

GENERAL MANAGER'S MONTHLY ACTIVITY REPORT AUGUST 2013

August 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 2013/14 BUSINESS PLAN.

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ENGINEERING—INFRASTRUCTURE RELIABILITY



Weymouth Filter Outlet Chemical Trench—Pipe encasement for the sodium hydroxide and ammonia lines at a road crossing



Diemer Finished Water Reservoir and East Washwater Tank Seismic Upgrades—Installation of reinforcing steel within the south shear wall of the reservoir



Weymouth ORP—Plant overflow discharge structure

Story on page 4

BAY-DELTA INITIATIVES

Bay Delta Conservation Plan—A draft statewide economic impact study that analyzes the Bay Delta Conservation Plan was released in early August and discussed at the BDCP Finance Working Group meeting on August 8. The study considered the economic effects of construction and operation of a new water conveyance system and habitat restoration in the Sacramento-San Joaquin Delta, increased water supply reliability across much of the state and the financing of the project by water users in regions dependent on Delta water supplies. The study indicates that the BDCP would result in a significant net economic benefit to the state of California.

On August 15, the California Department of Water Resources announced changes to the proposed BDCP water conveyance system in the Sacramento-San Joaquin Delta that would shrink by 50 percent the total permanent footprint of the project, shift more than 400 acres of permanent and temporary construction impacts from private to public lands, and otherwise substantially reduce the effects of the project on Delta residents. The “optimization” of the new water conveyance facilities design was done in part in response to local concerns as a result of discussions with landowners and residents.



Strategic Priority: Complete Bay Delta Conservation Plan—

Continue to provide leadership in this process to restore the reliability of the State Water Project with the goal of completing the Environmental Impact Report / Environmental Impact Statement within the upcoming fiscal year reaching decisions on the project.

Bay-Delta Solutions—Develop

near- and long-term solutions that enhance the Delta ecosystem, improve water supply reliability, and protect water quality.

Delta Stewardship Council

On August 7, the California Office of Administrative Law approved the Delta Plan regulations submitted by the Delta Stewardship Council. The regulations will become enforceable when they are published by the Secretary of State, which may occur as soon as September 1, 2013. At that time, agencies that have a plan or project in the Delta (with some exceptions) must file a “consistency” determination with the Council stating that the plan or project is consistent with the regulations in the Delta Plan. That determination may be appealed and is subject to a 150-day review period.

Delta Emergency Preparedness—The

California Department of Water Resources will manage an emergency exercise in November 2013 focusing on flood operations in the Delta and testing their Delta Emergency Preparedness, Response and Recovery Plan. A Memorandum of Understanding using matching state and federal funds is being finalized to more closely integrate DWR and U.S. Army Corps of Engineers catastrophic flood operations. The Federal Emergency Management Agency, in cooperation with the Army Corps, DWR and California Emergency Management Agency, have also initiated operational phases of a

catastrophic Delta flood emergency exercise, recognizing the multiple roles undertaken by the Army Corps in events of this scale.

Subsequent to the adoption of the Mitigated Negative Declaration in July 2013 for emergency response stockpile sites, DWR has begun land purchases and is finalizing land leases for facility improvements and stockpiling of emergency materials at three sites in the Delta to support local and statewide needs. DWR grant programs are being made available for local reclamation district stockpiles, communication equipment, and plans for emergency preparedness purposes.

Habitat Restoration

Progress continued in August on the Lower Yolo Bypass Tidal Marsh Restoration Project (Lower Yolo Restoration Project), which will create over 1,500 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 filed the Notice of Determination (NOD) for the project on July 18, 2013 with the Governor’s Office of Planning and Research/State Clearinghouse and the Yolo County Recorder-Clerk’s Office. The NOD establishes a statutory limit of 30 days in which litigation can be filed against the Lower Yolo Restoration Project. As of August 19, the last day of the NOD posting, no legal challenges have been filed against the project.

ENGINEERING

Conveyance and Distribution System Programs

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

- West Valley Feeder No. 1 Valve Modifications—This project will rehabilitate deteriorated valve structures and relocate existing air release/vacuum valve assemblies from buried vaults to above-ground enclosures to prevent cross-connections. The work will be completed in three phases. The second phase construction contract is 30 percent complete and is scheduled to be complete by April 2014.
- Temescal and Corona Power Plants Standby Generator Replacement—This project will replace and relocate

the existing 30-year-old generators at Temescal and Corona Power Plants. Construction is 80 percent complete and is scheduled to be complete by September 2013.

- Service Connection G-01 Rehab—This project will replace a leaky venturi meter and rehabilitate service connection G-01 on the Santa Monica Feeder. Final design is 85 percent complete and is scheduled to be complete by September 2013.
- Lakeview Pipeline Relining—This project will reline the Lakeview Pipeline with a steel liner to strengthen the pipe and prevent water leakage. Preliminary design of the repair is 20 percent complete and is scheduled to be complete by June 2014.

CRA Reliability Programs

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

- San Jacinto Tunnel Adit Repair—This project will structurally reinforce a 150-foot-long reach of the East Entrance Adit to the San Jacinto Tunnel. Construction is five percent complete and is scheduled to be complete by May 2014.
- Iron Mountain Tunnel Repair—This project will rehabilitate a 2,500-foot-long portion of the Iron Mountain Tunnel. Preliminary design is 65 percent complete and is scheduled to be complete by December 2013.
- Danby Towers Foundation Rehabilitation—This project rehabilitated electrical transmission tower foundations along the Danby Dry Lake near Iron Mountain Pumping Plant. Construction was completed in August 2013.
- CRA Siphon Protective Slab—This project will construct a concrete protective slab over a section of CRA conduit. Final design was completed in August 2013. Construction is scheduled to be complete by September 2013.
- CRA Wide Area Network Microwave System—This project will install five new microwave links from Iron Mountain Pumping Plant to Gene Pumping Plant. The new microwave installations will increase the reliability of communications between CRA facilities and the

remainder of Metropolitan's distribution system. Construction is 90 percent complete and is scheduled to be completed by September 2013.

- 6.9kV Switch House Building Seismic Upgrades—This project will provide seismic upgrades to the 6.9kV switch house buildings at all five CRA pumping plants. The switch houses contain electrical equipment that is used to stop and start the pumping plant motors. Preliminary design is 65 percent complete and is scheduled to be complete by October 2013.
- Gene Pumping Plant Delivery Line Expansion Joints—This project will rehabilitate 12 mechanical expansion joints on the 10-foot-diameter delivery pipelines at Gene Pumping Plant. Final design is complete. A Board action to award a construction contract is planned for October 2013.

Strategic Priority: Infrastructure Reliability—

Manage board-authorized projects in the Capital Investment Plan to ensure the reliability of the region's water supply and infrastructure to deliver high quality water. Continue overall focus on repair and replacement work while deferring most growth-related work. Manage capital budget to reduce costs and mitigate rate impacts while maintaining a high performance water system.

