



GENERAL MANAGER'S MONTHLY ACTIVITY REPORT SEPTEMBER 2012

September 30, 2012

THIS REPORT IDENTIFIES THE ACTIONS AND ACTIVITIES TAKING PLACE DURING THE MONTH THAT SUPPORT THE OBJECTIVES OF THE GENERAL MANAGER'S FISCAL YEAR 2012/13 BUSINESS PLAN.

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Metropolitan's fact sheet on the Bay Delta Conservation Plan. Copies of the fact sheet have been provided to the Member Agency Managers, Legislative Coordinators and Public Information staff. The full two-page fact sheet may be found on website www.mwdh2o.com

IT'S ABOUT RELIABILITY:

BAY DELTA CONSERVATION PLAN

Benefits of the BDCP include:

- \$14 billion in new infrastructure to protect water supplies and improve water quality
- The largest ecosystem restoration project on the

**Be Informed ...
Know the Facts ...
Get Involved ...
Our Future Depends on It.**

www.baydeltaconservationplan.com

BAY-DELTA INITIATIVES-BAY DELTA SOLUTIONS**Develop near-term and long-term solutions that enhance the Delta ecosystem, improve water supply reliability, and protect water quality**

State Water Resources Control Board—Staff continued to work closely with the state and federal water contractors to participate in the State Water Resources Control Board (State Water Board) Phase 2 workshops to receive information and conduct discussions on the scientific and technical basis for considering potential changes to the 2006 Bay-Delta Water Quality Control Plan. On September 5 and 6, Metropolitan staff participated with other water contractor representatives on an expert panel at the State Water Board's workshop on Ecosystem Changes and the Low Salinity Zone. The key theme of the water contractors' panel presentation was that major ecosystem changes have occurred in the low salinity zone, and while flow is important to the ecosystem, flow is not the primary driver in those changes.

On September 14, Metropolitan, in coordination with the State Water Contractors and the San Luis and Delta-Mendota Water Authority, submitted a technical assessment of available scientific information in support of the State Water Board's second workshop on Bay-Delta Fishery Resources. This workshop is scheduled for October 1 and 2. Staff is reviewing submittals by other parties in preparation for a joint presentation at the workshop.

Finally, staff is drafting written material in support of the third workshop on Analytical Tools scheduled for November 13 and 14, 2012.

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

Delta Stewardship Council—The seventh draft of the Delta Plan was released on September 5. The Delta Stewardship Council (Council) reviewed the seventh draft at its September 13 meeting, and with minor changes voted to move forward with the seventh draft as the preferred project for a draft supplemental EIR and as the basis to start the Office of Administrative Law (OAL) process to review regulatory policies. The Council expects to release the draft supplemental EIR and start the OAL process in early November 2012. Both processes will have 45 day comment periods. The Council is scheduled to hold its monthly public meeting on September 27, when it is expected to announce selection of the next Executive Officer for the Council who will be replacing Joe Grindstaff, who is retiring.

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 Emergency Preparedness—Metropolitan is coordinating with central and south Delta water agencies and reclamation districts regarding local levee improvements currently underway and recently completed that collectively benefit the integrity of the emergency freshwater pathway. Reclamation District 2028 is moving forward with construction of Bacon Island levee improvements along Middle River with funding provided through the DWR Delta Levees Program. Through a consulting agreement to Metropolitan, URS is conducting a detailed levee stability assessment of pathway levees under severe earthquake conditions, and will coordinate work with reclamation district design engineers MBK, Hultgren-Tillis, and KSN. The design data and construction plans recently provided by MBK for Bacon Island will help support the URS pathway levee stability assessment.

Discussions are taking place with DWR regarding potential use of Federal Emergency Management Agency funding through the California Emergency Management Agency (Cal EMA) to augment state emergency preparedness funds for materials stockpiles and selected levee improvements. Cal EMA emergency recovery services are typically modeled after FEMA protocols.

DWR's schedule for issuance and review of their draft Delta Flood Emergency Preparedness, Response and Recovery Plan includes completion of a draft document by the end of 2012 and a final document by June 2013.

REAL PROPERTY DEVELOPMENT AND MANAGEMENT

Implement strategies for right-of-way planning and acquisition, including support of Bay-Delta Initiatives and infrastructure reliability and protection programs

Metropolitan obtained five entry permits from various property owners in San Diego County. The entry permits allow Metropolitan's forces to gain access to its existing San Diego 6 rights of way to close groundwater monitoring wells. The wells are no longer needed and must be decommissioned in compliance with county health ordinance.

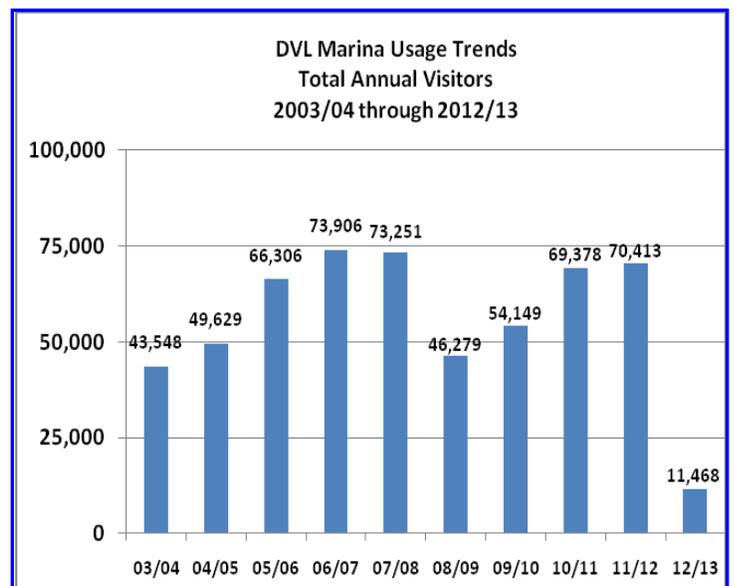
Seek revenue-generating opportunities for underutilized real estate assets in several market segments – telecommunications, solar development, film production, and sustainable technology and research

- A lease with the State of California Parks and Recreation Agency at Metropolitan's Headquarters Building was amended to extend the term by two years, increase the rent to current market rates, and reduce the space occupied.
- American Tower Corporation was issued a five-year extension to an existing telecommunications lease at the Etiwanda Power Plant.
- A lease with E-Z Storage was amended to change the term to year to year. The lease area is located on a portion of the Sepulveda Feeder right of way in the city of Van Nuys.
- City of San Jacinto was issued an entry permit to allow for access to perform non-invasive studies on portions of the Colorado River Aqueduct in conjunction with its San Jacinto River Levee project.
- An entry permit amendment was issued to Eastern Municipal Water District to extend the term and to allow access and investigative studies in conjunction with its proposed East Diamond Valley Recycled Water Storage Demonstration Project near Diamond Valley Lake.

