



GENERAL MANAGER'S MONTHLY ACTIVITY REPORT SEPTEMBER 2013

September 30, 2013

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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.

More Local Water Sources to Help Meet Southern California's Future Supply Needs

Funding for 16 projects designed to clear a path for increased recycled water, storm water capture, desalted ocean water and recovered groundwater to meet future Southern California's supply needs was approved in September by Metropolitan Water District's Board of Directors.

Authorized projects include a groundbreaking series of advanced technical studies and pilot projects aimed at reducing barriers and regulatory hurdles for potential leading-edge supply resources that could be developed over the next 25 years as part of Metropolitan's long-term water plan.

In addition, the Board approved new conservation initiatives to further enhance water use efficiency throughout Southern California. Among the new initiatives are rebates for rain barrels and soil moisture sensor systems as well as financial incentives for retrofitting fitness centers with high-efficiency toilets and urinals.

Among the authorized projects proposed by 14 participating Metropolitan member public agencies, six involve groundwater clean-up and six further use of recycled water. Two address seawater desalination and two others advance storm water capture

BAY-DELTA INITIATIVES

Bay Delta Conservation Plan—In support of a fall release of the Bay Delta Conservation Plan and accompanying Environmental Impact Report/Environmental Impact Statement, staff reviewed critical elements of the administrative draft BDCP documents.

On September 11, the Natural Resources Agency released a statement concerning their evaluation of the so called “Portfolio Approach” to Statewide Water Management and the BDCP, submitted by a group of water agencies and environmental groups. The California Department of Water Resources conducted the economic and water modeling analysis of the Portfolio Approach and found that this proposal with a smaller conveyance performed poorly compared to most other alternatives and that its costs significantly outweighed its benefits.

On September 20, the Natural Resources Agency issued a letter to the Department of the Interior setting a release date of November 15 for the draft EIR/EIS for the BDCP.



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.

Turbidity Forecasting

Staff is collaborating with DWR on a retrospective analysis of the 2012/13 adult Delta smelt season. The analysis explores potential fishery protection and water supply benefits associated with potential preemptive manipulations of winter project pumping schedules. These operational actions would possibly be taken during the first storm and runoff event of the water year (October through September) to prevent or limit turbidity from entering into the central and south Delta where Delta smelt would be susceptible to the project. Results were shared with representatives from water districts and state and federal agencies. U.S. Fish and Wildlife Service staff is preparing a report detailing the retrospective analysis for distribution at its November 6-7, 2013, annual review meeting with the National Marine Fisheries Service for long-term operations associated with the biological opinions. The purpose of this collaborative effort is to determine if revised operations could improve fishery and water supply.

Delta Stewardship Council

On September 1, the Delta Plan and its regulations became enforceable. Now, if a public agency wishes to move forward with a "covered action," such as a habitat project in the Delta, it must file a statement with the Delta Stewardship Council that the action is consistent with the regulations in the Delta Plan. After a statement is filed

with the Council, any person will have 30 days to appeal that consistency determination. If appealed, the Council has 120 days to make a decision about whether the action is consistent with Delta Plan regulations.

Delta Emergency Preparedness

Staff reviewed the Draft Delta Emergency Preparedness, Response and Recovery Plan (DEPRRP) and determined the report provides reasonable strategies to address flood and earthquake initiated emergencies in the Delta region, including implementation of the emergency freshwater pathway. The report emphasizes both flood and earthquake initiated emergencies, but acknowledges that severe earthquake initiated emergencies are the most severe response challenge. Metropolitan commented that given a severe earthquake with multiple island failures, the pathway must receive priority implementation. Staff also commented that the DEPRRP documents should cite the need for emergency exercises to test preparedness and response plans to the consequences of severe earthquakes.

DWR and the U.S. Army Corps of Engineers have completed a draft Memorandum of Understanding with matching state and federal funds, which

will facilitate cooperation in joint state and federal emergency response drills, with particular emphasis on preparations for large scale emergencies. This would include integration of plans and procedures as well as joint participation in training and emergency exercises.

DWR completed purchase of an initial land parcel and is negotiating purchase of a final parcel for emergency materials stockpiles and equipment in the Stockton area. A lease is also being finalized at an existing stockpile site near the city of Rio Vista. Both sites provide water and land access for movement of emergency materials in the event of Delta levee failures.

ENGINEERING

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.

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:

- 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 was completed in September 2013.
- 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 50 percent complete and is scheduled to be complete by April 2014.
- Collis Valve Replacement—This project will replace a 42-inch control valve, known as the Collis Valve, on the Palos Verdes Feeder. Preliminary design is 80 percent complete and is scheduled to be complete by January 2014.
- Santa Ana River Bridge Seismic Retrofit—This project will strengthen the Santa Ana River Bridge, which supports an above-ground portion of the Upper Feeder as it crosses the Santa Ana River. A structural upgrade of the bridge and new base isolators are required in order to withstand a major earthquake. Procurement of the new base isolators is underway and delivery is scheduled for February 2014. Final design of the bridge retrofit is 65 percent complete and is scheduled to be complete by February 2014.
- Diamond Valley Lake Monitoring System Upgrade—This project will upgrade the instrumentation and communications system that monitors and collects dam deformation and seepage data needed for regulatory compliance with the California Division of Safety of Dams. Preliminary design is 80 percent complete and is scheduled to be complete by November 2013.
- Cathodic Protection—Installation of cathodic protection systems is a proactive and cost-effective measure to inhibit corrosion of buried metallic pipes, while reducing the risk of costly emergency repairs. Recent activities include the following:
 - ▷ Sepulveda Feeder South Cathodic Protection—This project will install 21 stray current drain stations along a 5-mile portion of the Sepulveda Feeder. Final design is complete and a request to the Board to award a construction contract is planned for February 2014.
 - ▷ Orange County Feeder Cathodic Protection—This project will replace the impressed-current cathodic protection system along an 8.8-mile portion of the Orange County Feeder. Preliminary design is complete and a request to the Board to authorize final design is planned for February 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 1,400 feet of distressed PCCP with a steel liner. Pipe fabrication is 15 percent complete and is scheduled to be complete by December 2013. A Board action to award a construction contract is planned for November 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 10 percent complete and is scheduled to be complete by June 2014.

ENGINEERING

Oxidation Retrofit Program (ORP)

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

Weymouth_ORP (*photos below*)

- Weymouth ORP (Staged Capacity)—Construction of the main ORP facilities is 28 percent complete and is scheduled to be complete in 2016.
- 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 50 percent complete and is scheduled to be complete by March 2014.



Weymouth ORP – Inlet conduit



Weymouth ORP – Placement of rebar

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:

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 95 percent complete and is scheduled to be complete by October 2013.