ENGINEERING

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

- Washwater Reclamation Plant Upgrades—This project replaces deteriorated equipment in the plant's washwater reclamation plant. Construction is 67 percent complete and is scheduled to be complete by December 2013.
- Weymouth Filter Outlet Chemical Trench—This project provides a new underground concrete trench to route ammonia and caustic soda piping from the feed pumps to two new injection points along the filtered water outlet channel. Construction is 75 percent complete and is scheduled to be complete by October 2013. (*see photos on cover*)

Diemer Plant

- Finished Water Reservoir and East Washwater Tank Seismic Upgrades—This project installs caissons and strengthens floor slabs to stabilize the Diemer Finished Water Reservoir, and constructs shear walls to support the foundation of the East Washwater Tank. Construction is 80 percent complete and is scheduled to be complete by October 2013. (*see photos on cover*)
- Filter Outlet Conduit Seismic Upgrades—This project will stabilize the Diemer plant's northeast slope along the alignment of the Filter Outlet Conduit. Final design is five percent complete and is scheduled to be complete by October 2014.
- Electrical Upgrades, Stage 2—This project includes replacement of aging electrical equipment, improvement of backup capability, and upgrading the electrical system to be consistent with current codes and industry practices. A construction contract was awarded by the Board in August 2013. Construction is scheduled to be complete by February 2016.

Jensen Plant

- Electrical Upgrades, Stage 1—This project replaces aging electrical equipment, provides backup for potential component failures, and upgrades the electrical system to be consistent with current codes and industry practices. Final design is ten percent complete and is scheduled to be complete by December 2014.

Mills Plant

- Sodium Hydroxide Storage Tank Replacement—This project replaces three deteriorated tanks that have been removed from service. Construction is 19 percent complete and is scheduled to be complete by November 2013.

Oxidation Retrofit Program (ORP)

This program adds ozonation facilities which reduce disinfection by-products and improves water quality in Metropolitan's five treatment plants. Recent activities include the following:

Weymouth ORP (*see photos on cover*)

- Weymouth ORP (Staged Capacity)—Construction of the main ORP facilities is 24 percent complete and is scheduled to be complete in 2016.
- Weymouth ORP Chemical Facilities—These chemical systems integrate the ozonation system into the Weymouth plant's treatment process. Final design is 45 percent complete and is scheduled to be complete by March 2014.

ENGINEERING

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 current codes, improve plant efficiency, and extend the operating lives of the plants.

- San Dimas Power Plant Rehabilitation—This project will rehabilitate the electrical protection and control relays and replace the corroded cooling water copper piping system. Preliminary design is 80 percent complete and is scheduled to be complete by November 2013.
- Sepulveda Power Plant Rehabilitation—This project will rehabilitate the electrical protection and control relays, replace the transformer ventilation system, and will recoat the internal components of the turbine. Final design is 30 percent complete and is scheduled to be complete by March 2014.

Distribution System Infrastructure Protection Program

This program will address infrastructure protection improvements and right-of-way issues, including surface erosion, access and encroachments, and will develop programmatic environmental permitting throughout the entire conveyance and distribution system. The current status is as follows:

- Orange County—Preliminary design of improvements is ten percent complete and is scheduled to be complete by November 2014.
- Western San Bernardino County—Preliminary design of improvements is five percent complete and is scheduled to be complete by November 2014.

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:

- Second Lower Feeder PCCP Urgent Repairs at Sites 1 and 2—This project will line 1,500 feet of distressed PCCP with a steel liner. Final design was completed in August 2013. Pipe fabrication is 10 percent complete and is scheduled to be complete by December 2013. A Board action to award a construction contract is planned for October 2013.
- Second Lower Feeder PCCP Urgent Repairs at Site 3—This project will line 4,900 feet of distressed PCCP with a steel liner. Final design is scheduled to be complete by June 2014.



WATER RESOURCE MANAGEMENT

Innovative Conservation Program

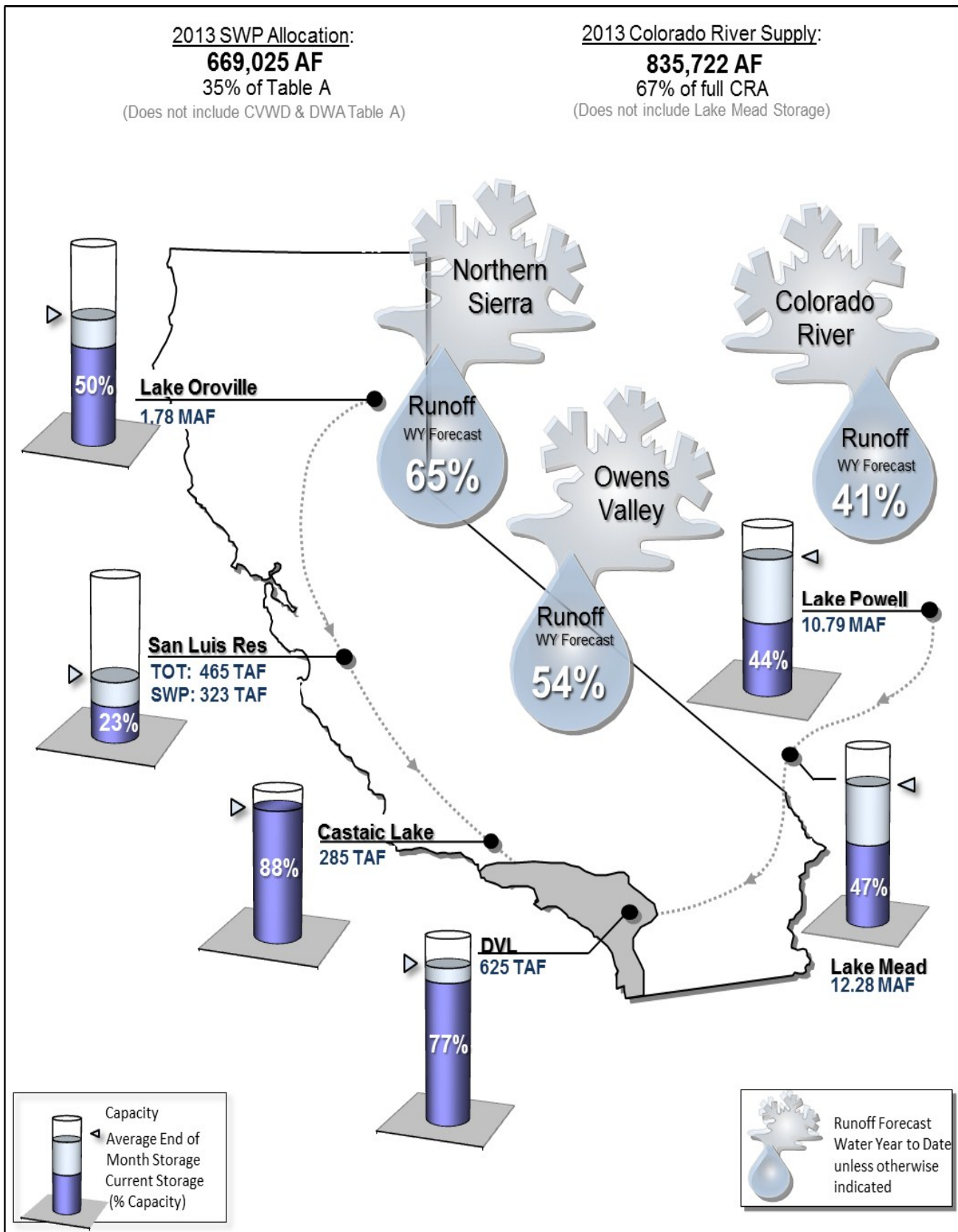
Metropolitan released a Request for Proposal and held pre-proposal workshop to review and answer questions regarding the RFP. Approximately 60 people attended or called into the workshop. Metropolitan collaborated with the Bureau of Reclamation, Southern Nevada Water Authority, and the Central Arizona Project to offer \$450,000 in total available funding.

