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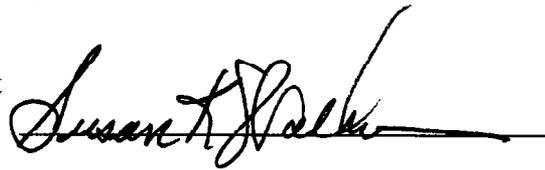
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

7-8

April 16, 1998

To: Board of Directors (Organization and Personnel Committee--Action)

From: *for* General Manager 

Submitted by: Susan K. Walker
Manager of Business Development 

Subject: Business Development Program: Approval to Respond to a Request for Shop Services from Ameron International Concrete and Steel Pipe.

RECOMMENDATION(S)

It is recommended that the Board of Directors authorize Metropolitan to provide Shop Services to Ameron International Concrete and Steel Pipe pursuant to a \$230,000 service contract approved as to form by the General Counsel.

EXECUTIVE SUMMARY

Late last year, Ameron International Concrete and Steel Pipe of Rancho Cucamonga, California, approached Metropolitan staff at an American Water Works Association (AWWA) conference to discuss various issues of mutual interest.

Ameron's production capability is large, and a typical 'job run' spans several weeks. During the course of a large production run, they periodically receive requests for smaller, specialty jobs that they cannot accommodate. In these instances, Ameron suggested that Metropolitan provide the shop services to Ameron, if Metropolitan had the capacity at the time requested. Their requests would be evaluated on a case by case basis because Metropolitan's work, Member Agency work and work for the Department of Resources would take priority over Ameron's requests.

Metropolitan's "Guiding Principles on Business Initiatives" require Board of Directors' approval for non-member agency services. This opportunity has been evaluated and meets the Board-adopted criteria for Business Development. It relates to Metropolitan's capability and expertise in specialized pipe fabrication and generates additional revenue.

PROPOSAL TO PROVIDE SERVICES

- Requester:** Ameron International Concrete and Steel Pipe, Rancho Cucamonga, CA.
- Services Requested:** Shop Services.
- Purpose:** To utilize Metropolitan's specialized pipe fabrication and repair expertise and equipment.
- Date Required:** Over a 1 year period beginning June 1, 1998, subject to shop capacity.
- Resources Required:** Existing machine shop and staff resources will be utilized. Metropolitan's work, Member Agency work and the Department of Resources work will take priority over the Ameron work.
- Risk and Mitigation:** Metropolitan's work will be covered under the new Professional Services and Product Liability Insurance.
- Contract Value:** \$230,000

COMPLIANCE WITH BUSINESS DEVELOPMENT POLICY AND GUIDELINES

- (1) **Mission Related and Expertise:** Metropolitan possesses expertise in the area of pipe fabrication and repair necessary to support water agency operations.
- (2) **Expanded Knowledge: Solid, Conservative Asset Management:** Supports Metropolitan's Mission through productive use of existing assets.
- (3) **Business Case:** The anticipated revenue of the \$230,000 will cover all direct costs as well as contribute approximately \$70,000 to Metropolitan's fixed costs.