



GENERAL MANAGER'S MONTHLY ACTIVITY REPORT NOVEMBER 2012

November 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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Binational Cooperation over the Colorado River

On November 20, an agreement was made between the United States and Mexico regarding the interim international measures addressing Mexico's Colorado River deliveries and storage through 2017. This event heralds a new era of cooperation among users of the Colorado River in both the United States and Mexico. This agreement recognizes that management of the Colorado River is most effective when the two countries jointly manage the river's available resources.

Under the measures announced, Metropolitan joins with agencies in Arizona and Nevada to forge an historic partnership with Mexico. This collaboration will provide critical funding for conservation projects in Mexico that will provide supply benefits for years. In exchange, the funding agencies will receive water that will be stored in Lake Mead to help meet future water supply needs. The measures also set the stage for the next step in the development of additional conservation projects with Mexico.



BAY-DELTA INITIATIVES-PROGRESS ON BAY DELTA CONSERVATION PLAN**Complete the final Bay Delta Conservation Plan and the associated Environmental Impact Report/Environmental Impact Statement**

Bay Delta Conservation Plan (BDCP)—On November 29, the Natural Resources Agency held a public meeting on the Bay Delta Conservation Plan. Updates were provided at the meeting on the proposed project and responses to fishery agencies' comments; the development of the Decision Tree on certain operations criteria; and the preparation of a comprehensive cost/benefit analysis for the program. Discussions continue between state and federal agencies on the next steps for completing the BDCP, including the schedule and process for public review of the Habitat Conservation Plan/Natural Communities Conservation Plan and Environmental Impact Report/Environmental Impact Study.

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

Delta Stewardship Council—The Delta Stewardship Council (Council) held a meeting on November 15, which included updates on the Delta Plan Interagency Implementation Committee, a review of near-term strategies for implementation of the Delta Plan, the Council's approach for BDCP EIR review, and the development of the Delta Science Plan. On November 30, the Council released the final draft of the Delta Plan (which is similar to the seventh draft released in September 2012 with some minor changes). Also on November 30, the Council released a draft EIR that will use the final draft Delta Plan as its preferred project, and a package of documents to support the Office of Administrative Law process to review regulatory policies. All documents have a 45-day comment period. On this timeline, the earliest that the Council could vote to finalize the Delta Plan and certify the EIR is April 2013.

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—The California Department of Water Resources is expected to release their draft Emergency Preparedness, Response and Recovery Plan for public review in early 2013 and issue the final report in June 2013. The document is being prepared in coordination with California Emergency Management Agency, the Federal Emergency Management Agency, the U.S. Army Corps of Engineers, the U.S. Bureau of Reclamation, state and federal water contractors, and other state and federal agencies.

DWR invited staff to attend an in-house review of operational tools and to provide input on planned emergency response under major flood and seismic emergencies. Tools include the Emergency Response and Recovery model, which predicts assets required and available for response, and the Water Analyses Model, which predicts hydrodynamic phenomena associated with major levee breaches.

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:

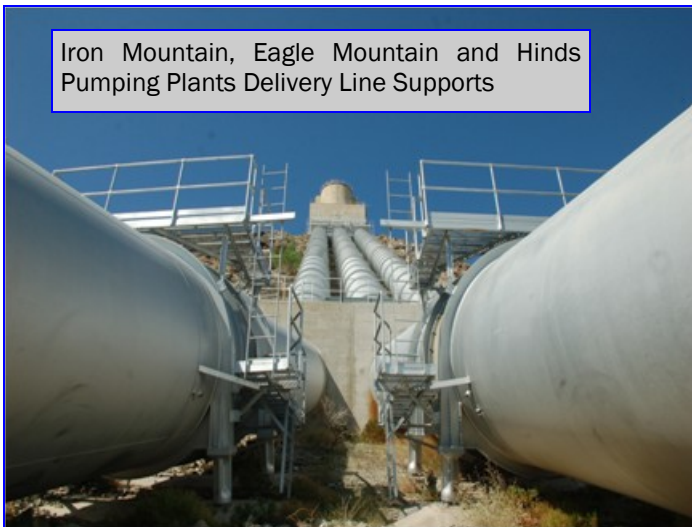
- Eastern Region PCCP Joint Modification 2012—This project will modify six PCCP segments on four pipelines (the Auld Valley Pipeline, Lake Skinner Outlet Conduit, and San Diego Pipelines Nos. 4 and 5). A construction contract was awarded by the Board in August 2012.
- Sepulveda Feeder PCCP Joint Modification 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.

Colorado River Aqueduct Reliability Programs

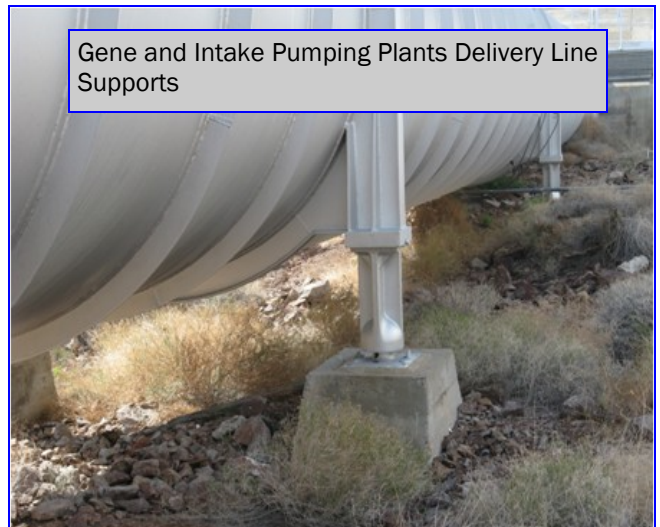
These programs were established to maintain reliability of the Colorado River Aqueduct. Recent activities include the following:

- Pumping Plant Standby Generator Replacement—This project will replace the 50-year-old generators which are nearing the end of their service life. The new installations will be relocated, and ancillary facilities will be upgraded to meet current fire codes and environmental regulations.
 - Eagle Mountain Pumping Plant—Construction was complete in April 2012.
 - Hinds Pumping Plant—Construction is 18 percent complete and is scheduled to be complete by August 2013.
 - Iron Mountain Pumping Plant—Final design is 90 percent complete and is scheduled to be complete by January 2013.
 - Gene Pumping Plant—Preliminary design is 30 percent complete and is scheduled to be complete by August 2013.
 - Intake Pumping Plant—Preliminary design is 30 percent complete and is scheduled to be complete by July 2013.
- Danby Towers Foundation Rehabilitation—This project will rehabilitate electrical transmission tower foundations along the Danby Dry Lake near Iron Mountain Pumping Plant. A construction contract was awarded in October 2012. Construction is four percent complete and is scheduled to be complete by June 2013.
- Copper Basin Reservoir Outlet Structure Rehabilitation—This project will rehabilitate outlet gates that control flows from the reservoir to the CRA. Construction is 50 percent complete and is scheduled to be complete by June 2013.