Reid Gardner Facility

In July, staff reported the California Department of Water Resources was planning on eliminating the Reid Gardner coal-fired plant as a resource from its energy portfolio. DWR has executed all close-out agreements with Nevada Energy and is awaiting Federal Energy Regulatory Commission approval to officially divest itself from the Reid Gardner Facility. DWR did not receive any power from Reid Gardner in August, as planned, and will no longer schedule power in the future consistent with the close-out agreements. Staff is working closely with DWR to ensure the State Water Project and Metropolitan's financial interests are protected.

Water Supply—Develop and execute water resource strategies that achieve the long-term reliability envisioned in the Integrated Resources Plan.

WATER SUPPLY CONDITIONS AS OF AUGUST 31, 2013



BUSINESS TECHNOLOGY

Deploy smart technologies and innovative business services to enhance efficiency

Metropolitan's Supervisory Control and Data Acquisition System (SCADA)—Enhanced Cyber security—Information Technology and Water System Operations staff continued efforts to reduce security risk with the acquisition of new network monitoring software. Staff is coordinating system requirements, planning, configuration and testing in preparation for deployment.

Emergency Two Way Radio Communications Upgrade—Staff has completed conceptual design and third-party Quality Assurance/Quality Control on the system design, capacity, coverage, and Request for Proposal. An application for frequency conversion and confirmation of system capacity has been approved by the Federal Communications Commission.

Water Systems Control Master Plan—After completion of internal and external research and workshops with system suppliers, the final drafts of the Water System Control Architecture and Infrastructure reports have been received. Staff is now in the initial stages of compiling a complete Master Plan.

Business Processes and Information Technology

Advance continuous business process improvements to improve effectiveness and efficiency while striving for innovation, flexibility, and integration with technology.



Wadsworth Pumping Plant Control and Protection Systems—Preliminary design phase continues with the milestone for 60 percent designed submittals completed and approved. The milestones for the 90 percent submittals are substantially complete. The prototype control system effort using the preliminary design concepts has begun at both Headquarters and the Wadsworth Pumping Plant. The prototype will be used to test and validate key technical concepts prior to initiating final design. Coding submittals have been reviewed and are being migrated to the testing environment, with testing scheduled to commence in September. (*see photos below*)



BUSINESS TECHNOLOGY

Deploy smart technologies and innovative business services to enhance efficiency continue.....

Conveyance and Distribution System—Hydraulic Modeling Project—IT staff is supporting Engineering with hydraulic modeling of Metropolitan’s conveyance and distribution system. Distribution system modeling regions have been determined and survey teams from engineering are preparing system data for modeling. Board authorization, funding, and award of a consultant contract are planned for September 2013.

Enterprise UNIX Server Replacement Project—The Enterprise Server Replacement project replaces end-of-life servers that support key enterprise business applications (e.g., Oracle & PeopleSoft), to enhance the reliability of Metropolitan’s enterprise applications that depend on the performance of these servers. During the period, staff held a pre-proposal conference with potential vendors. Proposal evaluations and vendor selection is scheduled for September with Board authorization and funding planned for October 2013.

Core Water Quality Applications—IT staff continues to provide support to Water System Operations Water Quality staff with continued efforts to upgrade Metropolitan’s Laboratory Information Management System (LIMS) to the latest software version. The LIMS application contains Metropolitan’s Water Quality compliance data and is the data-of-record for mandatory compliance monitoring. *(see photo to the right)*

Complete Metropolitan’s Personal Computer Replacement Program for deploying new computing technology throughout the organization

Staff continues the rollout of Metropolitan’s PC Replacement Program. Staff has achieved key milestone deliveries to the desert region; and Headquarters floors 6, 9 through 12; the Sacramento office; Skinner treatment plant; Diamond Valley Lake; and the Water Quality Lab.

The screenshot shows the 'Data Administrator' application window. The 'Meta Data' section contains a form with the following fields:

- Point Type: AQUEDUCT
- AKA: ADD
- Point Identifier 1: AQUEDUCT NAME
- Point Identifier 6: SAMPLING DEVICE
- Point Identifier 2: SEGMENT
- Point Identifier 7: SAMPLE SPECIFICS
- Point Identifier 3: DISTANCE (MP OR STA)
- Site CD: [empty]
- Point Identifier 4: FAMILIAR NAME
- Location CD: [empty]
- Point Identifier 5: FAMILIAR DETAILS

Below the form is a 'Browse Data' table with the following columns:

Point Type	Point Type #	Point ID 1	Point ID 2	Point ID 3	Point ID 4	Point ID 5	Point ID 6	Point ID 7	SI
ADMIN	ADMIN	TYPE							PK
AQUEDUCT		TYPE	SEGMENT	DISTANCE	FAMILIAR N	FAMILIAR D	SAMP SPEC	FAMILIAR D	PK
BLEND	BLEND	SPW %	CRW %	FIELD 3	FIELD 4	JAR TEST D	FIELD 6	FIELD 7	PK
BUILDING	B	CITY NAME	STREET ADC	ROOM	AGENCY				PK
BULK CHEM	BLK_CHEM	VENDOR / S	CHEMICAL	LOT / BATO					PK
CALFED UV	OFUV	SITE	LOCATION						PK
DIEMER FIL	DFF	PROCESS N	PROCESS P	HORIZONTAL	BASIN OR M	JAR TEST D			PK
DOMESTIC U	DOM	AREA	CHECK POS	FLOW DIRE	LOCATOR				PK
EMERGENCY	EMER_SCRN	ID 1	ID 2	ID 3	ID 4	ID 5	ID 6	ID 7	PK
FEEDER	FDR	FEEDER N	SITE NUMB	SAMPLE LOC	STATION N	INFO 1	INFO 2	INFO 3	PK

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

Printer Study—Metropolitan has selected a vendor for the managed print services pilot program. Implementation of the year-long pilot program is scheduled to start November 2013 with Business Technology’s Administrative Services section being utilized for the pilot. The pilot program will develop a printer/reprographic/fax strategy to reduce costs, energy usage and improve productivity.

