



GENERAL MANAGER'S MONTHLY ACTIVITY REPORT OCTOBER 2013

October 31, 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.

The Fall 2013 Service Awards Luncheon was held on October 23. This event celebrates Metropolitan employees for their milestone years of service beyond 20 years. Approximately 70 honorees attended the event.



BAY-DELTA INITIATIVES

Bay Delta Conservation Plan—As part of the official process to request endangered species take authorizations, staff provided the California Department of Water Resources with permit applications for federal Endangered Species Act Section 10 permits from the U.S. Fish and Wildlife Service and National Marine Fisheries Service, and a State Natural Community Conservation Plan permit from California Department of Fish and Wildlife. DWR will consolidate Metropolitan's permit applications along with the applications from the other participating State Water Project and Central Valley Project contractors for official submittal to the state and federal fishery agencies.

The federal government shutdown in October has resulted in a delay of the release of the Public Draft Bay Delta Conservation Plan and Environmental Impact Report/ Environmental Impact Statement. On October 28, the Natural Resources Agency announced that the documents are now scheduled for release on December 13, 2013, and that there will be an extended 120-day formal public review and comment period.

Turbidity Forecasting

Staff continues to prepare for the 2013/14 adult Delta smelt season in collaboration with DWR and U.S. Fish and Wildlife Service. Forecasting tools and related documentation have been refined based on new data from the 2012/13 season; these tools will be used by DWR to help with the State Water Project operations. Staff continued to work with USFWS to develop an assessment of 2012/13 Delta turbidity conditions and opportunities for pre-emptive actions that could have provided additional fishery protection at lower water cost. This assessment will be presented by USFWS staff at its November 6-7 annual review meeting with the National Oceanic and Atmospheric Administration for long-term operations associated with the biological opinions.

Delta Stewardship Council

The Delta Stewardship Council (Council) held a two-day meeting on October 24 and 25. The Council discussed implementation of the Delta Plan, including how the covered action appeal process will work, progress towards developing priorities for state investments in levees, and progress toward preparing for emergencies in the Delta. They also received a briefing from the state administration on the estimated costs of moving forward with the (from Chapter 8 of the BDCP Administrative Draft). Lead Scientist Dr. Peter Goodwin gave a presentation on the proposed Final Draft Delta Science Plan, and the Council approved the Delta Science Plan and requested that the Lead Scientist report back on its implementation on a quarterly basis.



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.



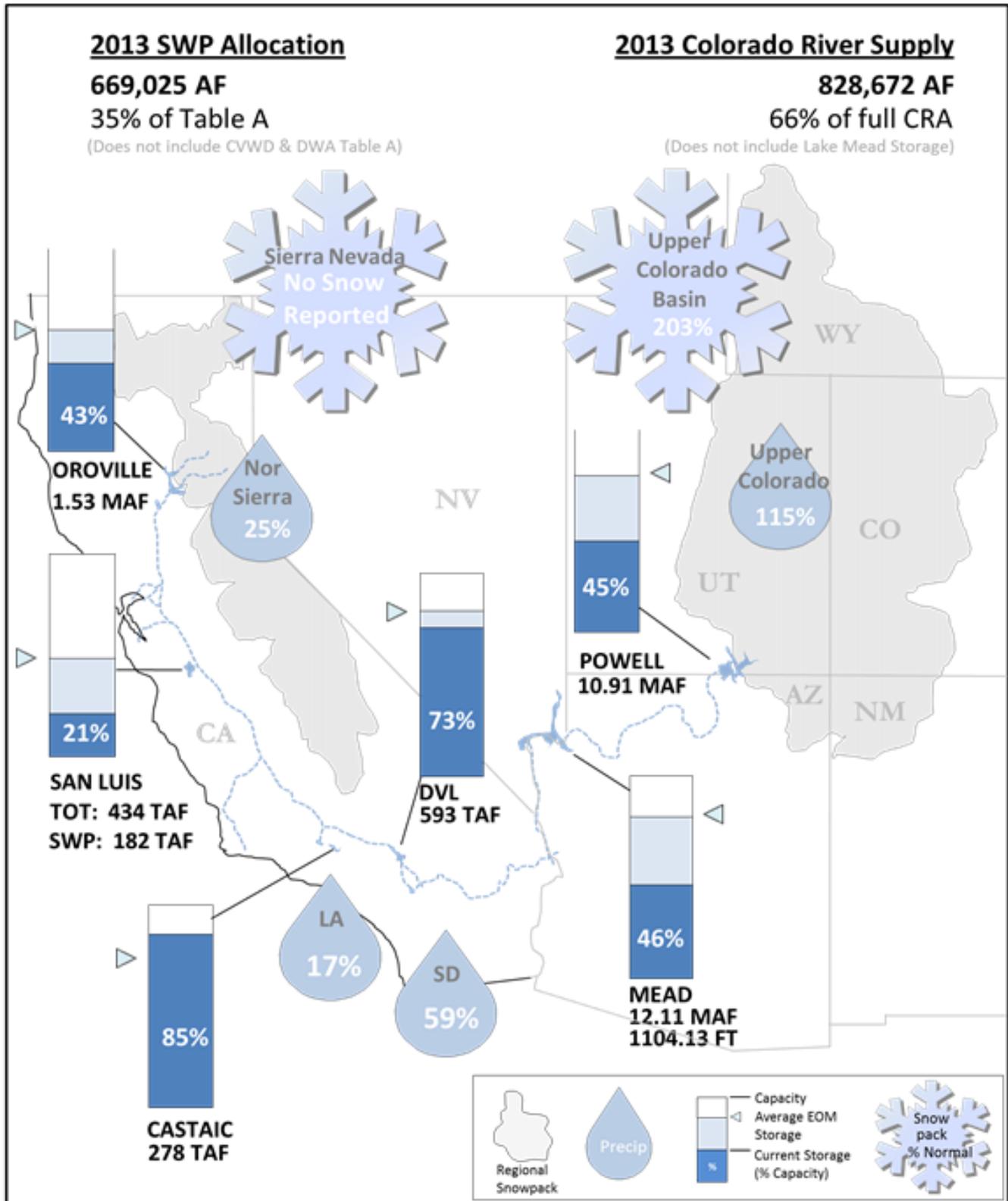
WATER RESOURCE MANAGEMENT

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

WaterSmart Innovations Conference

Staff presented at the Sixth Annual WaterSmart Innovations Conference and Exposition in Las Vegas to expand collaboration and on topics regarding the Local Resources Program, Conservation and Small Business Outreach programs. The conference was hosted by the Southern Nevada Water Authority with more than 900 professionals from across the United States and around the world attending to share ideas and experiences. Attendees included public water agencies, private manufacturers, academia, and nearly 70 companies and organizations highlighted products and services.

WATER SUPPLY CONDITIONS AS OF OCTOBER 31, 2013



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:

- 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 70 percent complete and is scheduled to be complete by April 2014.
- Etiwanda Pipeline Lining Repair—This project will repair portions of damaged mortar lining that have fallen off or become delaminated from the pipeline’s interior surface. Final design of the pilot repair project is complete and a request to award a construction contract is planned for December 2013.
- 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 85 percent complete and is scheduled to be complete by January 2014.
- Orange County Feeder Relocation—This project will relocate 1,100 feet of the Orange County Feeder to accommodate major street improvements planned by the city of Fullerton. Final design is complete and a request for construction funding is planned for February 2014.
- Sepulveda Canyon Storage Tanks Seismic Upgrade—This project will seismically retrofit two water storage tanks at the Sepulveda Canyon Control Facility. Preliminary design is 45 percent complete and is scheduled to be complete by July 2014.
- 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:
 - Second Lower Feeder Cathodic Protection—This project will install 39 stray current drain stations along a 26-mile portion of the Second Lower Feeder. Final design is complete and a request to the Board to award a construction contract is planned for December 2013.
 - Sepulveda Feeder (North) Cathodic Protection—This project will install 24 stray current drain stations along a 33-mile portion of the Sepulveda Feeder. Construction is 40 percent complete and is scheduled to be complete by December 2013.