Iron Mountain, Eagle Mountain and Hinds Pumping Plants Delivery Line Supports



Gene and Intake Pumping Plants Delivery Line Supports



ENGINEERING SERVICES-INFRASTRUCTURE RELIABILITY**Continue...Manage high priority projects on Metropolitan's conveyance and distribution system to maintain reliability, comply with regulations, and improve operating efficiency**Conveyance and Distribution System Programs

These programs were initiated to maintain reliable water deliveries through specific repair and rehabilitation projects on Metropolitan's pipelines, reservoirs, and control structures. Recent activities include the following:

- Eagle Rock Tower and Puddingstone Spillway Gates Rehabilitation—This project will replace the single radial gate at Puddingstone with two slide gates and will rehabilitate five corroded slide gates at Eagle Rock Tower. Construction is 40 percent complete and is scheduled to be complete by February 2013.
- La Verne Shops Upgrades—This project will replace shop equipment and upgrade the shop buildings to enhance Metropolitan's ability to respond to emergencies and efficiently perform operations and maintenance activities. This project is being executed in four stages. Stages 1 & 2 are complete. The coating shops are being upgraded in Stage 3, which is scheduled to be complete by February 2013. The final stage includes construction of an extension to the Machine and Fabrication Shop Buildings and procurement of new equipment. This work is 5 percent complete and is scheduled to be complete by December 2013. [\(see photo below\)](#)

Treated Water Cross Connection Prevention Program

This program was established to relocate a total of 300 air release and vacuum valves from underground vaults to above-ground sites to prevent potential cross connections. The final construction contract (out of a total of 12 contracts) was complete in November 2012, bringing the program to conclusion.

**Manage high priority projects on Metropolitan's water treatment plants to maintain reliability, comply with regulations, and improve operating efficiency**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)—A construction contract was awarded in June 2012, and the contractor has mobilized on site. Construction is six percent complete and is scheduled to be complete by early 2016.
- ORP Switchgear Building—This building houses 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. Emergency generator commissioning is ongoing. Construction is 97 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:

Weymouth Plant

- Washwater Reclamation Plant Upgrades—This project replaces worn-out equipment in the washwater reclamation plant. Construction is 52 percent complete and is scheduled to be completed by mid-2013. The procurement process for sedimentation drive shaft assemblies commenced in October 2012 and for flocculation drive shaft assemblies in November 2012.

Skinner Plant

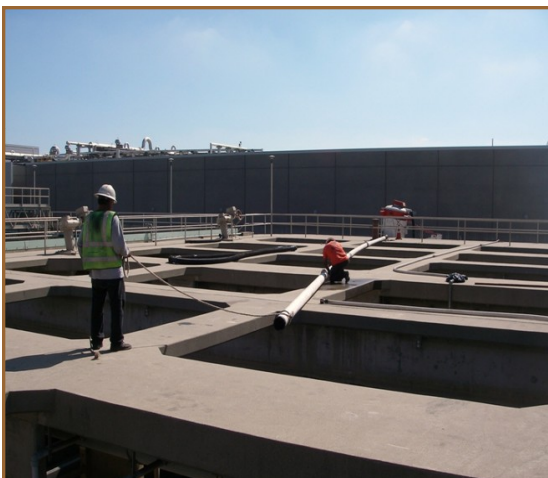
- Electrical Building and Ground Fault Protection Upgrades—This project upgrades the electrical equipment and ground fault protection systems in 12 electrical buildings. Construction by Metropolitan forces is 45 percent complete and is scheduled to be complete by mid-2014.

Jensen Plant

- Jensen Filter Outlet Chlorination Capacity Increase—This project increases the Jensen plant's post-filtration chlorination capacity to generate adequate chloramine residuals. Construction is 88 percent complete and is scheduled to be complete by February 2013.

Diemer Plant

- Finished Water Reservoir and East Washwater Tank Seismic Upgrades—This project installs caissons and strengthens floor slabs to stabilize the Finished Water Reservoir during an earthquake and constructs shear walls to support the foundation of the East Washwater Tank. Bids were opened in November 2012, and a request to the Board to award a construction contract is planned for December 2012.
- Filter Media Replacement—This project replaced anthracite and sand filter media to prevent the release of manganese into the treated water after the Diemer plant converts to ozone disinfection. Construction was completed in November 2012.
- Yorba Linda Power Plant Modifications—This project replaces the existing impulse turbine with a Francis-type turbine; modifies the turbine housing; and replaces aging equipment. Final design for installation of the new turbine is 60 percent complete and is scheduled to be complete by July 2013.



Diemer Plant Filter Media Replacement

ENGINEERING SERVICES

Continue to monitor consumption of nonrenewable energy and fuels, and minimize greenhouse gas emissions

Diemer ORP Energy Efficiency Design Award—Metropolitan received an energy efficiency incentive payment from Southern California Edison in November 2012, in the amount of \$330,230. This incentive payment was based on Metropolitan's participation in SCE's Savings by Design Program. Savings by Design is a state-wide program funded by utility customers through the Public Purpose Programs surcharge applied to gas and electric services. The program provides monetary incentives to owners or developers who implement energy efficient systems which exceed Title 24 standards, which is part of the California Energy Code for reduction of California's energy consumption.