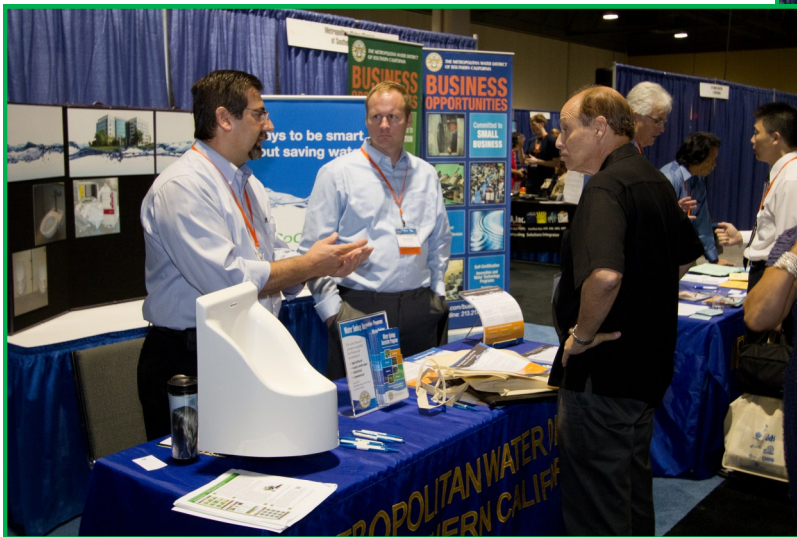


BUSINESS TECHNOLOGY

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

Metropolitan's Business Outreach Program participated in the following events this past month:

- Supported Metropolitan's Bay Delta Initiatives and Long Term Conservation Plan along with Water Resource Management's Innovative Conservation Program by designing a program and tool called H2O Tech Connect Smart Matchmaking Tool – Accelerating Connections in Technology. The program and tool were developed for innovators and entrepreneurs interested in applying for ICP funds as well as public and private grants.
- Collaborated with Los Angeles Unified School District, Los Angeles World Airports, Port of Long Beach, Metro, and the State of California Department of General Services to host the California Construction Expo 2013. The Expo provides information and instruction for small and large business on construction contract opportunities within the public sector. (*see photos below*)
- Participated in the 22nd Annual Navy Gold Coast Small and Veteran Owned Business Conference and the 10th Annual National Convention of Service Disabled Veterans and Small Businesses.
- Exhibited and sponsored the California Hispanic Chamber of Commerce by participating in procurement and matchmaking sessions.
- Participated and exhibited in the California Black Chamber of Commerce State Wide Conference as an advisor in the Youth Entrepreneur Summit.
- Participated in the 4th Annual Latin Business Association's Women's Business Conference – *Energy and Technology*.
- Hosted two Small Business Enterprise Certification Workshops at Metropolitan.
- Held a quarterly interdepartmental user advisory group meeting for Metropolitan staff to demonstrate new features of the NETConnect System used for advertising Metropolitan bid opportunities. One additional feature is a new NETConnect mobile application that can be used across the many mobile operating systems on the market.



BUSINESS TECHNOLOGY

Continue to manage a comprehensive Grant Funding and Management Program

This past month three grant applications were submitted to the Safe Drinking Water State Revolving Fund:

(1) Project: Prestressed Concrete Cylinder Pipe Rehabilitation and Replacement Project

Request: \$20 million

(2) Project: Installing additional chlorine evaporators at Weymouth plant ozone facilities to eliminate capacity restrictions

Request: \$20 million

(3) Project: Modification of Mills Plant existing ammonia and chlorine systems to provide low levels of chloramines upstream for bromate control.

Request: \$1 million

Additionally, the Grant Funding Policy and Procedures are approximately 85 percent complete. Stakeholders are providing input and review to the documents. Expected completion is December 2013.

Implement Business Technology's comprehensive workforce succession planning and employee development programs

Business Technology continues to utilize Metropolitan's student internship program to provide college students hands-on work experience while giving Metropolitan access to in-demand skill sets within technology. Recently, a student intern was selected to support the geographic information system (GIS) team, which provides innovative GIS technology solutions and services to the many business units at Metropolitan. Additional student intern recruitments are currently underway.

Seek fair and equitable contract agreements with Member Agencies, federal, and state governments to maintain a long-term sustainable wholesale water resource to Southern California

Metropolitan staff continues to meet the requests of Member Agencies and cities for annexation and levying standby charges by obtaining Board approval for annexation and standby charges at Calleguas Annexation No. 97 in the city of Oxnard. In addition, staff conducted a public hearing to collect standby charges for five parcels in the Calleguas No. 97 during August with no protests.

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

- Metropolitan Headquarters Parking Gate—Staff developed specifications and bid documents to replace the 15-year-old parking gate on the east side of the building.
- Metropolitan Headquarters LED Lighting—In an ongoing effort to ensure lowest life-cycle operating costs of the Headquarters building, installation of over 600 LED lights in conference rooms, cafeteria, passenger elevators and stairwells is 10 percent complete.
- MTA Union Station Master Plan—Metropolitan staff is participating in stakeholder meetings with the Metropolitan Transit Authority to discuss alternatives for the Union Station Master Plan. Staff is staying abreast of developments that will ultimately increase public transportation access, retail and entertainment services. MTA has plans to present four alternatives to their board in September 2013. *(see photo to the right)*



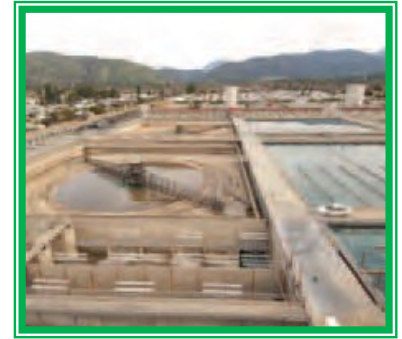
WATER SYSTEM OPERATIONS

Operate system reliably

Water System Operations delivered approximately 192,000 acre-feet of water to meet Member Agency demands in August, which averaged approximately 6,200 AF per day. This was a decrease of 9,000 AF from July. Continued mild weather reduced system demands for August. Treated water deliveries for August totaled 99,000 AF, or 53 percent of total deliveries for the month. In August, 95,000 AF of Colorado River water was pumped as the CRA remained on a seven-pump flow for the entire month. State Water Project imports averaged 2,300 AF per day in August for 70,000 AF for the month. At the end of August, 640,000 AF of State Water Project had been delivered to Metropolitan.

Storage at Diamond Valley Lake decreased to 627,000 AF or 77 percent full, as Inland Feeder deliveries remained suspended in August due to low State Water Project supplies. SWP blends to the Weymouth, Diemer, and Skinner plant remained at 15 percent for the month of August.

System Operations continued to maximize power generation throughout the month. In August, Metropolitan's hydroelectric plants generated an average of 25 megawatts for a total of 18,000 megawatt-hours.



System Reliability—Operate and maintain the water and power systems in a cost-effective manner to ensure reliable delivery of water supplies.

Optimize maintenance

Staff completed thermographic (infrared heat imaging) surveys on a portion of the 230kV high voltage transmission system lines. The annual survey locates potential problem areas associated with weak, worn, or damaged conductors that could interrupt power to the pumping plants. The 230kV transmission system consists of approximately 321 miles of high voltage power transmission lines and 1,200 towers. Approximately 75 percent of the system has been surveyed so far and no anomalies have been detected. *(see photo to the right)*

Staff replaced a 16-inch plug valve in the Hollywood Tunnel Pressure Control Structure on the Santa Monica Feeder due to a broken gear in the operator shaft. Prior to dismantling the valve and removing it, the metal roof and staircase of the tunnel were detached using a 75-ton crane. Staff kept the Santa Monica Feeder in service while the valve was replaced and there was no service interruption to the member agencies. *(see photo to the lower right)*



Performing thermographic surveys on the East and West 230kV Mead-Camino transmission lines

Staff relocated ladders and modified installations in six structures within the Orange County distribution system to meet the new minimum Safety Climb Fall Protection Program requirements. These physical modifications allow staff to safely access the structures without additional full protection procedures.