Pursue development of the Diamond Valley Lake area, including the Visitors Center and marina, into the creation of an area that supports recreation, provides leasing and revenue opportunities, and provides benefits to Metropolitan and the surrounding community

Metropolitan has now received 11 months' rent on the percentage lease with Urban Park Concessionaires for the operation of the DVL Marina and the Lakeview Trail. The \$74,038 received represents seven percent of the October 2011 through August 2012 gross receipts. Annual savings for replacing the professional services agreement with the percentage lease are estimated to be \$380,000.

Diamond Valley Lake has hosted approximately 558,000 visitors at its marina facilities and 134,000 private boats have launched since the 2003 public opening.



ENGINEERING SERVICES-INFRASTRUCTURE RELIABILITY**Manage high priority projects on Metropolitan's conveyance and distribution system to maintain reliability, comply with regulations, and improve operating efficiency**Prestressed Concrete Cylinder Pipe (PCCP) Rehabilitation & Replacement Program

This program was established to enhance the reliability of Metropolitan's water distribution system and reduce the risk of costly emergency repairs of PCCP lines. Recent activities include the following:

- Eastern Region PCCP Joint Modification 2012—This project will modify six PCCP segments on four pipelines (the Auld Valley Pipeline, Lake Skinner Outlet Conduit, and San Diego Pipelines Nos. 4 and 5). A construction contract was awarded by the Board in August 2012.
- Sepulveda Feeder PCCP Joint Modification 2012—This project will upgrade one PCCP segment on the Sepulveda Feeder. A request to the Board to award a construction contract is planned for December 2012.
- PCCP Structural Inspection and Testing—This project will inspect all 163 miles of Metropolitan's PCCP lines over five years. PCCP lines scheduled for inspection during the 2012/13 shutdown season include: (1) Sepulveda Feeder 9.5 miles, (2) Second Lower Feeder 7.9 miles, and (3) Irvine Cross Feeder 0.4 mile.

Dam Rehabilitation Program

This program was established to evaluate the seismic stability and spillway capacity of Metropolitan's 26 dams and reservoirs using up-to-date geotechnical information and assessment techniques.

- Fifteen dams have been confirmed as being seismically stable, with no further study warranted. Assessments are continuing for 11 dams.
- The assessment work includes limited field and laboratory investigations, and simplified seismic/deformation analyses.
- The current assessment work is 80 percent complete and is scheduled to be complete by March 2013.

Colorado River Aqueduct Reliability Programs

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

- CRA Pumping Plants Sewer System Replacement—This project will replace the deteriorated wastewater collection systems and community septic tanks at all five CRA pumping plants. Preliminary design for Eagle Mountain and Hinds Pumping Plants is 90 percent complete and is scheduled to be complete by November 2012. Preliminary design for the Intake, Gene, and Iron Mountain Pumping Plants is scheduled to be complete by January 2013.
- CRA Sand Trap Equipment Rehabilitation—This project will replace the deteriorated sand trap equipment located upstream of the Iron Mountain, Eagle Mountain, and Hinds Pumping Plants. Final design is 60 percent complete and is scheduled to be complete by December 2012.
- Hinds Pumping Plant Delivery Line Expansion Joint Repairs, Phase 2—This project will rehabilitate nine mechanical expansion joints on the 10-foot-diameter delivery pipelines. A construction contract was awarded by the Board in September 2012.

Manage high priority projects on Metropolitan's water treatment plants to maintain reliability, comply with regulations, and improve operating efficiencyOxidation 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)—A construction contract was awarded by the Board in June 2012, and the Notice to Proceed was issued in July 2012. Construction is scheduled to be complete in early 2016.
- ORP Switchgear Building—This building will house the circuit breakers and other electrical equipment to serve the new ozonation facilities. Southern California Edison has energized the new 66 kV incoming service to the Weymouth plant, and the main ORP switchgear has been energized. Construction is 95 percent complete and is scheduled to be complete by March 2013.

ENGINEERING SERVICES-INFRASTRUCTURE RELIABILITY

ContinueManage high priority projects on Metropolitan's water treatment plants to maintain reliability, comply with regulations, and improve operating efficiency

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:

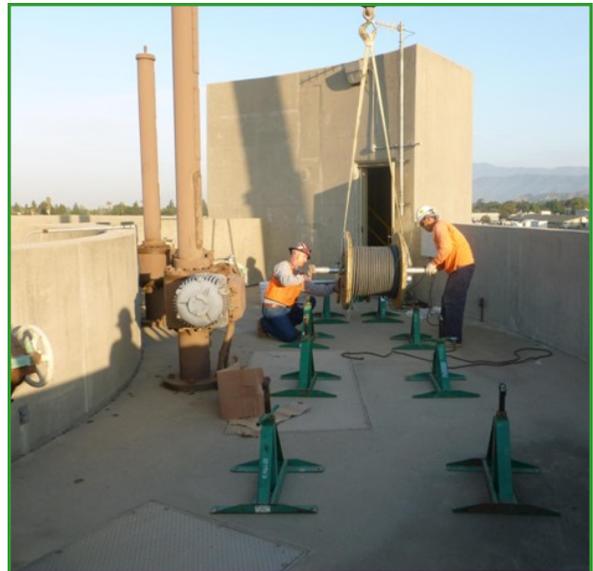
Diemer Plant

- Filter Media Replacement—This project will replace anthracite and sand filter media to prevent the release of manganese into the treated water after the Diemer plant converts to ozone disinfection. Construction is 90 percent complete and is scheduled to be complete by October 2012.
- Finished Water Reservoir and East Washwater Tank Seismic Upgrades—This project will install caissons and thicken floor slabs to stabilize the Finished Water Reservoir during an earthquake and will construct shear walls to support the foundation of the East Washwater Tank. Final design has been completed.