Metropolitan submitted an application for the Diemer Oxidation Retrofit Program project to the Savings by Design Program. SCE worked with Metropolitan to review energy-efficiency calculations and designs, and to inspect the constructed facility to verify installation. This project incorporates a number of energy-efficient systems, including:

- Energy-efficient internal lighting systems
- Variable frequency drive pumps on the condenser and cooling water systems
- Energy-efficient ozone generation equipment

Engineering Managers Member Agency Forum

On November 15, 2012, Engineering Services hosted a forum of member agency engineering managers at the Weymouth water treatment plant in La Verne. This forum included representatives from 15 Metropolitan member agencies and provided an opportunity for Metropolitan and its member agencies to discuss common engineering and technical-related issues and solutions. A representative from Eastern Municipal Water District presented that agency's innovative capital project scheduling and reporting tools, and representatives from J.F. Shea Co., Steve P. Rados, and Butier Engineering participated in a panel discussion on issues currently being faced by contractors and industry trends. Metropolitan staff presented an update on the Bay-Delta Conveyance Program and Engineering Services Group's succession planning efforts, and followed up with a tour of the Weymouth plant and machine shops.

WATER RESOURCE MANAGEMENT**Ensure cost-effective and reliable imported water supplies**

Water Utility Climate Alliance—Staff attended the Water Utility Climate Alliance’s annual retreat to advance work and research in climate change impacts adaptation. Ten of the nation’s largest water utilities have partnered to strengthen relationships within the water community and with climate scientists, engage in federal climate programs, pursue flexible and adaptive regulations, leverage talent and funds, and encourage innovative climate solutions. The Climate Alliance will continue its work on decision support and utility vulnerability and begin a new initiative to collaborate with various key industries on extreme event preparedness.

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

Lodi Energy Center—The Northern California Power Agency's Lodi Energy Center began commercial operations in November 2012. It has been described as the cleanest and most efficient combined-cycle natural gas-fueled power plant in the state of California, if not the nation. Metropolitan staff had early discussions with the Power Agency that led to the Department of Water Resources entering into a long-term contract for one-third of the 296 megawatts of power from the Energy Center to enhance its State Water Project power portfolio. In addition to its relatively low cost for fuel to produce electricity, the plant has a “fast-start” turbine that provides for quicker startup time - a service that will be increasingly valuable as California expands its use of intermittent renewable energy.

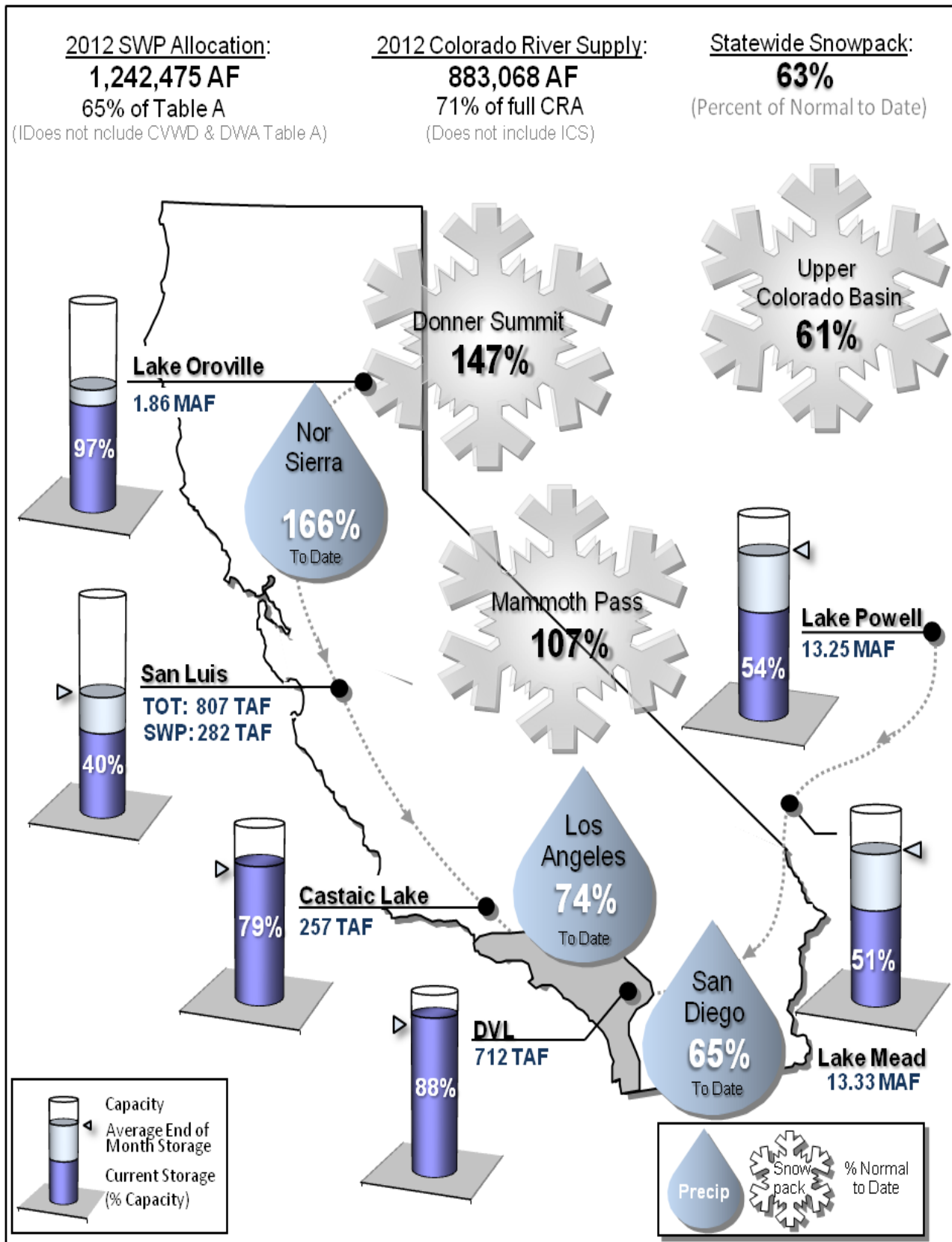
Implement the Local Resources Program and Conservation Program effectively

Industrial Water Conservation Project—Staff attended the dedication ceremony for Boeing’s industrial water conservation project in Huntington Beach. With Metropolitan’s incentive of \$75,850, the project will save approximately 50 acre-feet per year by using treated groundwater for cooling instead of potable water.

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

CalDesal Conference - Metropolitan co-sponsored and participated in CalDesal’s First Annual Conference entitled “Building a Foundation Toward a Sustainable Desalination Policy.” Conference sessions were held in both Sacramento and Irvine. Panelists included leaders from the water and desalination industries, as well as state agencies, scientists, non-governmental organizations, private companies and other stakeholders. The panelists covered an array of topics related to desalination policy, including in-depth discussions on the intersection of science and policy.

