥ 1.20 x	1.24 x
Revenue Debt Service Coverage	> 2.00 x	1.73 x
Revenue Bond Debt / Equity Ratio	< 100.0%	73.6%

Credit Ratings

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

CHIEF FINANCIAL OFFICER GROUP—Financial Management

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

Continued to monitor and report financial performance to the Board. Total expenditures are projected to be below expected revenues in 2011/12.

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

Completed review of internal controls over financial reporting for the period ending June 30, 2011. No material weaknesses were noted and management concluded that internal controls over financial reporting and information technology security were effective for the twelve months ended June 30, 2011.

***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***

All ratings were affirmed as stable by the major rating agencies, including Fitch (AA+); Moody’s (Aa1); and Standard and Poor’s (AAA).

**Storage**

	5/31/2012 Storage (AF)	Percent of Capacity
DVL	775,669	96%
Lake Mathews	156,848	86%
Lake Skinner	37,197	85%

**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

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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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