Staff installing the newly refurbished 16-inch control valve in the Hollywood Control Structure on the Santa Monica Feeder

WATER SYSTEM OPERATIONS

Optimize maintenance continued...

As part of the Quagga Mussels Control Plan, staff isolated and shut down the Lake Skinner Outlet Tower to perform chlorine shock treatment. This technique minimizes mussel entry into the Skinner water treatment plant and the raw water distribution system. Because of fluctuating lake levels, chlorine cannot be regularly applied to the entire depth of the tower which leaves some valves susceptible to quagga mussel infestation. *(see photos below)*



Before cleaning: Dense layer of quagga mussels attached to a Tier No. 4 valve (above normally operated chlorine injection point)



After cleaning: Chlorine shock treatment and pressure washing

Improve security and emergency response

Staff participated in a one-day Training and Exercise Planning Workshop for Los Angeles County Operational Area Emergency Management at Mt. San Antonio College on July 17. This workshop focused on coordinating emergency response training/exercises for 2014 in the County and included representatives from County departments, cities, and special districts.

Staff continued to work with stakeholders to develop a major emergency exercise scheduled for November 2013. The “Oh, Susanna” exercise will give participants the opportunity to practice responding during a major earthquake. The multi-agency design team includes representatives from Calleguas and Las Virgenes Municipal Water Districts, the Los Angeles Department of Water and Power, the State Department of Water Resources, the State Office of Emergency Services, and Los Angeles and Ventura Counties.

Develop workforce

The Water System Operations Apprentice and Technical Training Program provides trained, qualified employees to maintain Metropolitan’s water treatment and distribution systems. Seven electrical and 11 mechanical pre-apprentices began work this month. Their first week includes new employee orientation and will include eight standard safety courses, followed by an apprentice orientation in the next few weeks. Pre-apprentices will then report to their respective field managers with the necessary training enabling them to begin work immediately.

Staff presented an overview and tour of the Apprenticeship Program to a group of educators from the Discovery Science Center. This group has a partnership with the Municipal Water District of Orange County to provide students educational experiences in the areas of water and science.

WATER SYSTEM OPERATIONS

Optimize maintenance continued...

Staff installed LED lighting in the Mills water treatment plant tunnels to improve visibility and safety. Additionally, the more efficient lighting will reduce maintenance and energy costs with a total annual savings of \$32,000. Local power utility rebates added to the savings and improved the project payback period.



Before and after the light-emitting diode improvements in Mills water treatment plant tunnels

The La Verne Shops are in the process of manufacturing 500 feet of welded steel pipe in support of the first of three upcoming pre-stressed concrete cylinder pipe repairs. The pipe sections will be used as internal sleeves, inserted and welded together inside the Second Lower Feeder to restore strength to that portion of the pipeline. The shop process involves rolling large pieces of steel plate into 68-inch diameter sections that are 10 feet long (*see photo below*). Two of these are joined by another weld to create a 20-foot long pipe. Once the pipe is complete, a protective mortar lining is applied to the inside of the pipe, and it is braced to prevent any deformation during transport to the job site. The manufacturing is scheduled to be complete at the end of November 2013. To date, the shops have rolled and welded 12 ten-foot-long pipe sections.

The La Verne Shops have been contracted by the Los Angeles County Department of Public Works to refurbish a 48-inch diameter hollow jet valve for its San Gabriel Dam facility. The work includes manufacturing a large blind flange that will be installed on the pipe while the valve is being refurbished.

Staff performed minor improvements adjacent to the Greg Avenue Pressure Control Structure to improve access for the facility, address ongoing drainage issues, and meet newer city code requirements. The work included paving, grading and installation of new sidewalks along the portion of the property facing the street.

Staff continued work on the access bridge for the South Portal Tunnel of the Inland Feeder near Gilman Springs. The

foundation of the bridge constructed by Metropolitan over the San Jacinto Creek was undermined by excessive storm water runoff. Staff stabilized the bridge foundation and abutment and is in the process of adding v-ditches and curbing to redirect runoff, shotcrete for slope protection, and rock rip-rap to slow the water to prevent soil erosion.

Staff divers rapidly responded to repair several small tears in the Garvey Reservoir floating cover and prevent any potential cross contamination from rainfall. Four tears near a column that supports a cover walkway were quickly identified and repaired. Engineering Services Group is evaluating potential improvements to prevent future tears.



WATER SYSTEM OPERATIONS

Protect source water quality

During this month, staff participated in the California Department of Water Resources' Municipal Water Quality Investigations Program annual meeting in Sacramento. DWR provided presentations on Delta and State Water Project water quality monitoring and modeling programs, special studies, and other water quality efforts. DWR also provided a tour of restoration efforts within the Yolo Bypass.

Metropolitan joined other stakeholders in a quarterly meeting organized by the Nevada Division of Environmental Protection (NDEP) and the Nevada Environmental Response Trust (NERT) regarding perchlorate cleanup at the former Tronox site in Henderson. NERT introduced the new groundwater extraction and treatment system operator, Envirogen, and updated stakeholders on the status of the soil/groundwater remediation. Recently, there have been several operational issues associated with the fluidized bed reactor treatment system that have necessitated considerable system refurbishment to be conducted through October 2013. During these repairs, the treatment system continues to operate. Staff continues to closely track this issue and receives frequent

updates from NDEP and NERT on system status.

Cyanobacteria (blue-green algae) blooms remain on the surface of four lakes, resulting in elevated levels of taste-and-odor compounds in Lake Perris, Lake Skinner, Diamond Valley Lake, and Silverwood Lake. Water leaving Lake Perris is currently rated unacceptable for taste-and-odor and the California Department of Water Resources is scheduled to treat the lake with copper sulfate on August 27 to control the cyanobacteria. Metropolitan has received consumer complaints from one member agency taking raw water from Lake Perris.

Optimize water treatment and distribution

State Water Project target blends at the Weymouth, Diemer and Skinner water treatment plants were at 15 percent in August. Flow-weighted running annual averages for total dissolved solids for July 2012 through June 2013 were 503, 499, and 420 mg/L for Weymouth, Diemer and Skinner water treatment plants, respectively.



Water Quality, Environmental and Safety—Develop and implement comprehensive programs to ensure Metropolitan delivers water that meets or exceeds all water quality regulations and objectives. Integrate effective safety and environmental practices to protect workers and the environment.

Prepare for future regulations

After nearly 15 years of examining the potential human health effects, available treatment technologies and costs, the California Department of Public Health (CDPH), on August 22, proposed a draft maximum contaminant level (MCL) of 10 parts per billion (ppb) for hexavalent chromium or chromium-6 in drinking water. Monitoring of Metropolitan's source and treated water supplies over the last 10 years indicate no direct impact to operations or compliance with the proposed standard. However, member and retail agencies using groundwater could be impacted by the proposed MCL, which could increase demands for imported water to offset the loss of affected local supplies.