Weymouth Plant

- 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 95 percent complete and is scheduled to be complete by March 2013. Final testing and transfer of plant loads to the new electrical system will occur after emergency generator testing is complete. [\[see photo right\]](#)

Weymouth Plant – Hoisting of 4160 V cable onto the junction structure deck

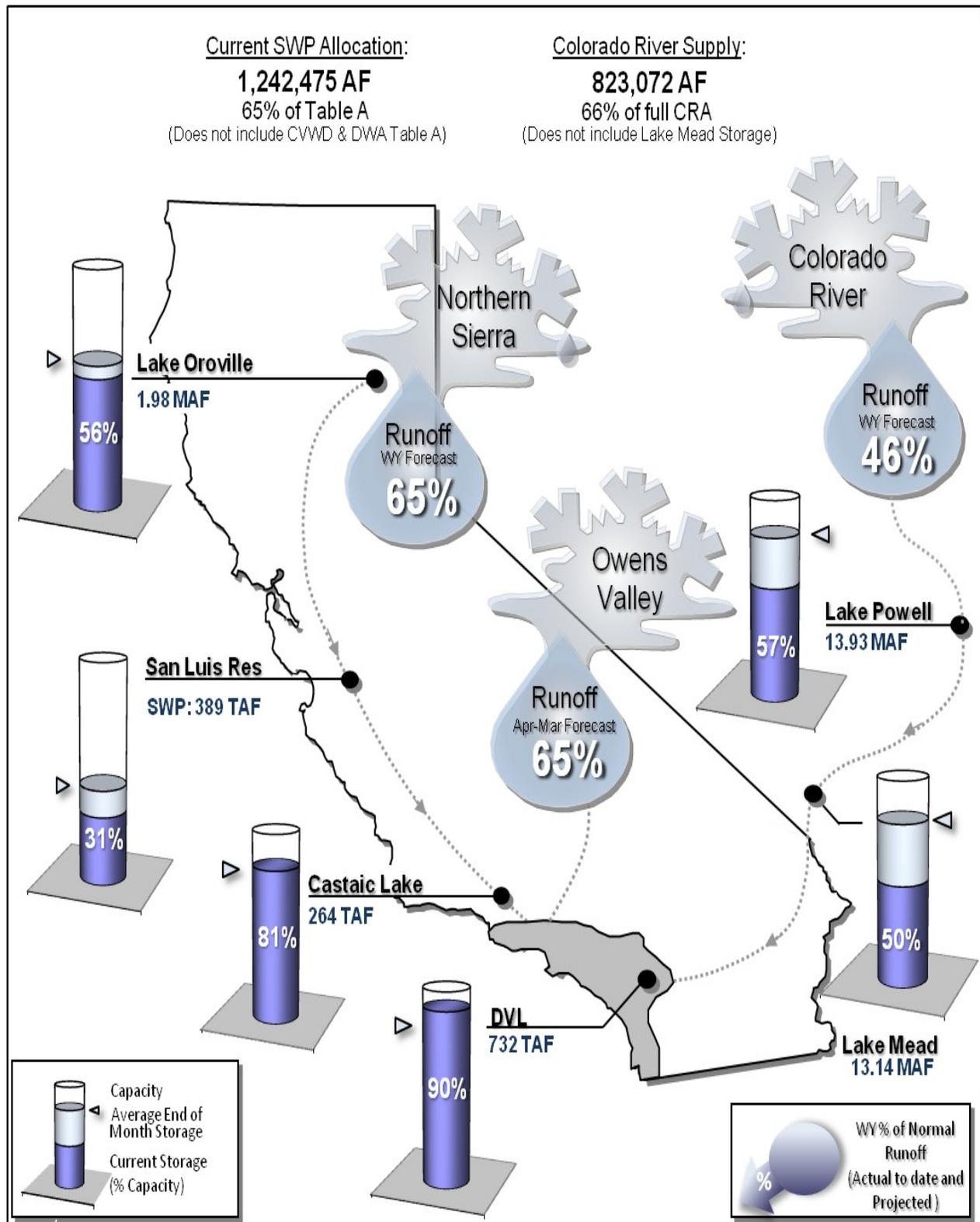


WATER RESOURCE MANAGEMENT

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

Water Savings Incentive Program—Metropolitan implemented the new Water Savings Incentive Program that was approved by the Board in May 2012. The program provides financial incentives for customized water efficiency projects, including installation of commercial or industrial high-efficiency equipment, industrial process improvements, and agricultural and landscape improvements. Incentives are paid based on amount of water saved. Project applications must be approved by Metropolitan prior to installation of improvements. The program is open to all commercial, industrial, institutional, agricultural, and large landscape customers for qualifying projects within Metropolitan's service area. Staff is currently working with commercial entities on potential water saving projects, including Procter & Gamble, Kimberly Clark, and Boeing.

WATER SUPPLY CONDITIONS AS OF SEPTEMBER 30, 2012



WATER SYSTEM OPERATIONS—SYSTEM RELIABILITY

Operate system reliably

System Operations delivered approximately 184,000 acre-feet of water to meet member agency demands in September, which averaged approximately 6,100 AF per day. Treated water deliveries for September totaled 103,500 AF, or 57 percent of total deliveries for the month. Additionally, 19,000 AF was delivered to Desert Water Agency and Coachella Valley Water District in exchange for their State Water Project Table A supplies. Desert/Coachella deliveries from January 1 to September 30 totaled 260,000 AF.

The Colorado River Aqueduct flows were reduced on September 19 and again on September 26 as the aqueduct reduced to a one-pump flow (225 cfs) to optimally manage energy resources and Colorado River supplies. System Operations and Conveyance and Distribution staff made the necessary operational changes to support a one-pump flow through the end of the year.

State Water Project deliveries were 121,000 AF in September. SWP imports from January 1 to September 30 totaled 938,000 AF.

Diamond Valley Lake's storage level decreased slightly to 91 percent of full, with 30,000 AF delivered through the Inland Feeder for the month. This decrease in storage resulted from water deliveries and energy generation out of DVL to meet Lake Skinner area demands and to produce power during the summer peak season, as described below.

System Operations continued to maximize power generation. In September, Metropolitan's hydroelectric plants generated at an average of 47 megawatts for a total of 34,000 megawatt-hours. With favorable peak energy prices at DVL, operations staff designed water and power schedules to maximize the on-peak generation at DVL. For the month of September, 9,000 MWh of electricity was generated at DVL, with 27 percent produced during the super peak hours. It is forecast that power production at DVL for the period between June through September will result in approximately \$4 million of revenue.

Shutdown season begins in October. Operations staff continued planning and coordinating the upcoming shutdowns with affected member agencies.

Optimize maintenance

Colorado River Aqueduct

Staff repaired the main exciter field coil in one of the pumping units at Eagle Mountain after having difficulty operating the pump motors. In anticipation of other units encountering a similar problem, staff is manufacturing additional spare parts as they can no longer be purchased. All repairs were performed without impact to flow demands on the CRA.