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 80 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 60 percent complete and is scheduled to be complete by December 2013.

Hydroelectric Power Plant Improvements Program

This program was initiated to perform comprehensive rehabilitation of Metropolitan’s hydroelectric power plants. The planned work will address operating deficiencies, 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 90 percent complete and is scheduled to be complete by December 2013.

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

- Weymouth ORP (Staged Capacity)—Construction of the main ORP facilities is 32 percent complete and is scheduled to be complete in mid-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 60 percent complete and is scheduled to be complete by March 2014.

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 was completed in October 2013.
- Electrical Upgrades, Stage 2 – This project includes replacing of aging electrical equipment, improvement of backup capability, and upgrading the electrical system to be consistent with current codes and industry practices. Construction is two percent complete and 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 20 percent complete and is scheduled to be complete by December 2014.
- Jensen Module 1 Filter Surface Wash Upgrades—This project will replace the existing surface wash system with a new fixed nozzle surface wash system. During filter backwashing, the top surface of a filter bed is sprayed with water to break up solids that build up during the filtration process, which helps to clean the filter media. Construction is 11 percent complete and is scheduled to be complete by December 2014.
- Jensen Filter Valve Replacement—This project will replace the existing Module No. 1 filter valves with AWWA-type rubber-lined butterfly valves, and will upgrade the valve electrical panels. Fabrication of the equipment is 90 percent complete and delivery is scheduled for January 2014. Final design of the installation contract is 60 percent complete and is scheduled to be complete by April 2014.

Weymouth Plant

- 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 90 percent complete and is scheduled to be complete by November 2013.

Mills Plant

- Electrical Upgrades—This project will replace aging electrical equipment, provide backup in the event of component failures, and upgrade the electrical system to be consistent with current codes and industry practices. Preliminary design is 95 percent complete and is scheduled to be complete by November 2013.

ENGINEERING

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 75 percent complete and is scheduled to be complete by March 2014. Notice of preparation of a draft environmental impact report will be issued in November 2013.
- Western San Bernardino Region—Preliminary design of improvements is 10 percent complete and is scheduled to be complete by June 2014.
- Los Angeles County Region—Preliminary site assessments and investigations is 20 percent complete and is schedule to be complete by March 2014.

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 99 percent complete and is scheduled to be complete by November 2013. *(see photo to right below)*
- 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 December 2013.
- 6.9kV Switch House Building Seismic Upgrades—This project will provide seismic upgrades to the 6.9kV switch houses at all five CRA pumping plants. The switch houses contain electrical equipment that are used to stop and start the pumping plant motors. Preliminary design is 70 percent complete and is scheduled to be complete by December 2013.
- Gene Pumping Plant Delivery Line Expansion Joints—This project will rehabilitate twelve mechanical expansion joints on the 10-foot-diameter delivery pipelines at Gene Pumping Plant. Final design is complete and a request to award a construction contract is planned for November 2013.
- Whitewater Siphon Protection—This project will improve control structures that protect the CRA’s Whitewater Siphons from erosion by the Whitewater River. Final design is 15 percent complete and is scheduled to be complete by March 2014.

CRA Wide Area Network Microwave System—New 6-foot antenna at Copper Basin



BUSINESS TECHNOLOGY

Deploy smart technologies and innovative business services to enhance efficiency

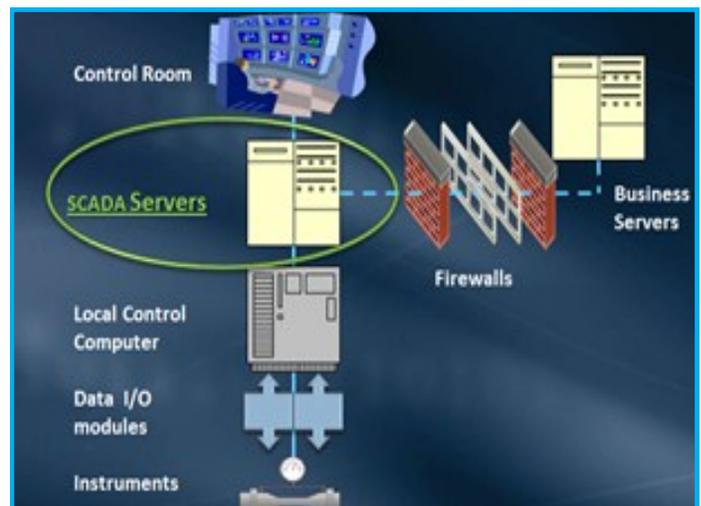
- Information Technology Strategic Plan—Staff issued an RFP for consulting services to assist Metropolitan with updating its ITSP. Selection is planned for November 2013.
- Communications Infrastructure Upgrades—Staff completed the 90 percent design review in preparation for posting of RFP to replace aging telephone system with Voice Over Internet Protocol technology. The RFP is scheduled to be issued in November, followed by Board action in the February time-frame.
- Supervisory Control and Data Acquisition (SCADA) Cyber Security—Cyber Security enhancements and network monitoring software have been implemented to further secure Metropolitan’s computing environment.
- Water Systems Control Master Plan—Metropolitan staff continues to refine the draft Water Systems Control Master Plan and will be preparing project proposals to address operational and business needs of Metropolitan’s Supervisory Control and Data Acquisition System.
- SCADA Server Upgrades—In October, the Board approved a procurement contract to replace aging servers for Metropolitan’s Supervisory Control and Data Acquisition system. The new servers will enhance SCADA reliability critical to monitoring and controlling a wide range of water system processes across Metropolitan’s service area. *(see diagram below)*
- Accounts Payable Automation System —In October, the Board authorized staff to proceed with the Accounts Payable Automation System project. This project will implement the tools necessary to scan paper invoices for the electronic storage of data and provide for automated workflow for approvals and automated invoice processing. The implementation of this project will provide for best practice and enhance the business process for Metropolitan’s Accounts Payable staff.
- Support for Water Innovation and Technology Business—Metropolitan partnered with Member Agencies, water agencies, and Isle Inc. to form a Technology Approval Group (TAG) to identify emerging water technologies and accelerate their market uptake through a global innovation forum. TAG brings together industry know-how with the financial backing of institutional investors to facilitate technology development in line with the water industry needs. Metropolitan hosted Meeting 3 of the TAG Group on October 30.
- Wadsworth Pumping Plant Control and Protection Systems Upgrades—Staff successfully completed the prototype control system testing as part of the planned upgrades to the control and electrical protection systems at the Hiram Wadsworth Pumping Plant. The purpose of the prototype was to test and validate key technical concepts using the preliminary design. With the successful completion of the prototype testing, staff is currently reviewing 90 percent design submittals in preparation for publishing an RFP in December for the final design phase.

Business Processes and Information Technology

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

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

Staff continued Metropolitan’s Personal Computer Replacement program for deploying new computing technology throughout the organization. Deployment at Headquarters is substantially complete between 5th and 12th floors, along with completion of a recent pilot deployment for Engineering Services Group. Current deployment efforts include 2nd and 3rd floors at Headquarters along with field sites at the Diemer and Weymouth treatment plants.



Supervisory Control and Data Acquisition system servers.