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 15 percent complete and is scheduled to be complete by December 2014.

Weymouth Plant

- Washwater Reclamation Plant Upgrades—This project will replace deteriorated equipment in the plant's washwater reclamation plant. Construction is 70 percent complete and is scheduled to be complete by February 2014.
- Weymouth Filter Outlet Chemical Trench—This project will provide 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 80 percent complete and is scheduled to be complete by November 2013.

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, ensure the facilities remain in 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 85 percent complete and is scheduled to be complete by November 2013.

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 Region—Preliminary design of improvements is 60 percent complete and is scheduled to be complete by March 2014.
- Los Angeles County Region—Site assessments to identify surface improvements and right-of-way issues within the Los Angeles County region were initiated in August 2013 and are scheduled to be complete by April 2014.
- Riverside and San Diego County Region—Site assessments are scheduled to commence in November 2013.

CRA Reliability Programs

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

- 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 95 percent complete and is scheduled to be complete by November 2013.
- Copper Basin and Gene Wash Dam Sluiceways Rehabilitation—This project will rehabilitate the 73-year-old sluiceways that are used to dewater the reservoirs. The scope of work includes replacement of the high-pressure gate valves and Howell Bunger valves. Final design is 60 percent complete and is scheduled to be complete by December 2013.
- CRA Sand Trap Equipment Rehabilitation—This project will replace deteriorated sand trap equipment located upstream of the Iron Mountain, Eagle Mountain, and Hinds Pumping Plants. Final design is 90 percent complete and is scheduled to be complete by November 2013.
- CRA Radial Gates—This project will replace eight corroded radial gates located along the CRA. The gates are needed to dewater and isolate various reaches of the aqueduct. Preliminary design is 60 percent complete and is scheduled to be complete by December 2013.
- CRA 2.3 kV Power Line Relocation—This project will replace & relocate a deteriorated 2.3 kV power line that serves Intake Pumping Plant and several remote CRA facilities. Final design is 15 percent complete and is scheduled to be complete by May 2013.



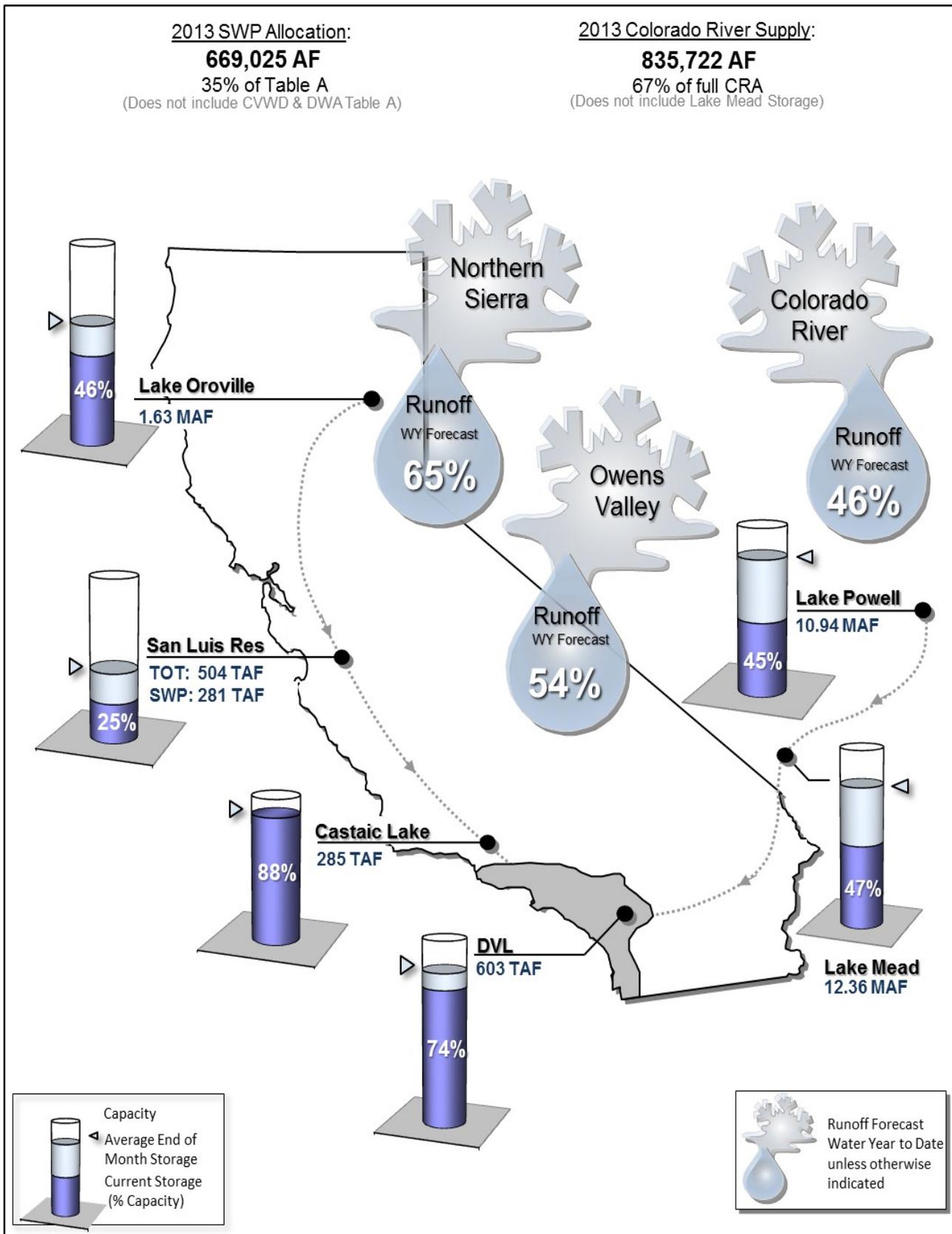
WATER RESOURCE MANAGEMENT

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

Colorado River Diversion

Staff submitted Metropolitan's estimate of monthly Colorado River diversion requirements for calendar year 2014 to the U.S. Bureau of Reclamation. The initial estimate of diversions for next year totals 682,750 acre-feet. The diversion estimate incorporates a plan to store 200,000 acre-feet of Extraordinary Conservation Intentionally Created Surplus in Lake Mead during calendar year 2014 if conditions allow. Otherwise, based on next year's water supply and demand conditions, Metropolitan could request delivery of Intentionally Created Surplus from Lake Mead if necessary.

