

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA



GENERAL MANAGER'S MONTHLY ACTIVITY REPORT MARCH 2013

MARCH 31, 2013

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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APPRENTICESHIP AND TECHNICAL TRAINING PROGRAM

The Water System Operations Apprentice and Technical Training Program provides trained, qualified employees to maintain Metropolitan's water treatment and distribution systems. The Class of 2016 mechanical and electrical students participated in the Precision Measurement Lab (use of measurement devices) as part of their first period of instruction.



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)—In late February 2013, the California Natural Resources Agency (Resources Agency) released an updated study prepared by the Brattle Group that estimates the number of direct, indirect, and induced jobs that would be created by the construction and operation of the new water conveyance system and implementation of the habitat restoration measures of the Bay Delta Conservation Plan. The report considers both the jobs gained as a result of implementation of the BDCP conveyance and restoration actions as well as any job losses attributed to land conversion. Taken together, the report estimates that the BDCP would create 136,723 full-time equivalent jobs over the 50-year life of the permit. The complete report is available on the BDCP website.

On March 14, the Resources Agency released the first four of 12 preliminary draft chapters of the BDCP and a schedule for release of the remaining chapters. A public meeting was held on March 20 to review and discuss the chapters. Although the chapters have not been officially posted for public comment, staff is conducting a detailed review of the BDCP chapters. Additional chapters are scheduled for release on March 27 and the week of April 22.

BAY-DELTA INITIATIVES-BAY DELTA SOLUTIONS

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

Habitat Restoration—Progress continued in March on the Lower Yolo Bypass tidal marsh restoration project, which could create over 1,000 acres of both salmon and delta smelt habitat to meet the U.S. Fish and Wildlife Service and National Marine Fisheries Service requirements in their respective biological opinions. The State and Federal Contractors Water Agency (SFCWA) continues to develop final design documents and the flood modeling to support the restoration designs. The 50 percent design drawings are scheduled for review the second week in March. ICF International, the consulting firm assisting SFCWA with the preparation of regulatory permits for the project, is expected to file many of the regulatory applications by mid-March. SFCWA staff and consultants continue to meet with the property owner and its tenant to finalize an easement purchase agreement, which will address post-project irrigation and drainage, cattle grazing, and management of the restoration site. The Lower Yolo Bypass project's administrative Draft Environmental Impact Report is currently under revision, due to recent design changes and further evaluations of CEQA alternatives. The revised schedule is for the Draft EIR to be released for public review in April 2013, with certification of the Final EIR slated for June 2013.

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 meetings on March 28 and 29, during which Council staff is expected to present a review of public comments received on all draft documents, including the Final Draft Delta Plan, the draft EIR, and the draft rule-making package. If few changes are made, the Council expects to approve final documents in May 2013. The Office of Administrative Law would then have 30 days to approve or disapprove of the Council's proposed regulations. Under this schedule, the Council could start hearing appeals of "covered actions" in the Delta as early as July 1, 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—An evaluation of ground shaking in the Delta region under severe earthquake conditions, directed by staff and prepared by URS consultants, was presented to the California Department of Water Resources' Delta Working Group of emergency flood management agencies in March. The evaluation considered shaking from major faults beneath the Delta as well as the contributions of all faults in the central California region. Both analysis techniques indicated similar high ground shaking capable of causing severe damage to Delta levees. DWR has indicated they will consider the updated earthquake information reported by URS to assist in formulating conditions for a multiagency emergency response drill pursuant to their draft Delta Emergency Preparedness, Response and Recovery Plan. DWR is also reviewing sources of funding to enhance the U.S. Army Corps of Engineers participation in the multiagency drill to test response mechanisms of the recovery plan.

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:

- PCCP Electromagnetic Inspections—This project will inspect 163 miles of Metropolitan's PCCP lines over a five-year period. Inspection of approximately 8.1 miles of the Second Lower Feeder was completed in March 2013. Inspection of approximately 9.4 miles of the Sepulveda Feeder is scheduled to be complete by April 2013.
- PCCP Acoustic Fiber Optic Monitoring—This project will install real-time monitoring equipment to detect prestressing wire breaks on the Second Lower Feeder. Approximately 4.5 miles of acoustic fiber optic cable was installed in March 2013.
- Eastern Region PCCP Joint Modifications—This project modifies six PCCP segments on four pipelines. The work took place during four separate shutdowns.
 - San Diego Pipeline No. 5 – Construction was completed in October 2012.
 - Lake Skinner Outlet Conduit – Construction was completed in November 2012.
 - San Diego Pipeline No. 4 – Construction was completed in January 2013.
 - Auld Valley Pipeline – Construction was completed in March 2013.
- Sepulveda Feeder PCCP Joint Repairs—This project will repair the carbon fiber lining on one PCCP segment on the Sepulveda Feeder. Construction is five percent complete and is scheduled to be complete by May 2013.

Colorado River Aqueduct Reliability Programs

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

- CRA Main Pump Reliability Investigations—This project will evaluate major equipment and systems at each of the five CRA pumping plants. The investigations are 15 percent complete and are scheduled to be complete by July 2013.
- 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. Construction was completed in March 2013.
- Pumping Plant Standby Generator Replacement—This project will replace 50-year-old generators, which were 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 completed in April 2012.
 - Hinds Pumping Plant – Construction is 65 percent complete and is scheduled to be complete by August 2013.
 - Iron Mountain Pumping Plant – Final design was completed in February 2013. A request to the Board to award a construction contract is planned for July 2013.
 - Gene Pumping Plant – Preliminary design is 35 percent complete and is scheduled to be complete by September 2013.
 - Intake Pumping Plant – Preliminary design is 70 percent complete and is scheduled to be complete by May 2013.