WATER SUPPLY CONDITIONS AS OF NOVEMBER 30, 2012



WATER SYSTEM OPERATIONS—SYSTEM RELIABILITY

Operate system reliably

System Operations delivered approximately 150,000 acre-feet of water to meet member agency demands in November, which averaged approximately 5,000 AF per day. Treated water deliveries for November totaled 70,000 AF, or 47 percent of total deliveries for the month. Additionally, 6,000 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 November 30 totaled 269,000 AF.

The Colorado River Aqueduct flow remained at a one-pump flow (225 cubic feet per second). State Water Project imports averaged 4,000 AF a day in November. From January 1 to November 30, State Water Project deliveries totaled 1.21 MAF.

Storage at Diamond Valley Lake decreased slightly to 88 percent of full, as deliveries from DVL continued to meet Lake Skinner area demands. System Operations

made several system changes in the middle of the month to support blend changes at the Weymouth and Diemer plants. These changes balanced 40 percent State Water Project blends to both treatment plants and allowed increased electrical generation at the San Dimas Hydroelectric plant.

System Operations continued to maximize power generation throughout the month. In November, Metropolitan's hydroelectric plants generated an average of 44 megawatts for a total of 31,700 megawatt-hours. System Operations staff coordinated with several agencies regarding shutdowns in the Lake Skinner area and the Box Springs Feeder shutdown in early December for the California Department of Water Resources to install a bulkhead on the Santa Ana Valley Pipeline. This shutdown will allow DWR to repair distressed portions of their pre-stressed concrete cylinder pipe on the upper reaches of the Santa Ana Valley Pipeline.

Optimize maintenance

Colorado River Aqueduct

During routine inspections at the Gene pump plant in July, staff discovered a failed support assembly for one of the delivery lines. Staff immediately re-installed the adjustable support and began an in-depth inspection of all remaining supports for the delivery lines at each of the five Colorado River Aqueduct pumping plants. It was determined that many of the mounting bolts, which maintain the alignment of the rocker assembly, had begun to show signs of failure in several locations at each pump facility. Approximately 1,000 bolts were collectively replaced over a three-day period by a contractor and Metropolitan staff, utilizing portable hydraulic equipment to lift the 120-inch pipes. The supports are designed to accommodate movement within the delivery lines which occurs during temperature changes and routine pumping operations. Staff made all necessary operational changes to support the rehabilitation procedures at each facility with no impacts to system deliveries.



Broken support assembly at pump plant delivery line at Gene



Replacement of support bolts on CRA pump plant delivery lines

WATER SYSTEM OPERATIONS—SYSTEM RELIABILITY

Optimize maintenance

Distribution System

- A four-day shutdown of the Santa Monica Feeder began on November 5. During this shutdown, Metropolitan crews replaced shutoff valves at 14 pipeline structures and also replaced the hand control assemblies on hydraulically operated valves along the feeder. Immediately following the shutdown, Metropolitan crews installed a 12-inch temporary bypass line joining the Santa Monica Feeder with the Glendale turnout pipeline for a Glendale service connection. *(photo on right)*
- As part of the distribution system reliability and emergency preparedness efforts, staff fabricated 29 steel pipe sections and fittings, also known as “spools,” in varying sizes to be stored and used to replace valves when repair or refurbishment is required. When the valves are removed, the spools will be installed to keep water flowing through control structures and service connections.
- Coinciding with upcoming repairs on the Lower Feeder, staff is completing reassembly of the refurbished 42-inch conical plug valve that will be installed at the Bixby Street sectionalizing valve structure.
- To provide safer access and reduce dewatering time for shutdowns on the Lakeview Pipeline, staff is modifying an existing 18-inch diameter manhole to create a new 60-inch access structure. The work involves encasement of a portion of the pipe to provide for a protective foundation for the new structure. *(photos below)*



Working on new bypass for Glendale

Lakeview Pipeline manhole structure modification. Photo on the left shows the finished excavation with the manhole exposed. Photo on the right shows formwork and reinforcing steel prior to encasement.



WATER SYSTEM OPERATIONS—SYSTEM RELIABILITY

Support water resource program

Metropolitan completed several projects in support of the State Water Project this month. Staff repaired a critical crane at the Hyatt Power Plant and completed three of six isolation gates for the Oso plant.

Effectively manage power system requirements and optimize generation

On November 14, the California Air Resources Board held the first auction for greenhouse gas (GHG) allowances under the AB32 Cap and Trade Program. The final auction settlement price for 2013 allowances (allowances that can meet obligations of 2013 or later) was \$10.09 or 9 cents above the minimum price. All 23 million 2013 allowances were sold. CARB also auctioned 2015 allowances (allowances that can meet obligations of 2015 or later) at a final settlement price of \$10 which was the minimum allowed price. Approximately 5.5 million of the 39.5 million 2015 allowances were sold. Nearly \$290 million was raised through the auctions, with 96 percent of the allowances purchased by entities that have an obligation to do so as opposed to speculators or brokers. Metropolitan does not anticipate an allowance obligation in 2013 and therefore did not participate in the auction. The next auction is scheduled for February 2013.

On November 20, a federal working group released proposed recommendations that will be submitted to the Department of Energy's Secretary Chu on possible changes to the federal Power Marketing Administrations. The Western Area Power Administration (Western) is one of the PMAs and is responsible for the delivery of Metropolitan's Hoover and Parker energy for the Colorado River Aqueduct. Staff is reviewing the proposed recommendations and will continue working with other PMA customers to prevent any detrimental impacts on costs and operations of the PMAs and the associated hydropower facilities.

Improve security and emergency response

Staff attended the Water Sector InfraGard meeting on November 15. The meeting provided participants with several suggested "Water Security Tools" and a summary of how these tools can be used by emergency and business continuity professionals to facilitate preparedness and mitigation tasks. Representatives from the Joint Regional Intelligence Center provided an overview of the services that they provide such as risk assessments, vulnerability assessments, and emergency response plan review. It was suggested that agencies update their Emergency Response Plans every three years to reflect changes in policies or risk mitigation measures.