Metropolitan continues to work with its member and retail agencies along with the drinking water industry to evaluate the regional effect of this standard and provide comments as appropriate to ensure the chromium-6 MCL is fully protective of public health and feasible for water systems throughout the

state. The final MCL is expected to be released within 12 months.

Provide technical support to member agencies

Metropolitan held a quarterly Member Agency Water Quality Managers Webinar on August 13 where speakers provided updates on water quality, system status and water supply.

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 August.

Example of ppb (parts per billion)

1 drop of water in an Olympic-size swimming pool.

REAL PROPERTY DEVELOPMENT & MANAGEMENT

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

- An easement was acquired from the Orange County Transportation Authority to restore access to Metropolitan’s OC-28 Service Connection located on the East Orange County Feeder. OCTA’s Tustin-Rose Grade Separation Project blocked Metropolitan’s existing access from Tustin Avenue.
- A lease providing access near the Santa Clarita Rejection Tower for the benefit of Metropolitan’s commercial tenant, Crown Castle Inc., was extended for a one-year term by agreement between Valencia Northridge Homeowners Association, the Lessor, and Metropolitan as Lessee.



Real Property Acquisition, Management and Revenue Enhancement—Manage Metropolitan’s real property assets with a focus on revenue enhancement while ensuring that Metropolitan’s core operations are protected. Acquire real property for future operational business needs.

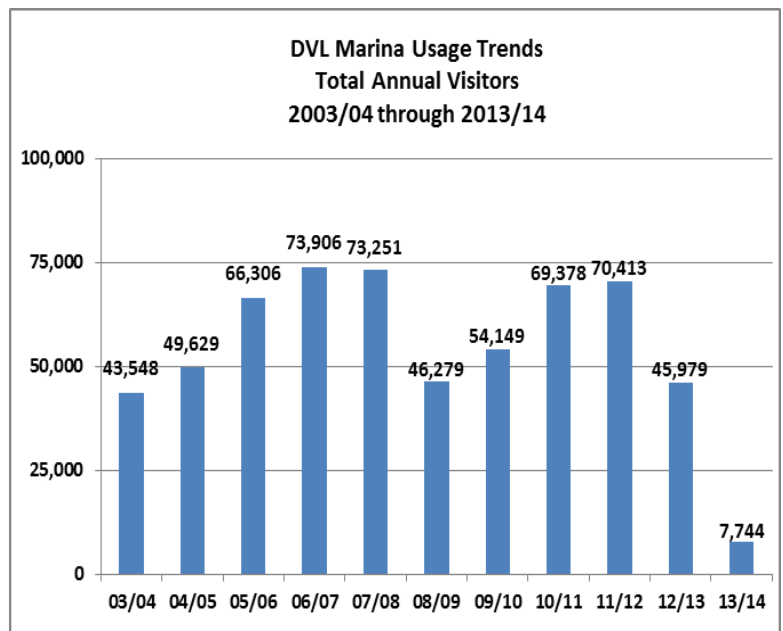
Seek revenue-generating opportunities for real estate assets in several market segments — telecommunications, solar development, film production, and sustainable technology and research

- A Consent to Access was issued to Eastern Municipal Water District to enter Metropolitan’s property on the Colorado River Aqueduct Casa Loma Canal near Diamond Valley Lake to repair a fence belonging to Eastern.
- An entry permit previously issued to C & C Mountaingate allowing ingress and egress over a portion of property near the Sepulveda Pressure Control Structure was amended to update the terms and allow for annual adjustments in rent.
- An entry permit previously issued to the Southern California Gas Company was amended to extend the term and allow periodic operation and maintenance of a natural gas transmission pipeline at the Joseph Jensen Water Treatment Plant.

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 22 months of rent on the percentage lease with Urban Park Concessionaires for the operation of the DVL Marina and the Lakeview Trail. The \$119,792 received from October 2011 through July 2013 represents seven percent of the 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 600,000 visitors at its marina facilities and 143,000 private boats have launched since the 2003 public opening.



Strategic Priority: Employee Development—Provide management and employee development to meet the changes in the workplace resulting from increased retirements, changing skill requirements, and priorities. Ensure employees and managers are prepared to effectively carry out their roles and are provided opportunities to prepare for promotional opportunities and future positions. Foster learning and performance-oriented approach throughout the organization. Enhance efforts to find, develop and place internal talent to fill vacancies to provide needed skills.

Human Resources Excellence

Ensure Metropolitan is a high performance workplace with excellent leadership and management practices that engage employees; foster alignment with Metropolitan's business goals; provide the right talent and skills for future business needs; and establish a workplace where employees implement cost-effective processes and programs to deliver outstanding value and customer support.

Implement technology solutions for Human Resources functions

- Worked with Information Technology and Professional Services Contracts staff to launch a Request for Proposal for consultant assistance on a PeopleSoft Upgrade project.
- Prepared list of all filled and vacant positions to be downloaded into the budgeting system in preparation for next budget planning process.

Workers' Compensation costs

- Conducted initial investigations on 7 injury incidents.
- Submitted 4 new claims to Metropolitan's workers' compensation claim administrator.
- Settlements were negotiated in 2 claims, finalized in 2 claims, and 16 claim files were closed.
- Conducted MedVan evaluations at Mills, Lake Skinner, and Lake Mathews facilities.
- Arranged 7 medical evaluations (DMV, medical surveillance, hearing conservation, etc.).
- Coordinated 3 random drug/alcohol tests.
- Addressed 2 accommodation issues.

HUMAN RESOURCES

Foster learning and organizational development

- Scheduled and communicated employee development and management classes for the remainder of the calendar year.
- Delivered mandatory training classes to managers.

Foster management excellence

Continued support for Group initiatives to enhance alignment with Metropolitan business plans.

Set high performance standards

Over 1,500 employee evaluations have been processed. Developed statistics showing ratings and merit step increases for evaluations received so far.

Acquire talent

Hired 18 new Pre-Apprentices. Received final recommendation from outside consultant to develop validated physical ability tests for the Pre-Apprentice recruitment scheduled for January 2014.

Maintain compliance and effectiveness in benefit programs

- Developed open enrollment materials for employees and retirees to communicate new benefit plans and rate structure.
- Continued to provide sessions of the New Fund Lineup and Your Retirement workshop in various locations.
- Participated in a CalPERS Round Table conference call to provide feedback to CalPERS on programs and issues that impact Metropolitan.
- Met with unions to discuss distribution of revenue sharing funds back to participants.

Identify, assess and manage risk

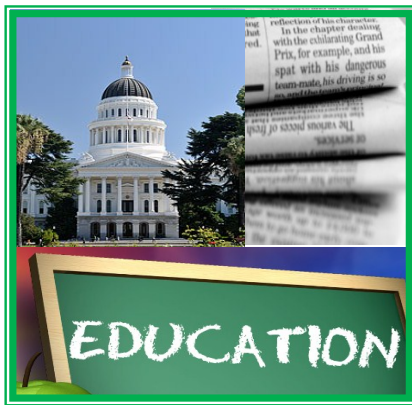
The Risk Management Unit completed 49 incident reports communicating instances of Metropolitan property damage, liability, workplace injuries, regulatory visits and spills.