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**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:

- Bixby Valve Replacement—This project will replace the existing deteriorated 42-inch valve on the Second Lower Feeder with a refurbished valve. Construction was completed in March 2013.
- West Valley Feeder No. 1 Valve Modifications—This project will rehabilitate deteriorated valve structures and relocate existing air release/vacuum valve assemblies from vaults to above-ground enclosures to prevent cross-connections. This project is being executed in three stages. Stage 1 addressed 42 structures and is complete. Under Stage 2, 11 valve structures will be rehabilitated. Final design has been completed and a request to the Board to award a construction contract is planned for May 2013. The future Stage 3 work will address the remaining eight valve structures.
- Etiwanda Pipeline Lining Repair—This project will repair portions of damaged mortar lining that have fallen off or become delaminated from the pipeline's interior surface. Final design of a pilot repair project is 60 percent complete and is scheduled to be complete by May 2013.
- Cathodic Protection—This project is for Installation of cathodic protection systems. It is a proactive and cost-effective measure to inhibit corrosion of underground pipes, thus reducing the risk of costly emergency repairs.
 - Allen McColloch Pipeline Cathodic Protection—This project will install anode wells and rectifiers at ten new sites and refurbish existing equipment at three sites. Preliminary design is complete, and a request to the Board to authorize final design is planned for April 2013.
 - Sepulveda Feeder (North) Cathodic Protection—This project will install anodes at 15 existing sites and 9 new sites on a 33-mile portion of the Sepulveda Feeder. Final design is complete and a request to the Board to award a construction contract is planned for June 2013.
 - Second Lower Feeder Cathodic Protection—This project will install 39 stray current drain stations along a 21.6 mile portion of the Second Lower Feeder. Final design is complete and a request to the Board to award a construction contract is planned for June 2013.

Hydroelectric Power Plant Improvements Program

This program was initiated to perform comprehensive rehabilitation of Metropolitan's hydroelectric power plants. The planned work will address operating deficiencies, bring the facilities into compliance with up-to-date codes, improve plant efficiency, and extend the operating lives of the plants.

- Seismic Retrofit—This project will evaluate the seismic stability and will structurally upgrade the Carbon Creek Pressure Control Structure, Greg Avenue Pressure Control Structure, Foothill Feeder Control Structure and Power Plant, and the Sepulveda Canyon Control Facility. The seismic assessments are scheduled to be complete by May 2014.

ENGINEERING SERVICES—INFRASTRUCTURE RELIABILITY

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. Recent activities include the following:

Weymouth ORP

Due to its size and complexity, execution of the Weymouth ORP is being staged via multiple construction and equipment procurement contracts.

- Weymouth ORP Ozonation Facilities (Staged Capacity)—Construction of the main ORP facilities is 12 percent complete and is scheduled to be complete in 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. Construction is scheduled to be complete in April 2013.
- Weymouth ORP Chemical Facilities—These chemical systems are needed for integration of the upcoming ozonation system into the Weymouth plant's treatment process. Final design is 10 percent complete and is scheduled to be complete in early 2014.
- Inlet Conduit Relocation—This project relocated the Weymouth basins' inlet conduit to be adjacent to the planned ozone contactors. Construction of this 13-foot by 15-foot concrete box conduit was completed in 2011.

Water Treatment Plant Improvement Programs

These programs were initiated to maintain reliability and improve operating efficiency of Metropolitan's five water treatment plants through specific improvement projects. Recent activities include the following:

Weymouth Plant

- Electrical Upgrades—This project will upgrade the Weymouth plant's aging electrical system and connect to the new 66-kV incoming SCE electrical service. All connections of existing facilities to the new electrical system have been completed. Construction is 99 percent complete and is scheduled to be complete by April 2013.

Diemer Plant

- Finished Water Reservoir and East Washwater Tank Seismic Upgrades—This project will install caissons and strengthen floor slabs to stabilize the Diemer Finished Water Reservoir and will construct shear walls to support the foundation of the East Washwater Tank. Construction is five percent complete and is scheduled to be complete by September 2013.
- Filter Outlet Conduit Seismic Upgrades—This project will stabilize the Diemer plant's northeast slope to limit deformation of the Filter Outlet Conduit. The preliminary design is 90 percent complete and is scheduled to be complete by April 2013.

Skinner Plant

- Electrical Building and Ground Fault Protection Upgrades—This project will upgrade electrical equipment and ground fault protection systems in 12 electrical buildings. Construction by Metropolitan forces is 47 percent complete and is scheduled to be complete by mid-2014.

Jensen Plant

- Jensen Filter Outlet Chlorination Capacity Increase—This project will increase the Jensen plant's post-filtration chlorination capacity to produce adequate chloramine residuals. Construction was completed in March 2013.

WATER SYSTEM OPERATIONS—SYSTEM RELIABILITY

Operate system reliably

System Operations delivered approximately 128,000 acre-feet of water to meet member agency demands in March, which averaged approximately 4,150 AF per day. This was an increase of 750 AF per day from February. Treated water deliveries for March totaled 73,000 AF, or 57 percent of total deliveries for the month.

The Colorado River Aqueduct returned to service on March 1 with a four-pump flow and was increased to a seven-pump flow on March 4. Also in March, 92,000 AF of Colorado River water was pumped. State Water Project imports averaged 2,425 AF per day in March for a total of 75,000 AF for the month.

Storage at Diamond Valley Lake decreased to 684,000 AF or 84 percent full, as Inland Feeder deliveries were suspended in March due to low SWP supplies.

System Operations continued to maximize power generation throughout the month. In March, Metropolitan's hydroelectric plants generated an average of 28 megawatts for a total of 20,500 megawatt-hours.

