



GENERAL MANAGER'S MONTHLY ACTIVITY REPORT FEBRUARY 2014

February 28, 2014

THIS REPORT IDENTIFIES THE ACTIONS AND ACTIVITIES TAKING PLACE DURING THE MONTH THAT SUPPORT THE OBJECTIVES OF THE GENERAL MANAGER'S FISCAL YEAR 2013/14 BUSINESS PLAN.

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Diversity

Metropolitan's Black Employees Association sponsored events and exhibits commemorating Black History Month. This year's theme—Uniting the World: A Tribute to Nelson Mandela. A number of events and activities filled the month, including an opening ceremony with guest speakers Board Vice Chair John Murray, Jr., Chief Administrative Officer Gilbert Ivey; and Chief Operating Officer Debra Man; lunch-time video screenings; fundraising for scholarships, a special exhibit from the Ribét Academy art students and Metropolitan's Employee Choir performed at the February Board of Directors' meeting. *(see photos below)*

Also in February, Metropolitan's Asian American Employees Organization offered a tasty treat to employees and guests to celebrate Asian Lunar New Year (Year of the Horse).



BAY-DELTA INITIATIVES

Bay Delta Conservation Plan—The Draft Bay Delta Conservation Plan and its corresponding Draft Environmental Impact Report/Environmental Impact Statement (EIR/EIS) were released in December for a 120-day public review period. On February 21, 2014, the comment period was extended by 60 days, for a total 180-day review.

The final four public open house meetings on the Draft BDCP and EIR/EIS were held in February. Three of the meetings were conducted in Southern California at Los Angeles, Ontario, and San Diego. Staff is continuing its review of the Draft BDCP and EIR/EIS, in coordination with other state and federal participating public water agencies, to submit comments by the close of the comment period on June 13, 2014.



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.

Delta Stewardship Council

The Delta Stewardship Council met on February 27. The agenda included the Lead Scientists’ report, information items on drought-related activities and implications for the Delta, BDCP regulatory assurances, and current groundwater challenges. The Delta Independent Science Board met on February 24 and 25 to continue its review of the BDCP Draft EIR/EIS.

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

Storage	<u>As of 2/28/14</u> <u>Storage (AF)</u>	<u>Percent of</u> <u>Capacity</u>
DVL	580,601	72%
Lake Mathews	133,400	73%
Lake Skinner	31,228	71%

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

WATER RESOURCE MANAGEMENT

Ensure cost-effective and reliable imported water supplies

State Board Petition—Temporary Consolidated Place of Use Petition – The California Department of Water Resources and the U.S. Bureau of Reclamation filed a petition with the State Water Resources Control Board to exchange water within the areas served by the State Water Project and the federal Central Valley Project. The petition included the specific actions related to the Arvin-Edison/Metropolitan Water Management Program, which can provide Metropolitan with water supply and water quality benefits and reduced costs. While there is no commitment to enter into these actions, the petition eliminates the need to secure Control Board approval if Arvin-Edison and Metropolitan desire to pursue these actions. This is the fourth year in a row that Metropolitan has worked with California Department of Water Resources staff to develop the petition.



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

Implement the Local Resources Program and Conservation Program effectively

West Basin Water Recycling Program Phase V Project—West Basin Water Recycling Phase V Expansion project started operation. The project, which receives a Metropolitan LRP incentive, treats up to 8,000 acre-feet per year of recycled water for seawater intrusion barrier, industrial, and landscape irrigation purposes within West Basin Municipal Water District's service area.

New SoCal WaterSmart Incentives—Metropolitan launched two new water use efficiency programs that are available on the website for SoCal WaterSmart Rebate program. The Fitness Center Program offers fitness-related businesses enhanced incentives to replace older toilet and urinal fixtures with newer high-efficiency models. The Public Agency Landscape Program offers public agencies enhanced incentives and up-front payments to install water-efficient landscape devices.

West Basin Municipal Water District Drought Press Conference—Staff participated in West Basin's Drought Press Conference and provided a display table with literature and information on Metropolitan's water efficiency programs, water efficient devices and rebates for water-use efficient devices. The media event was for water agencies to promote their conservation programs, assist cities, residents and businesses to conserve water and vendors provided demonstrations of their products.