Staff attended the Homeland Security Exercise and Evaluation Program Training Course the week of November 26. The training course familiarized participants with Homeland Security's methodology and tools. Participants learned about topics including program management, design and development, exercise conduct (discussion and operations-based), evaluation, and improvement planning. The course walked participants through the toolkit with an emphasis on creating a tabletop exercise.

Develop workforce

The Water System Operations Apprentice and Technical Training Unit provides trained, qualified employees to maintain Metropolitan's water treatment and distribution systems. The Class of 2013 mechanical apprentices visited the Rio Hondo Pressure Control Structure to go over pilot control valve operations, adjustments, maintenance, and troubleshooting. The class also visited the La Verne Valve Shop to learn about large valve maintenance, construction, and design of valves used in Metropolitan's distribution system.

Storage

	11/30/12 Storage (AF)	Percent of Capacity
DVL	713,642	88%
Lake Mathews	114,996	63%
Lake Skinner	39,859	91%

Useful information:

AF = acre-foot, the volume of water to cover an acre of land, one-foot deep.

Approximately 326,000 gallons of water, serves annual needs of two typical California families.

TAF=thousand acre-feet

WATER SYSTEM OPERATIONS—WATER QUALITY, ENVIRONMENTAL, & SAFETY

Protect source water quality

Water Quality staff continues to monitor levels of the taste-and-odor compounds 2-methylisoborneol (MIB) and geosmin in its source water reservoirs. MIB and geosmin levels have declined but Lake Skinner still has levels of these two taste-and-odor compounds above background.

Optimize water treatment and distribution

State Water Project target blends at the Weymouth, Diemer, and Skinner water treatment plants were 40, 40 and 70 percent, respectively. Earlier in the month, the Skinner plant used ozone and hydrogen peroxide to help remove taste-and-odor compounds produced by algae in Lake Skinner. Flavor profile samples from water treatment plants were rated acceptable to date and no consumer complaint has been received.

Flow-weighted running annual averages for total dissolved solids for October 2011 through September 2012 were 447, 435, and 372 mg/L for Diemer, Weymouth, and Skinner treatment plants, respectively.

Fully comply with water quality, safety, and environmental regulations

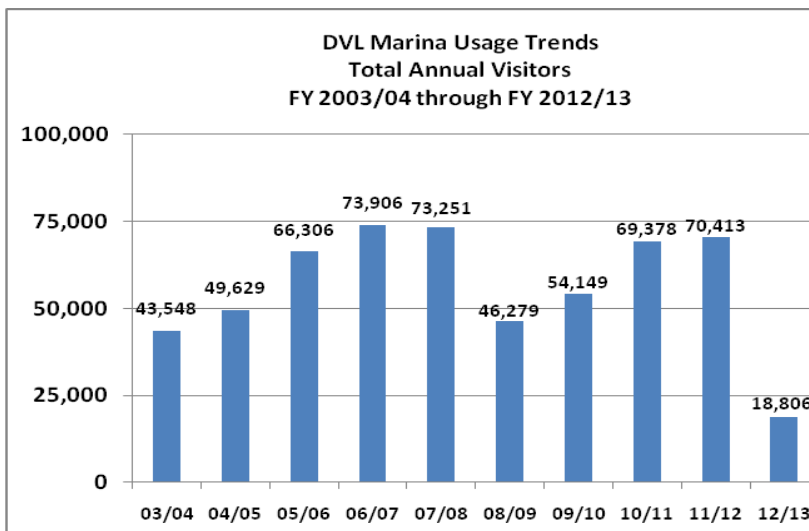
Metropolitan complied with all water quality regulations and primary drinking water standards during the month of November.

On November 8, the Los Angeles Regional Water Quality Control Board adopted the new Municipal Separate Storm Sewer System (MS4) Permit. Metropolitan conducts pipeline dewatering activities for shutdowns under the MS4 permit in Los Angeles County. By working with LA Control Board and providing input on the tentative permit, Metropolitan was able to ensure that Metropolitan's operational dewatering needs were addressed. Metropolitan staff presented a letter to the LA Control Board thanking them for addressing our operational concerns related to pipeline dewatering discharges.

Provide technical support to member agencies

Staff worked and participated in a Southern California Water Committee and American Water Works Association California-Nevada Section-hosted webinar on the “State of the Science on Chromium VI” on November 14. The presentation reviewed research on the mode of action and risk assessment regarding the current federal (100 parts per billion) and state (50 ppb) drinking water standards for chromium.

REAL PROPERTY DEVELOPMENT AND MANAGEMENT



REAL PROPERTY DEVELOPMENT AND MANAGEMENT

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

- An entry permit was issued to Southern California Edison allowing access and construction of a substation at the Weymouth water treatment plant. This upgrade to existing electrical facilities will support Metropolitan's Ozone Retrofit Program. An amendment was also issued to extend the term.
- A lease amendment was granted to Urban Park Concessionaires to extend the term for the operation, management, and maintenance of the Diamond Valley Lake Marina and Lakeview Trail.

Pursue development of the Diamond Valley Lake area, including the Visitor 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 13 months' rent on the percentage lease with Urban Park Concessionaires for the operation of the DVL Marina and the Lakeview Trail. The \$79,434 received represents seven percent of the October 2011 through October 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 566,000 visitors at its marina facilities and 136,000 private boats have launched since the 2003 public opening.

BUSINESS TECHNOLOGY

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

Support of member agencies, State of California, and the Southern California Business and Veteran Business Communities:

- Staff and Director Larry Dick attended a Veteran's Day program hosted by the State of California's Disabled Veteran Business Enterprise Alliance. The Alliance is composed of 900 certified DVBEs and is a strong resource partner in Metropolitan's outreach to Disabled Veterans.
- Introduced the NETConnect E-Procurement System, Small Business Enterprise Certification System, and Contract Compliance System to 120 representatives from California State Universities, City Governments, State Agencies, our Member Agencies, and other Government Agencies at PlanetBids Annual User's Conference.
- Participated in the San Diego Alliance and Service Disabled Veteran Owned Annual Small Business Outreach Event at Camp Pendleton. Over 300 Veteran Owned Businesses attended.
- Participated in the Connecting Point Expo and Conference sponsored by the California Small Business Association and the California DVBE Alliance.
- Supported the Los Angeles business community and the Los Angeles Department of Water and Power, with

participation in Architecture, Engineering, Information Technology, Environmental, and Legal Related Services Matchmaking Event and Expo hosted by the Los Angeles Mayor's Office and the City of Los Angeles.