Optimize maintenance

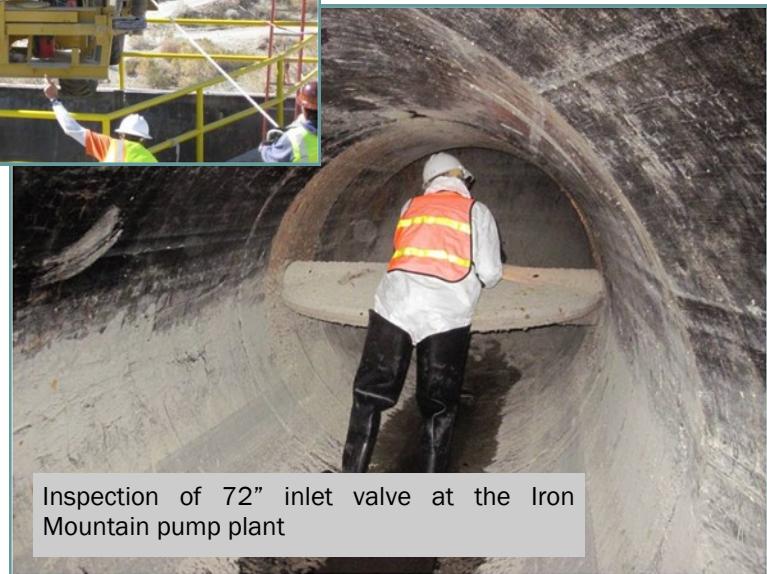
Colorado River Aqueduct

Staff completed a 25-day shutdown of the Colorado River Aqueduct on March 1. During this shutdown, 15 new 230 kV disconnects were installed at the Gene and Iron Mountain pump plants to replace aging units. Other shutdown work included inspecting and cleaning 83 miles of aqueduct tunnels to ensure the CRA could operate at an 8-pump flow. Additionally, repairs were completed on a leaking assembly joint at the Iron Mountain pump plant to maintain the structural integrity of the pump's inlet manifold. ([see photos below](#))



Lowering tunnel cleaning machine into aqueduct

Installation of new 230 kV electrical disconnects at Gene



Inspection of 72" inlet valve at the Iron Mountain pump plant

WATER SYSTEM OPERATIONS—SYSTEM RELIABILITY

Optimize maintenance continued....

Colorado River Aqueduct

Staff completed the installation of vibration monitoring equipment at the Intake pump plant, and work has now begun at the Gene pump plant. Additionally, staff is being trained in the use of mobile vibration monitoring equipment. Early diagnosis of potential equipment problems allows staff more time to evaluate and arrive at optimum resolutions, preventing unscheduled shutdowns.

Distribution System

A seven-day shutdown of the Lower Feeder was completed in early March to install corrosion control equipment and to inspect and maintain valves and electrical equipment at the Corona and Temescal hydroelectric plants.

Staff completed an eight-day shutdown of the Lakeview Pipeline in late March to repair the interior mortar lining failures identified during a previous shutdown. These repairs were coordinated with valve maintenance at the Perris power plant to minimize the total time that the pipeline was out of service.

Staff completed an eight-day shutdown of the Second Lower Feeder. During the shutdown, a 42-inch conical plug valve was replaced at Bixby Avenue in Long Beach. ([See photo upper right.](#)) The valve allows flexibility of operation in the distribution system for maintenance and repairs by allowing portions of the pipeline to be worked on without interrupting the flow in the entire feeder. Staff also inspected approximately eight miles of pre-stressed concrete pipe while Metropolitan's contractor installed acoustic fiber-optic lines which will provide a monitoring system for the 78-inch pipeline. This work will enable staff to identify potential problems in a timely manner and efficiently schedule maintenance and repairs.

Staff continued coating activities on valve structures as part of the Infrastructure Protection and Asset Preservation Program. Additionally, the coating teams supported all of the shutdowns providing coating and mortar repairs. ([see photos to right](#))

During the recent shutdown of the Upper Feeder, staff installed the SGV-01 emergency service connection. This service connection for San Gabriel Valley Municipal Water District will provide treated water to the City of Sierra Madre during emergencies. To tie the new connection into the feeder, crews excavated down to the pipeline and installed a new turn-out valve. All remaining work is scheduled to be completed by mid-April.



42-inch conical plug valve being lowered at Bixby Avenue



Before coating (above) and after coating (below) of valve structures on the Orange County Feeder



WATER SYSTEM OPERATIONS—SYSTEM RELIABILITY

Optimize Maintenance continued....

Water Treatment Plants

Staff installed a new diffuser at the Weymouth water treatment plant during the recent shutdown to improve chlorine mixing with water after filtration.

The La Verne shops refurbished three reservoir inlet gates for the Jensen water treatment plant. The work included replacing corroded and damaged sealing surfaces, replacing damaged operator shafts, and re-coating the gates. The gates and shafts are scheduled to be re-installed in May.

New diffuser being tested with water at Weymouth water treatment plant.
The diffuser is submerged during normal operation.



Effectively manage power system requirements and optimize generation

On February 19, the California Air Resources Board held the second auction for greenhouse gas allowances under the AB32 Cap and Trade Program. The final price for 2013 allowances (per metric ton of carbon dioxide equivalents) was \$13.62 compared to \$10.09 per ton of carbon in November 2012. All 13 million 2013 allowances offered were sold. CARB also auctioned 2016 allowances (allowances that can meet obligations of 2016 or later) at a price of \$10.71 which was the minimum allowed price. Approximately 4.4 million of the 9.6 million 2016 allowances were sold. Metropolitan did not buy any of the allowances because we are not forecasting an immediate need for allowances based on our electricity imports.

Improve security and emergency response

Staff met with member agency representatives and California Department of Water Resources staff to begin development of an emergency management tabletop exercise planned for June. This tabletop exercise will focus on a simulated emergency in the western side of the service area with a number of key objectives, such as highlighting the effectiveness and importance of interagency communications during an emergency and identifying possible areas of improvement.

Emergency management staff conducted region-wide two-way radio tests and are working with Information Technology staff to make refinements to the existing radio system to improve system performance, prior to the anticipated completion of the two-way radio upgrade project that will greatly improve communications across Metropolitan's large service area in a few years.

Staff initiated localized patrols and provided system

status updates immediately following the magnitude 4.7 earthquake near Anza, California on March 11. There was no damage or service interruptions reported in Metropolitan's system.

Support water resource programs

Metropolitan supports the California Department of Water Resources through reimbursable agreements. Metropolitan completed several projects supporting the State Water Project, including the refurbishment of cooling water piping for two of the six hydroelectric units at DWR's Hyatt Power Plant. The work consisted of removing the old coating; inspecting and measuring the remaining pipe wall thickness to assure integrity; and application of a new, more-durable coating.

Staff reconditioned a total of six large isolation gates, also known as stop log gates, for DWR's Oso Pumping plant. Refurbishment consisted of inspection and weld repairs to corroded areas on the gates, replacement of the gate seals, and application of a new protective coating.



Three gates from Oso Pumping Plant prior to refurbishment.