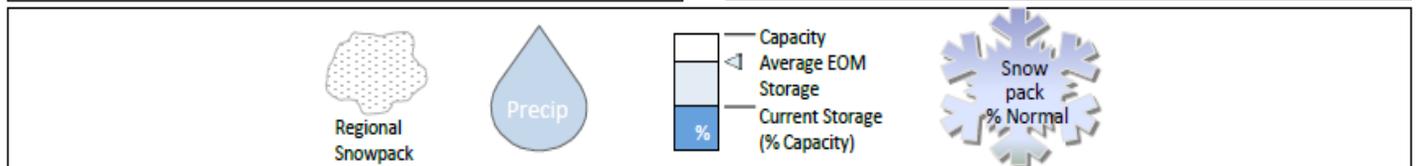
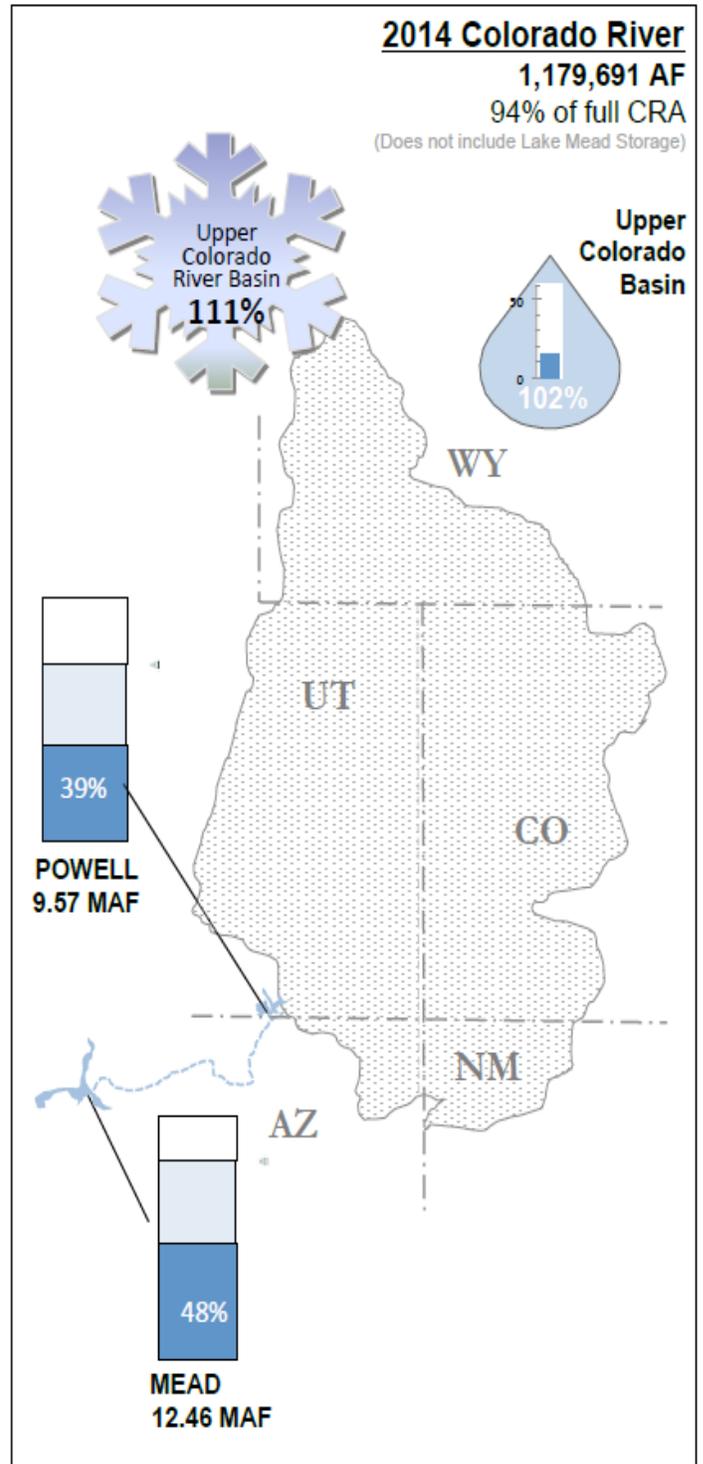
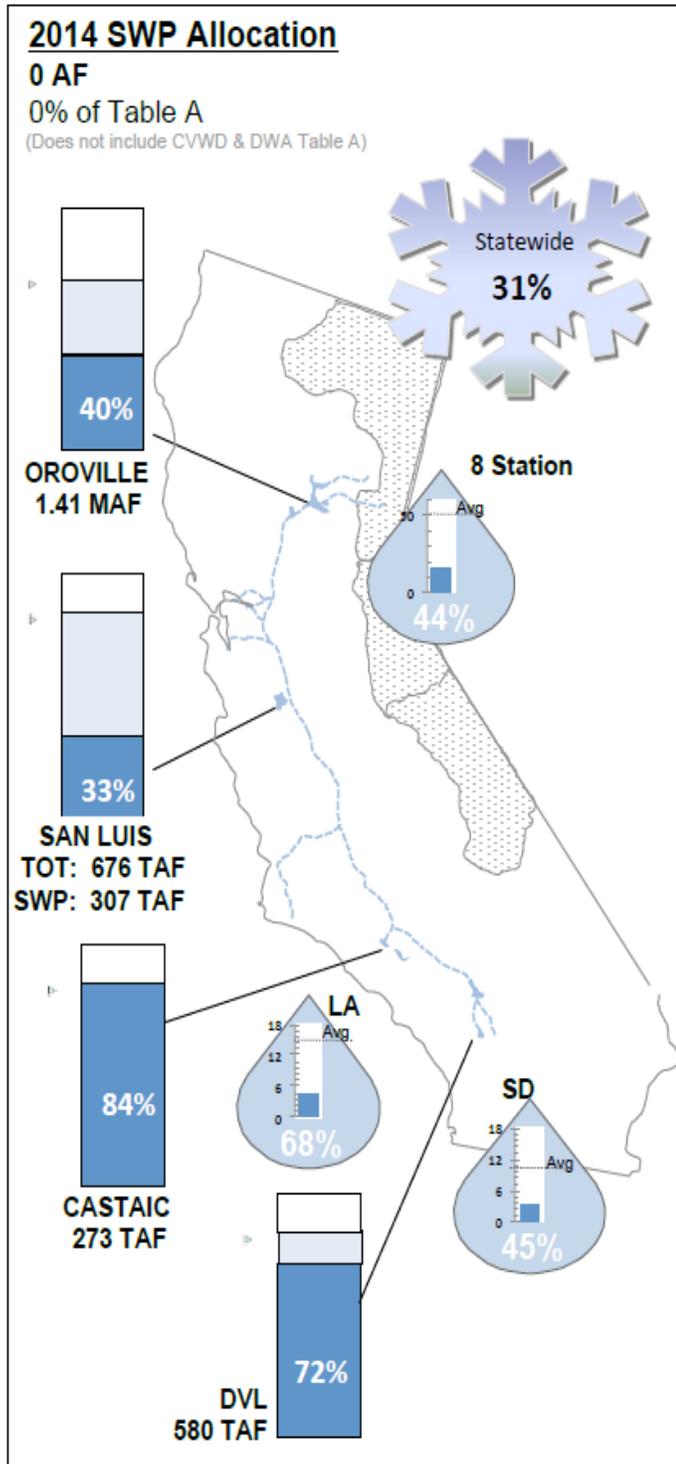
Collaborate with member agencies to coordinate planning efforts, develop policy recommendations, and promote consistent public communications in water resource management issues

Calleguas Grant Support Letter—Metropolitan sent a letter to the California Department of Water Resources in support of a grant application on behalf of the Calleguas Municipal Water District, the City of Oxnard, and the Bureau of Reclamation. The grant would support a \$440,000 project investigating the potential for treating desalination brine using engineered wetlands at the City of Oxnard's Advanced Water Purification Facility.

2014 Salinity Summit Conference Sponsorship—Metropolitan sponsored the Multi-States Salinity Coalition's 2014 Annual Salinity Summit. The conference was held in Las Vegas, Nevada on February 20-21 and featured sessions covering desalination lessons learned; brine disposal; federal activities; new technologies; direct potable reuse; long-term planning under climate change; and related topics.

CalDesal Executive Committee Meeting—Metropolitan staff participated in a CalDesal Executive Committee meeting on January 31 in Newport Beach. A key regulatory priority for Calendar Year 2014 will be the State Water Resources Control Board's process for developing new requirements for seawater desalination intakes and discharges.

WATER SUPPLY CONDITIONS AS OF FEBRUARY 28, 2014



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.

Distribution System Reliability Program

This program maintains reliable water deliveries through specific repair and rehabilitation projects on Metropolitan’s pipelines, reservoirs, and control structures. Recent activities include the following:

- Etiwanda Pipeline Lining Repair—This project is repairing portions of damaged mortar lining that have fallen off or become delaminated from the pipeline’s interior surface. The work will be completed in three phases. Phase 1 construction is five percent complete and is scheduled to be complete by October 2014.
- Garvey Reservoir Hypochlorite—This project is upgrading the sodium hypochlorite feed system which maintains treated water quality within the Central Pool portion of Metropolitan’s distribution system. Construction is five percent complete and is scheduled to be complete by October 2014.
- Lakeview Pipeline Relining—This project will reline the Lakeview Pipeline with a steel liner to strengthen the pipe and prevent water leakage. Preliminary design is 45 percent complete and is scheduled to be complete by July 2014.
- Orange County Feeder Relining—This project will replace the coal-tar enamel lining with cement mortar lining along a nine-mile portion of the Orange County Feeder in the cities of Santa Ana, Costa Mesa, and Newport Beach. Preliminary design is 85 percent complete and is scheduled to be complete by August 2014.
- G-01 Service Connection Rehabilitation—This project is replacing a leaking venturi meter and rehabilitating service connection G-01 on the Santa Monica Feeder. Final design is 98 percent complete and is scheduled to be complete by June 2014.
- Orange County C&D Service Center—This project constructs a new maintenance center to support operations within the Orange County portion of the distribution

system. Preliminary design was completed in February 2014.