WATER SUPPLY CONDITIONS AS OF SEPTEMBER 30, 2013



BUSINESS TECHNOLOGY

Deploy smart technologies and innovative business services to enhance efficiency

Metropolitan’s Emergency Response System – Two-Way Radio Upgrades—Metropolitan has mutual aid agreements in place with member agencies under the Member Agency Response System (MARS). Recently, staff completed the MARS Radio System Upgrade project, replacing outdated equipment with limited coverage. The new system provides reliable communication for the MARS with newer digital Ultra-High-Frequency technology. Testing involving all member agencies is taking place this month and the full system will be rolled out once testing is completed. *(see photo below)*

Enhanced Cyber Security Countermeasures—Presidential Executive Order 13636 calls for government to collaborate more closely with industry by sharing information about cyber threats and jointly developing a framework of cyber security standards and best practices with stakeholders to reduce cyber risks to critical infrastructure. In September, Metropolitan’s Information Security Manager participated in the Cybersecurity Framework Workshop that focused on review of the draft Preliminary Cyber Security Framework.

Emerging Technology Advancements—Metropolitan hosted the September SoCal SharePoint User Group Meeting comprised of technology professionals from cities, counties, municipalities, and technology vendors. Users demonstrated how to leverage SharePoint technology to allow for exchange of information, ideas, strategies and best practices. The meeting included representatives from Los Angeles Police Department, and cities of San Diego and Los Angeles. *(see photo below)*

Staff continues to increase the volume of Board-requested documents and records for self-service and online access. Currently, staff is 50 percent complete in making available the Water Bond Issues of 1992 and the Board approved Ordinances from January 1928 – December 2007.

Business Processes and Information Technology

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



SharePoint User Group Meeting



MARS Radio System

BUSINESS TECHNOLOGY

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

Vendor Development Program

Business Outreach Vendor Development Program continues to add a qualified pool of Small Business Enterprise bidders to participate in Metropolitan contracting opportunities. Currently the program has resulted in 260,000 vendors that can participate in Bid Opportunities, SBE Certifications, Workshops, and Networking Events. For the quarter ending September 2013, Metropolitan has increased the qualified vendor pool with:

- 242 Newly Registered Vendors
- 94 Small Businesses
- 6 Disabled Veteran Businesses
- 15 Micro Business with less than 25 employees.

Water Savings Incentive Program

The Business Outreach H2O TECHCONNECT Team and staff from Water Resources Management Group introduced Metropolitan's Water Savings Incentive Program to the California Manufacturing Technology Consulting (CMTC) Group, a non-profit firm that improves customers' performance by fostering innovation and sharing knowledge. Metropolitan and CMTC will explore a water and energy savings component to CMTC's mission to ensure manufacturers flourish by identifying areas of improvement in capability, process and systems to create financial impacts.

Partnering with Member Agencies to Provide Workshops and Training Programs

Business Outreach members conducted eight workshops, participated in ten conferences and expos, six panel discussions, and trained over 2,300 businesses *on How to Do Business with Metropolitan*. Some of the events during the month were:

- WBEC-West and Planet Bids - Business Growth Through Public and Private Contracting Opportunities – Pasadena
Participants included Member Agencies, cities of Burbank, Pasadena, and Los Angeles
- Governor's Small Business Advisory Council Meeting – Los Angeles
- Orange County Black Chamber of Commerce Conference – Orange County
- 5th Annual Filipino American Chamber of Commerce Green, Conserve, and Health Expo – Orange County
- Southwest Water and Energy Consortium – Los Angeles
- Bureau of Reclamation – Temecula
- Asian Business Association Procurement Conference – Orange County
- Southern California Edison 20th Annual Water Conference – Irwindale
- San Diego Regional Minority Supplier Development Council Business Opportunity Conference – San Diego
- Asian Business Association – Los Angeles

Small Business Certification System

Business Outreach continues to develop a uniform online Small Business Certification System with public agencies to increase access to government contracts for regional and small businesses. Recent training was held this month for the Port of Long Beach, the City of Long Beach and Metrolink, who have adopted Metropolitan's shared Planet Bids Platform.

- 262 approved SBE applications
- 56 SBE approval audits

Support for Water Innovation and Technology Business

Business Outreach's H2O TECHCONNECT Team participated in the Clean Tech Los Angeles Business Roundtable with Los Angeles Department of Water and Power, Clean Tech Los Angeles, Clean Tech Los Angeles Incubator, and other partnering agencies at the 4th annual PortTechEXPO.

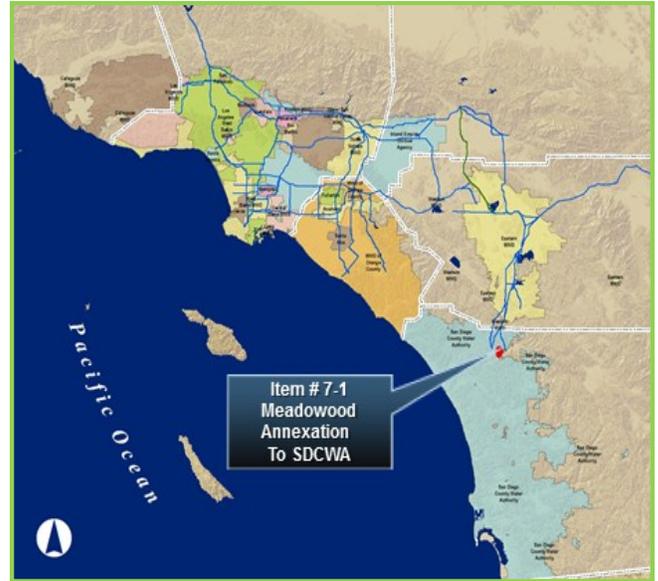
BUSINESS TECHNOLOGY

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 met with Member Agency representatives, executive management, and members of the public to define and clarify the public needs for water service for:

- Campus Park West Annexation to Rainbow MWD, San Diego County Water Authority and the property owner representative.
- Eastern MWD extension of service area agreement and water service contract to Rancho California Water to provide service to tribal lands.

Metropolitan staff continues to meet the requests of Member Agencies and cities for annexation and levying standby charges. This past month staff obtained Board approval for annexation and standby charges for Meadowood Development in the San Diego County Water Authority. *(see photo to the right)*



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

MTA – Union Station Master Plan—Metropolitan staff continues to participate in MTA’s master planning for Union Station. Staff attended the most recent MTA Board workshop open to the public on September 18.

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

To date, staff have replaced approximately 50 percent of the personal computers and PC rollout is scheduled to be complete by January 2014.



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

Metropolitan staff has identified a light emitting diode lighting rebate program through Los Angeles Department of Water and Power, which Metropolitan is qualified to participate in. Upon approval of the rebate application, staff will install over 600 LED lights in the Headquarters building reducing energy consumption by 75 percent over incandescent lighting.