WATER SYSTEM OPERATIONS—WATER QUALITY, ENVIRONMENTAL, & SAFETY**Protect source water quality**

Metropolitan staff continued to monitor the State Water Project's East Branch for the taste-and-odor compound 2-methylisoborneol (MIB). Staff worked closely with the California Department of Water Resources to control the MIB-producing algae with additional copper sulfate treatments.

Optimize water treatment and distribution

State Water Project target blends at the Weymouth, Diemer, and Skinner water treatment plants were 35, 35 and 70 percent, respectively. Flow-weighted running annual averages for total dissolved solids for February 2012 through January 2013 were 472, 471, and 390 mg/L for Diemer, Weymouth, and Skinner treatment plants, respectively.

Provide technical support to member agencies

The Annual Water Quality Report to Member Agencies for Calendar Year 2012 was released on March 18. Member agencies use the Report in the preparation of the Consumer Confidence Reports required by the California Department of Public Health each year by July 1. While the federal guidance for the electronic delivery of the Reports was released in January, the Department of Public Health has yet to post its guidance this month.

Prepare for future regulations

On March 12, Metropolitan held a Member Agency Water Quality Webinar. Speakers from the U.S. Environmental Protection Agency, Southern California Water Committee, and Metropolitan gave updates on federal and state drinking water regulations. Revisions to the federal Lead and Copper Rule may be proposed in 2013. The California Department of Public Health is still on schedule to propose a chromium 6 regulation in July 2013.

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 March.

Storage

	As of 3/31/13 <u>Storage (AF)</u>	Percent of <u>Capacity</u>
DVL	687,000	85%
Lake Mathews	123,180	68%
Lake Skinner	36,853	84%

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

Metropolitan staff continues planning for the 6th annual Spring Green Expo scheduled for May 16. The event will bring awareness of environmental issues and provide information for living and working green. There are currently ten universities expressing interest in exhibiting student projects and 60 percent of the vendor spaces are reserved.

Initiate Metropolitan's Personal Computer Replacement program for deploying new computing technology throughout the organization

Personal Computer Replacement Program—During the current period, staff has completed testing of all tier 1 enterprise applications, conducted vendor selection, and is finalizing the purchasing and deployment schedule.

Deploy smart technologies and innovative business services to enhance efficiency

Enhancements to Metropolitan's Maximo System—Maximo is a software package used by Water System Operations to manage maintenance activities such as preventive and corrective maintenance work orders. During March, staff completed enhancements to the Maximo system, allowing WSO staff to track and report on Maximo Assets and Locations at a Job Task Level. This change allows the system to track time against many assets or locations with only one work order and fully integrates with Maximo's hand-held devices.

Water Quality Data Collection—In March, staff implemented a new application to enhance water quality data collection by eliminating manual collection from field locations and input of the same information into a WQ database. By using mobile hand-held devices, staff can automatically upload information into the WQ database once the hand-held unit is placed onto a docking station connected to Metropolitan's WQ system. In addition, the new software is able to automatically generate work order(s) to ensure field instrumentation is maintained regularly.

On-going Cyber Security Enhancements—Metropolitan staff utilizes a complement of security software tools and related methods to proactively protect cyber assets. During the month, staff applied new security patches to the Oracle enterprise databases. In most instances, security related updates are done behind the scenes to minimize interruptions to daily business operations and are usually transparent to end-users.

PeopleSoft Enhancements and CalPERS Initiatives—Staff in Business Technology and Human Resources worked to provide required reports for a State Audit review of retirement practices for CalPERS. In addition, staff has completed revisions to PeopleSoft ensuring that Metropolitan is complying with the Public Employees Pension Reform Act passed in October 2012 by the State Legislature.

Cloud Based Computing-SharePoint—As part of leveraging cloud-based technology, staff successfully migrated the SharePoint collaborative application from on-premise to the newer cloud-based system Office 365. The benefits include maintaining the current version from SharePoint 2007 to 2010 as well as being able to access the sites easily from mobile devices.

Wadsworth Control and Protection Upgrade Project—In March, staff received Board authorization to develop and execute prototype test procedures for control of a full-scale pump/generator unit at the Hiram Wadsworth Pumping Plant. The prototype, which is scheduled to be complete by the fourth quarter of 2013, will be used to test and confirm key technical concepts prior to initiating final design of upgrades for the entire pumping plant.

BUSINESS TECHNOLOGY

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

- Exhibited and provided matchmaking at *The Procurement Matchmaking Event* hosted by the Los Angeles Mayor's Office and the City of Los Angeles. Other participating agencies included Los Angeles Unified School District, Los Angeles World Airports, the Port of Los Angeles, Metro, and other City of Los Angeles agencies.
- Promoted emerging innovations geared to issues facing water supply at the 25th Annual Jet Propulsion Laboratory Conference for technologically oriented small businesses. Metropolitan staff outreached to organizations who may qualify for Metropolitan's Water Savings Investment Plan and exhibited at the JPL/NASA High Tech Expo and Conference to the Veteran Business Community.
- Partnered with the Los Angeles Unified School District's Small Business and Information Technology Programs at the first *LAN Modernization Project for Information Technology*. Participants met with LAUSD's Information Technology Staff, Small Business Program, and Metropolitan staff from Professional Services, Purchasing and Business Outreach.
- Hosted the second meeting of the *California Certification Alliance for Business*, established by Metropolitan's Business Outreach Program to streamline and simplify the certification process for small businesses in California trying to do business with government agencies. Besides Metropolitan, agencies included the State of California Department of General Services, the Port of Long Beach, Los Angeles World Airports, the City of Los Angeles, the Port of Los Angeles, San Diego County Water Authority, CalTrans, METRO, County of Los Angeles, National Association of Women Business Owners of California and of Los Angles, San Diego Association of Governments, Los Angeles Unified School District and Small Business Enterprise Certification Advocates.
- Participated in the Southern California Minority Business Development Council's *Supplier Diversity Roundtable, Addressing Today's Challenges with New Solutions* held in Los Angeles.
- Exhibited and spoke on a panel at the *How to Do Business with the Government* event. It was hosted by Metropolitan Transit Authority-Los Angeles. Over 150 businesses and government agencies participated in the event.
- Sponsored and participated in TriTech Small Business Development Center's *4th Annual Funding the Big Idea Event*. Over 150 businesses participated in the event and were invited to participate in Business Outreach's *Managing Your Innovation* workshops and Innovative Conservation Program.
- Participated in the National Association of Women Business Owners California *Propel Your Business Conference and Public Policy Summit* with over 250 businesses and government agencies.
- Participated in the Second Annual Women Business Owners Conference with the Institute for Women Entrepreneurs, Orange County SCORE, Orange County Small Business Development Center, and the Small Business Administration. Business Outreach networked with over 300 business owners regarding opportunities at Metropolitan.
- Participated on the State of California Governor's *Small Business Advisory Council Meeting*. Over 34 business leaders and advocates attended the session.
- Sponsored the National Latina Business Women's Association Business Training Program. The event provided assistance with the NETConnect vendor registration and certification system and introduced 78 new businesses to Metropolitan's business opportunities.
- Participated in the Caltrans District 11 and San Diego Public Agency Consortium 9th Annual Small Business Exchange. Over 300 small businesses attended the event.
- Attended the Disabled Veteran Business Enterprise Chapter Meeting at Camp Pendleton.