- Palos Verdes Reservoir Repairs—This project replaces the floating cover, liner, and overflow spillway, and will remove a portion of the Inlet/Outlet tower. The final design documents are under review by the California Department of Public Health and the Division of Safety of Dams. Final design is 90 percent complete and is scheduled to be complete by April 2014.
- Cathodic Protection—Installation of cathodic protection systems is a proactive and cost-effective measure to inhibit corrosion of buried metallic pipes, reducing the risk of costly emergency repairs. Recent activities include the following:
 - * Second Lower Feeder Cathodic Protection—This project installs 39 stray current drain stations along a 26-mile portion of the Second Lower Feeder. Construction is 10 percent complete and scheduled to be complete by August 2014.
 - * Sepulveda Feeder (North) Cathodic Protection—This project installs 24 stray current drain stations along a 33-mile portion of the Sepulveda Feeder. Construction is 60 percent complete and is scheduled to be complete by June 2014.
 - * Sepulveda Feeder (South) Cathodic Protection—This project installs 22 stray current drain stations along a 7.5 mile portion of the Sepulveda Feeder. A construction contract was awarded in February 2014.
- Sepulveda Power Plant Rehabilitation—This project rehabilitates the electrical protection and control relays, replaces the transformer ventilation system, and recoats the internal components of the turbine. Final design is 40 percent complete and is scheduled to be complete by November 2014.

Distribution System Infrastructure Protection Program

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

- Orange County Region—Preliminary design of improvements has been completed. Notice of preparation of a draft environmental impact report was issued in December 2013 and the public review period closed in January.
- Western San Bernardino Region—Preliminary design of improvements is 40 percent complete and is scheduled to be complete by June 2014.
- Los Angeles County Region—Preliminary site investigations are 90 percent complete and are scheduled to be complete by March 2014.

ENGINEERING

Water Treatment Plant Reliability 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:

Mills Plant

- Electrical Upgrades, Stage 1—This project replaces electrical equipment, providing backup in the event of component failures, and upgrading the electrical system to be consistent with current codes and industry practices. Final design is five percent complete and is scheduled to be complete by December 2014.

Jensen Plant

- Electrical Upgrades, Stage 1—This project replaces aging electrical equipment, provides backup in the event of component failures, and upgrade the electrical system to be consistent with current codes and industry practices. Final design is 35 percent complete and is scheduled to be complete by December 2014.
- Jensen Module No. 1 Filter Surface Wash Upgrades—This project replaces the existing surface wash system with a new fixed-nozzle 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 40 percent complete and is scheduled to be complete by December 2014.
- Jensen Filter Valve Replacement—This project replaces 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 97 percent complete and delivery is scheduled for March 2014. Final design of the installation contract is 90 percent complete and is scheduled to be complete by June 2014.
- Jensen Washwater Tanks Seismic Upgrades—This project upgrades two washwater tanks to increase their capability to withstand a major earthquake. A construction contract was awarded by the Board in January 2014. Construction is scheduled to be complete by December 2014.

Weymouth Plant

- Filter Building Seismic Upgrades—This project structurally upgrades Filter Buildings Nos. 1 and 2. Construction is 30 percent complete and is scheduled to be complete by February 2015. A partial shutdown to install new concrete piers commenced in January 2014.
- Filter Rehabilitation—This project replaces the internal components of the Weymouth plant's 48 filters, including the underdrains, filter media, launder troughs, and surface wash systems. Preliminary design was completed in February 2014.

Diemer Plant

- Electrical Upgrades, Stage 2—This project replaces electrical equipment, improving backup capability, and upgrading the electrical system to be consistent with current codes and industry practices. Construction is five percent complete and is scheduled to be complete by March 2016.

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 43 percent complete and is scheduled to be complete in late 2016. ([see photos on page 7](#))
- 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 of the sulfuric acid system is 93 percent complete and is scheduled to be complete by March 2014.

ENGINEERING



Weymouth ORP – Contractors



Weymouth Ozone Generation Building
Casting bed for precast walls

CRA Reliability Programs

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

- CRA Sand Trap Equipment Rehabilitation—This project replaces deteriorated sand trap equipment located upstream of the Iron Mountain, Eagle Mountain, and Hinds Pumping Plants. Final design is 98 percent complete and is scheduled to be complete by May 2014.
- Gene Pumping Plant Delivery Line Expansion Joints—This project rehabilitates mechanical expansion joints on the 10-foot-diameter delivery pipelines at Gene pumping plant. Construction is 35 percent complete and is scheduled to be complete by April 2014.
- Desert Wastewater System Replacement—This project replaces the wastewater collection systems and community septic tanks at all five CRA pumping plants. Three construction contracts are planned to be issued.
 - * Final design for Hinds and Eagle Mountain Pumping Plants is 95 percent complete and is scheduled to be complete by May 2014.
 - * Final design for Iron Mountain and Gene Pumping Plants is 35 percent complete and is scheduled to be complete by August 2014.
 - * Preliminary design for Intake Pumping Plant is 50 percent complete and is scheduled to be complete by June 2014.
- Iron Mountain Erection Joint Rehabilitation—This project repairs a leaking pump suction joint at Iron Mountain Pumping Plant. Construction is 60 percent complete and is scheduled to be complete by March 2014 during the 2014 CRA shutdown.
- San Jacinto Tunnel Adit Repair—This project structurally reinforces a 230-foot-long reach of the East Entrance Adit to the San Jacinto Tunnel. Construction is 50 percent complete and is scheduled to be complete by March 2014.

Prestressed Concrete Cylinder Pipe (PCCP) Rehabilitation Program

This program enhances the reliability of Metropolitan's water distribution system and reduces the risk of costly emergency repairs of PCCP lines. Recent activities include the following:

- Second Lower Feeder Near-Term Repairs at Sites 1 and 2—This project lines 1,400 feet of distressed PCCP segments with a steel liner. The Site 1 construction is 90 percent complete and is scheduled to be complete in February 2014. The Site 2 construction will commence in April and will be complete by June 2014.
- Second Lower Feeder Repairs at Site 3—This project lines 4,900 feet of distressed PCCP segments with a steel liner. Final design is complete, and a request to the Board to award a construction contract is planned for March 2014.

BUSINESS TECHNOLOGY

Business Processes and Information Technology

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

Deploy smart technologies and innovative business services to enhance efficiency

Information Technology Strategic Plan—Metropolitan continued its effort to update its IT Strategic Plan which guides the investment and deployment of information technology at Metropolitan over the next three to five years. Based on a competitive Request for Proposal, staff has selected a qualified firm to assist Metropolitan with the strategic plan update and project kickoff is scheduled for March.

Supervisory Control and Data Acquisition Cyber Security—Metropolitan's staff continued development of tools, enhancements of processes and adoption of best practices to continually protect Metropolitan against evolving cyber threats. In addition, the IT Security Manager participated in local and regional forums and conducted legislative reviews related to the water sector.

Diamond Valley Lake Controls and Electrical Protection Upgrades—Metropolitan conducted a pre-bid conference with prospective respondents to an Request for Proposal for prototype and final design services. The pre-bid conference was well attended and the RFP solicitation is scheduled to close in March.

Laboratory Information Management System (LIMS) Upgrade—Staff continued to support Water System Operations by enhancing and upgrading core water quality LIMS application, which is used to track Metropolitan's water quality compliance data. Preliminary testing related to the system server(s) and database(s) are underway and is proceeding according to plan. Completion of the LIMS upgrade is scheduled for the fourth quarter of this fiscal year.