WATER SYSTEM OPERATIONS

Operate system reliably

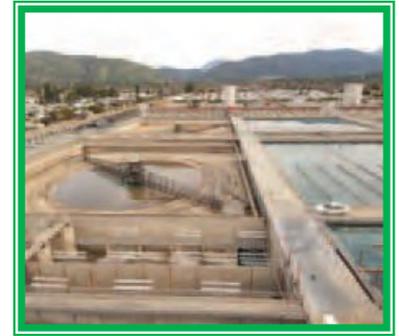
System Operations delivered approximately 198,000 acre-feet of water to meet member agency demands in September, which averaged approximately 6,600 AF per day. This was a slight increase of 5,000 AF from August. Treated water deliveries for September totaled 110,000 AF, or 55 percent of total deliveries for the month. In September, 89,000 AF of Colorado River water was pumped as the Colorado River Aqueduct remained on a seven-pump flow for most of the month. CRA pumping was reduced to six pumps for one week to balance energy accounts in the Southern California Edison/Metropolitan exchange agreement. State Water Project imports averaged 2,650 AF per day in September for 79,000 AF for the month.

Storage at Diamond Valley Lake decreased to 608,000 AF, or 75 percent full, as Inland Feeder deliveries remained suspended in September due to low State Water Project supplies. SWP blends to the Weymouth,

Diemer, and Skinner plants remained at 15 percent for the month of September.

Operations staff met with the Department of Water Resources staff to coordinate a one-day shutdown of the Castaic Lake outlet tower scheduled for November of 2013. This outage is required by the Department of Safety of Dams to test the outlet gates needed to draw down the reservoir under emergency conditions. Staff is coordinating this outage with the affected agencies to minimize any effects.

System Operations continued to maximize power generation throughout the month. In September, Metropolitan's hydroelectric plants generated an average of 26 megawatts for a total of 18,700 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

The La Verne Shops continued to manufacture steel pipe to be used to reinforce sections of the pre-stressed concrete cylinder piping on the Second Lower Feeder. To date, the shops have rolled and welded approximately 260 feet of the 500 feet of pipe needed for the first repair site. *(see photo right)*



20-foot long pipe section made by welding two 10-foot long sections together

Staff prepared a large staging and storage area for the completed pipe on the northeast corner of the La Verne site.

The La Verne shops are providing manufacturing services to the County of Los Angeles Department of Public Works on a reimbursable basis. The work involves extensive refurbishment of a 48-inch diameter valve and actuator for the San Gabriel Dam. The work also includes furnishing a large flange and a new control panel. Preliminary work includes assessment of the current functionality of the valve and disassembly of components to determine the extent of necessary refurbishment.

WATER SYSTEM OPERATIONS

Optimize maintenance continued...

Staff performed the periodic cleaning of the finished water reservoir covers at the Mills, Jensen, and Skinner plants. Cleaning and inspection of the covers ensures protection of the potable water stored beneath and meets regulatory requirements. *(see photos below)*

A series of severe storms moved through the desert region of the Colorado River Aqueduct on August 24 and caused minor damage to facilities at the Eagle Mountain pump plant. Flooding and mudslides washed out both access roads to the pump plant and deposited debris near the 2.3kV switch rack. Additionally, strong winds toppled three power poles. Staff removed over 300 yards of debris from around the switch rack station and the power line was quickly repaired. No interruption of service was experienced on the Colorado River Aqueduct and all clean-up was completed within one week. As a result of this damage, an assessment will be initiated to determine if additional flood control measures are warranted. *(see photos below)*



Staff cleaning floating covers using pressurized water and brooms to remove dirt and debris.



(Left) Over 300 tons of flood debris was deposited near the 2.3kV switch rack at Eagle Mountain Pump Plant. (Above) Flash flooding near the Eagle Mountain Pump Plant Reservoir

WATER SYSTEM OPERATIONS

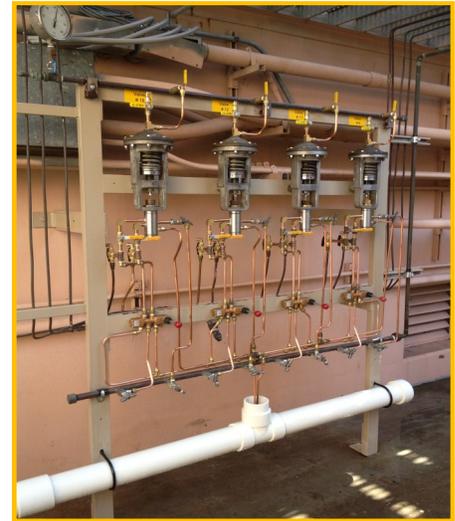
Optimize maintenance continued...

Staff completed refurbishment of the pilot actuator system for the Sepulveda Canyon Pressure Control and Power Plant structures on the Sepulveda Feeder. The pilot actuator system serves to control water flow through the facility at a specific rate by hydraulically operating valves when a set pressure is reached and controls downstream flows in the pipeline. Newly manufactured pilot actuators and associated piping were replaced. *(see photo right)*

Staff treated Lake Skinner with copper sulfate to control an algae bloom that was producing the taste-and-odor compound geosmin. This proactive treatment was performed to maintain system flexibility for water deliveries and power generation at Diamond Valley Lake. *(see photo below)*



Skinner staff loading aerial hopper with copper sulfate as helicopter hovers in wait.



A refurbished pilot actuator for the Sepulveda Canyon Pressure Control structure

Optimize maintenance continued...

As part of the ongoing Infrastructure Protection and Asset Preservation Program, staff continued work on the treated water portion of the Lower Feeder, performing coating work at various substructures.

Electrical equipment upgrades continued for three original treatment modules at the Skinner plant. Staff rebuilt and inspected the modules to maximize operational flexibility for continued plant operation. Metropolitan apprentices participated in the assembly and installation of equipment and gained valuable on-the-job experience. As part of the project, nine motor control centers and three electrical buildings were insulated, sealed, and retrofitted with air conditioning to increase equipment life. High-resistance grounding components were added to each unit power center to allow equipment to remain in service in the event of a ground fault. Critical electrical starters in the modules' filters were replaced and all circuit breakers, transformers, and related equipment were refurbished.

Effectively manage power system and optimize generation

On September 11 and 12, Metropolitan staff met with the other Hoover power contractors, the Bureau of Reclamation and the Western Area Power Administration to review the next several years of anticipated work at Hoover Dam and the transmission system. Of particular interest was the plan to install two new turbines that will improve energy production at lower Lake Mead levels. The installation will occur this coming winter. The Bureau of Reclamation has plans to install one additional turbine during each of the future shutdown periods in 2014/15 and 2015/16.