EXTERNAL AFFAIRS—LEGISLATIVE, COMMUNICATIONS AND COMMUNITY RELATIONS

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

Education

- There were 619 unique visits to the Education Website from March 1-11, 2013.
- Staff conducted 10 field trips for more than 300 students from Lake Elsinore, Murrieta Valley, San Jacinto and Temecula Valley Unified School Districts and provided classroom presentations for more than 250 students in grades 5-7 from Romoland and Temecula Valley USDs. Staff worked with nearly 500 students on 9 field trips with the Western Science Center. Diamond Valley Lake hosted the Western Riverside Council of Governments' Environmental Youth Conference with more than 250 middle school students.

Media

Staff coordinated with the media on several activities, including the following:

- Staff arranged a joint press conference that included Metropolitan, City of Pasadena and Foothill Municipal Water District representatives to urge residents in Pasadena, Altadena, La Canada Flintridge and

La Crescenta to limit water use while the Upper Feeder supply line was shut down for a week to allow work on major repairs and upgrades.

- Created and launched an Upper Feeder shutdown web page on www.mwdh2o.com where residents were provided information related to the shutdown and water saving tips.
- Coordinated on-camera interview with General Manager Kightlinger and Chinese Central Television reporter to discuss water development in Southern California as part of a larger international story about global water issues.
- Arranged interview with Assistant General Manager Patterson and San Gabriel Valley Tribune reporter for a story about pumping restrictions in the Sacramento-San Joaquin Delta.
- Provided information to Riverside Press-Enterprise reporter regarding Metropolitan's reaction to proposed state plans for repairs to Lake Perris.
- Arranged interview with Assistant General Manager Man and Union Tribune San Diego reporter for a story about water conditions in California, including Metropolitan storage levels, the impact of below-average Sierra snowpack, Bay Delta Conservation Plan developments and climate change.
- Arranged interview with Mr. Arakawa, Metropolitan Manager for Bay-Delta Initiatives, and Greenwire reporter for a story about Metropolitan's support for a pilot project in the Yolo Bypass that uses flooded rice fields as a salmon nursery.

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

More than 30,000 people visited bewaterwise.com in February, with more than 16,000 visits to bewaterwise.com from March 1-11, 2013.

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

Staff attended the San Gabriel Valley Economic Partnership's Legislative event featuring Assembly Member Norma Torres (D-52th). Attendees, including member agency directors, heard the Assemblymember discuss the state's economy, Bay Delta objectives, California Environmental Quality Act reform and the need for regional infrastructure for distribution and storage of both potable and recycled water supplies.

On March 15, Metropolitan staff provided a Bay Delta Conservation Plan presentation to the Greater Riverside Chambers of Commerce Government Affairs Council. Metropolitan Director Evans was in attendance.

EXTERNAL AFFAIRS—LEGISLATIVE, COMMUNICATIONS AND COMMUNITY RELATIONS

FEDERAL

- On March 5, staff attended a hearing convened by the House Natural Resources Subcommittee on Water and Power on H.R. 678 (Tipton, R-CO), the Bureau of Reclamation Small Conduit Hydropower Development and Rural Jobs Act. This legislation is designed to expedite the federal permit process related to the development and construction of small conduit hydropower projects. Staff is analyzing this legislation to determine how it may impact Metropolitan.
- On March 11-13, Directors Murray, Wunderlich and Fleming, and Metropolitan staff, including Assistant General Manager Ivey, attended the Los Angeles Area Chamber of Commerce annual trip to Washington, D.C. The conference included delegation-wide briefings by Senator Dianne Feinstein and Senator Barbara Boxer as well as Administration officials. The Water Team, which included Metropolitan directors and staff, participated in several briefings and meetings, including those with officials from the U.S. Department of Interior and Bureau of Reclamation, Members of the California Delegation and their legislative staff, and House and Senate Committee staff to discuss Southern California's regional water policy objectives, including the Bay Delta Conservation Plan, legislation to improve local hydropower development and potential ways to expand water infrastructure financing.
- On March 18-20, staff participated in the Association of Metropolitan Water Agencies Spring Legislative and Regulatory Seminar in Washington, D.C. Metropolitan's Water System Operations and Finance Group staff continues to work with Association of California Water Agencies, Association of Metropolitan Water Agencies, American Water Works Association and Member Agency advocacy teams to promote California water interests in the development of this year's Water Resources Development Act.

STATE

February 22 was the deadline for the introduction of bills in 2013. 2,200 new bills were introduced, with nearly 800 introduced on the final day, 182 less than last session. The outcome of the bills will be determined in policy and fiscal committees in the coming months.