Oracle Accounts Payable Automation System—Metropolitan staff and a consultant commenced the requirements phase of the new AP Automation project that will maximize workforce productivity and improve reliability for vendor payments by adopting electronic storage of invoice data and images. Initial rollout of the new system is scheduled for the end of 2014 calendar year.

Supervisory Control and Data Acquisition System Upgrade—Staff is currently replacing end-of-life servers at the Weymouth treatment plant and Lake Mathews facilities. These aging servers are used to monitor and control water system processes such as water conveyance, distribution, and treatment as well as provide the source data for key operational business processes. Once fully deployed, the new servers will enhance security, provide for redundancy, and maintain water system reliability.

Committee Room Voting Systems—During the period, staff initiated deployment of electronic voting capability in the committee rooms. The new system complies with recent Brown Act amendments for voting at public meetings of local legislative bodies

Online Board Documentation and Records—Staff continued to increase the volume of online Board documentation for self-service with the addition of the Water Bond Issuances of 1992 and all Board Ordinances from January 1928 – December 2007.

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

Staff has substantially completed the PC Replacement project. As of February, Washington DC, Sacramento, Headquarters and desert and field locations have been largely completed.

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

Business Technology managers have completed a major update to the group's workforce succession planning and employee development program. This update takes into account changes in skill gaps that occurred over the past year due to retirements, hiring, reorganization, and employee training.

BUSINESS TECHNOLOGY

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

Sustainable Business Practices and Education—Metropolitan’s Our Legacy Newsletter, Issue No. 86; *Accept the Challenge to Green 2014 (part II)*, encourages employees to renew their efforts at the office and home to achieve higher levels of eco-friendly behaviors.

Headquarters LED Light Replacement—Staff has completed installation of all 680 lights-emitting diode lights on schedule and the Los Angeles Department of Water and Power has approved the \$8,500 rebate.

Union Station Energy Audit—Staff has completed a Request for Proposal to perform a “whole-building” approach to energy management based upon detailed data collection. This audit will provide Metropolitan with comprehensive understanding of the financial benefits of implementing specific energy efficiency measures. The RFP will be advertised in March 2014.

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

Support of Member Agencies, State of California, and the Southern California Business and Veteran Business Communities

- Business Outreach and Engineering staff participated in and exhibited at The Construction Management Association of America, Southern California’s Owners’ Night. Business Outreach and Engineering were able to provide over 500 business owners with information on upcoming construction, professional services, and procurement opportunities.
- Staff presented to the American Society of Military Engineers about opportunities in Metropolitan’s Capital Investment Plan, the BDCP, and Metropolitan’s Regional Small Business Program.
- Staff partnered with the Port of Long Beach, the City of Long Beach, MetroLink, and Planet Bids to hold two User Group meetings to make the Small Business Certification Procedures and Processes uniform.

Metropolitan staff conducted workshops and participated in the following:

- The Southwest Water and Energy Consortium for government agencies, utilities, universities, non-profits and Innovation-hubs to discover new water and energy technologies.
- The National Latina Business Women’s Association—Los Angeles, Orange County, and Inland Empire introducing Metropolitan’s business opportunities to 78 new vendors.
- The Los Angeles Venture Association Network Event
- National Association of Women Business Owners—Ventura County
- El Monte Union High School Career Education Advisory Committee
- Asian and Los Angeles Business Community—Vendor Registration and Small Business Certification Workshop.

Metropolitan Directors and staff attended San Diego County’s Regional Chamber of Commerce’s 143rd Celebration of government and business leaders.

H2O TECHCONNECT—In an effort to expand Metropolitan’s reach into innovation and technology, staff held a workshop on Mobile Marketing Strategies with the City of Murrieta, the Tri-Tech Small Business Development Center and the Temecula Valley Entrepreneur’s Exchange.

Metropolitan staff participated in the Urban Water Institute’s Spring Conference and was able to introduce the H2O TECHCONNECT community to the attendees. Metropolitan also moderated panel discussions on Innovation and Water: Where’s the Cutting Edge? and Public Sector Meets Private Inventions.

Innovative Conservation Program—Business Outreach staff supported Water Resource Management through the marketing of the Metropolitan’s H2O TECHCONNECT Smart Matchmaking Tool – Accelerating Connections in Technology. Six of the 13 winning project proposals that were awarded funding through the ICP utilized the H2OTECHCONNECT program to build and submit their winning proposals.

WATER SYSTEM OPERATIONS

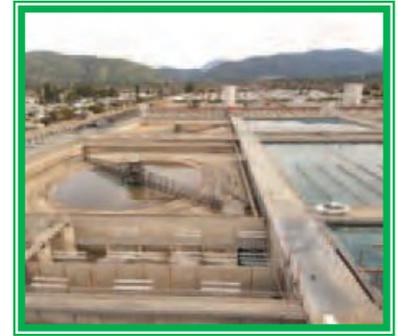
Operate system reliably

System Operations delivered approximately 120,000 acre-feet of water to meet member agency demands in February, which averaged approximately 4,275 AF per day. This was a decrease of about 600 AF a day from January. While February is typically the lowest demand month of the year, this February’s demand is 25 percent over the five-year average demand due to unseasonably dry and warm conditions during the month. Treated water deliveries for February totaled 57,000 AF, or 47 percent of total deliveries for the month. In February, 54,600 AF of Colorado River water was pumped as the CRA remained on a seven-pump flow until February 16 when the CRA began transitioning to a full shutdown on February 18. State Water Project imports averaged 1,600 AF per day in February for 44,800 AF for the month. System Operations continued the strategy of minimizing the use of State Water Project

water wherever possible. For the month of February, the use of CRA water accounted for 60 percent of Metropolitan’s deliveries.

Storage at Diamond Valley Lake decreased by 1,000 AF to 582,000 AF or 71 percent full, as Inland Feeder deliveries remained suspended in February due to a reduction of the State Water Project allocation to zero percent for 2014. SWP blends to the Weymouth, Diemer, and Skinner plant remained at zero percent. System operations staff continued to meet with member agencies prior to any pipeline shutdowns.

System Operations continued to maximize power generation throughout the month. In February, Metropolitan's hydroelectric plants generated an average of 26 megawatts per hour for 17,800 megawatt-hours for the month.



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

Optimize maintenance

In preparation for the use of the Greg Avenue Pump Station, staff manufactured and installed an assembly to strengthen one of the pump supports. The Greg Avenue pump (which normally serves as a hydroelectric turbine) will allow Colorado River supplies to be delivered to the western portion of the distribution system. *(see photo below)*

Staff performed patrol road maintenance on West Valley Feeder No. 1 to facilitate easier access during the upcoming shutdown. Staff is also spreading base rock and gravel around the manhole structures that will be accessed during the shutdown.