Staff performed high voltage maintenance on six unit power centers at the Mills plant. The power centers house electrical devices and high voltage cables that provide power for equipment and distribution of electricity throughout the plant. The equipment tested included circuit breakers, transformers, cables, and disconnect switches. The design and configuration of the power centers allows safe isolation of various components, enabling work to be completed without impacting operations.

WATER SYSTEM OPERATIONS

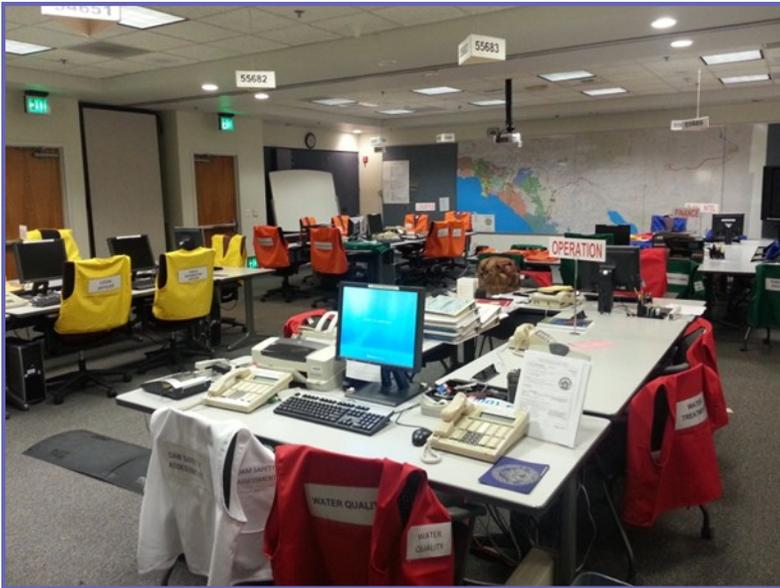
Improve security and emergency response

Members of the Cal Fire/Riverside County Fire Department’s Hazardous Materials Team toured the Skinner plant to become familiar with the site for emergency response purposes. This proactive planning provides valuable response information.

Metropolitan hosted two Cyber Security preparedness courses at the La Verne training facility that were presented by the Texas Engineering Extension group and were coordinated by the California Office of Emergency Services (Cal OES). The courses focused on ways to identify, prepare for, and respond to various types of cyber-attacks, including terrorism. Course attendees included representatives from Metropolitan, Cal OES, the Federal Bureau of Investigation, the Los Angeles Police Department, San Bernardino Emergency Services, and the Public Utilities Commission.

Members of Metropolitan’s Emergency Management staff provided Incident Command Center refresher training to emergency response personnel in the field. During an emergency, these local command centers manage the response. If the emergency involves multiple areas, Metropolitan’s Emergency Operations Center in Eagle Rock would activate to support the local responses.

In preparation for a regional earthquake response exercise in November, Metropolitan’s Emergency Operations Center in Eagle Rock has been reconfigured. Updates include a new floor plan that conforms to state and federal recommendations, and an updated Member Agency Response System and command center radio system.



Cyber security class held at the La Verne training facility.

Metropolitan’s reconfigured EOC in Eagle Rock prepared for the November earthquake response exercise.



Develop workforce

The Water System Operations Apprentice and Technical Training Program provides trained, qualified employees to maintain Metropolitan’s water treatment and distribution systems.

Four additional pre-apprentices (three electrical and one mechanical) began work this month. Their first week included new employee orientation and eight standard safety courses, followed by an apprentice orientation. Pre-apprentices reported to their respective field managers with the necessary training, enabling them to begin work immediately.

WATER SYSTEM OPERATIONS

Protect source water quality

The Cyanobacteria (blue-green algae) bloom season continues on the California Department of Water Resources and Metropolitan's lakes, resulting in elevated levels of taste-and-odor compounds (T&O) in Lake Skinner and Silverwood Lake. Diamond Valley and Perris Lakes remain with moderate levels of T&O compounds. Lake Skinner was treated with copper sulfate on September 5 to control the developing T&O producing bloom.

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

The California Department of Public Health (CDPH) proposed a draft maximum contaminant level (MCL) of 10 parts per billion (ppb) for hexavalent chromium in drinking water in August 2013 and asked for public comments on the regulatory package. In support of its member and retail agencies using groundwater that could be impacted by the proposed MCL, Metropolitan plans to submit comments directly to CDPH or in conjunction with the Association of California Water Agencies. Levels of hexavalent chromium in Metropolitan's source and treated water supplies have been at or below 1 ppb (one-tenth of the proposed MCL) for the last 10 years.

On September 4, the California Air Resources Board (CARB) published proposed amendments to their Cap-and-Trade (C&T) regulations. They proposed granting free allowances

to be used by Metropolitan to satisfy a portion of Metropolitan's C&T obligations to account for the carbon emissions associated with the energy imported into California to meet Colorado River Aqueduct pumping needs. Metropolitan uses imported energy when its contractual energy resources from Hoover, Parker and Southern California Edison are not sufficient. Metropolitan believes the number of allowances proposed by CARB is not adequate to provide the C&T cost burden relief to water customers that Metropolitan has been advocating. Metropolitan will work during the public comment period to increase the number of allowances to be granted to Metropolitan.

Example of ppb (parts per billion)

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

Fully comply with water quality, safety, and environmental regulations

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

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 excavation permit was acquired from Long Beach Public Works and an environmental health permit was acquired from the Long Beach Bureau of Environmental Health to allow geotechnical boring as part of environmental site assessments in association with Second Lower Feeder Repair project.



Evaluate additional use and rental of Metropolitan Headquarters building space

The High Speed Rail Authority, through the State of California Department of General Services, was granted a four-year office lease on the third floor low rise at Metropolitan's Headquarters Building.

Space planning efforts are underway to relocate the Real Property Development and Management Group and Inspection Trips staff to other areas in the Headquarters Building to accommodate leasing of the remainder of the third floor low rise.

Foster staff training and development

Two staff persons attended external training offered by the International Right of Association, entitled *Property Descriptions and Engineering Plan Development and Application*. One staff person attended the Southern California Chapter Appraisal Institute's 2013 conference focusing on appraisal trends in the Los Angeles area and real estate valuation development. One staff person attended Metropolitan-sponsored training classes *Resolving Conflict Within Teams* and *Accelerating Teamwork*. One staff person has participated in the 2013 Leadership California program, which enhances leadership perspectives in California issues and trends.