BUSINESS TECHNOLOGY

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

Vendor Development Program

The 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. During October, Metropolitan participated in the following:

- San Diego Alliance and Service Disabled Veteran Owned Annual Small Business Outreach Event at Camp Pendleton.
- Regional Hispanic Chamber of Commerce by sponsoring the 2013 Southern California Business Development Conference in Long Beach.
- Southern California Small Business Agency Forum hosted by the San Diego Association of Governments.
- Asian Business Association of Orange County's "PROCON - Procurement Opportunities and Export Initiatives Conference in Anaheim.
- National Association of Women Business Owners by participating in the NAWBO Bravo Awards in Ventura County and NAWBO Remarkable Women Awards in Orange County.

Water Savings Incentive Program

Metropolitan participated in the *2013 WaterSmart Innovations Conference and Expo*. An abstract on Business Outreach's Small Business Program, Innovative Conservation and Technology Program, and H2O TECHCONNECT Smart Connection Community was selected for a Professional Session Presentation. Metropolitan's Innovative Conservation Program provides funding in cooperation with the U.S. Bureau of Reclamation, Southern Nevada Water Authority, and the Central Arizona Project for research that will document water savings and reliability of innovative water savings devices. New Members (80) joined H2O TECHCONNECT Smart Connection Community throughout the WaterSmart Innovation Conference.



Partnering with Member Agencies to Provide Workshops and Training Programs

Business Outreach members conducted ten workshops, participated in eight conferences and expos, six panel discussions, and trained over 2,100 businesses *on How to Do Business with Metropolitan*. Some of the events during the month were:

- Orange County Black Chamber of Commerce Networking Event.
- Southern California Gas Company – Downey.
- Southwest Water and Energy Consortium – Los Angeles.
- The Energy Network – Los Angeles.
- Black Business Association 10th Annual Procurement Exchange Summit – Los Angeles.
- Long Beach City College and Goldman Sachs 10,000 Small Business Program "Small Business Growth in America" - Long Beach.
- American Indian Chamber of Commerce Advisory Council Meeting - Anaheim.

Small Business Certification System

The Business Outreach program partnered with The Port of Long Beach, The City of Long Beach, MetroLink and Planet Bids and had two User's Group meetings to accomplish the goals of adopting uniform Small Business Certification Procedures, streamline processes, solve SBE Certification issues, and apply best practices in SBE Certification.

BUSINESS TECHNOLOGY

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

Headquarters Facility, East Parking Rollup Gate—A contract was awarded for the removal and replacement of the east parking rollup gate. The notice to proceed will be issued the first week of November upon final construction documentation.

Headquarters Facility, Energy Analysis—Meters have been installed on the facility’s hot water heaters to determine consumption cycles. These data will be used to evaluate feasibility of solar heating. In addition, energy efficient LED lamps are being installed on the exterior of the facility to ensure lowest operating costs and meet sustainable facility management practices. In September, Los Angeles Department of Water and Power performed a free preliminary energy audit of the Headquarters building. The inspection of the facility will result in a final report, expected to be completed in November. The data from the LADWP report will be used to establish a plan to implement immediate energy saving efforts.

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

- Assure Our Legacy e-Newsletter—The 62nd issue of the newsletter identified numerous ideas for a sustainable and “green” Halloween.
- Rideshare Program—Metropolitan’s Rideshare Program remains compliant with South Coast Air Quality Management District’s regulatory requirements. Current Rideshare participation is 41 percent of the workforce.

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 provided support for the following annexations and/or water service contracts:

- Staff completed Eastern MWD’s 103rd Fringe Area annexation to Metropolitan and the Local Agency Formation Commission Process on October 1, 2013, for annexation and imposition of Standby Charge. (*see photo below*)
- Peaceful Valley Annexation to San Diego County Water Authority has been extended to December 31, 2013.



WATER SYSTEM OPERATIONS

Operate system reliably

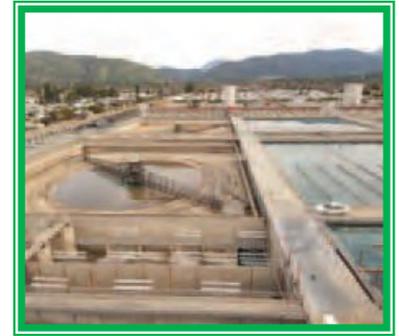
System Operations delivered approximately 200,000 acre-feet of water to meet member agency demands in October, which averaged approximately 6,450 AF per day. This was an increase of 6,000 AF from September. Warm, dry weather in October and the resumption of replenishment deliveries caused the increased demands. Treated water deliveries for October totaled 99,000 AF, or 43 percent of total deliveries for the month. In October, 96,000 AF of Colorado River water was pumped as the Colorado River Aqueduct remained on a seven-pump flow for the month. State Water Project imports averaged 3,150 AF per day in October for 98,000 AF for the month. At the end of October, 824,000 AF of State Water Project had been delivered to Metropolitan during the calendar year.

Storage at Diamond Valley Lake decreased to 593,000 AF, or 73 percent full, as Inland Feeder deliveries remained suspended in October due to low State Water Project supplies. SWP blends to the Weymouth, Diemer, and Skinner plants remained at 15 percent for the month of October due to the State Water Project allocation remaining at 35 percent and overall system

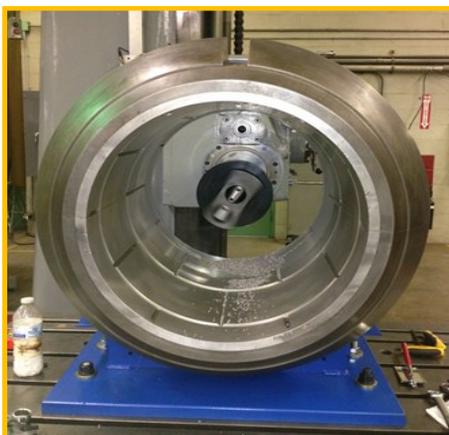
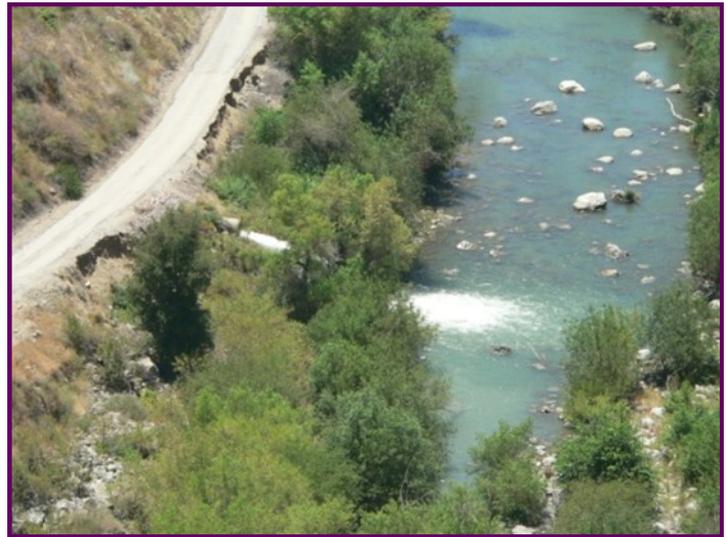
Groundwater replenishment deliveries at service connection USG-03

demand projections remaining at 2.0 million AF for 2013. Staff coordinated the start-up of replenishment deliveries to Member Agencies in October without any impact to system operations. Replenishment for the month of October totaled 28,500 AF.

System Operations continued to maximize power generation throughout the month. In October, Metropolitan's hydroelectric plants generated an average of 34 megawatts per hour for 25,400 megawatt-hours for the month. This is a 23 percent increase from September. This is mainly due to several hydroelectric plants being able to operate at their maximum efficiency range as a result of increased flows.