Metropolitan releases water to Tucalota Creek at Lake Skinner as part of a watershed agreement to maintain local groundwater levels. The Tucalota Creek Bubbler Rehabilitation Project was completed this month to address changes in the discharge path to the creek resulting from construction of the Skinner Plant Ozonation Retrofit Project. This rehabilitation project modified and relocated the bubbler and meter structure. *(see photo below)*



Thrust harness at Greg Avenue Pump Station



Tucalota Creek Bubbler Rehabilitation Project site

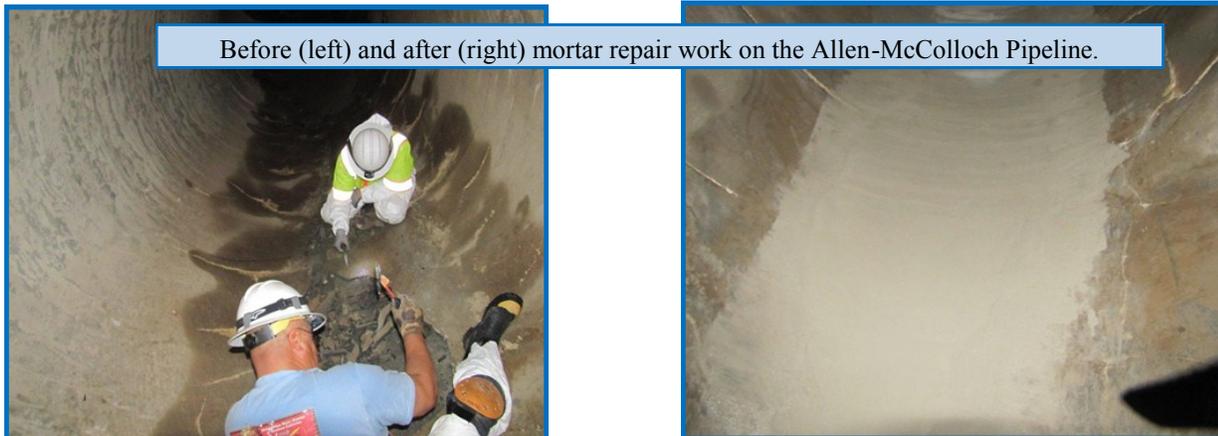
WATER SYSTEM OPERATIONS

Optimize maintenance continued...

Staff completed four pipeline shutdowns aimed at inspecting and making repairs on the distribution system. The first, on the Second Lower Feeder, allowed staff access into the isolated and dewatered areas to inspect the 84" pre-stressed cylindrical concrete pipeline. The inspection was accomplished using eddy current testing. This testing imparts electromagnetic waves to identify areas where reinforcing wires in the pipe may be damaged or broken. Staff also took advantage of the dry pipeline to replace four small plug valves. The second shutdown involved eddy current inspection of the Irvine Cross Feeder, which is one of Metropolitan's oldest PCCP. *Photo to the right is contractors conducting eddy current testing in the Second Lower Feeder.*



The third scheduled shutdown involved internal inspection of the Allen McCulloch Pipeline. During the inspection, a small number of areas were identified that needed minor mortar lining repairs. The repairs were completed on schedule and the pipeline was returned to service. *(see photos below)*



The fourth shutdown involved inspection work and repairs on the Second Lower Feeder. The primary purpose of this shutdown was to install 500 feet of steel pipe liners inside the PCCP to reinforce weakened areas of the pipeline. The steel liners were fabricated by staff in the La Verne shops and installed by a contractor. *See photo below of steel pipe insert sections that were manufactured at Metropolitan's La Verne shops for the Second Lower Feeder.*

In order to maintain reliability of the desert pumps, staff performs regular preventive maintenance. During a routine inspection of the pumps at Eagle Mountain, staff noticed cracks on the upper slip-ring assembly on one of the pump units. The slip rings provide an electrical connection to the rotating portion of the pump motor through a series of carbon brushes. The slip rings are held in place and insulated from other parts of the pump by specialized materials that had developed some cracking over time. Staff disassembled the top half of the motor by removing the exciters, thrust block, and slip-ring assembly. When performing the repairs, design improvements and newer materials were incorporated to add longevity and prevent future failures of this type.



WATER SYSTEM OPERATIONS

Improve security and emergency response

On January 15, staff participated in a tabletop exercise hosted by the California Department of Water Resources. The exercise gave participants the opportunity to walk through how they would work together to mitigate a flood emergency at Pyramid Dam. Numerous federal, state and local government departments and private agencies participated in this exercise.

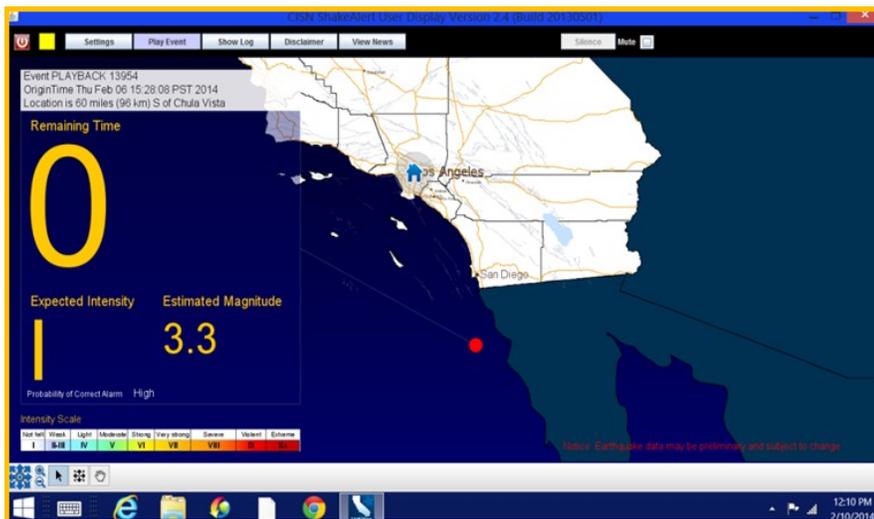
General Manager Kightlinger visited the Emergency Operations Center and the Operations Control Center located in Eagle Rock. Radio station KCRW accompanied the General Manager to the facility for a tour and interview. They talked to Emergency Management staff about Metropolitan’s emergency response and preparedness activities, including new technologies, like California Institute of Technology’s Earthquake Early Warning application. Metropolitan is assisting the California Institute of Technology to refine the application by acting as a beta-tester. *(see photo below)*

Effectively manage power system and optimize generation

In February, Metropolitan submitted documentation to Southern California Edison and the Western Electricity Coordinating Council, showing compliance with nearly 80 national electric reliability standards as part of the required annual self-certification process.

Develop workforce

The Water System Operations Apprentice and Technical Training Program provides trained, qualified employees to maintain Metropolitan’s water treatment and distribution systems. The Class of 2015 Mechanics attended metal machining classes at Mount San Antonio College as part of their sixth period of related instruction. Students learned to setup and use the lathe to develop various machined work products per specific drawing requirements and tolerances. The machining classroom instruction and hands-on projects prepare the students to satisfy on-the-job machining demands which in many cases are needed for repairs of older mechanical equipment. *(see photo below)*



Screenshot of the *CISN ShakeAlert User Display* application (“Earthquake Early Warning”). Metropolitan is a beta-test agency helping Cal Tech to refine this technology for future use.

Student operating a lathe



WATER SYSTEM OPERATIONS

Protect source water quality

On February 13, staff participated in an annual stakeholder meeting organized by the Nevada Division of Environmental Protection and the Nevada Environmental Response Trust (NERT) regarding perchlorate cleanup at the former Tronox site in Henderson. NERT updated stakeholders on the past year's activities concerning soil/groundwater remediation, site management and budgetary issues. NERT and stakeholders also discussed an updated work plan to investigate and ultimately select a long-term cleanup remedy for the site. Further, NERT updated stakeholders on the status of litigation between site predecessors that may potentially direct significant funding towards site cleanup. Metropolitan continues to closely coordinate with NERT and other Colorado River stakeholders on the site's cleanup efforts.