Real Property Acquisition, Management and Revenue Enhancement—Manage

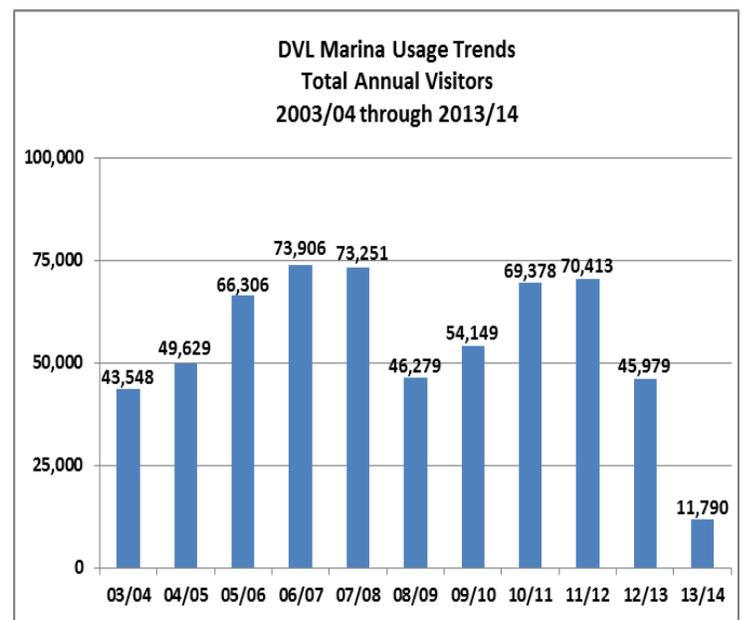
Metropolitan's real property assets with a focus on revenue enhancement while ensuring that Metropolitan's core operations are protected. Acquire real property for future operational business needs.

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

A two year lease Amendment was granted to the Western Science Center at Diamond Valley Lake for classroom purposes.

Metropolitan has now received 23 months of rent on the percentage lease with Urban Park Concessionaires for the operation of the DVL Marina and the Lakeview Trail. The \$122,000 received from October 2011 through August 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 605,000 visitors at its marina facilities, and 144,000 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

- Set-up new benefit plans and rate structure in MyHR for the online open enrollment period.
- Updated benefits webpage with open enrollment information.

Identify, assess and manage risk

The Risk Management Unit completed 55 incident reports communicating instances of Metropolitan property damage, liability, workplace injuries, regulatory visits and spills.

Risk Management completed 60 risk assessments on contracts, including professional service agreements, construction contracts, entry permits, special events and film permits.

HUMAN RESOURCES

Foster learning and organizational development

- Delivered employee development, career development and management classes as scheduled for September.
- Delivered mandatory training classes to managers.
- Conducted education fairs, tuition program information sessions and Skillsoft online training curriculum demos at Skinner, Mills and Weymouth plants. *(see photo below)*
- Discussed newly developed training programs with management and the union to provide needed skills and development to better prepare employees for promotional opportunities.



Education Fair at Robert A. Skinner Water Treatment Plant

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

- During the month of September, the Employee Relations Section began integrating the Equal Employment Opportunity Office. In addition to handling traditional employer-employee relations matters, as well as EEO discrimination complaints, the Employee Relations Section will now also encompass EEO policy compliance, mandatory training for managers and employees, and discrimination complaints filed with outside agencies (i.e., EEOC, DFEH). This move will ensure better communication and coordination, and provide improved service to both managers and employees.
- To ensure that employees understand Metropolitan’s commitment and their responsibilities to maintain a work environment free of discrimination or unlawful harassment, operating policies H-07, Equal Employment Opportunity, and recently updated H-13, Sexual Harassment Prohibition were communicated to the workforce. Employees were asked to read and acknowledge their understanding of their responsibilities.
- Updated Metropolitan’s Affirmative Action Plan for Protected Veterans and Persons with Disabilities for 2013/2014..

HUMAN RESOURCES

Workers' Compensation costs

- Conducted initial investigations on 15 injury incidents.
- Submitted 5 new claims to Metropolitan's workers' compensation claim administrator.
- Settlements were negotiated in 2 claims.
- Conducted MedVan evaluations at Weymouth facility.
- Arranged 8 medical evaluations (DMV, medical surveillance, hearing conservation, etc.).
- Coordinated 2 random drug/alcohol tests.
- Addressed 1 accommodation issues.

Manage compensation

- Presented market data compensation analysis on the Department Head employees to the Executive Committee.
- Researched options for benefit changes for Unrepresented employees.

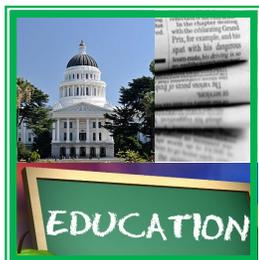
Maintain compliance and effectiveness in benefits programs

- Communicated open enrollment schedule and changes to all employees by distributing an updated Benefits Plan Outline.
- Provided one-on-one consultations for open enrollment at various field sites.
- Provided detailed communication to retirees regarding medical options during open enrollment.
- Continued to provide sessions of the New Fund Lineup and one-on-one consultations at various field sites.
- Prepared compliance required communication to employees on changes in options based on the Affordable Care Act.

Ensure a high performance culture

- Metropolitan Department Heads (General Manager, General Counsel, General Auditor and Ethics Officer) reported to the Board their plans to follow-up on the feedback they received in the annual Board Department Head Performance Evaluation process.
- Reviewed updates to the Administrative Code with Board's Executive Committee to formalize improvements to Department Head Performance Evaluation process.

EXTERNAL AFFAIRS



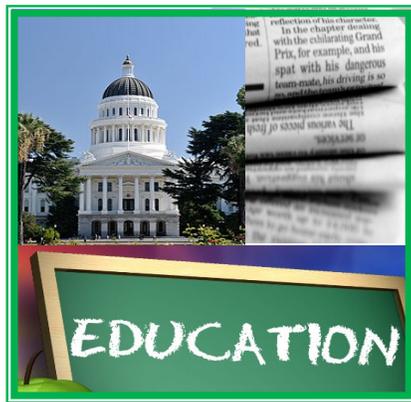
Continue to develop and implement local, state, and federal water policy and legislative strategies consistent with board-adopted policies

Federal

From September 30 to October 4, in coordination with the Colorado River Board of California, Directors Edwards, Morris, Peterson, Touhey and staff participated in an inspection trip of the Colorado River Upper Basin.

Transfer of Drinking Water Program:

On August 30, the Senate Appropriations Committee held AB 145 (Perea, D-Fresno) on the committee's suspense file. Subsequently, the author and Senate Democratic leadership agreed to amend a bill on the Senate floor, AB 1393 (Perea), to transfer only the Safe Drinking Water State Revolving Fund to the State Water Resources Control Board (SWRCB). The amended version of AB 1393 was referred back to the Senate Rules Committee and did not advance prior to the Legislature's adjourning for its fall recess.