Risk Management completed 78 risk assessments on contracts, including professional service agreements, construction contracts, entry permits, special events and film permits.

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

During the month of August, the Employee Relations Section partnered with the Legal Department in resolving a critical Unfair Labor Practice Charge regarding the new MyPerformance evaluation process that had been filed by the American Federation of State, County and Municipal Employees, Local 1902 with the State Public Employment Relations Board. That matter has now been resolved in a manner that will allow Metropolitan to continue with its MyPerformance evaluation process unchallenged. This represents a major step forward in ensuring that Metropolitan continues to improve its performance management.





Legislative, Communications and Community Relations

Develop federal and state legislative strategies consistent with board-adopted policies and ensure clear, consistent communications (internally and externally) about Metropolitan's operations, policies and programs through multimedia communication efforts and effective educational and other outreach programs.

2014 Water Bond

Democrats in both the Senate and Assembly are moving forward, albeit on separate tracks, to rewrite the \$11.14 billion water bond, which is now on the November 2014 ballot.

Early in the month, Assembly Water Bond Working Group (Working Group) released its framework for a new \$5 billion general obligation bond for November 2014. In addition, on August 15 the Assembly Water, Parks and Wildlife Committee and members of the Working Group held an informational hearing on the framework. Thirty witnesses, including Metropolitan, provided comments at the hearing.

On August 16, Senator Lois Wolk (D-Davis) introduced a \$5.6 billion water bond proposal, SB 42, The Safe Drinking Water, Water Quality & Flood Protection Act of 2014. Her bond proposal would replace the \$11.14 billion bond currently on ballot with a bond measure roughly half the amount.

EXTERNAL AFFAIRS

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

Federal

Representative Joe Heck (R-NV) has introduced H.R. 1823, legislation that would amend the Lacey Act to include U.S. Fish and Wildlife Service's oversight with respect to addressing the current quagga mussel impacts to operational facilities that deliver Colorado River Water to California and other impacted Basin States. Staff has been working with other water agencies with an interest in Colorado River supplies to provide comments to Representative Heck and other Members of Congress regarding developing a policy that will address the quagga mussels in a manner that protects interstate transfers and diversions of Colorado River water supplies.

On August 1, the Obama Administration issued an Executive Order requesting formal review of the nation's Chemical Security Program. Staff is currently reviewing the Executive Order and analyzing potential impacts to water treatment facilities and will update the board accordingly.

On August 9, President Obama signed into law H.R. 267 (McMorris-Rogers, R-WA) the Hydropower Regulatory Efficiency Act of 2013. This legislation streamlines the permit process for hydropower power development for small hydroelectric facilities and in-conduit facilities. Metropolitan supported this legislation.

State

Informational Hearings

On August 13, the Senate Natural Resources and Water Committee and the Senate Governance and Finance Committee jointly hosted an informational hearing entitled *The Governance and Financing of the Bay Delta Conservation Plan: Overview of the Issues*. John Laird, Secretary of the Natural Resources Agency, and Chuck Bonham, Director of the California Fish and Wildlife Department, provided testimony and emphasized the need to continue developing the BDCP as it is a "work in progress."

Local

- On August 16, Metropolitan Directors Edwards, Fleming, Friedman; Foothill Municipal Water District Southern California Water Committee Executive Director Atwater; staff from the Los Angeles Department of Water and Power and Metropolitan joined to brief Assemblyman Mike Gatto (D-Silver Lake) on the Bay Delta Conservation Plan, the 2014 Water Bond and other water issues.
- On August 23, Metropolitan jointly hosted a Community Leaders' Briefing with Assemblyman Bocanegra in San Fernando. Director Ballin was joined by over 100 elected officials and community leaders for the event which featured a water legislation update by the Assembly Member and a BDCP overview by Metropolitan Bay Delta Initiatives Manager Arakawa.
- On August 26, Director Camacho was joined by Metropolitan, Inland Empire Utilities Agency, and Three Valleys Water District staff in briefing Congresswoman Gloria Negrete McLeod (D-CA) on the BDCP and Metropolitan's federal legislative priorities.
- Metropolitan staff continues to organize community presentations on the BDCP, including events with the La Verne Chamber of Commerce, the Long Beach Chamber of Commerce and the South Bay Cities Council of Governments.

EXTERNAL AFFAIRS

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

- On August 8, Metropolitan hosted a Water Summit organized by the office of Congresswoman Grace Napolitano (D-CA) with the support of Metropolitan staff. Congresswoman Napolitano was joined by Congresswoman Maxine Waters (D-CA) in a crowd of over 100 elected leaders, water officials and community members participating in the event. Directors Brown, De Jesus, Evans, Griset, Murray and Wunderlich were in attendance, along with General Manager Kightlinger, who kicked-off the workshop with an overview of Southern California's water resource needs.

- On August 15, the Valley Industry and Commerce Association held their annual Local Office Holders Luncheon. Directors Ballin, Fleming, Friedman, Grunfeld, Murray, Peterson, Quiñonez and Metropolitan staff attended the event, which attracted several hundred people.
- Metropolitan staff assisted in organizing the San Bernardino County Water Conference held on August 23 in Ontario, CA. In addition to Directors Evans and Camacho, more than 500 community leaders, elected officials and water industry professionals attended the conference. Metropolitan staff participated in panel discussions on the water issues and the Bay Delta.

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

Media

- Arranged interview with General Manager Kightlinger and Capitol Public Radio/Sacramento reporter to discuss the Bay Delta Conservation Plan, other issues in the Sacramento-San Joaquin Delta, the role of Metropolitan in Southern California's water supply and Metropolitan's development history.
- Set up interview with Assistant General Manager/Chief Operating Officer Debra Man and Union Tribune-San Diego reporter for a story about the impact on the state's power grid from a potential drought and how that might affect water deliveries.
- Facilitated interview of Metropolitan water quality lab chemist by writer for scientific journal Environment & Technology for a story about disinfection byproduct research as part of new U.S. Environmental Protection Act study of water toxicity.

- Set up interview with Water Resource Management manager and writer for Association of California Water Agencies newsletter to discuss reservoir storage conditions across California and potential impacts to Metropolitan.
- Issued press release of General Manager Kightlinger's statement regarding release of draft Bay Delta Conservation Plan statewide economic impacts analysis.
- Issued joint press release with western water agencies and Bureau of Reclamation to announce latest round of expanded competitive Innovative Conservation Program grants aimed at finding new water-saving devices and technologies.