New Bill Introductions

- AB 1349 (Gatto, D-Silver Lake): Co-sponsored by the California Municipal Utilities Association and Metropolitan, AB 1349 would establish a state revolving fund for purposes of providing low-interest loans for implementation of local water use efficiency projects. If the bill is enacted and funded, low-interest loans would be a voluntary, optional funding mechanism to help meet 20% \times 2020 reduction goals in per capita use.
- AB 803 (Hueso, D-Chula Vista): Sponsored by the WateReuse Association, AB 803 reflects the work product of months-long stakeholder meetings involving legislative staff as well as staff representing the Department of Public Health and the State Water Resources Control Board, WateReuse members and others. The bill codifies changes to Title 17 and Title 22 regulations regarding recycled water; reduces unnecessary paperwork for reporting incidental runoff from recycled water projects; and memorializes existing Regional Water Quality Control Board authority to permit Advanced Treated Purified Water projects at the point where highly treated water enters a conveyance facility pre-treatment.
- AB 145 (Perea, D-Fresno): Proposes to transfer the drinking water program from the California Department of Public Health to the State Water Resources Control Board. The Association of California Water Agencies, California Municipal Utilities Association, and California Water Association have registered their opposition to AB 145, unless amended. The bill will be heard in the Assembly Water, Parks and Wildlife Committee on April 2.

HUMAN RESOURCES—HUMAN RESOURCES EXCELLENCE

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

- Director of Human Resources Fidencio Mares and Employee Relations staff met with AFSCME Local 1902 representatives in an effort to resolve the Union's concerns over Metropolitan's new performance evaluation system.
- Staff also continued to present training to managers and employees on Reasonable Suspicion Drug and Alcohol Testing. These sessions are conducted in partnership with Metropolitan's Employee Assistance Program provider, Community Action EAP.

Manage total compensation

- On March 13, Human Resources Benefits, in conjunction with CalPERS, notified all employees regarding the *Dependent Verification Audit* that is being conducted by CalPERS starting July 2013 and running through June 2015 for all contracting agencies' active employees and retirees. All participants enrolled in a medical plan sponsored by Metropolitan will be required to provide proof of all dependents covered upon request.
- On March 19, HR Benefits met with members on the Deferred Compensation Advisory Committee to discuss Fund changes to the 401k and 457 plans which includes the recent addition of the Self-Directed Brokerage on the 457 plan, Covered Calls for both plans, the pending implementation for Vanguard Target Date Funds to replace the current Risk-Based Profile funds to both plans, and options for future changes to the participant fee structure.
- HR Benefits hosted a *Stepping Into Retirement* and *Financial Planning* workshop on March 21 at the Headquarters office. The *Stepping Into Retirement* class is for employees eligible to retire, and considering retirement within the next year or two. Topics include investments, real estate, insurance, debt management, as well as an overview of estate planning.
- On March 25, HR Benefits also hosted three financial education webinars with Financial Finesse that allow employees to view from home or with supervisor approval to attend online from their work station. These webinars are led by a Certified Financial Planner to provide unbiased guidance and education to employees.

Control Workers' Compensation costs

- Conducted initial investigations on 16 injury incidents.
- Submitted 11 new claims to Metropolitan's workers' compensation claim administrator.
- Settlements were negotiated in 2 claims, finalized in 2 claims and 9 claim files were closed.
- Arranged 10 medical evaluations (DMV, medical surveillance, hearing conservation, etc.).
- Coordinated 4 random drug/alcohol tests at 3 facilities.
- Addressed 3 accommodation issues.
- Completed California Highway Patrol audit of Department of Transportation records for drug/alcohol testing.

Identify, assess, and manage risk

- Risk Management completed 90 risk assessments on contracts, including professional service agreements, construction contracts, entry permits, special events and film permits.
- The Risk Management Unit completed 53 incident reports communicating instances of Metropolitan property damage, liability, workplace injuries, regulatory visits and spills.

Acquire talent

- The Staffing Team attended 3 job fairs during the month of March.
- In March, staff managed and coordinated testing and interviews for six positions, including Associate Engineer, Associate Resource Specialist, Laboratory Technologist, Occupational Safety and Health Representative, and Administrative Assistant I. At the end of the recruitment process, there were several final candidates for each position. The final result was two internal and four external hires.

HUMAN RESOURCES—STRATEGIC PRIORITY: EMPLOYEE DEVELOPMENT

Foster learning and organizational development

Employee Development classes delivered in March were:

- Project Management Essentials
- Resolving Conflict within Teams
- Facilitating for Results
- 5 Choices to Extraordinary Productivity
- Drug and Alcohol Awareness

Career Development classes delivered and attended by employees on their own time:

- Preparing for Job Interviews - 12 employees
- Managing Your Career – 12 employees