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 on the Assembly Water, Parks, and Wildlife Committee introduced their \$6.5 billion water bond proposal. AB 1331, "The Climate Change Response for Clean and Safe Drinking Water Act of 2014," as amended on August 26, would replace the \$11.14 billion bond currently on the November 2014 ballot. AB 1331 is inconsistent with Metropolitan's board-adopted bond priorities; for example, bond expenditures from the Delta Sustainability chapter are not explicitly linked to the co-equal goals established in the 2009 Delta Reform Act and require that any project utilizing funds from the chapter include a partner from one or more of the five Delta counties. This requirement could hinder implementation of restoration projects under the Bay Delta Conservation Plan.

In mid-August, Senator Lois Wolk (D- Davis) introduced SB 42, her \$5.6 billion general obligation water bond proposal to replace the bond currently on the ballot.

On September 24, the Senate Natural Resources and Water and Environmental Quality Committees will convene a joint informational hearing in Sacramento to "set the stage" for a 2014 bond. The hearing is entitled "Where are we and where do we need to go?"

EXTERNAL AFFAIRS

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

State

California Environmental Quality Act

SB 731 (Steinberg, D-Sacramento) – The much anticipated "comprehensive CEQA reform" has yet to materialize in the Legislature. Senator Steinberg's bill failed to address opposition concerns, which prompted him to make SB 731 a two-year bill.

AB 52 (Gatto, D-Silver Lake) – The author and sponsor, the Pechanga Tribe, accepted several of Metropolitan's requested amendments and changes suggested by the business community. AB 52 no longer places significant requirements on responsible agencies; more clearly defines "tribal cultural resources;" and provides time limits for triggering tribal consultations. There was not enough time before the fall recess to hear AB 52 in the Senate, so the author will renew his efforts next year.

Gubernatorial Appointments

On August 21, Governor Brown appointed Adán Ortega, former Vice President of External Affairs at Metropolitan from 1999 to 2005, and Dave Orth, General Manager of the Kings River Conservation District, to the California Water Commission. Both appointments require Senate confirmation.

Local

Bay Delta Conservation Plan Presentations

- BDCP Business Outreach—In September, Metropolitan staff briefed several business organizations on the BDCP. On September 4, Metropolitan staff provided a briefing at the Chino Valley Chamber of Commerce's "Business at Breakfast" meeting; on September 9, Metropolitan staff briefed the Inland Empire Economic Partnership Business Council; and on September 17, Metropolitan staff briefed the Malibu Chamber of Commerce.
- North Orange County Legislative Alliance—On September 4, Metropolitan staff briefed the North Orange County Legislative Alliance. This group represents the government affairs arm for the Placentia, Yorba Linda, Fullerton, Brea, and La Habra Chambers of Commerce. The group consists of business owners, community leaders, and legislative representatives from those areas.
- BOMA/Greater Los Angeles—On September 18, Metropolitan staff briefed the Building Owners and Managers Association of Greater Los Angeles on the BDCP and related water issues at their monthly Board of Directors' meeting. The presentation included an outline of major environmental and regulatory issues associated with Bay Delta restoration. Additionally, Metropolitan assisted BOMA staff in obtaining their Board of Directors support for BDCP and approval of an article for their general membership monthly newsletter.
- Chino Rotary Noon Club—On September 18, staff briefed the Chino Rotary Noon Club.
- BOMA/Glendale Government Affairs Committee—On September 18, Metropolitan staff briefed the Building Owners and Managers Association Glendale chapter.

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

San Gabriel Valley Economic Partnership Recognition Awards—On September 6, Legislative Services staff attended the 10th Annual San Gabriel Valley Economic Partnership Recognition Awards. Metropolitan served as a Bronze Sponsor of the event.