Heavy rains from a recent thunderstorm caused erosion of patrol roads and exposed a section of the 16-foot diameter cut-and-cover pipeline near Chiriaco Summit. Staff completed all erosion repairs and regraded the area to protect the exposed pipeline. [\[photos on right\]](#)

As part of an operational procedure during periods of low flow, staff installed special slide gates known as "blocker gates" at key structures along the CRA. The gates aid in increasing the water level in the aqueduct during periods when fewer pumps are in operation. Mobile cranes were used to install the gates along the CRA near the Perris Valley siphons 1 & 2 barrels.

Exposed section of pipeline (top) and the re-graded area (below) at Chiriaco Summit



WATER SYSTEM OPERATIONS—SYSTEM RELIABILITY

Optimize maintenance

Distribution System

- Staff completed the rehabilitation of the wicket gate assembly, replacement of the shaft seal, and equipment and valve coating for the Coyote Creek Hydroelectric Plant. This type of maintenance is performed at six-year intervals and serves to extend the reliability and useful life of the facility. [\[photos to the right\]](#)
- A failed Southern California Edison meter resulted in a power failure at the OC-76 Flow Control Facility along the Allen-McColloch Pipeline in the City of Lake Forest. SCE replaced the damaged meter and staff replaced the damaged wiring to the facility. Electrical power was restored within 48 hours and water service was unaffected.
- Staff completed the quarterly scheduled chlorination at the Lake Mathews Outlet Tower by feeding sodium hypochlorite (bleach) for two continuous weeks. The continuous chlorination serves to control quagga mussel growth between the tower and Lake Mathews headworks.
- Staff installed internal safety covers in over 70 locations in the distribution system. The new covers are designed to help prevent injuries when accessing substructure vaults and provide an additional security barrier for the equipment in the vaults. [\[photo to the lower right\]](#)
- Staff completed a one-day shutdown to perform emergency repairs to a leaking one-inch pipe inside a valve vault structure on the Palos Verdes Feeder. Six member agency service connections were shutdown for approximately 12 hours and immediately returned to service after completion of all repairs.
- Staff did retrofit work on eight valve structure vaults to improve access and protect critical equipment from flooding risk in remote areas of the Foothill and West Valley Feeders. Improvements consisted of raising vault risers above grade and installing new platforms and entry ladders.
- Live Oak Reservoir was inspected and cleaned this month. Algae that had collected at the base of the reservoir lining was removed and disposed of in accordance with environmental requirements. The water level was lowered to allow the concrete lining to dry. Staff then used light-weight sweepers and loaders to remove the algae. Small amounts of water were added periodically during the process to minimize dust production.



*Coyote Creek hydroelectric plant's drain valve
Before (left) and after (right) coating*



Installed safety cover with padlock for vault access

WATER SYSTEM OPERATIONS—SYSTEM RELIABILITY

Optimize Maintenance

Staff at the La Verne Shops disassembled and recoated a 42-inch plug valve that will be installed at the Bixby Street sectionalizing valve structure. The work was done in preparation for installation during an upcoming shutdown on the Lower Feeder pipeline. All of the valve parts will be inspected and lubricated prior to reassembly to ensure proper operation and reliability. *[Photo to the right]*

42-inch plug valve components staged for reassembly.



Support water resource program

Metropolitan completed several projects in support of the State Water Project this month. These projects included manufacturing of eight lifting stems for the stop-log gates at the Gianelli Power Plant and recoating of three large isolation gates for the Oso Pumping Plant. Newer, high-quality coatings were used to increase the longevity of the gates.

Effectively manage power system requirements and optimize generation

On August 30, Metropolitan participated in the practice allowance auction conducted by the Air Resources Board as part of their implementation of the greenhouse gas Cap and Trade program. The practice auction allowed participants to simulate bidding for allowances. Allowances must be acquired by entities that have associated emissions starting in 2013. Metropolitan participated to gain experience and understanding of the auction process in case it needs allowances in the future to offset emissions associated with supplemental energy imported into California to meet Colorado River Aqueduct energy requirements. At this time, Metropolitan does not anticipate the need to import supplemental energy in 2013 and therefore is not expected to incur an obligation to acquire allowances for that year. Metropolitan continues to work with the Air Resources Board to find a more equitable approach to this issue.

Improve security and emergency response

Staff conducted a tour of the Jensen facility for the Los Angeles City Fire Department. This activity was designed to familiarize local emergency responders with the layout of the plant, as well as the location of chemicals and other hazardous materials stored at the plant that are used for water treatment. In the event of an

emergency, the first responders would be able to use this knowledge to plan a safe approach to handling the situation. During the upcoming months, staff will be coordinating similar tours with local fire, emergency medical, and law enforcement personnel for all of Metropolitan's treatment and pumping plant facilities.

Staff attended the monthly Los Angeles County Operational Area Emergency Exercise Steering Committee meeting on September 5. The Steering Committee coordinates and plans county-wide training and exercises which culminates in a large scale exercise in March 2013.

Develop workforce

The Water System Operations Apprentice and Technical Training Unit provide trained, qualified employees to maintain Metropolitan's water treatment and distribution systems. On September 17, the final two mechanical pre-apprentices for the Class of 2016 began work. Their first week included new employee and Apprenticeship Programs orientations. In addition, eight standard employee safety courses were included as part of the pre-apprentices' introduction to Metropolitan.

As part of the Performance Excellence Initiative, staff continues to evaluate and develop long-term strategies for improving emergency generator reliability. An emergency generator training/workshop was held for Water System Operations and Engineering Services staff. The workshop provided a common knowledge base for discussing improvements in future emergency generator designs and procurements. The class also provided best practice information on operation and maintenance that will be useful in further enhancing WSO maintenance plans.

WATER SYSTEM OPERATIONS—WATER QUALITY, ENVIRONMENTAL, & SAFETY

Protect source water quality

Lake Skinner was treated with four tons of copper sulfate on September 13 to manage earthy/musty taste and odors produced in the lake by cyanobacteria (blue-green algae). This relatively small treatment had minimal effect on operations and no consumer complaints were received.

Optimize water treatment and distribution

The Diemer water treatment plant completed the tie-in, start-up testing, and acceptance by Orange County Fire Authority of the new potable and fire water pump system. The work was conducted as part of the improvements associated with the Ozone Retrofit Program and provides a better quality potable water source and a more extensive fire water supply system throughout the facility.

As part of the facility upgrade for Mills water treatment plant, staff replaced older light fixtures in eight of the underground filter galleries with high efficiency, low-cost LED lighting. The galleries are 160 feet in length and provide access to filtration equipment and chemical lines for operations and maintenance. Additionally, the new lighting system was connected to an emergency power system. The new lighting will reduce lighting energy by approximately 35 percent.

State Water Project blends at Diemer and Weymouth water treatment plants remained at 40 percent and 20 percent, respectively. The Skinner water treatment plant is operating with ozone and hydrogen peroxide at 55 percent SWP to enhance removal of taste-and-odor compounds produced by an algae bloom in Lake Skinner.