Education

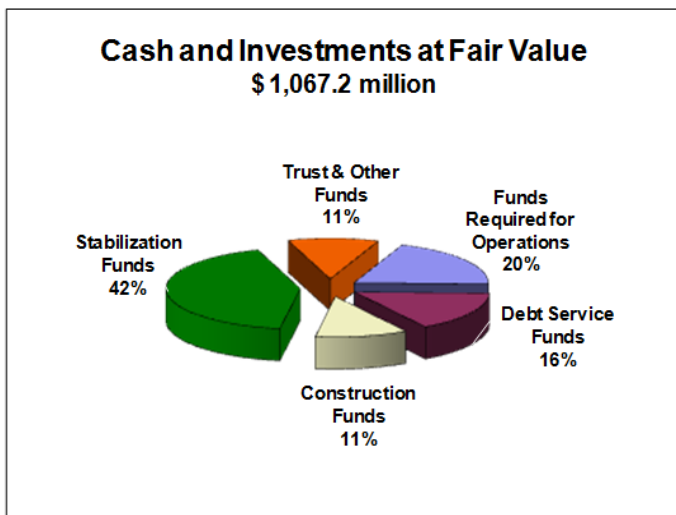
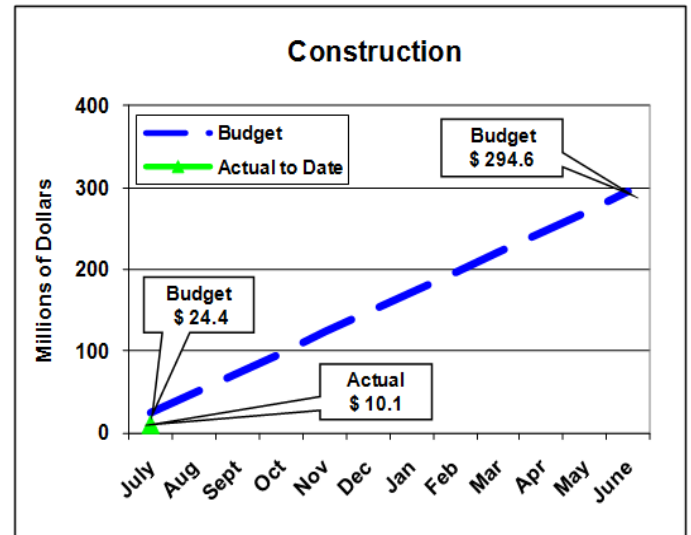
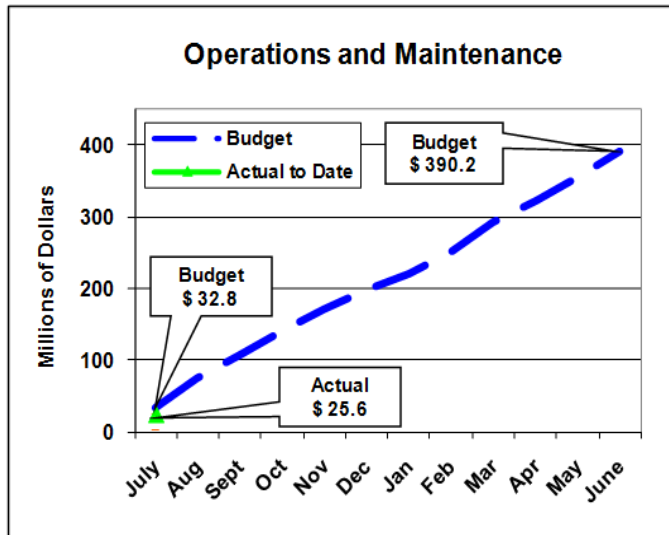
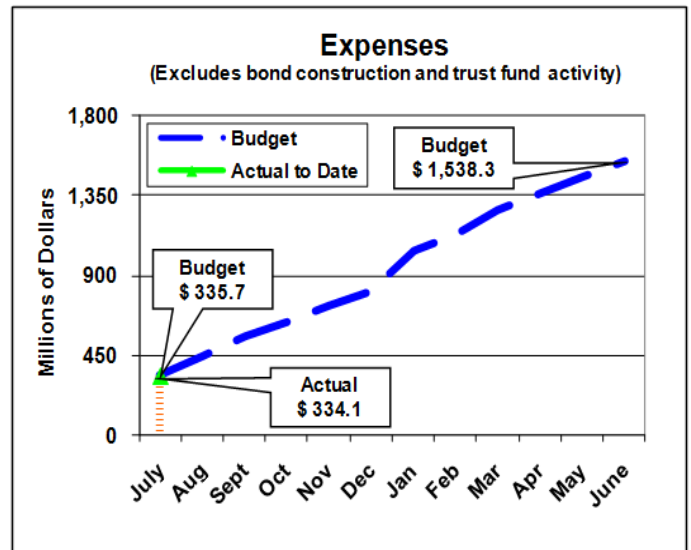
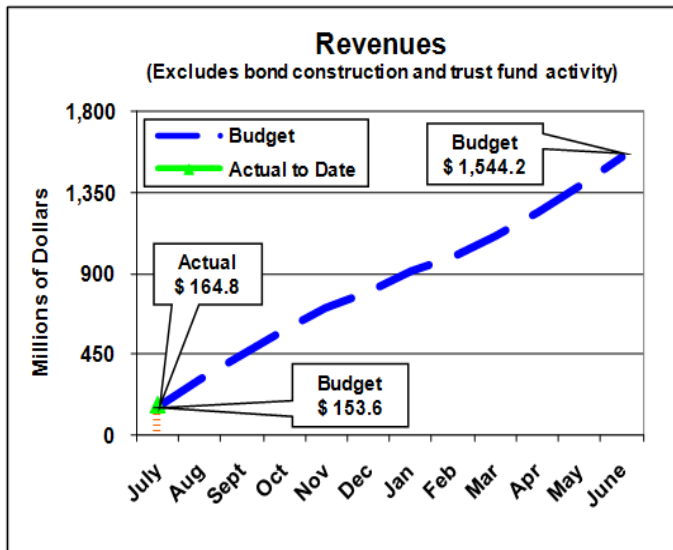
There were 2,439 unique visits to the Education Web Site from July 16 – August 15, 2013.

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

Online search on Google Search and the Google Content Network continues this month. Links to bewaterwise.com appear when keywords such as "water," "California weather," and "water rebates" are searched for by Southern California users.

There were nearly 49,000 visits to bewaterwise.com in July. There were over 34,000 visits to bewaterwise.com from July 16 to August 15, 2013.

FINANCIAL SUMMARY AS OF JULY 31, 2013



Summary Financial Statistics

	2013/14	
	Target	Budget
Fixed Charge Coverage	≥ 1.20 x	1.33 x
Revenue Debt Service Coverage	> 2.00 x	1.86 x
Revenue Bond Debt / Equity Ratio	< 100.0%	74.0%

Credit Ratings

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

FINANCE

Succession Planning—Focus on planning, management, and employee development to ensure continuity of duties and services. Work to ensure that employees and managers are prepared to effectively carry out their roles as a result of changes in workplace business needs and technologies and increased retirements

Manage succession in preparation for anticipated retirements between now and 2016

In August, the CFO's office initiated an employee skills development project.

Business Continuity—Facilitate district-wide planning and training to prepare employees and managers to effectively carry out critical roles and functions thus ensuring continuity of operations in the event of a disaster.

Operating Policy A-06 (Emergency Management and Business Continuity) update with new links to related materials was posted on Metropolitan's IntraMet. Staff has begun planning for annual Business Recovery Exercise, in conjunction with Information Technology, to test back-up systems for critical business processes maintained at Metropolitan's Disaster Recovery Facility.



STRATEGIC PRIORITY—
Improve Financial Position

Storage

	As of 8/31/13 <u>Storage (AF)</u>	Percent of <u>Capacity</u>
DVL	625,040	77%
Lake Mathews	121,761	67%
Lake Skinner	36,400	83%

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

MAF=million acre-feet

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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