Vendor Development, Training, and Certification:

- Partnered with the Inland Empire Utility Agency, the Inland Empire Small Business Development Center, and the City of Upland to present Business Outreach's Procurement class, *The Procurement Advantage – How to Do Business with Government Agencies*. Fifty business owners from a variety of business sectors were in attendance and were registered in Metropolitan's NETConnect system.
- Sponsored the National Latina Business Women's Association "Business Training Program" that includes members from the Los Angeles, Orange County, and Inland Empire organizations.
- Attended the Orange County Black Chamber of Commerce Networking Event with over 200 businesses.
- Attended the Southern California Gas Company event, *Turning Contacts Into Contracts for Veterans* with over 800 veteran, public, and private sector businesses.

BUSINESS TECHNOLOGY

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

Staff continuously develops and implements renovation, refurbishment, and client service projects to ensure the safe and efficient operation of Metropolitan's buildings. Activities completed for the month are:

- As part of the Headquarters' building reliability upgrade to the 12-year-old management controls system, air-handler controllers are on schedule for completion in December 2012 and replacement of the CO2 Controllers in the parking garage is on schedule for April 2013.
- The Fire Water Reservoir project was completed on November 24, 2012. The project was completed ahead of schedule and within budget. The system passed all acceptance tests and inspection approval was received from the Los Angeles Fire Department. All Headquarters building fire systems are fully operational.

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

- Our Legacy E-Newsletter series continues to be disseminated to all employees on a monthly basis. The series focuses on raising awareness about sustainability issues and encouraging positive 'green' behavior change. *Issue 72 - Green Holidays Can be Great Holidays* encourages employees to join in a "green spirit of giving" for one or more of the charities that are sponsored by different Metropolitan employee groups each year.

Deploy smart technologies and innovative business services to enhance efficiency

- Metropolitan was recognized by the Municipal Information Systems Association of California for the 2012-2013 Award for Excellence in IT Practices. MISAC is comprised of a professional group of California IT leaders from municipal and special government districts. Metropolitan was rated Excellent based on its practices in IT strategic planning and budgeting, purchasing, operations, customer satisfaction, project management, training, disaster preparation and recovery, policies and procedures.
- As part of Cyber Security Awareness month, Metropolitan's IT Security Manager Cheryl Santor presented at the Los Angeles Cyber Security Symposium sponsored by the City of Los Angeles and the Los Angeles Police Department. Ms. Santor discussed creative and practical ways to make IT systems safe and secure.
- Staff completed upgrades to Metropolitan's timekeeping system (WorkTech Version 5.1) in support of smart technology and innovative business services to enhance efficiency. As a part of the rollout, the web-based upgrade maintains software version currency, maintenance support and provides the foundation for future deployment of new capabilities (e.g., remote timekeeping approval).
- Staff deployed a new Telecommunication Expenditure Tracking System using a new application to assist Metropolitan's IT Telecommunication Team in tracking, monitoring and reconciling telecommunication expenditures. The new system will effectively monitor and track the large number of communication billings, usage and related data to allow for improved control and identification of potential mischarges.
- Staff is preparing to implement results from a District-wide Reprographics' Services study and has successfully renegotiated the price per copy charge with the reprographics leasing vendor; estimated savings are \$14,000 a year.
- Staff issued the Notice-to-Proceed as part of the construction phase of the wide area network to enhance the reliability of the communications and data link between the Colorado River Aqueduct facilities, the Operations Control Center in Eagle Rock, and Metropolitan's Headquarters Building in Los Angeles. The work is proceeding according to plan and the construction phase is scheduled to continue through the middle of 2013.

HUMAN RESOURCES—EMPLOYEE DEVELOPMENT

Foster learning and organizational development

- Delivered 20 classes to 255 attendees during the month. These classes included: Drug and Alcohol Awareness, Conflict Resolution, 5Choices to Extraordinary Productivity, Success Signals, and Writing: Key Principles of Clear Writing; Editing and Formatting; Grammar and Punctuation.
- Representatives of universities with appropriate onsite and online academic programs participated in Education Fairs at Mills plant, Skinner plant and desert facilities during the month.
- Two internship requisitions are in the final stages of recruitment.

Foster management excellence

- Continued to provide in-person management coaching and consultations to three senior managers and one senior staff, as well as administering ongoing external coaching engagements for four managers.
- Management Development classes delivered this month included: Day 3 and Day 4 of New Manager Orientation, 5Choices to Extraordinary Productivity, and Reasonable Suspicion Training for Managers.
- Developed and delivered a full-day Water System Operations New Manager Orientation to 32 new and existing managers. Group, Section and Unit managers in WSO delivered portions of the day's topics ranging from Recognition, Feedback, Goal-setting, Health and Safety, and Leadership.

Manage Succession

Staff attended a meeting on STEM (Science, Technology, Engineering and Math) Workforce Development issues with federal agencies at California State University, Dominguez Hills on November 15. Participants discussed specific and general skills, knowledge and experience needed for the future workforce to make a successful transition into industry and government employment.

HUMAN RESOURCES—HUMAN RESOURCES EXCELLENCE

Acquire talent

As vacancies arise from the continuing trend of retirements, the Staffing Team is fulfilling staffing requests for varied positions within Metropolitan. The number of open recruitments for the month of November was 99. Twenty-one open positions were announced in a broad range of careers including administrative, management, engineering, operations and maintenance technicians, training specialists and lab technologists. Staff managed and conducted 68 interviews during this time period.

Ensure a high performance culture

Conducted four information sessions and several one-on-one coaching sessions for managers and employees who are implementing and deploying the new MyPerformance system and goal setting.

Control Workers' Compensation costs

- Conducted initial investigations on 15 injury incidents.
- Submitted 9 new claims to Metropolitan's workers' compensation claim administrator.
- Settlements were negotiated in 2 claims, finalized in 3 claims, and 9 claim files were closed.
- Conducted MedVan evaluations at Soto Street facility.
- Arranged 6 medical evaluations (DMV, medical surveillance, hearing conservation, etc.).
- Coordinated 4 random drug/alcohol tests at 2 facilities.
- Addressed 3 accommodation issues.