Provide technical support to member agencies

Metropolitan held a Member Agency Water Quality Managers Meeting on January 16. Staff provided updates on California drought conditions and emerging drinking water regulations. Staff also provided an update on the current water supply situation and general water quality conditions in Metropolitan's source and treated water system.



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

Staff is monitoring proposed California Public Utilities Commission rulemaking and project studies related to water-energy nexus programs. Although Metropolitan is not under CPUC jurisdiction, the rulemaking could affect funding for water-energy projects. In conjunction with this proposed rulemaking, CPUC held a workshop on January 30 to discuss its Water/Energy Cost Effectiveness Project. A study will be conducted to look at embedded energy used to supply, move, and treat water delivered to a user, and to pump and treat the water post-use. The overall purpose of the study is to evaluate the effectiveness of various conservation and related programs on water and energy use as related to potential program/project funding purposes.

On January 31, California Air Resources Board released a discussion draft of its proposed amendments to the Cap-and-Trade regulations, which includes allowance allocation. Although Metropolitan is provided an allowance allocation in the proposed amendments, the revised amendments did not address Metropolitan's previous concerns on the amount of the allowance allocation. Staff prepared a comment letter on the discussion draft for submittal to CARB by the February 14 deadline. After review and consideration of comments received, CARB will be releasing the formal 15-day rulemaking package for the Cap-and-Trade amendments in late February, and bringing it to its Board for consideration in April. CARB is planning on a July 1, 2014 effective date.

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 February.

Optimize water treatment and distribution

Staff added approximately 45 tons of anthracite coal in six filters at the Mills plant. *(see photo below)* Anthracite coal is a vital part of the filtering media used for particle removal during the filtration process. The filters required 26 inches of coal, or approximately 45 tons for proper filtration. Small amounts of coal are lost during the backwash process and needs to be replaced periodically. Each bag of coal weighs approximately 2,000 lbs. The bags were loaded into a hopper and sent as slurry to the filter to ensure optimal filter performance.

State Water Project target blends at the Weymouth, Diemer and Skinner water treatment plants remained at zero percent for February. Flow-weighted running annual averages for total dissolved solids for January 2013 through December 2013 were 523, 533, and 495 mg/L for Weymouth, Diemer and Skinner plants, respectively.



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

- Conducted a class for hires who have passed probation in the last 18-24 months. They received information about benefits, employee inspection trips and financial guidance. Executive managers were present to welcome them to the organization.
- Water leadership and management pilot program kicked off with 25 employees enrolled in class being taught at MWD Headquarters.
- Delivered classes on *Project Management Essentials*; *Success Signals: Color styles for Effective Communications*; *E-mails: Doing it Right*; *Everyday Writing Skills*; *5 Choices to Extraordinary Productivity*; and *Board Letter Process*.
- Delivered Day 1 of Moving into Management, a career development class taught on an Off-Friday on employees' own time.
- Conducted a pilot class to refine content for Writing Justifications and Proposals, based on issues identified in the training needs assessment.

Foster management excellence

- Continued to provide ongoing in-house coaching and administration of external coaching engagements for various managers.
- Day 1 of the three-day New Manager Orientation curriculum was presented to 13 recently appointed new managers.
- Provided information to managers about online training curriculum mapped to MyPerformance factors, through SkillSoft, that is being rolled out in February.

Continue to implement technology solutions that support various Human Resources functions, processes and procedures

Provided the seventh HR Fitness-HR 101 information management topic to all HR staff to ensure they have a basic understanding of various human resources topics.

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

- During January, staff completed two internal investigations into complaints of discrimination. Both were completed within proscribed time frames. There were no findings of discrimination.
- Met with bargaining units on two Human Resources Operating Policies. Bargaining units provided slight revisions that were acceptable to management.

Manage compensation

Performed market analysis on jobs as requested by management.

Maintain compliance and effectiveness in benefits programs

- Provided retirement, investment and financial planning education sessions to employees.
- Provide six-month new-hire orientation for those employees who have passed probation focusing on key aspects of eligible benefits.
- Hired consultant to assist with the Deferred Compensation plans Request for Proposal.

Identify, assess and manage risk

The Risk Management Unit completed 40 incident reports communicating instances of Metropolitan property damage, liability, workplace injuries, regulatory visits and spills.

Risk Management completed 58 risk assessments on contracts, including professional service agreements, construction contracts, entry permits, special events and film permits.

Workers' Compensation costs

- Conducted initial investigations on 15 injury incidents.
- Submitted 10 new claims to Metropolitan's workers' compensation claim administrator.
- Settlements were negotiated in 3 claims and 10 claim files were closed.
- Conducted MedVan evaluation at Mills, Lake Skinner and Lake Mathews facilities.
- Arranged 14 medical evaluations (DMV, medical surveillance, hearing conservation, etc.).
- Addressed 3 accommodation issues.
- Issued a Request for Proposal for Workers' Compensation Third Party Claim Administration Services.

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.

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

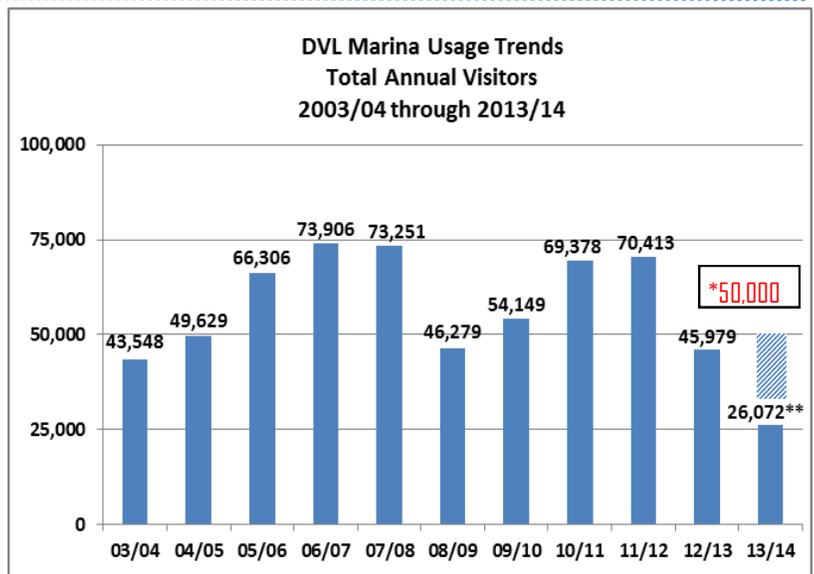
- A letter of consent was obtained from Long Beach Water Department for storage of equipment and supplies associated with the temporary shutdown of the Second Lower Feeder pipeline in the city of Long Beach.
- An entry permit was obtained from a property owner for the removal and closure of an existing groundwater monitoring well on the Inland Feeder.
- An entry permit was obtained from a property owner to allow Metropolitan’s contractor ingress and egress on the property bordering the F.E. Weymouth Water Treatment Plant to remove existing chain link fencing and install a new concrete mortar perimeter block wall.
- Staff provided property research, valuation, and planning support to Bay Delta Initiatives related to potential near- and long-term projects in the Delta.
- Staff continues to work 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 for Orange County.