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

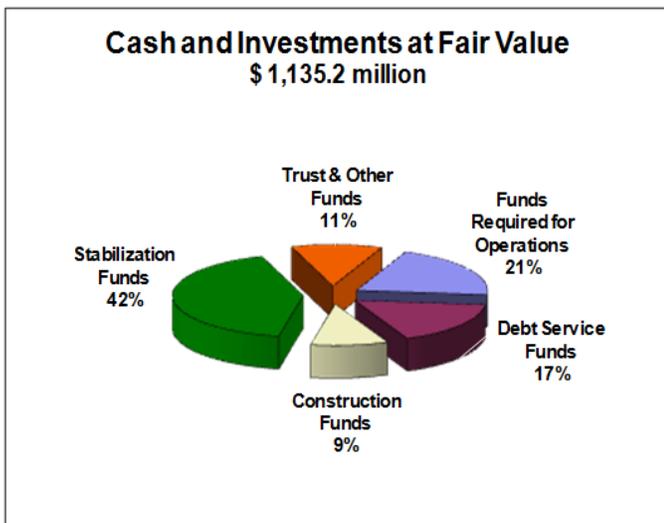
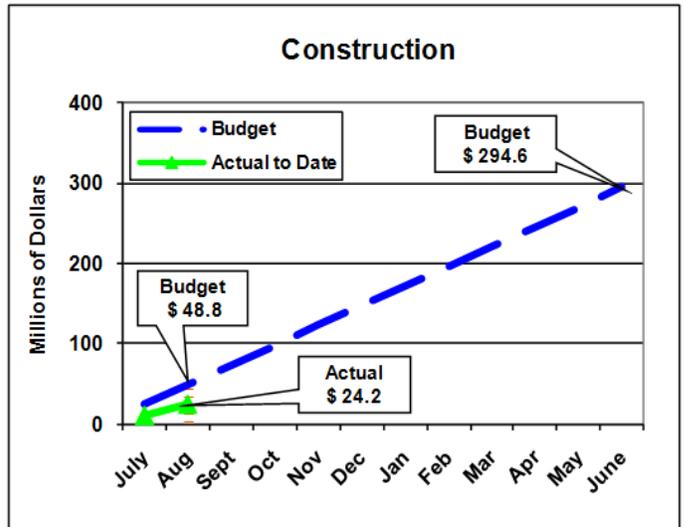
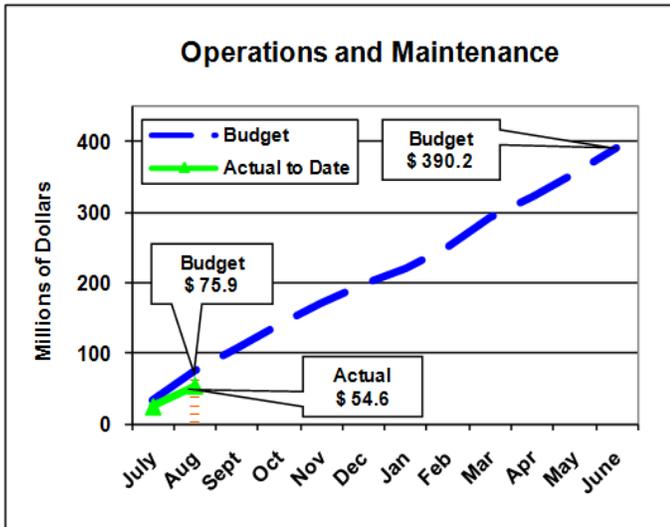
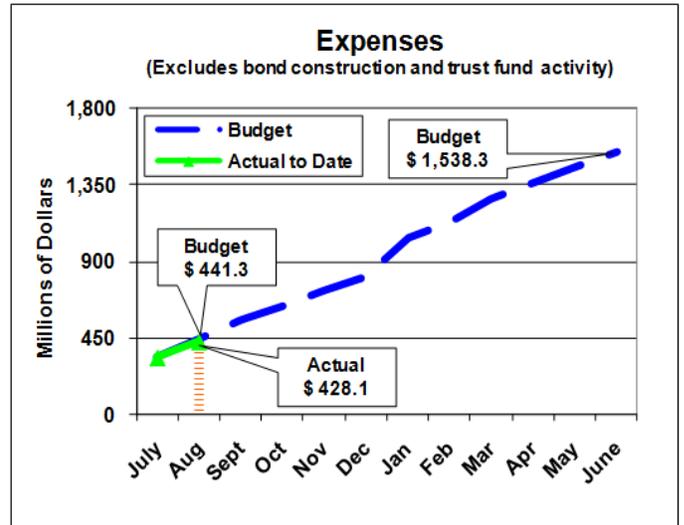
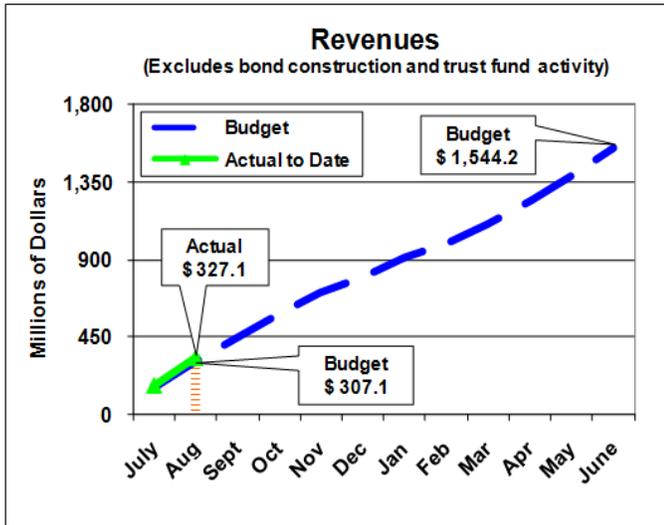
Media

- Set up interviews with General Manager Kightlinger and reporters for the Wall Street Journal, Union Tribune San Diego and the Associated Press to discuss Bureau of Reclamation decision to release less water from Lake Powell to Lake Mead.
- Arranged appearance by General Manager Kightlinger on KFWB News Talk 980 AM radio show feature the "Business of Water."
- Arranged interview with Assistant General Manager Patterson and Sacramento Bee reporter for a story on the realignment of BDCP conveyance tunnels in the Sacramento-San Joaquin Delta.
- Arranged interview with General Manager Kightlinger and The Planning Report on a story about the Bay Delta Conservation Plan.
- Facilitated interview with Assistant General Manager Patterson and Los Angeles Times reporter on a story about Bay Delta Conservation Plan.
- Provided information to Rancon Groups' newsletter concerning Metropolitan's Lake Perris operations and the lake's importance to Southern California's water supplies.
- Responded to several separate Public Records Act requests from various news media seeking a wide array of Metropolitan material including information regarding property leases, inspection trips, Board of Directors' expenses and contacts with member agencies.
- Provided information concerning Metropolitan's earthquake preparedness to Orange County Register.
- Responded to request from Associated Press for information about the North Las Posas water storage project.
- Provided information to Ventura County Star concerning Metropolitan's water conservation measures and incentives.
- Scheduled interview with Group Manager Upadhyay and Ag News Network to discuss potential impacts of a low State Water Project allocation in the upcoming water year.
- Arranged interview with staff and California Energy Markets for a story concerning drought in the Colorado River Basin and impact on power generation at Hoover Dam.
- Provided information and made arrangements for video filming of the Colorado River Aqueduct and Diamond Valley Lake for a KPCC video documentary featuring water deliveries to Los Angeles.
- Assisted Sunset Magazine with fact check on annual water use in Southern California for inclusion in the magazine's 2014 Western Landscaping book.
- Provided information concerning Metropolitan's reaction to proposed amendment to cap-and-trade regulation as proposed by the California Air Resources Board to reporter for Clean Energy Report.
- Distributed Your Water e-newsletter.
- Issued press releases concerning approval of funds for various conservation measures, advanced technical studies, pilot projects aimed at developing more local water supplies and appointment of Michael T. Hogan to the Metropolitan Board of Directors.

Education

- There were 3,640 unique visits to the Education website from August 16 to September 15, 2013.
- Staff mailed School Interest Forms to member agencies to solicit interest in participating in Solar Cup 2014.
- Staff conducted two teacher in-service training and purchased materials and supplies for Fall 2013 student workshops/tours.
- Staff hosted quarterly meeting for education representatives on September 26, 2013.

FINANCIAL SUMMARY AS OF AUGUST 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

Financial Management—Assure member agencies, rating agencies, the legislature, and the public that Metropolitan is effectively managing the public’s finances through consistent, clear, and timely financial policies and reporting. Update Metropolitan’s capital financing plans and work with rating agencies and investors to communicate Metropolitan’s financial needs, strategies, and capabilities thus ensuring Metropolitan has cost-effective access to capital markets and the ability to finance ongoing future needs. In addition, actively manage Metropolitan’s short-term investment portfolio to meet ongoing liquidity and investment challenges



STRATEGIC PRIORITY—
Improve Financial Position

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

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

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.

- Completed update of Operating Policy A-07, Authority to Evacuate Metropolitan Facilities, and presented it to Executive Management. Posting to the IntraMet is pending final approval and signature of the General Manager.
- Conducted the 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.

Storage

	As of 9/30/13 <u>Storage (AF)</u>	Percent of <u>Capacity</u>
DVL	603,763	75%
Lake Mathews	105,230	58%
Lake Skinner	39,935	91%

Useful information:

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

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

TAF=thousand acre-feet

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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