HUMAN RESOURCES—HUMAN RESOURCES EXCELLENCE**Provide proactive, swift, and consistent employee relations and positive labor relations**

- During the month of November, the Employee Relations Section, in conjunction with the Legal Department, concluded the fact-finding process with American Federation of State, County, and Municipal Employees Local 1902, arising from negotiations over the AFSCME Classification and Compensation Study. Metropolitan will now await the Fact-Finding Panel's non-binding set of recommendations on the negotiation impasse with AFSCME. The results of that process were just recently received and are being analyzed.
- The Employee Relations Section also completed an update of its Manager's Guide to Employee Relations, a handbook that was last updated in 2009. Employee Relations staff will begin distributing the updated Guide to new managers in December as part of the Metropolitan's New Manager's Orientation program

Identify, assess, and manage risk

- Risk Management completed a projected 94 risk assessments on contracts, including professional service agreements, construction contracts, entry permits, special events and film permits.
- The Risk Management Unit completed a projected 33 incident reports communicating instances of

Metropolitan property damage, liability, workplace injuries, regulatory visits and spills.

Manage total compensation

- HR Benefits processed open enrollment changes for plan year 2013 and provided confirmation statements to all eligible employees.
- HR Benefits developed a Summary Plan Wrapper that provides a summary of all health and voluntary benefits, including policy numbers, carrier contact, plan administrator details, and eligibility and enrollment guidelines, into a single guidebook for all employees.

Set high performance standards

Implemented modifications to the MyPerformance ratings to address bargaining unit concerns about Memorandum of Understanding language changes. Other elements of the MyPerformance process, including rating definitions, goal setting and performance competencies, remain unchanged.

EXTERNAL AFFAIRS

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

Informational Hearing: On October 15, the state Senate Select Committee on Delta Stewardship and Sustainability, chaired by Senator Lois Wolk (D-Davis), convened to hear testimony from a collaboration of Delta stakeholders, including Delta residents, farmers, environmental groups and water agencies, including Metropolitan and the Westlands Water District. Through a facilitated process funded by the California Department of Water Resources, Delta stakeholders identified 53 near-term projects, with an estimated total cost of \$770 million, that could start within the next five years. Proposed projects on the list are not intended to impact any statewide plans for water conveyance improvements in the Delta and include levee improvements, emergency response and management activities, Delta ecosystem restoration, water supply and quality improvements and research, education and economic development, among other projects.

Given that current funding is limited and future funding remains uncertain, the Legislative Analyst Office recommended that the proposed projects be prioritized for funding purposes. Most activities on the project list are in the conceptual stage and require studies and engineering analyses to more accurately determine feasibility and costs. Staff will continue to monitor activities related to the near-term project list and report back to the board.

Governor's Appointments

Governor Jerry Brown reappointed Director Linda Ackerman to the Santa Ana Regional Water Quality Control Board.

In addition, the Governor appointed Paul Helliker as Deputy Director of the Department of Water Resources. As Deputy Director, Helliker will be in charge of overseeing the department's Sacramento-San Joaquin Delta program. Helliker was general manager of Marin Municipal Water District from 2004 to 2012 and also served as Director of the California Dept. of Pesticide Regulation from 1999 to 2004. His appointment does not require Senate confirmation.

Federal

On November 15, staff attended a Senate Environment and Public Works Full Committee hearing on amending the Water Resources Development Act, during which Senator Barbara Boxer (Committee Chair) discussed a provision in the draft bill that would provide for financing for local water infrastructure projects, called Water Infrastructure Financing Investment Act and modeled after the successful Transportation Infrastructure Financing Act. Staff is reviewing the draft language and additional amendments for potential impacts/benefits.

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

- Issued press release about Director Vincent Mudd being seated as a new member of the Metropolitan Board of Directors representing the San Diego County Water Authority.
- Coordinated separate interviews with General Manager Kightlinger and Los Angeles Times, Associated Press and Union Tribune San Diego reporters for stories regarding Metropolitan's role in new five-year multi-state water agreement with Mexico.
- Arranged on-camera interview with Assistant General Manager/Chief Operating Officer Man and KNBC-TV Channel 4 News reporter for a story about heavy storm activity in Northern California and its impacts on state and region, including water supply.
- Provided information to *Water System Operator* magazine for a story about the Jensen water treatment plant based on the facility receiving the Phase IV President's Award from the American Water

Works Association. The award recognizes best practices and most efficient operations at water treatment facilities throughout the country.