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

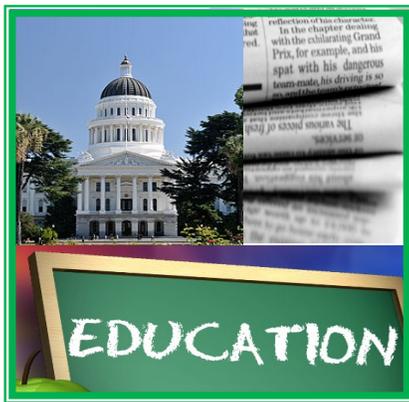
- A 17.828-acre portion of an Inland Feeder parcel located in the unincorporated community of Mentone was sold to Suncor Care, Inc. For maintenance and operational purposes, Metropolitan retained 1.56 acres in fee for the north portal and 4.226 acres in permanent easement for the pipeline.
- Agri-Empire was granted a license for a crop irrigation waterline crossing an existing culvert on the Colorado River Aqueduct Casa Loma Siphon 1 right of way near the city of San Jacinto.
- An entry permit was issued to J & H Engineering General Contractors, Inc., to allow for access onto Metropolitan’s West Valley Feeder No. 2 right of way to perform road rehabilitation activities associated with Metropolitan’s East Portal Rehabilitation Project.
- Southern California Edison was issued an entry permit to construct electrical facilities to service the surrounding neighborhood near Metropolitan’s Garvey Reservoir.

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

For Fiscal Year 2013/14, Metropolitan has received \$30,249 through January on the percentage lease with Urban Park Concessionaires for the operation of the DVL Marina and the Lakeview Trail. The rent received 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 618,000 visitors at its marina facilities and 147,000 private boats have launched since the 2003 public opening.



*2013/14 Projection **Actual thru January 2014



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

Federal

On February 19, staff conducted a presentation for Los Angeles area congressional staff to familiarize them with Metropolitan's mission to provide supplemental water to the region. An overview was provided on California's major delivery systems for water imports, including the Los Angeles Aqueduct, the Colorado River Aqueduct, and the State Water Project, all of which supplement local supplies provided by Member Agencies through conservation, groundwater management, recycling and other programs. In addition, staff promoted awareness about the California drought and the Governor's Bay Delta Conservation Plan.

On February 25-27, Deputy General Manager for External Affairs Zinke and staff joined Directors Ackerman, Record, Peterson, Touhey, and Lefevre in participating in the Association of California Water Agencies 2014 Annual Conference in Washington, D.C. The conference provided an opportunity to update Members of Congress and the Administration on such items as the BDCP, the Statewide Water and Action Plan, implementation of the Endangered Species Act, as well as energy and drinking water issues.

On February 27, Mike Connor was unanimously confirmed by the U.S. Senate as the Deputy Secretary of the Department to the Interior. Conner had been serving as Commissioner of the Bureau of Reclamation.

Local

- On February 21, Director Michael Camacho, and Inland Empire Utilities Agency and Metropolitan staff met with Assembly Member Freddy Rodriguez at his district office to provide an overview of Metropolitan's water policies, legislative items, and the BDCP.
- On February 23-25, Metropolitan staff participated in the Orange County Business Council annual Sacramento Legislative Days. During the conference, Executive Legislative Representative Kathy Cole briefed over 50 local elected officials on current water legislation as well as the BDCP process.

State

Emergency Drought Relief—On January 19, the Governor, Senate President Pro Tem Darrell Steinberg (D-Sacramento) and Assembly Speaker John Perez announced plans to introduce emergency drought relief legislation to appropriate \$688 million in funds from existing bonds (Props. 50, Prop 84 and Prop 1E), the General Fund and the Greenhouse Gas Reduction Fund to expedite drought relief projects across the state. In addition, the legislation would also accelerate development of agency regulations for groundwater replenishment, water recycling and stormwater capture, as advocated by Metropolitan.

2014 Water Bond—There are four water bond measures pending in the Legislature: SB 848 by Senator Lois Wolk (D-Davis), AB 1331 by Assembly Member Anthony Rendon (D-Lakewood), AB 1445 by Assembly Member Dan Logue (R-Marysville) and SB 927 by Senators Anthony Cannella (R-Ceres) and Andy Vidak (R-Hanford). Metropolitan staff continues to advocate that bond proposals advance the co-equals goals of water supply reliability and ecosystem restoration and allow fair and equal access to project funding through a competitive process in keeping with the board's bond policy principles.

Leadership Changes—On January 22, Assembly Member Toni Atkins (D-San Diego) was unanimously chosen to be the next Assembly Speaker. Atkins will take the post at the end of this year's legislative term, succeeding John A. Perez (D-Los Angeles), who is termed out of the Assembly this year.

EXTERNAL AFFAIRS

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

- On February 4 and 5, Metropolitan staff attended two BDCP Public Information Forums, one held at the Los Angeles Convention Center and the other held at the Ontario Convention Center, that provided information about the BDCP to members of the public.
- On February 10, Metropolitan staff provided an update on the BDCP and current drought conditions to over 30 members of the United Chambers of Commerce's Governmental Affairs Committee in Sherman Oaks.
- On February 13, Assistant General Manager Ivey provided a presentation on water supply conditions and the BDCP to the Engineering Contractors Association.
- On February 21, Directors Ballin, Murray, Wunderlich and staff attended the Valley Industry and Commerce Association's Annual State Officeholders Dinner at Universal Studios. The event was attended by eight state senators, 19 state assembly members, three members of the Board of Equalization, the State Treasurer and Controller, and 600 business leaders throughout the greater San Fernando Valley.
- On February 26, Assistant General Manager Roger Patterson briefed business leaders and the public in the City of Pasadena on current drought conditions and the importance of the BDCP.
- On February 27, Director Friedman, General Manager Kightlinger and Glendale Water and Power staff briefed business leaders from the Glendale Chamber on current drought conditions and the importance of the BDCP.

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

- Provided outreach to residents and businesses in Orange and Los Angeles counties for maintenance and repairs on the Second Lower Feeder, Orange County Feeder, and Irvine Cross Feeder pipelines.
- Met with Long Beach City Councilwoman Gerrie Schipske of the 5th District to discuss the prestressed concrete cylinder pipe repair project on the Second Lower Feeder within her district.
- 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 January 2014. There were over 28,000 visits to bewaterwise.com from February 1-11, 2014.