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 repaired minor damage to the rotor assembly on Unit No. 7 at the Intake Pumping Plant. To perform the repairs, the pump motor was disassembled and the rotor was removed. While the unit was disassembled, staff inspected internal parts and replaced a worn bearing and various seals, reconditioned the pump bowl, and inspected the stator windings. In support of the predictive maintenance initiatives, new vibration and temperature sensors were also installed. The pump is expected to be returned to service by the end of the month.

Machining the pump bearing for unit No. 7 at the Intake Pumping Plant.

WATER SYSTEM OPERATIONS

Optimize maintenance continued...

Staff completed infrared thermograph surveys at the Mills plant as part of the predictive maintenance program for electrical systems at the plant. Infrared thermography surveys allow staff to detect emerging electrical problems in advance of the equipment issue causing an unscheduled shutdown.

Staff installed electronic equipment along the San Diego Canal to monitor the effects of optimizing power generation at Diamond Valley Lake. Optimized generation scheduling involves more frequent stopping and starting of the generators which changes the flow downstream in the San Diego Canal. Using equipment called piezometers, staff can measure pressure related to groundwater elevations under the canal liner in relation to the pressure exerted from the volume of water in the canal. These measurements are evaluated to determine the hydrostatic pressure differential as the flow increases and decreases from starting and stopping generators. Excessive hydrostatic pressure differentials can result in movement and possibly damage to the canal liner. The information collected will be used to create operating criteria and limits to maintain the integrity of the canal when optimizing power generation.

Staff successfully and safely completed annual maintenance on the Wadsworth Pumping and Generating Facility. In addition to scheduled maintenance of high-voltage equipment, inspections were performed on the large diameter piping that connects the pump generators and pressure control valves to Diamond Valley Lake and the Eastside Pipeline. *(see photo above)*



Staff completed repairs on the hydroelectric power plant cooling water system at Sepulveda Canyon. Over time, the cooling water system piping and components experienced normal deterioration. When performing the repairs, staff replaced existing carbon steel cooling water piping and anchoring brackets with more durable stainless steel materials to increase longevity and reliability.

Staff continued implementing Condition-Based Maintenance strategies by developing a lubrication oil testing program and training the Weymouth plant staff on how to use a laser alignment system. Representative lubricant oil samples on over 100 pieces of equipment were collected and analyzed to determine the condition of the lubricant and equipment. The testing program also establishes baseline criteria for use in future comparisons and transitions the current 'time-based' preventive maintenance practice to a 'condition-based' strategy replacing the oils only on an as-needed basis. A laser alignment system was used to correct alignment problems on mechanical pump shafts, gearboxes and other equipment important to the plant. This maintenance technique reduces premature wear on bearings, seals and couplings while reducing the amount of power that is consumed by a misaligned machine. The remaining four treatment plants are scheduled to receive training on use of the laser alignment system over the next year.

The La Verne Shop continues to manufacture steel pipe for use in the upcoming work to replace sections of the prestressed concrete cylinder piping on the Second Lower Feeder. To date, the shops

have rolled and welded approximately 450 feet of the required 500 feet of pipe needed for the first repair site. As the pipe sections are completed, they are mortar lined and braced internally to prevent pipe distortion. The bracing or "stulling" process protects the pipe sections during storage and transportation, and makes it easier for the pipe sections to fit together during installation.

Staff refurbished the automatic strainer used to screen out heavy particles in the open loop cooling water system at the Mills Ozone facility. The automatic strainer is essential for proper operation of the aluminum heat exchangers. The repair was needed as moisture had worn the bearings causing the internal parts to be inoperable. Metropolitan staff performed the work for an in-house saving of over \$10,000 by not having to ship the strainer to the manufacturer on the east coast.

Staff performed the potassium iodide wet chemistry test on the ozone gas generated at the Mills plant. The purpose of the wet chemistry test was to validate the calibration of online ozone analyzers. Accurate data from the online ozone analyzers is required to monitor ozone generator efficiency and increase the ozone system reliability. Results from the test indicated that the analyzers were out of calibration by about five percent. All of the analyzers were recalibrated.

WATER SYSTEM OPERATIONS

Optimize maintenance continued...

In February 2013, during an inspection of a cut-and-cover portion of the Colorado River Aqueduct, approximately 200 feet east of the East Portal of the Whitewater Tunnel No. 2, two 50-foot-long cracks were observed from within the 16-foot diameter shaped conduit. The cracks were repaired using epoxy injection. Staff attributed the cracking to vehicle and equipment loading at the ground surface. A 55-foot long, by 33.5-foot wide, by 15-inch thick, double reinforced protective concrete slab over the conduit section was designed and constructed by Metropolitan staff to protect the conduit against additional damage due to equipment loading.

Steel placement for protective slab on the Colorado River Aqueduct.



Support water resource programs

To maximize reliability, Metropolitan supports the California Department of Water Resources through reimbursable agreements. DWR has requested the manufacturing of one set of bronze lantern rings for the Gianelli Pumping Plant Unit No. 1 pump shaft. A lantern ring is essentially a metal gasket used to minimize water leakage. The set consists of a top, middle and lower plate. All the plates were cast as solid bronze rings which were segmented into four sections and water jet cut to the required sizes in preparation for machining. These ring assemblies contained seals (known as a labyrinth) which were assembled against the pump shaft sleeve to prevent water leakage.

Metropolitan also supported DWR by machining and coating the access doors to the scroll cases of Units 1 and 2 at the Gianelli Pumping Plant. The doors and metal frames required refurbishment due to corrosion.

Effectively manage power system and optimize generation

During October, Metropolitan had several meetings with the California Air Resources Board (CARB) and participated in a CARB hearing on Cap and Trade with both oral and written comments. Metropolitan continues to advocate for an allocation of Cap and Trade allowances that can be used to satisfy Metropolitan's Cap and Trade compliance obligations or to provide funding for greenhouse gas reduction projects. CARB has proposed an allocation of allowances to Metropolitan but at a level Metropolitan deems insufficient to appropriately mitigate the cost burden of Cap and Trade. Metropolitan is also working with staff from the Department of Water Resources and the State Water Contractors to obtain an allocation of allowances for the State Water Project.

On October 2, Metropolitan hosted a meeting of the Hoover Power Contractors Technical Review Committee. The committee reviewed the proposed 10-year Boulder Canyon Project Operating Plan of the Bureau of Reclamation and the Western Area Power Administration and provided comments and questions to the federal agencies. This meeting is part of the ongoing activities of the Hoover power contractors to manage energy costs and ensure the continuing reliability of the facility.

WATER SYSTEM OPERATIONS

Improve security and emergency response

Security staff, in conjunction with the Department of Homeland Security, National Guard, and the City of Riverside Police Department, conducted a Site Assistance Visit (SAV) at the Mills plant. An SAV is a vulnerability assessment conducted to develop awareness of a facility's physical vulnerabilities, interdependencies, and weaknesses. The information provided by the SAV will be used to enhance existing protective measures for Metropolitan's infrastructure and to increase awareness and preparedness for all hazards.

With the installation of computers at the Jensen plant's security guard booths, security staff completed the initial phase of upgrades to the guard booths at all five treatment plants. The computers will allow the guards to connect directly to databases at the Security Watch Center facilitating the vetting of visitors, vendors, and contractors at the plant. Computers will be installed in all of the guard booths at the treatment plants within the next few months.