Flow-weighted running annual averages for total dissolved solids for August 2011 through July 2012 were 436, 405, and 357 mg/L for Diemer, Weymouth, and Skinner treatment plants, respectively.

Fully comply with water quality, safety, and environmental regulations

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

Provide technical support to member agencies

Metropolitan held a Member Agency Water Quality Webinar on September 11. Speakers discussed the requirements of the new Unregulated Contaminant Monitoring Rule 3 and provided updates on water quality and supply.

Storage

	9/30/12 <u>Storage (AF)</u>	<u>Percent of Capacity</u>
DVL	731,884	90%
Lake Mathews	160,510	88%
Lake Skinner	40,801	93%

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

BUSINESS TECHNOLOGY

Continue innovative sustainability efforts in business practices including Spring Green, Our Legacy Newsletter, the rideshare program, energy conservation and recycling efforts

- Published *Our Legacy* E-Newsletter, Issue No. 70. This month's newsletter raised awareness of Metropolitan's recycling program that is being developed for compliance with AB341 (the state of California now requires commercial enterprises and public entities that generate four or more cubic yards per week of waste to adopt recycling practices).
- Staff presented *Metropolitan's Sustainability Program - Adapting Large Programs to Small Business* to the Filipino American Chamber of Commerce in Orange County.
- Staff has started planning for Metropolitan's 6th annual 2013 Spring Green Expo with additional school contacts being developed and the event website set to go live before the end of the year.
- Metropolitan's Rideshare Program remains compliant with South Coast Air Quality Management District with over 40 percent of employees participating during the quarter.
- Metropolitan has embarked upon an organization-wide document print study to reduce costs, improve productivity, and decrease energy usage. Preliminary findings will be presented to group managers in September.
- As part of staff's ongoing commitment to the lowest life-cycle operating costs of the Headquarters Building, an evaluation of the latest light-emitting diode (LED) lighting technology is being considered for replacement of quartz recessed lighting in the cafeteria and large conference rooms.

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

Recognition and Awards

- Generation Water presented Metropolitan's Business Outreach Program with a *Water Conservation and Innovation Award* for continued support of innovation and conservation in water technology. Generation Water is an award-winning, social entrepreneurial organization focused on reducing water usage and has partnered with Metropolitan and our Member Agencies on Landscape and Water Conservation Pilot Programs.
- Business Outreach staff member Nicole Meggerson de Martinez was installed as President of the San Gabriel Valley Chapter of National Association of Women in Construction.

San Diego - Business Outreach participated in matchmaking sessions, a reverse tradeshow, and workshops on Government Contracting and Procurement. Over 200 businesses were introduced to Metropolitan's NETConnect Vendor Registration, SBE Certification, and Contract Compliance Programs and were encouraged to participate in opportunities at Metropolitan.

- Orange County Small Business Development Center *Are You Doing Business with the Government & Corporate America?*, Rancho Santiago Community College - Over 150 businesses and government agencies participated in the event.

Vendor Development, Training, and Certification

Business Outreach was able to introduce over 2,900 businesses to Metropolitan's business opportunities and continued vendor support of the Southern California Business Community by participating in the following September 2012 Award Programs, Conferences, Expos and Events:

- 9th Annual Women's Business Enterprise Council-West Strategic Procurement Opportunity Conference,

Partnerships, Support for Chambers of Commerce, and Member Agencies

Metropolitan continued partnership and support for the United States Hispanic Chamber of Commerce at their 33rd Annual National Convention. The Hispanic Chamber's Annual National Convention is the largest gathering of Hispanic business leaders in America representing over three million Hispanic businesses across the nation. The convention held in Los Angeles was attended by more than 5,000 small businesses.

BUSINESS TECHNOLOGY

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

A project at the Headquarters Facility to refurbish the deteriorated lining of the fire water reservoir has moved into the construction phase with the contractor providing all certifications and a construction plan. The relining project is scheduled to be complete by November 2012.

Deploy smart technologies and innovative business services to enhance efficiency

SCADA Master Planning

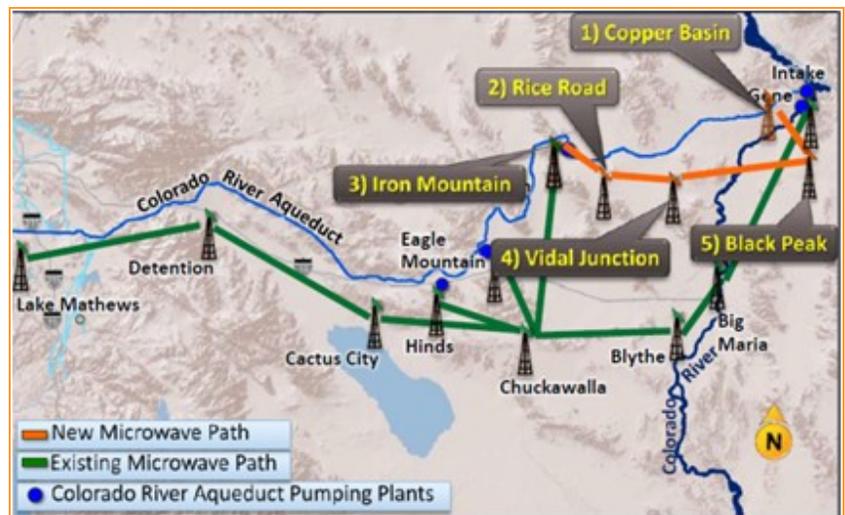
Metropolitan utilizes a Supervisory Control and Data Acquisition system to monitor and control its water system operations; water planning; regulatory compliance; maintenance management; and energy management. With components of the system reaching the end of their useful life, a Water System Control Master Planning effort is currently underway to provide a roadmap to ensure continued system reliability. Some of the more recent accomplishments are:

- Executed contract with the external assessment and planning consultants
- Formed Oversight, Core, and Subject Matter Expert Teams and held associated kickoff meetings
- Began site inspections and staff interviews to capture initial information on system strengths, weaknesses, opportunities, and threats.