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

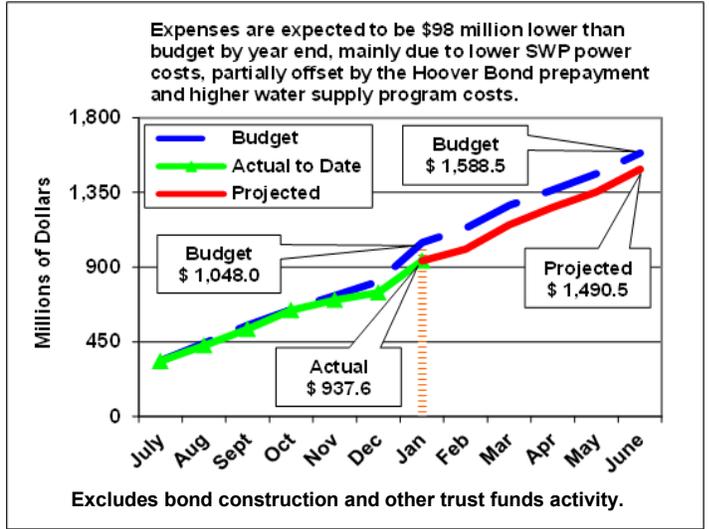
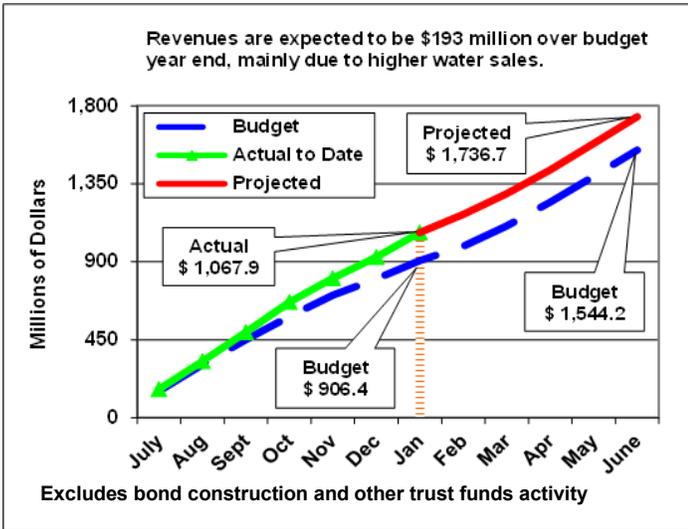
Media and Communications

- Governor Brown's drought declaration, his subsequent visit to Metropolitan and the California Department of Water Resources' zero allocation announcement created media interest and stories that required significant and ongoing Metropolitan participation and outreach. Senior managers, including General Manager Kightlinger and Assistant General Manager Man, as well as many Metropolitan representatives, responded to dozens of interview and informational requests from local, state and national news media.
- A sample of some of the many news media requesting Metropolitan interviews and information included: Wall Street Journal, CNN, CBS national news, NBC national news, Orange County Register, U-T San Diego, L.A. Times, L.A. Daily News, Telemundo, Chinese-language newspaper Tseng Tao, KNBC-TV Channel 4, KCAL-TV Channel 9, KABC-TV Channel 7, KCBS-TV Channel 2, KNX radio, KFI radio, KCRW radio and KPCC radio.
- Issued several press releases related to the drought, among them: General Manager Kightlinger's statement on the governor's drought declaration; General Manager's statement regarding state reducing State Water Project allocation to zero; and press release announcing Board of Directors' declaration of a Water Supply Alert and related water conservation items.
- Issued separate press releases announcing the appointments of Paul Koretz from the city of Los Angeles and Jennifer Fitzgerald from the city of Fullerton to the Metropolitan Board of Directors.
- Distributed Your Water, Metropolitan's e-newsletter highlighting Metropolitan's drought response.

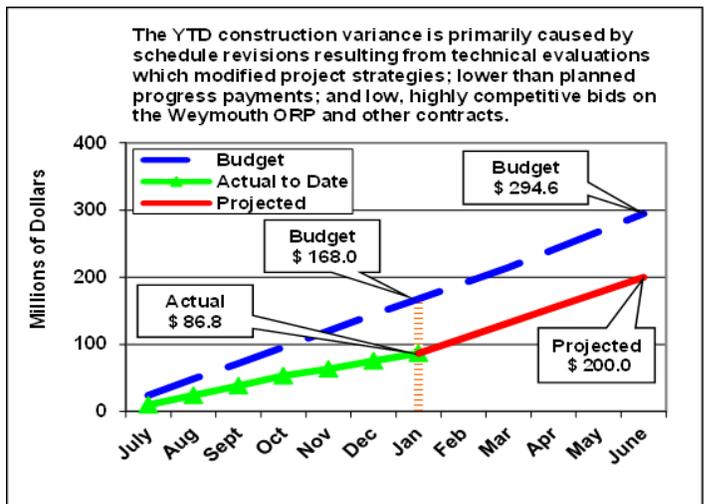
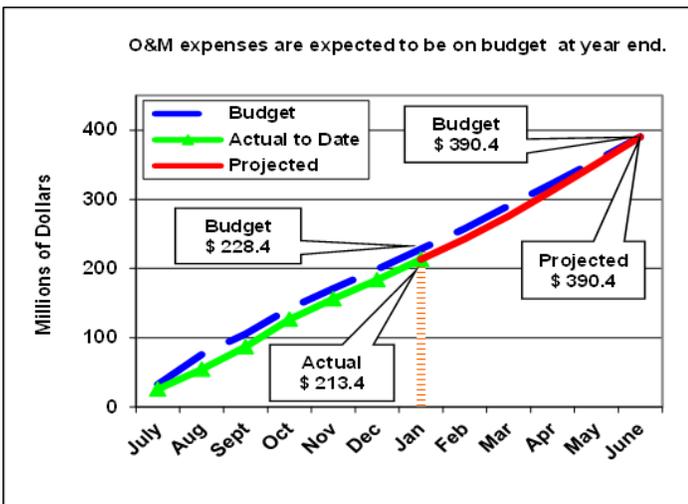
Education

- There were approximately 1,400 unique visits to the Education Website from January 16–February 15, 2014.
- Staff conducted seven education workshops for elementary and middle school students and facilitated nine tours for guests from the Western Science Center hosting more than 550 students in grades K-12.
- Staff delivered artwork to Upper San Gabriel Municipal Water District and the Inland Empire Utilities Agency.
- On January 30, Metropolitan hosted a meeting of the Member Agency Education Coordinators where staff provided an overview on education programs and curriculum offered by Metropolitan and the group collectively shared programs within their districts.
- Staff conducted two in-service training workshops for 40 elementary and middle school teachers representing Camrosa, City of Camarillo and Calleguas Municipal Water District.

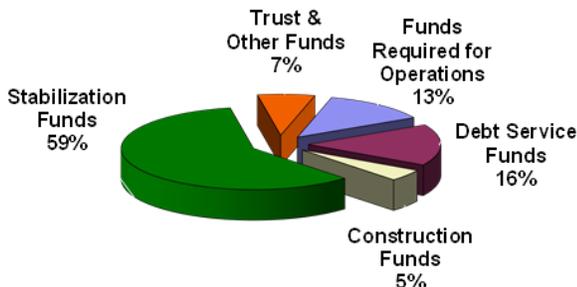
FINANCIAL SUMMARY AS OF JANUARY 31, 2014



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



Cash and Investments at Fair Value \$ 1,339.2 million



Summary Financial Statistics

	Target	Year-End Projected
Fixed Charge Coverage	≥ 1.20 x	2.08 x
Revenue Debt Service Coverage	> 2.00 x	2.68 x
Revenue Bond Debt / Equity Ratio	< 100.0%	63.7%

Credit Ratings

	Target	Actual
- 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



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.

STRATEGIC PRIORITY—
Improve Financial Position

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.

Manage Business Continuity Program in accordance with Operating Policy A-06

Professional service contract with consultant to assist in completion of Metropolitan's update of the Business Impact Analysis was executed on January 29. The BIA will identify Metropolitan's critical business processes and help prioritize resources to restore normal operations in the event of a disruption caused by a disaster. Project kickoff with the consultant, collection of preliminary business process checklist from group representatives, finalization of project plan and survey are expected by end of February.

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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