Emergency Management staff continued to work with representatives from Metropolitan's Member Agencies and other external agencies to prepare for the November 5

earthquake response exercise. This exercise will provide Metropolitan's emergency response staff the opportunity to practice how to manage and respond during a major earthquake in Metropolitan's service area. Responders from Calleguas and Las Virgenes Municipal Water Districts, Los Angeles Department of Water and Power, Department of Water Resources, and California Office of Emergency Service will also participate in this exercise.

Staff updated emergency supplies in Metropolitan's Emergency Operations Center. These supplies would be used by EOC staff in the event of a major emergency requiring employees to remain in the center for an extended period of time. New supplies include cots, sleeping bags, long-term food and water, emergency medical items, and other essential equipment. *(see photo below)*



Some of the new supplies in the Emergency Operations Center include cots, sleeping bags, solar power collectors, trauma kits, and long-term emergency food and water.

Develop workforce

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

Classes of 2015 and 2016 electricians and mechanics continued their fifth and second periods of related instruction, respectively. Electrical Apprentices in Period 2 are focusing on safety and basic electrical circuits as the Mechanical Apprentices are focusing on safety, reading mechanical drawings and taking accurate measurements. In Period 5, the Electrical Apprentices are learning to troubleshoot complex control circuits while the Mechanical Apprentices are learning welding fundamentals and practices at Mount San Jacinto College.

Staff continued to provide safety and environmental protection training. In October, training staff focused on preparing employees for the upcoming shutdown season and updating programs based on changing regulations (e.g., the new international Global Harmonized System which revises chemical safety data sheets and labeling).



Class of 2016 Electricians in the apprenticeship lab and working with the Hampden Table Top Trainers. These trainers are used to demonstrate electrical and electronic fundamentals

WATER SYSTEM OPERATIONS

Protect source water quality

Staff and Directors participated in an inspection tour of the Upper Colorado River Basin hosted by the Colorado River Board of California on September 30 to October 4. The tour included various project sites within Colorado and Utah, including the Paradox Valley salinity control injection well and the Moab uranium mill tailings pile. Staff also provided a presentation on Colorado River source water protection initiatives to the tour participants.

On October 15 and 16, staff participated in workgroup meetings held in Yuma, Arizona for the Topock Chromium-6 Remediation Project. Stakeholders discussed issues concerning design of the remediation system and the project schedule. The 90-percent design is expected to be completed in June 2014. Construction of the groundwater treatment system is scheduled to commence in March 2015.

Metropolitan hosted the Clean Colorado River Sustainability Coalition at Gene facilities on October 17. The Coalition member agencies discussed various Colorado River water quality protection initiatives and toured Metropolitan's Colorado River Aqueduct facilities.



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

At the Member Agency Water Quality Manager's Meeting on October 10, American Water Works Association's Director of Federal Relations, Alan Roberson, gave an update on federal legislative, regulatory and security issues. Mr. Roberson reviewed several possible drinking water standards under consideration by the USEPA for 2014, including a draft Fourth Contaminant Candidate List and proposals for perchlorate, carcinogenic volatile organic chemicals, chlorate, strontium, and nitrosamines.

The California Department of Public Health (CDPH) conducted public hearings on its proposed maximum

contaminant level (MCL) of 10 parts per billion (ppb) for chromium-6 in drinking water on October 11, 2013. Numerous water utilities along with several drinking water trade associations provided testimony during the simultaneous hearings in Sacramento and Los Angeles. Metropolitan staff attended the hearing in Los Angeles and provided written comments to CDPH. Most of the comments at the hearing focused on the treatment costs and benefits/risks of exposure associated with the proposed 10 ppb MCL. Pending any changes to the proposed regulation, the draft MCL is scheduled to become final within one year.

Example of ppb (parts per billion)

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

Optimize water treatment and distribution

State Water Project target blends at the Weymouth, Diemer and Skinner plants were at 15 percent in October. Flow-weighted running annual averages for total dissolved solids for September 2012 through August 2013 were 505, 510, and 443 mg/L for Weymouth, Diemer and Skinner plants, respectively.

Fully comply with water quality, safety, and environmental regulations

Metropolitan complied with all water quality regulations and primary drinking water standards during the month of October. State regulators conducted on-site assessments of the Water Quality Laboratory and all water treatment plant laboratories in October for the renewal of certification under California's Environmental Laboratory Accreditation Program.

Provide technical support to member agencies

Metropolitan held a quarterly Member Agency Water Quality Managers Meeting on October 10, 2013. Speakers provided updates on drinking water regulations, water quality, system status and water supply, and a review of the taste-and-odor issues and condition of the reservoirs in Metropolitan's service area in 2013.

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.

HUMAN RESOURCES

Foster learning and organizational development

- Delivered employee development, career development and management classes as scheduled for October.
- Delivered mandatory training classes to managers and employees.
- Conducted Education Fairs and tuition program information sessions at all desert facilities, Headquarters, Jensen and Diemer plants.
- Provided specific training courses for new managers.
- Discussed newly developed training programs with eligible employees to provide needed skills and development to better prepare employees for promotional opportunities.

Foster management excellence

Continued to provide coaching and strategic support for various managers.

Set high performance standards

Shared statistics and metrics with Group Managers on the results of the common performance evaluation date implementation.

Acquire talent

- Working with Water System Operations on standardizing testing materials for all O&M Technician recruitments.
- Attended the California State Polytechnic University, Pomona and Camp Pendleton job fairs that focused on outreach to veterans.
- Started the planning of the next Pre-Apprentice recruitment scheduled for early 2014.

Implement technology solutions for Human Resources functions

Reviewed consultant Request for Proposal responses for the upcoming PeopleSoft upgrade project.

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 81 risk assessments on contracts, including professional service agreements, construction contracts, entry permits, special events and film permits.

HUMAN RESOURCES

Workers' Compensation costs

- Conducted initial investigations on 20 injury incidents.
- Submitted 13 new claims to Metropolitan's workers' compensation claim administrator.
- Settlements were negotiated in 2 claims, finalized in 4 claims, and 11 claim files were closed.
- Conducted MedVan evaluations at Hinds, Eagle Mountain, Iron Mountain, and Gene facilities.
- Arranged 21 medical evaluations (DMV, medical surveillance, hearing conservation, etc.).
- Coordinated 1 random drug/alcohol test.
- Addressed 1 accommodation issue.
- Completed and submitted the Public Employer Self Insurers Annual Report to the State of California, Self-Insurance Plans.

Manage compensation

- Prepared the Employee Compensation Report for 2013.
- Provided the third HR Fitness-HR 101 Compensation topic to all Human Resources staff to ensure HR employees have a basic understanding of various HR topics.
- Coordinated the Fall Service Awards Luncheon with 70 employee recipients with 20 or more years of service.

Maintain compliance and effectiveness in benefits programs

- Attended the CalPERS Education forum and learned about CalPERS strategy and initiatives as well as upcoming changes in pension plans, medical plans and compliance issues.
- Provided one-on-one consultations for open enrollment at various field sites.
- Continued to provide sessions of the New Fund Lineup and one-on-one consultations at various field sites.
- Coordinated the all-day *Preparing for Service Retirement* training course and met with multiple employees on retirement questions.

REAL PROPERTY DEVELOPMENT & MANAGEMENT

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.

- Blythe Energy was issued a license to operate and maintain the Blythe Energy 230KV Gen-Tie Line, including power poles and overhead 230kV power lines, for the purpose of interconnecting with Southern California Edison's switchyard facilities located at the Julian Hinds Pumping Plant.
- New Cingular Wireless PCS, LLC (AT&T) was granted a lease amendment to modify its existing telecommunication equipment at Black Metal Mountain II near Gene pumping plant.
- An entry permit was issued to San Dimas Rodeo, Inc. to allow event-related parking of vehicles and trailers. The use included a site for a Los Angeles County Sheriff's Department satellite command center. The permit helps to support the annual Western Days Rodeo event located near the F.E. Weymouth Water Treatment Plant.
- 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.
- An easement was granted to Southern California Edison Company to operate and maintain an electrical substation at the F. E. Weymouth Water Treatment Plant in the city of La Verne. This substation will provide greater power reliability to the Weymouth plant.