Colorado River Aqueduct – Wide Area Network Upgrades

Staff received authorization from the Board to proceed with the construction phase of the wide area network upgrades on the Colorado River Aqueduct between Gene Pumping Plant and Iron Mountain Pumping Plant. The approved upgrades include adding secondary communication links (by installing five new microwave transmission sites, [see photo below](#)) which will improve the reliability of the communications and data link between the CRA facilities, the Operations Control Center in Eagle Rock, and Metropolitan's Headquarters Building in Los Angeles. Recent project activities include:

- Pre-construction validation for bonding, insurance and related activities
- Preparing "Notice-To-Proceed" to begin the construction phase
- Coordinate internal staff for monitoring and oversight of field constructions activities



HUMAN RESOURCES—EMPLOYEE DEVELOPMENT

Foster learning and organizational development

- Conducted two information session and several one-on-one coaching sessions for managers and employees who are implementing and deploying the new MyPerformance system.
- Nine new employees completed the Day 1 new employee orientation program.
- Classes were delivered on “Preparing for Job Interviews”(HQ), “Giving Recognition” (La Verne), “Speaking with Confidence” (HQ & Gene Camp), “InsideOut Coaching: Effective Performance Conversations” (Lake Skinner & Gene Camp), and “5Choices to Extraordinary Productivity” (HQ and Mills Plant).
- Provided support in the design of a Career Launch initiative for the Engineering Services Group and delivered “Success Signals” training for new junior engineers, and facilitated a discussion for those being mentored as part of the program.
- Facilitated a mediation intervention to resolve employee-management issues at a field facility.
- Continuing ongoing administration of the tuition reimbursement program as well as administration and support of the MyLearning system.

Foster management excellence

- Continued to provide in-person management coaching and consultations to three senior managers and one senior staff as well as administered ongoing external coaching engagements for three managers.
- Working with an external consultant on the design of an Organizational Development intervention on collaboration and decision making between Water Quality Liaisons and Water System Operations treatment plant managers.
- Delivered a new class called The Administrative Side of Management to new managers, to provide information that will be helpful in managing the day-to-day administrative functions and approvals
- Worked closely with Staffing Manager and staff to coordinate activities to improve the recruitment process including competency modeling, administration of assessments, and design of interview questions.

HUMAN RESOURCES—HUMAN RESOURCES EXCELLENCE

Acquire talent

- In September the Staffing Team managed and coordinated testing, panel and final interviews for nine positions including the Ethics Officer, Director of Information Technology, Senior Deputy General Counsel, Facility Services Unit Manager, Construction Team Manager; as well as Microbiologist, Operations and Maintenance Tech IV (Welder/Fabricator) and Hydroelectric Specialist. Each position took approximately two days of interviews, yielding several excellent final candidates for each position.
- With increasing retirements and the resulting promotions and vacancies, the Staffing Team continues to process position requisitions and recruitments. There are 100 active recruitments in September, which included 12 new job postings and the delivery of 11 new staffing requisitions from varied Groups to HR during the month. Also, 10 new employees started with Metropolitan, including a Junior Engineer, 3 Engineering Techs, 2 Pre-Apprentice (Mechanical), 1 O&M Tech II Coater, 1 Administrative Assistant I, and 1 Programmer Analyst II.

- During September, Staff attended the Asian American Economic Development job fair.

Control Workers' Compensation costs

- Conducted initial investigations on 12 injury incidents.
- Submitted 5 new claims to Metropolitan's workers' compensation claim administrator.
- Settlements were negotiated in 1 claim, finalized in 4 claims, and 10 claim files were closed.
- Completed and filed 2011-2012 Public Self-Insurer's Annual Report.
- Conducted MedVan evaluations at Weymouth facility.
- Arranged 19 medical evaluations (DMV, medical surveillance, hearing conservation, etc.).
- Coordinated 6 random drug/alcohol tests at 2 facilities.
- Addressed 4 accommodation issues.

HUMAN RESOURCES—HUMAN RESOURCES EXCELLENCE

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

- During the month of September, the Employee Relations Section participated in ongoing impasse proceedings with American Federation of State, County, and Municipal Employees. Staff provided a briefing to the Organization, Personnel and Technology Committee on the Impasse Process. Efforts will now be focused on fact-finding, which was requested by AFSCME once mediation had failed. Fact-finding is due to begin the first week of October.
- In September, the Equal Employment Opportunities Manager was able to have the Nondiscrimination Program finalized and began implementation. The Reaffirmation Statement of Equal Employment Opportunity Policy, a part of the Nondiscrimination Program, was shared with the workforce via the IntraMet.

Identify, assess, and manage risk

- Risk Management completed a projected 76 risk assessments on contracts, including professional service agreements, construction contracts, entry permits, special events and film permits.
- The Risk Management Unit completed a projected 50 incident reports communicating instances of Metropolitan property damage, liability, workplace injuries, regulatory visits and spills.

Manage total compensation

- Human Resources Benefits Unit kicked off Open Enrollment on September 10, providing open enrollment kits to all active employees and retirees and conducting site visits to 15 various locations throughout Metropolitan. Throughout the month of September until early October, Human Resources staff will provide one-on-one consultations to assist employees with their enrollment changes and answer questions regarding their health, voluntary and retirement benefits.
- HR Benefits also hosted two retirement and financial planning workshops on September 19 at the Weymouth plant. There were 33 employees plus spouses who attended the Stepping Into Retirement class. This workshop is an all-day class with speakers from CalPERS, Social Security, Great-West Retirement Services and the HR Benefits Unit who cover detailed information on how to complete the retirement application, apply for Social Security and Medicare, continuation of existing health and voluntary benefits, leave payout and managing your 401K and 457 accounts.

EXTERNAL AFFAIRS

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

On September 20, Metropolitan sponsored the Association of Water Agencies of Ventura County annual event at the Reagan Library in Simi Valley. Directors Grandsen and Peterson and nearly 300 water leaders and local elected officials attended the event which featured a presentation by Billie Greer on economic expansion and water needs. Ms. Greer is president of the Southern California Leadership Council.

On September 27, Metropolitan sponsored the Temecula Valley Chamber of Commerce Annual Legislative Summit, held in Temecula. The keynote speaker was California Chamber of Commerce President/CEO Allan Zaremborg, who included supportive remarks about the Bay Delta Conservation Plan in his general comments about the economy. In addition, Representative Duncan Hunter spoke to the crowd of more than 250 business, community and elected leaders about the federal budget and the impact of military defense cuts to the region.

EXTERNAL AFFAIRS

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

Legislative Deadlines—The Legislature adjourned the 2011/12 legislative session on August 31. Nearly 700 bills passed both houses. The Governor has until September 30 to sign, veto or allow a measure to become law without his signature.

Delta-Related Legislation—As witnessed every year since passage of the 2009 Delta Reform Act, legislators from the Delta region have attempted to revise elements of the historic Delta package. This year alone, Metropolitan helped organize the response to prevent seven separate measures by Assembly Members Joan Buchanan (D-San Ramon), Alyson Huber (D-El Dorado Hills) and Bill Berryhill (R-Lodi).