Foster Management Excellence

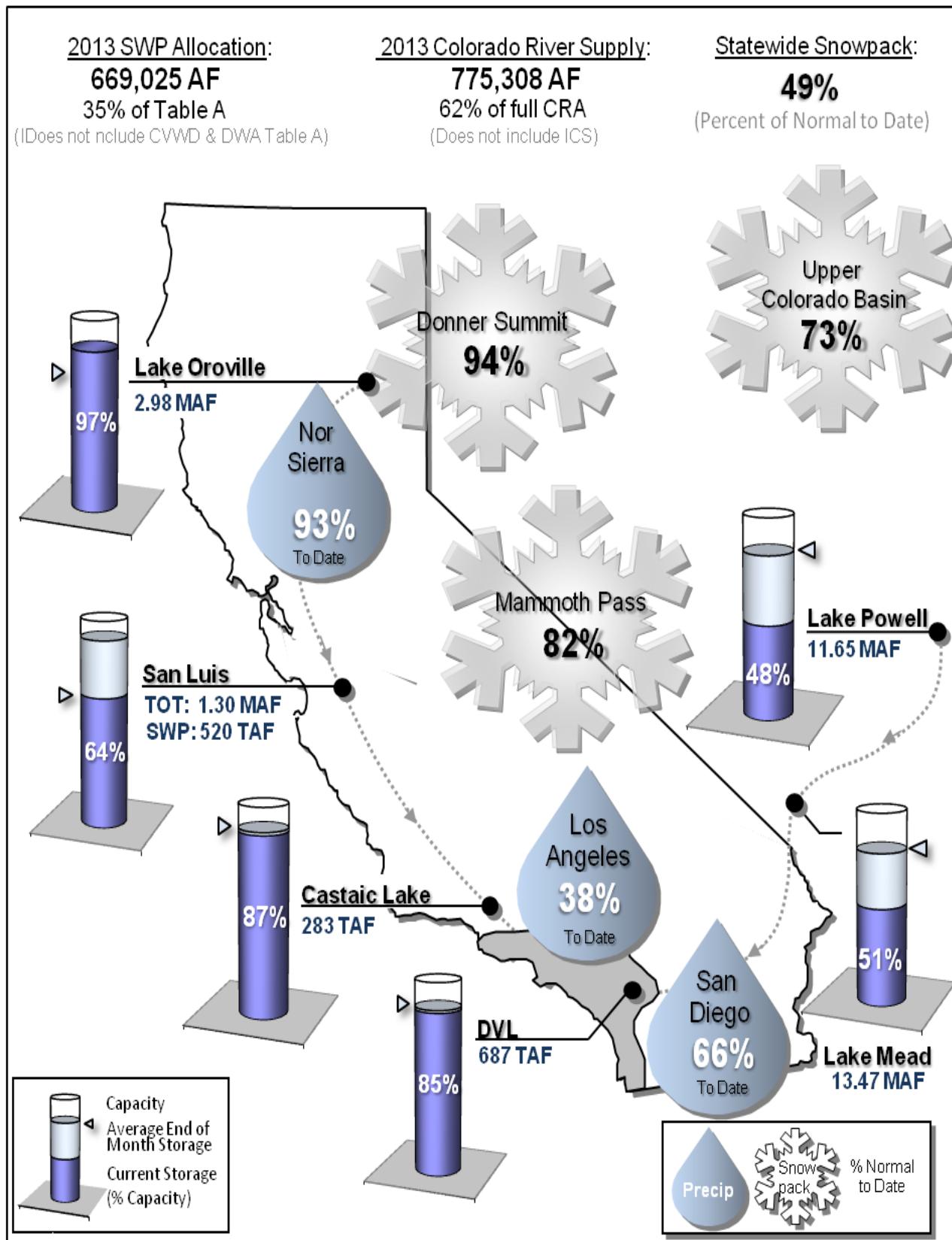
- Approximately 29 managers participated in the first webinar of the HR Briefings series using GoToMeeting web technology. The topic was *The 10 Things You Need to Know about Recruitment*.
- Staff continued to provide in-person management coaching and consultation to eight senior managers, as well as administering ongoing external coaching engagements for four managers.
- Staff is providing support to design the agenda and activities for the semiannual meeting of Water System Operations managers in May. Also continuing ongoing support for partnering workshop between Treatment Plant managers, Water Quality managers and Water System Operations leadership.
- Days 3 and 4 of the five-day New Manager Orientation were delivered during the month, including a tour of the Weymouth plant and Water Quality Laboratory.
- Coordinated attendance for 21 managers to the Institute for Management Studies seminar *Leader's Voice: Communication that Inspires Action and Gets Results*.
- Management Development classes delivered in March were:
 - Delegating for Shared Success
 - Building Team Pride and Purpose
 - Reasonable Suspicion Training for Managers
 - Water System Operations Manager Training: Session 3

WATER RESOURCE MANAGEMENT—WATER SUPPLY

Ensure cost-effective and reliable imported water supplies

2013 Turn-Back Water Pool Program—Metropolitan was allocated 2,267 acre-feet, or 55 percent, of available Turn-Back Pool A water for calendar year 2013. The Pool A water cost is \$23.17 per acre-foot.

WATER SUPPLY CONDITIONS AS OF MARCH 31, 2013



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 amendment was issued to Bruno Farms, Inc. to extend the term for sheep grazing purposes on a portion of property east of Diamond Valley Lake.

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

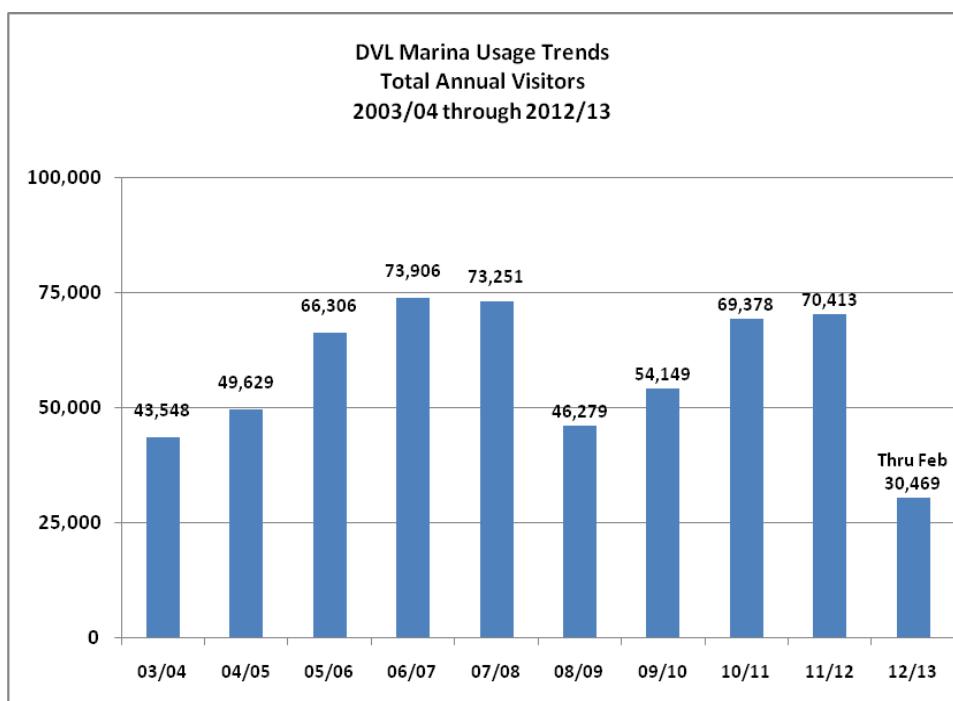
Metropolitan has now received 17 months' rent on the percentage lease with Urban Park Concessionaires for the operation of the DVL Marina and the Lakeview Trail. The \$93,162 received represents seven percent of the October 2011 through February 2013 gross receipts. Annual savings for replacing the professional services agreement with the percentage lease are estimated to be \$380,000.

Diamond Valley Lake has hosted approximately 577,000 visitors at its marina facilities and 138,000 private boats have launched since the 2003 public opening.