REAL PROPERTY DEVELOPMENT & MANAGEMENT

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

- A Temporary Use License was acquired in association with infrastructure repairs to Metropolitan's Second Lower Feeder Pipeline in the city of Long Beach.
- A three-year temporary construction easement was acquired in support of anticipated infrastructure repairs to Metropolitan's Etiwanda Pipeline project in the city of Rancho Cucamonga.
- Consent was obtained from the California Highway Patrol to modify Metropolitan's existing telecommunication equipment located at Los Pinetos in Los Angeles County.
- Staff worked with Engineering Services to resolve questions regarding right of way associated with repairs to Metropolitan's spur track in the city of La Verne used for chlorine deliveries to F. E. Weymouth Water Treatment Plant.
- Staff worked with Legal and Engineering Services to develop strategies for evaluating the adequacy of right of way for repair projects within the Distribution System Infrastructure Protection Program.
- Staff provided property research and valuation support to Bay-Delta Initiatives related to potential habitat restoration projects in the Delta.



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.

Foster staff training and development

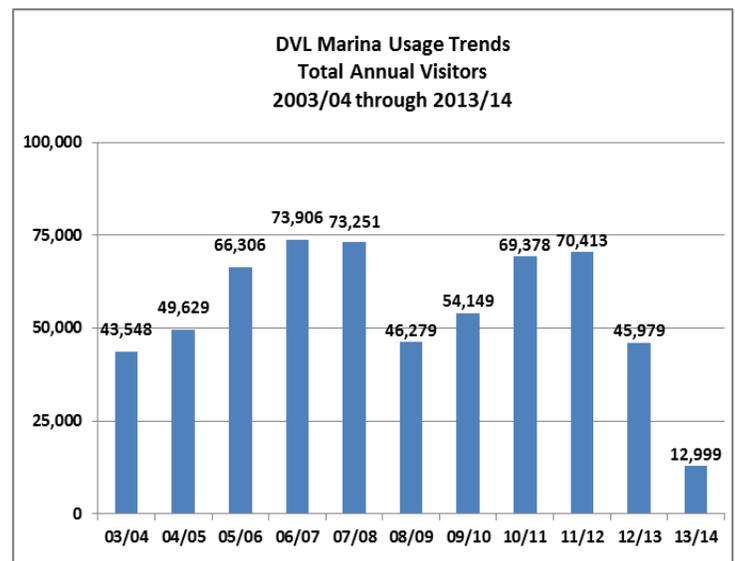
Staff attended the annual International Right of Way's Fall Seminar. Staff is beginning User Acceptance Testing of REportfolio, a new lease management software program. It is anticipated that testing will end in November and the program will be rolled out for use in January 2014.

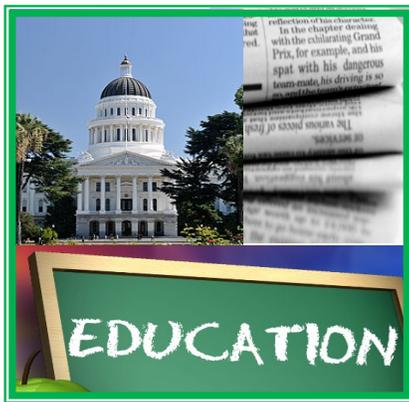
Pursue development of the Diamond Valley Lake area, including the Visitor Center and marina, into the creation of an area that supports recreation, provides leasing and revenue opportunities, and provides benefits to Metropolitan and the surrounding community

A lease was granted to Greenland Farm, Inc. for agricultural purposes on Metropolitan property located north of Diamond Valley Lake near the city of Hemet.

Metropolitan has now received 24 months of rent on the percentage lease with Urban Park Concessionaires for the operation of the DVL Marina and the Lakeview Trail. The \$129,000 received to date represents seven percent of the October 2011 through September 2013 gross receipts. Annual savings for replacing the professional services agreement with the percentage lease are estimated to be \$380,000.

Diamond Valley Lake has hosted approximately 606,000 visitors at its marina facilities, and 145,000 private boats have launched since the 2003 public opening.





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.

EXTERNAL AFFAIRS

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

Local

- On October 3, Director Randy Record and Metropolitan staff held a briefing with Senator Richard Roth regarding the Bay Delta Conservation Plan. Other briefing participants included Eastern Municipal Water District General Manager Paul Jones, Western Municipal Water District General Manager John Rossi, and Metropolitan staff.
- On October 3, Metropolitan General Manager Kightlinger, California Assembly Water, Parks and Wildlife Committee Chair Anthony Rendon and California Department of Water Resources Deputy Director Paul Helliker provided a presentation on the Future of Southern California's Water Supply to the League of Cities LA County Division. The panel focused on the BDCP and local supply development. Director Laura Friedman was among the city leaders in attendance.
- On October 10, Metropolitan assisted with the Temecula Valley Chamber of Commerce Legislative Summit. Senator Richard Roth and Assemblywoman Marie Waldron participated in the panel discussion, which included responding to questions about the Bay Delta Conservation Plan.
- On October 17, Metropolitan hosted a Community Leaders Briefing in partnership with the Inland Empire Economic Partnership and state legislators

from the Inland Empire. Senator Bill Emmerson, Assemblyman Mike Morrell and Assemblywoman Cheryl Brown participated, along with Metropolitan General Manager Kightlinger, in a panel discussion on the Bay Delta Conservation Plan. Metropolitan directors Record, Camacho and Evans attended the meeting along with about 90 community leaders, including representatives from the offices of Congressman Raul Ruiz, Congressman Gary Miller, Congresswoman Gloria Negrete McLeod, Senator Richard Roth, Senator Norma Torres and Assemblyman Curt Hagman.

- On October 24, Metropolitan hosted its annual strategic planning meeting with Member Agency Legislative Coordinators to begin planning for 2014 legislative activities. The group discussed various legislative proposals and outlined a draft strategy for the Board's consideration and input in November and action in December.
- In October, Metropolitan helped gather support from nearly 50 business and community organizations for the goals of water supply reliability and restoration of the Bay Delta and for advancing the BDCP process.

State

The Legislature passed 763 bills—the fewest amount since 1967—and will assess the remaining 1,100 two-year bills in January along with any new bills introduced in 2014. Although there was a number of notable issues this past year, many were tabled due to lack of consensus, inadequate timing or both.

The Governor signed several measures into law including some that were supported by Metropolitan, such as: AB 803 (Gomez, D, Los Angeles) related to recycled water; AB 1156 (V. M. Perez, D-Coachella) Palo Verde Irrigation District's sponsored measure; and SB 135 (Padilla, D-Pacoima) which authorizes an earthquake early warning system.

2013 Highlights for Water Community

Four bills aimed at promoting safe drinking water for communities without access to safe and affordable drinking water advanced to the Governor: AB 21 (Alejo, D-Salinas); AB 30 (Perea, D-Fresno); AB 115 (Perea); and AB 119 (Assembly Environmental Safety & Toxic Materials Committee).

On October 2, Secretaries of Cal-Environmental Protection Act and Health and Human Services Agency convened the Drinking Water Reorganization Task Force. The Task Force is comprised of invited stakeholders who will provide suggestions and recommendations related to transfer of Department of Public Health to State Water Resource Control Board. The Task Force will assist Secretaries in preparing a Transition Plan which is targeted for completion in mid-February, 2014. Brad Coffey, Assistant Group Manager for Water system Operations, represents Metropolitan on the Task Force.