Department of Fish and Game Reform—Pursuant to AB 2376 (Huffman, D-San Rafael) chaptered in 2010, the Department of Fish and Game convened a Strategic Visioning process over the past two years to identify opportunities to improve the function and performance of the Department. AB 2402 (Huffman, D - San Rafael) and SB 1148 (Pavley, D-Agoura Hills) incorporated recommendations from the Strategic Visioning discussion to clarify the responsibility and authority of the DFG, as well as identify revenue options to sustain the DFG. To ensure the Department of Fish and Game has the ability and resources to ensure successful completion of the Bay Delta Conservation Plan, Metropolitan supported the measures.

Cap-and-Trade Regulation—The California Air Resources Board adopted regulations in December 2011 to implement AB 32, the California Global Warming Solutions Act. Metropolitan was the only California water utility categorized as an electrical marketer under those regulations, and unlike other regulated parties, was not awarded free allowances to mitigate price impacts on its ratepayers. This past year, Senator Alex Padilla (D-Pacoima) authored SB 1535 to encourage CARB to identify more equitable treatment for Metropolitan.

Pension Reform—The Legislature approved a two-bill pension reform package, AB 340 (Furutani, D-Long Beach) and AB 197 (Buchanan, D-Castro Valley), designed to cut costs for public pensions at the state and local level.

Local

During September, Metropolitan directors, staff and member agency representatives continued to brief members of the Southern California Congressional

delegation on the Bay Delta Conservation Plan, including Representatives Royce and Berman.

The General Manager, Bay Delta Initiatives Manager and other staff provided BDCP presentations throughout the month to various member agencies, water organizations and community groups, including a presentation to ACWA Regions 8, 9, and 10.

Federal

- On September 19, the Senate Energy and Natural Resources Subcommittee on Water and Power held a hearing on S. 3265 (Murkowski, R-AK) which would bar FERC from collecting land-use fees for hydropower projects no longer located on federal land. The subcommittee also debated H.R. 2842 (Tipton, R- CA) passed by the House in March. H.R. 2842 would fast-track permitting for small hydropower installations in canals and pipelines by minimizing environmental reviews. Metropolitan staff continues to monitor these measures.
- On September 20, staff attended a House Natural Resources Committee Oversight Hearing on the implications of U.S. Energy Secretary Steven Chu's proposals to reform the role of Power Marketing Administrations in developing and achieving renewable energy development. The Secretary's proposal is being carefully reviewed by public agency energy users and providers throughout many regions of the United States, including Southern California.
- Also on September 20, staff attended a Senate Environment and Public Works Committee hearing about the need for a Water Resources Development Act (WRDA). Congress has fallen behind in the goal of passing a WRDA every two years. The last WRDA passed in 2007. During the hearing, Senator Barbara Boxer (D-CA), Chair of the Full Committee, announced her intent to move forward with a WRDA markup during the upcoming Lame-Duck Session. Metropolitan has been working with other California Stakeholders to encourage Senator Boxer to accept a number of proposals and clarifications.
- On September 30, staff attended a House Homeland Security Appropriations Subcommittee hearing that discussed the Department of Homeland Security's Chemical Facility Anti-Terrorism Standards, or CFATS, program. The hearing was a continuation of a hearing the committee began before the August recess and underscores renewed Capitol Hill scrutiny of CFATS. House appropriators proposed cutting the CFATS budget by roughly half earlier this year. The six-month continuing resolution for the budget passed by the House maintains current spending levels.

EXTERNAL AFFAIRS

Continue to develop and manage public information and education programs in coordination with member agencies to convey clear and consistent messages about Metropolitan's mission and other issues, including water supply/delivery, resource planning, water quality protection and conservation

Media

- Arranged placement of General Manager Kightlinger's editorial concerning water issues in the Sacramento-San Joaquin Delta on in the Los Angeles Daily News, Torrance Daily Breeze and Long Beach Press-Telegram.
- Coordinated interview with Assistant General Manager Patterson and Daily Journal reporter for a story about a federal Ninth Circuit Court of Appeal hearing involving litigation related to biological opinions in the Sacramento-San Joaquin Delta.
- Arranged interview with Metropolitan water quality staff and reporter for Stateline.org Internet news outlet regarding Metropolitan's ongoing efforts to control the spread of quagga mussels in the distribution system.

- Issued press release about Thomas S. Babcock seated as a new member of the Metropolitan Board of Directors representing the city of Fullerton.
- On September 20, staff held a joint meeting of the Member Agency Public Information Officers and Legislative Coordinators to brief them on the Bay Delta Conservation Plan and related outreach efforts, as well as to share information about the Members Agencies recent activities.