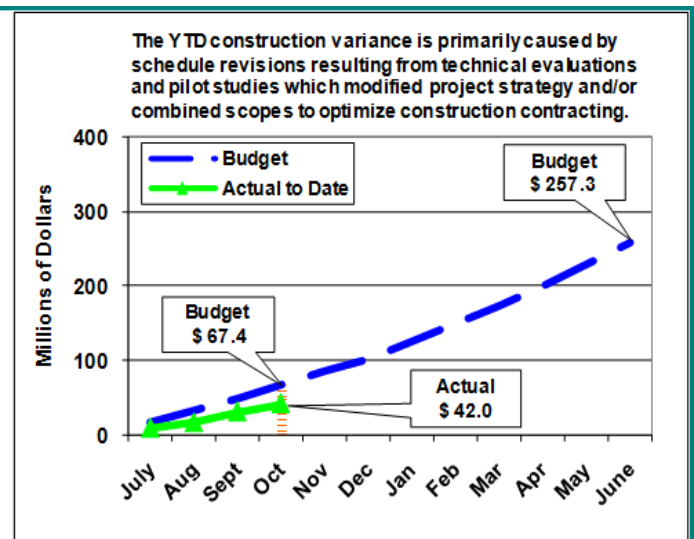
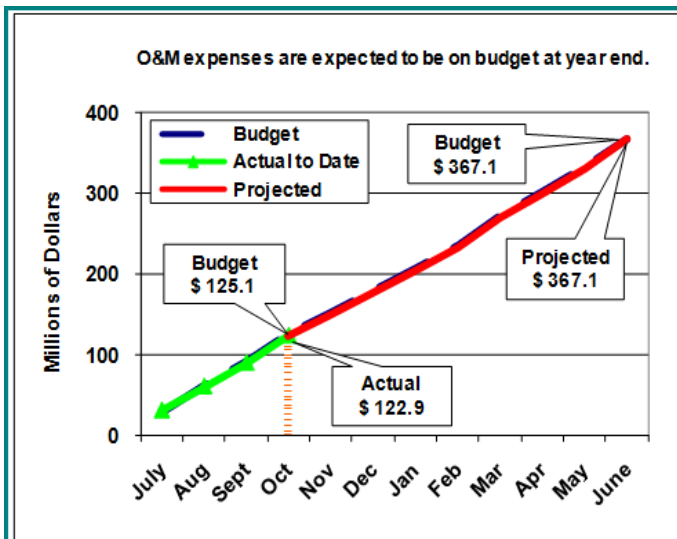
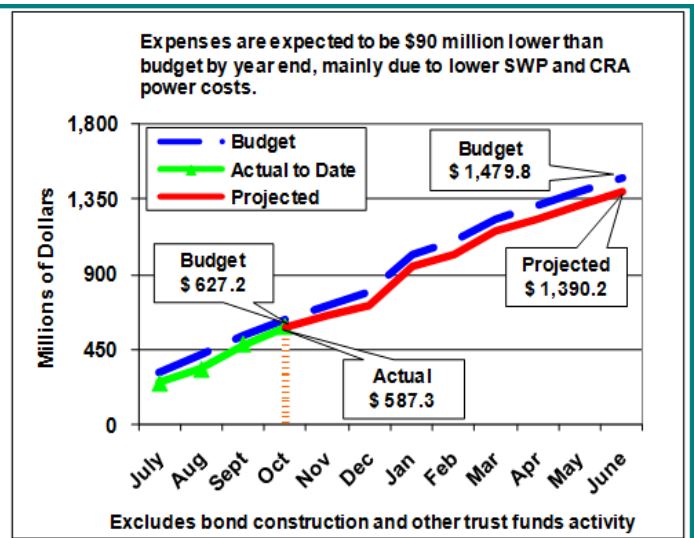
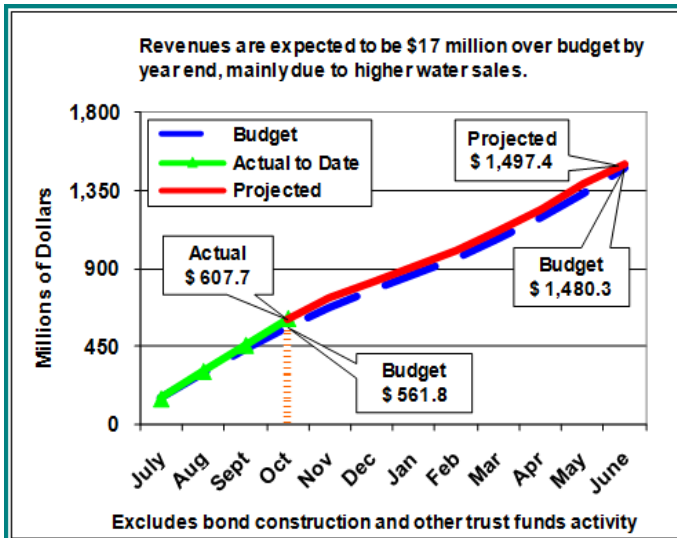
Education

- Conducted the World Water Forum College Grant Program Recognition and Progress Reports event at Metropolitan Headquarters on November 16 with World Water Forum Advisory Council members. The event also included a videotaped welcome from the WWF's honorary Chairperson Congresswoman Grace Napolitano (38th Congressional District).
- In preparation for the 2013 Solar Cup event, staff held two boat-building workshops—November 3 and 10 – at Three Valleys Municipal Water District. All 40 student teams participated and staff conducted a workshop for rookie (first-year participants) teachers and teams to provide background information on the program. Solar Cup is scheduled for May 17-19, 2013.
- Staff conducted eight field trips for more than 270 students in grades 4-5 from Hemet, Lake Elsinore, Menifee Union and San Jacinto Unified School districts. Staff worked with 240 K-8 student groups on four field trips with the Western Science Center. Staff also conducted training for the Diamond Valley Lake Docents that featured a presentation on the Bay Delta Conservation Plan.

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

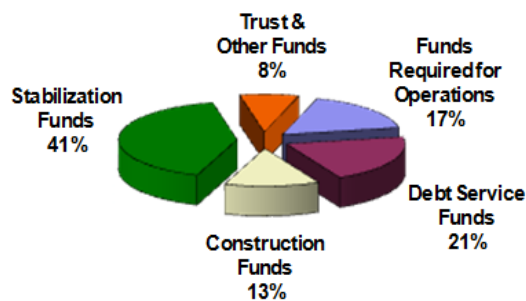
- Represented Metropolitan at the City of Claremont City Council meeting regarding the Thompson Creek Tree Removal Project. The City Council approved the project, which will remove trees that encroached on Metropolitan's Rialto Pipeline.
- Conducted outreach to approximately 50 residents and administrators at one elementary school in Riverside for the Cathodic Protection Project on the Upper Feeder.
- Online search on Google Search and the Google Content Network continued this month. Links to bewaterwise.com appear when keywords such as "water," "California weather," and "water rebates" are searched for by Southern California users.
- Nearly 28,000 people visited bewaterwise.com in October.

AS OF OCTOBER 31, 2012



Cash and Investments

\$ 1,027.5 million*



* Excludes fair market value adjustment of \$1.6 million

Summary Financial Statistics

	Target	Year-End Projected
Fixed Charge Coverage	≥ 1.20 x	1.43 x
Revenue Debt Service Coverage	> 2.00 x	1.87 x
Revenue Bond Debt / Equity Ratio	< 100.0%	72.3%

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**

Completed design and testing of an enhanced Budget Versus Cost system for reporting and analysis of performance against budget.

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 were 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, 2012. No material weaknesses were noted and management concluded that internal controls over financial reporting and information technology security were effective for the 12 months ended June 30, 2012.

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 November, Metropolitan issued \$112 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 December 27, with average annual savings anticipated to be \$511,000 through 2031. The refunding bonds were issued at an all in true interest cost of 2.78 percent.

Prudently manage the investment of Metropolitan's funds in accordance with policy guidelines and liquidity considerations

Staff continues to provide the necessary liquidity for Metropolitan's operational and capital expenditures with no loss of principal, no policy violations, while generating a portfolio return that exceeded the benchmark.

700 No. Alameda Street
Los Angeles, CA 90012
General No.: 213 217-6000
www.mwdh2o.com
www.bewaterwise.com

Metropolitan's Mission is to provide its service area with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way.

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