EXTERNAL AFFAIRS

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

State

2014 Water Bond

During final weeks of session, Democrats in both Senate and Assembly moved forward, albeit on separate tracks, to rewrite the current \$11.14 billion water bond slated for the November 2014 ballot.

AB 1331 by Assembly Member Anthony Rendon (D-Lakewood) and SB 42 by Senator Lois Wolk (D-Davis) are in the Senate Natural Resources and Water Committee, chaired by Senator Fran Pavley (D-Agoura Hills).

On September 24, Senate Natural Resources and Water and Environmental Quality Committees convened a joint informational hearing in Sacramento to set the stage for discussions on 2014 bond. The hearing was entitled “Where are we and where do we need to go?” Focus of hearing was on the AB 1331 and SB 42.

Special Elections

Democrat Holly Mitchell won the Senate District 26 special election and took her oath of office in late September. Democrats now hold 28 seats in the Senate and Republicans hold 12. This seat was vacated by former State Senator Curren Price, who won a seat on the Los Angeles City Council.

In the Assembly, local Pomona City Councilman and Democrat Freddie Rodriguez narrowly defeated Ontario Mayor Paul Leon in his bid to win AD52, formerly held by now Senator Norma Torres (D).

Gubernatorial Appointments

Laura King Moon, former Assistant General Manager for State Water Contractors from 2000 to 2011, was appointed Chief Deputy Director for the California Department of Water Resources. Ms. Moon has been project manager for Bay Delta Conservation Plan since 2011. Prior to that she also worked with the San Luis and Delta-Mendota Water Authority, the Bureau of Reclamation, East Bay Municipal Water District and the Natural Resources Defense Council.

Federal

Metropolitan worked with Colorado River users in California, Arizona and Nevada, along with the Western Urban Water Coalition, to develop and submit comments in opposition to the U.S. Fish and Wildlife Service’s Proposed Rule: Categorical Exclusion for listing injurious species under the Lacey Act (Federal Register Notice FWS-HQ FHC-2013-NO44).

On October 23, the House passed the Water Resources Reform and Development Act of 2013, with a vote of 417-3. The bill which authorizes a number of water, flood control and port projects and various policy initiatives, will now go to conference, where a joint Senate House Conference committee will work through the differences in the House and Senate versions of the bill. Metropolitan engaged with both the House and Senate to promote Metropolitan’s objectives to authorize new infrastructure funding sources, specifically the Water Infrastructure Finance Innovation Act, among other provisions.

October 30 – November 1, Metropolitan staff participated in the Western Coalition of Arid States fall conference in Tucson, Arizona, and provided a presentation on water issues in the Lower Colorado River basin.

EXTERNAL AFFAIRS

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

Media

- Teamed with California Department of Water Resources to conduct a Southern California news media tour of the Sacramento-San Joaquin Delta to give reporters and editors an on-the-ground briefing of the BDCP that included presentations by General Manager Kightlinger. Print and broadcast media were well represented.
- Arranged press conference at Headquarters with General Manager Kightlinger and Department of Water Resources Director Cowin to brief the news media on the 2014 water supply outlook, the value of conservation and the importance of the BDCP for water reliability. Numerous reporters from print, TV and radio participated.
- Set up interview with General Manager Kightlinger and host of *Sunday Morning Newsmakers* radio show to discuss water supply issues and the BDCP. The show is broadcast on radio stations KRLA, KTIE and KKLA.
- Arranged joint interview with Assistant General Manager Roger Patterson and Group Manager Upadhyay

and Sacramento Bee reporter to discuss how the BDCP fits into Metropolitan's long-term resource planning.

- Facilitated interview with Metropolitan's Colorado River Resources staff and Union Tribune San Diego for a story about the 10th anniversary of the Quantification Settlement.
- Facilitated interview with Metropolitan's Colorado River Resources staff person and Global Water Intelligence magazine reporter for a story about reduced Colorado River releases from Lake Powell.
- Set up interview with Group Manager Upadhyay and KNX-AM radio for a story about water supply conditions in the Colorado River Basin.
- Issued three editions of Your Water e-newsletter.
- Issued separate news releases announcing the appointments of Donald Dear from the West Basin Municipal Water District and Russell Lefevre from the city of Torrance to the Metropolitan Board of Directors.

Education

- Staff conducted six education workshops/tours for about 180 students from Hemet Unified School District.
- Staff facilitated two workshops for nearly 100 K-8 students; processed six curriculum requests; comparing "Next Generation" Science Standards to current curriculum.

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

- On October 3, Metropolitan Directors Camacho, De Jesus and Touhey participated, and Metropolitan staff presented on the BDCP at the San Gabriel Valley Water Forum held at the Sheraton Fairplex Conference Center in Pomona.
- On October 4, Metropolitan General Manager Kightlinger and California Natural Resources Agency Deputy Director Jerry Meral presented on the BDCP at the Valley Industry and Commerce Association Business Forecast event. Metropolitan Directors Peterson, Fleming, Grunfeld and Murray, and Los Angeles Department of Water and Power Director of Water Resources David Pettijohn, also participated in the event.
- On October 15, the Los Angeles Business Journal honored General Counsel Marcia Scully as a finalist in their 2013 Corporate Counsel Awards program at the Omni Los Angeles Hotel. Directors John Murray,

Petersen, and Record attended the event along with Metropolitan staff.

- On October 16, Metropolitan participated in the United Chamber's Annual Mayor's Lunch with Los Angeles Mayor Eric Garcetti at the Warner Center Marriott. Over 400 business leaders attended, including Directors Fleming, Grunfeld, Peterson, Murray and Metropolitan staff.
- On October 17, Metropolitan General Manager Kightlinger joined Assembly Member Anthony Rendon and California Natural Resources Agency Deputy Director Jerry Meral to provide an overview of current water challenges and the need for a Delta solution at the Greater Los Angeles Water Summit in Long Beach. Directors Dear, Gray, Friedman, Lefevre, Morris, Murray, Touhey, and Vasquez participated in the day-long summit, which also featured presentations on economic trends, infrastructure finance, stormwater management and a keynote by former Assembly Speaker and San Francisco Mayor Willie Brown.

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 continued...

- On October 17, Metropolitan participated in the Santa Monica Bay Restoration Foundation's 25th Anniversary Event at the Anneberg Community Beach House in Santa Monica. Directors Abdo, Peterson and Grunfeld attended the event, which honored Senator Fran Pavley, Los Angeles Department of Water and Power Commissioner and former Congressman Mel Levine, and former LADWP General Manager David Nahai.
- On October 23, General Manager Kightlinger facilitated the 5th Annual CORO Foundation Water Leadership Conference and Luncheon *Surfacing the Solutions* in downtown Los Angeles. Assistant General Manager Man spoke on a panel with California Department of Water Resources Director Cowin and other state leaders on current water supply challenges and the need for local and statewide solutions, including the BDCP. Among the roughly 150 attendees were Directors Lefevre, Morris, Petersen and Vasquez and Metropolitan staff.
- On October 23, Directors Ackerman, Babcock, Barbre and Gray and Metropolitan staff attended the MWDOC Public Policy Dinner held at the Westin South Coast Plaza Hotel in Coast Mesa. In addition to a presentation by MWDOC's new General Manager Robert Hunter, former Directors Ed Little and Bill Wright were honored for their leadership in water.
- On October 24, Directors Babcock, De Jesus, Gray, Griset, Morris and Vasquez and staff attended the Southern California Water Committee's 29th Annual Meeting and Dinner at the Pacific Palms Hotel and Conference Center in the City of Industry. The event featured Assembly Member Anthony Rendon, Ellen Hanak of the Public Policy Institute and Joe Caves of Conservation Strategy Group for a discussion of the proposed 2014 Water Bond.