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

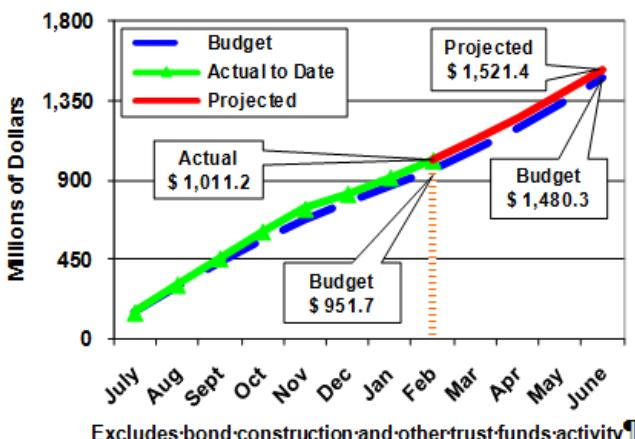
A permanent easement was acquired from Lake Skinner Estates Property Owner Association and Dorothy Hillegas for the installation and monitoring of water flow monitoring equipment at a culvert in Middle Creek that feeds into Lake Skinner. This equipment will allow Metropolitan to more accurately determine the inflow of water into Lake Skinner.

An Entry Permit was acquired from P&Y Broadcasting Corporation to facilitate repairs on Metropolitan's Palos Verdes Feeder.

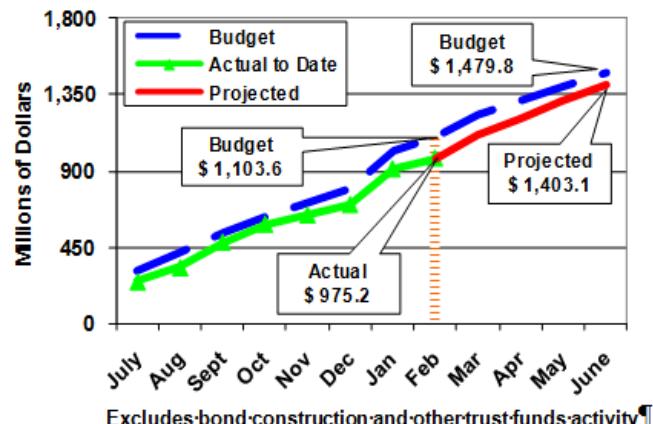


AS OF FEBRUARY 28, 2013

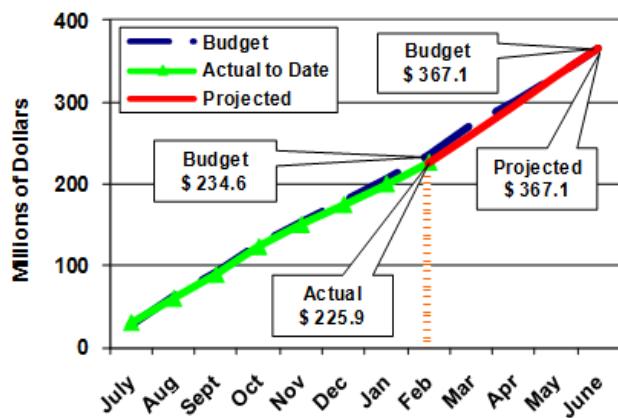
Revenues are expected to be \$41 million over budget by year end, mainly due to higher water sales.



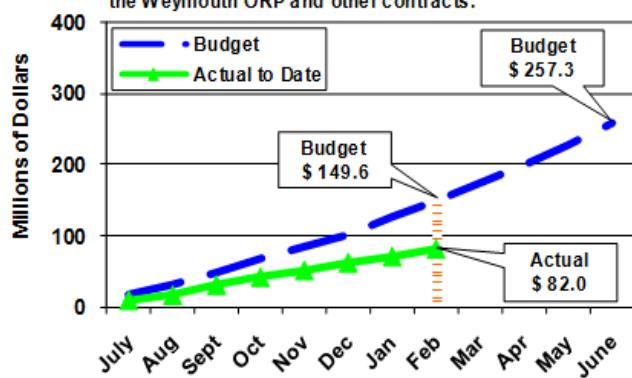
Expenses are expected to be \$77 million lower than budget by year end, mainly due to lower SWP and CRA power costs.



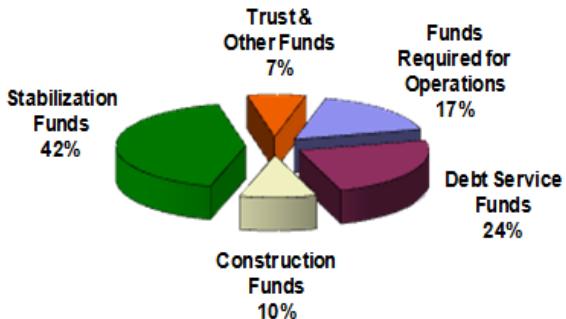
O&M expenses are expected to be on budget at year end.



The YTD construction variance is primarily caused by schedule revisions resulting from technical evaluations which modified project strategies; lower contract progress payments; and low, highly competitive bids on the Weymouth ORP and other contracts.



Cash and Investments at Fair Value \$ 1,168.5 million



Summary Financial Statistics

	Target	Projected
Fixed Charge Coverage	$\geq 1.20 \times$	1.47 x
Revenue Debt Service Coverage	$> 2.00 \times$	1.95 x
Revenue Bond Debt / Equity Ratio	$< 100.0\%$	69.1%

Credit Ratings

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

CHIEF FINANCIAL OFFICER—FINANCIAL MANAGEMENT

Effectively manage costs and communicate the results of Metropolitan's budget to meet Board policies and objectives

An overview of financial results through February 2013 was provided to the Board at the March Finance and Insurance meeting. Through February 2013, revenues are \$60 million over budget and expenditures are \$125 million under budget.

The Chief Financial Officer and General Manager are conducting monthly budget status reviews with executive management and group managers. Staff is winding up internal reviews for the mid-biennial budget update to be presented to the Board in June.

Develop a flexible, efficient capital budgeting and appropriation process to be phased in with the next biennial budget

Staff has initiated a process review of the capital appropriation process and a peer review of comparable agencies for the purpose of improving the process.

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.

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 and no policy violations, while generating a portfolio return that exceeded the benchmark.

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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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