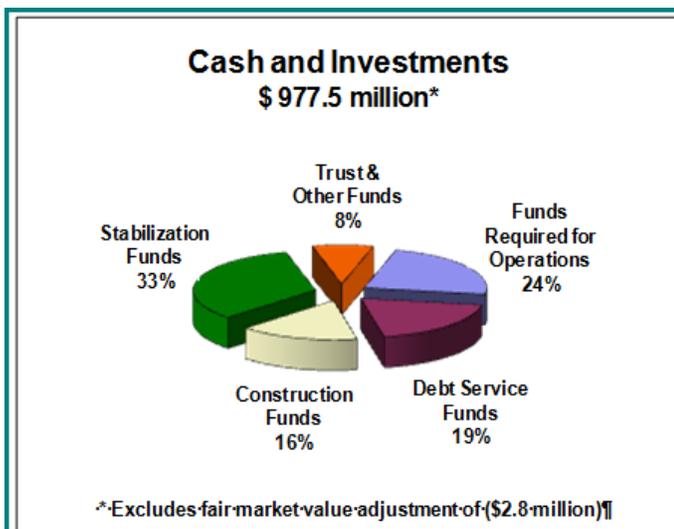
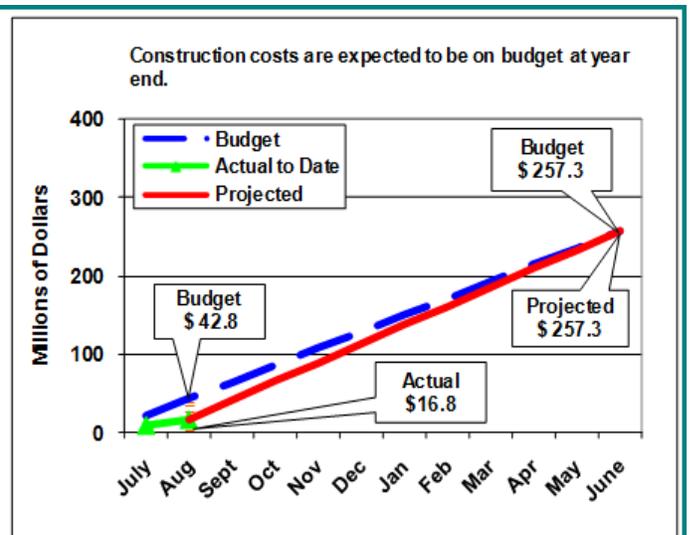
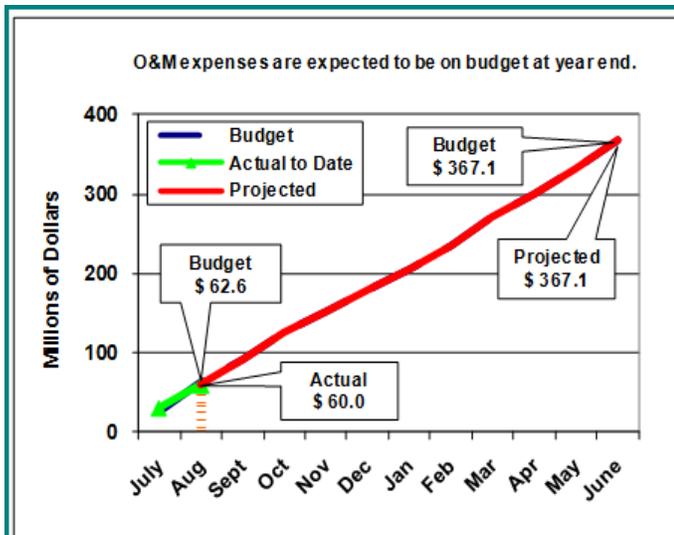
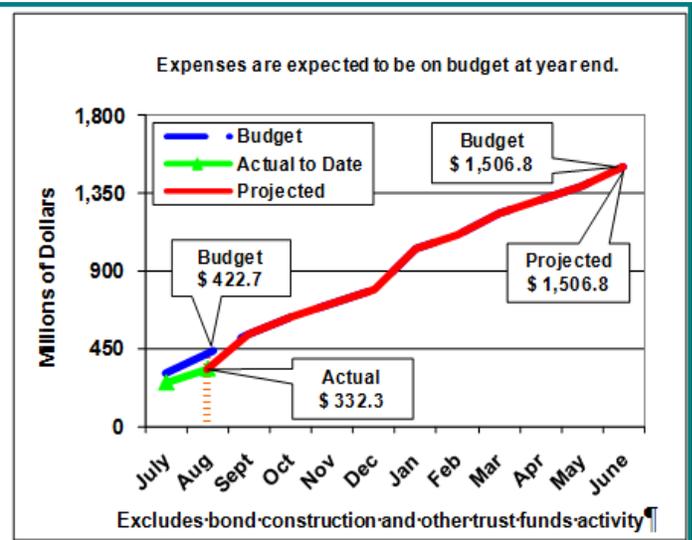
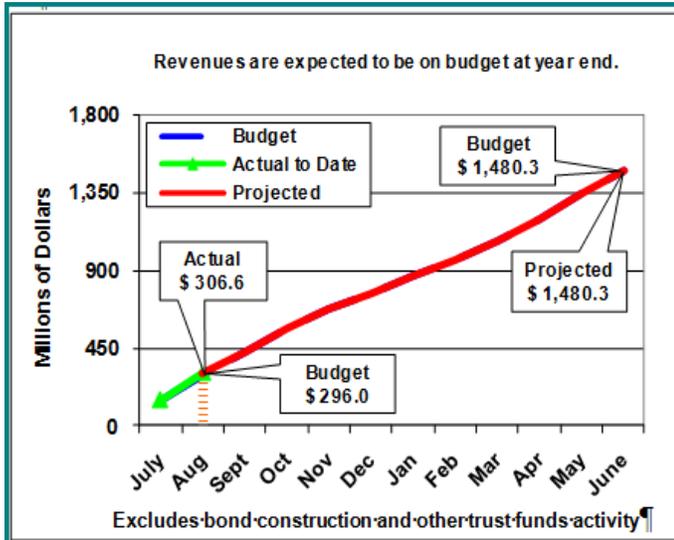
Education

- There were over 700 unique visits to the Education website during the first week of September.
- On September 27, staff held a meeting of the Member Agency Education Coordinators to share information on Metropolitan's current education programs as well as to learn about various member agency and retail agency education programs.
- Diamond Valley Lake Education Program: Staff held three DVL Teacher Orientations for the 2012-13 program years. Over 60 teachers attended the workshops.

Coordinate communication and outreach to various stakeholders (including local government agencies and utilities) regarding water supply system operations and maintenance; water quality protection and water treatment; infrastructure replacement, refurbishment and development; and emergency management

- Staff coordinated and participated in a pre-construction meeting with City of Riverside staff to discuss the Upper Feeder Cathodic Protection System Project.
- Staff coordinated and participated in a meeting with City of Long Beach staff regarding inspection, traffic and construction matters related to the Bixby Ranch Valve Replacement Project.
- Staff coordinated and distributed 120 notices to residents regarding the paving project at San Joaquin Reservoir.
- Online search on Google Search and the Google Content Network continues this month. Links to bewaterwise.com appear when keywords such as "water," "California weather," and "water rebates" are searched for by Southern California users.
- Over 31,000 people visited bewaterwise.com in August. Nearly 20,000 people visited bewaterwise.com between September 1-17.

AS OF AUGUST 31, 2012



Summary Financial Statistics

	Target	Year-End Projected
Fixed Charge Coverage	≥ 1.20 x	1.15 x
Revenue Debt Service Coverage	> 2.00 x	1.63 x
Revenue Bond Debt / Equity Ratio	< 100.0%	69.9%

Credit Ratings

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

CHIEF FINANCIAL OFFICER—MANAGE FINANCES FOR LONG-TERM STABILITY AND SUSTAINABILITY**Effectively manage costs and communicate the results of Metropolitan's budget to meet Board policies and objectives**

Staff filed Metropolitan's 2012-14 Biennial Budget with the Los Angeles County Auditor-Controller, in accordance with California Government Code 53901.

CHIEF FINANCIAL OFFICER—FINANCIAL MANAGEMENT**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.

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. Review of internal controls for the period ending June 30, 2012 is in process.

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

During September, Metropolitan issued \$60 million of Water Revenue Refunding Bonds to realize cost savings and reduce certain risks associated with managing the variable rate debt portfolio. The transaction is expected to close on October 4, with net present value savings anticipated to be \$3.85 million through 2029. The refunding bonds were issued at an all in true interest cost of 2.56 percent.

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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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