Diemer Filtration Plant 50th Anniversary

On October 25, Metropolitan hosted the 50th Anniversary celebration for the Robert B. Diemer Filtration Plant and a dedication ceremony for the new ozone treatment facility. Over 75 local elected officials attended the event, including Directors Barbre, De Jesus, Grunfeld, Morris and Touhey.

BDCP Presentations

General Manager Kightlinger and Metropolitan staff provided and/or coordinated a number of BDCP presentations in October, several of which featured representatives from the California Natural Resources Agency, including Deputy Director Meral and Department of Water Resources Deputy Director Helliker. These presentations included:

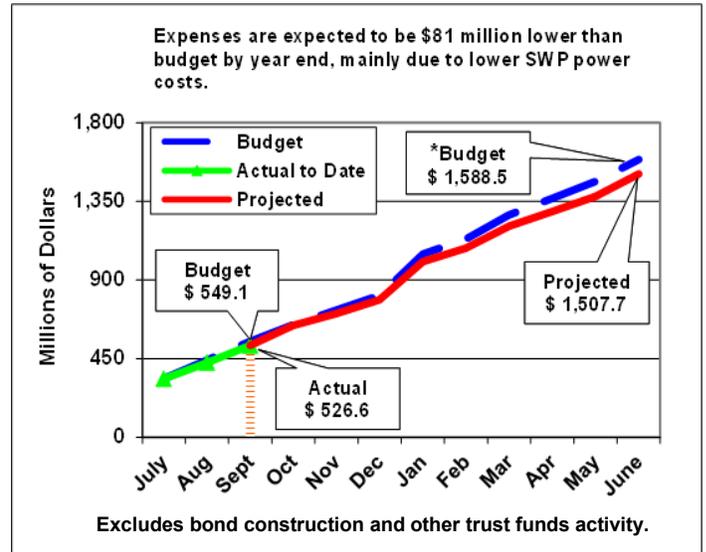
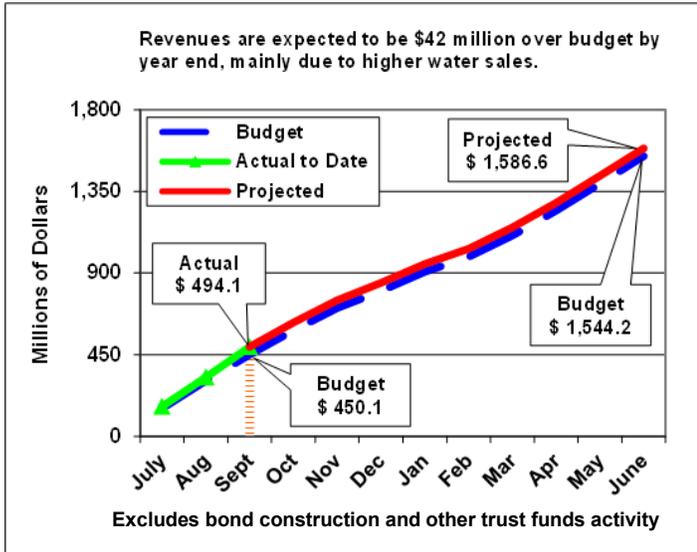
- South Bay Association of Chambers of Commerce, October 2
- Building Industry Legal Defense Foundation 12th Annual Building Industry Law and Policy Conference, October 3
- California Contract Cities Association, October 4
- Los Angeles Economic Development Commission, October 4
- San Gabriel Valley Economic Partnership Board Annual Meeting, October 9
- Desert BDCP Workshop, October 14
- San Gabriel Valley Council of Governments Executive Committee, October 17
- Inland Empire Chamber of the League of California Cities, October 23
- Hillcrest Business Associates Steering Committee October 24
- Southwest California Legislative Council, October 21
- American Public Works Association, October 24
- California Municipal Utilities Association Board of Directors, October 28

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

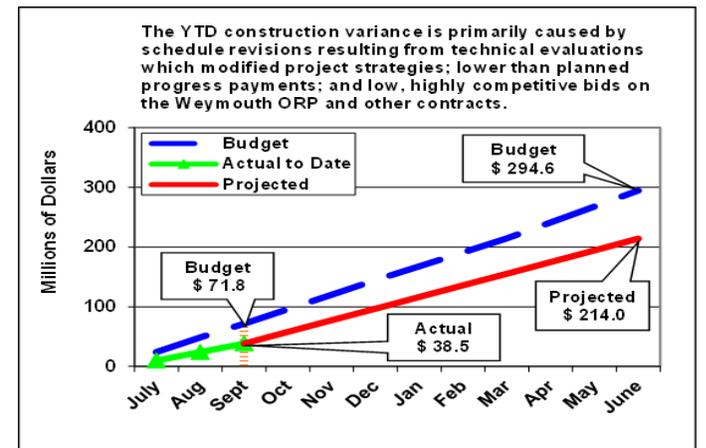
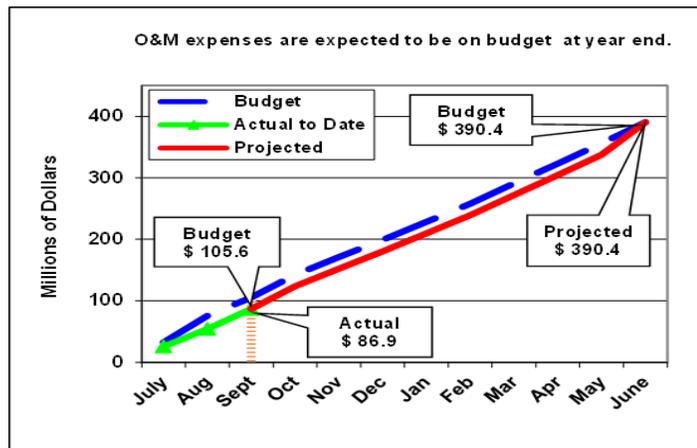
Online search on Google Search and the Google Content Network continued this month. Links to bewaterwise.com appear when keywords such as "water," "California weather," and "water rebates" are searched for by Southern California users.

There were over 58,000 visits to bewaterwise.com in September. There were over 37,000 visits to bewaterwise.com from October 1-15, 2013.

FINANCIAL SUMMARY AS OF SEPTEMBER 30, 2013



**Expense budget includes Board-approved increases for Water Supply Programs and the R&R fund of \$25M each.*



Summary Financial Statistics

	Target	Year-End Projected
Fixed Charge Coverage	≥ 1.20 x	1.58 x
Revenue Debt Service Coverage	> 2.00 x	2.08 x
Revenue Bond Debt / Equity Ratio	< 100.0%	63.8%

Credit Ratings

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

FINANCE



Manage Finances for Long-Term Stability and Sustainability—Objectives include minimizing water rate increases, managing costs within the adopted budget, and striving to meet Board policies for all key financial ratios.

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

Staff has completed a review of the capital appropriation process and a peer review of comparable agencies for the purpose of improving the process and presented recommendations to group management for consideration. Final approval is pending presentation to executive management.

STRATEGIC PRIORITY—
Improve Financial Position

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

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

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

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 follow-up on the findings and documented the results of 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 10/31/13 <u>Storage (AF)</u>	Percent of <u>Capacity</u>
DVL	593,008	73%
Lake Mathews	105,292	58%
Lake Skinner	42,005	95%

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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