**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

January 26, 1993

To: Board of Directors (Executive Committee--Action)

From: General Manager

Subject: Strategic Planning Study Consultant Contract

Report

As reported to you in January 1993, via Board letter attached, Metropolitan's management has been engaged in the first phase of the Strategic Planning Study. This phase is scheduled to conclude with a presentation of objectives to the Executive Committee on March 2, 1993, at a joint meeting with District management

The purposes of the Strategic Planning Study are (1) to provide Metropolitan with a road map for implementing the Board's goals and objectives; (2) to develop quantifiable objectives, strategies, and divisional action plans, (3) to develop a common understanding by all management of the relationship of each Division's activities to the District's plan; and (4) to develop services and productivity standards to ensure fiscal discipline and to allocate tight resources.

The first phase of the current assignment involved the development of a strategic planning process tailored specifically to meet Metropolitan's needs. That process development phase has led to the initiation of District-wide planning activities that go beyond the original scope of the project. The proposed strategic planning process has expanded in scope to respond to both a high level of interest and participation among managers, as well as a recognition of the need to extend the process outside of the management team to include other key stakeholder groups.

While the initial scope was limited to the establishment of overall objectives and strategies for management, the proposed process will include the development of Division and Department action plans detailing the steps necessary for the successful implementation of strategy. This broader effort will link the strategic planning initiative directly to the budget process and process improvement, so there is a clear relationship between the accomplishment of objectives and the allocation of limited resources.

In addition, preliminary planning activities have identified the need to bring a higher level of stakeholder involvement including member agencies, the Board, and labor representatives to the planning process. This involvement is deemed essential to the implementation of strategy and the accomplishment of goals.

Expansion of Scope and Terms of Consultant Contract

In September, 1992, it was reported (Board letter attached) that a consultant team had been selected to conduct the development of District objectives and strategies. The team selected to facilitate the Strategic Planning Process was Camp Dresser and McKee, Inc./Ernst and Young/Creighton Group.

The current contract will terminate at the conclusion of the February 2 and 3, 1993, management retreat with the development of objectives and strategies and the presentation of management's objectives to the Executive Committee at a joint meeting with District management on March 2, 1993.

The first phase of the Strategic Planning Study has been time intensive for management and staff. It is proposed that a second phase of the study go forward with an expansion of scope from the initial study to (1) involve Metropolitan's customers in the development review of the objectives and strategies by management in Phase I; (2) to cover establishment of benchmarks and out-sourcing alternatives; (3) a long-term personnel plan; and (4) design of a model divisional action plan. It is expected that this work will be completed by June 1, 1993.

The initial contract will be renegotiated to cover the expansion of the scope for a fee of no more than \$250,000 above the existing contract.

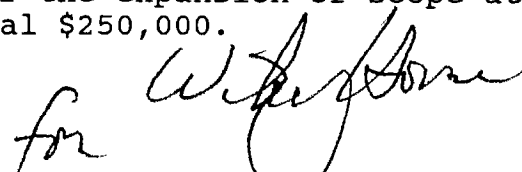
Board Committee Assignment

This letter is referred to the Executive Committee because of the lead role played in the development of the recently adopted goals and objectives.

Recommendation

EXECUTIVE COMMITTEE FOR ACTION.

It is recommended that your Board authorize the General Manager to renegotiate the consultant contract for the Strategic Planning Study to cover the expansion of scope at a cost of no more than an additional \$250,000.

for 
Carl Boronkay

**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

December 16, 1992

To: Board of Directors (Executive Committee--Information)
From: General Manager
Subject: Status of the Strategic Planning Study

Report

The Board of Directors recently adopted a set of goals and objectives to carry out the District's Mission Statement "to provide adequate and reliable supplies of high quality water to meet present and future needs in an environmentally and economically responsible way."

For the last three months, Metropolitan's Management has been engaged in the first phase of a Strategic Planning Study which will provide a road map for implementing those goals and objectives. One purpose of the Strategic Planning Study is to develop objectives and action plans by which the District's performance can be measured. Another purpose is to develop a common understanding by all Management of the goals, objectives and the relationship of each Division's activities in support of that plan. Another is to develop service and productivity standards to ensure fiscal discipline and to allocate tight resources.

The first phase of the study has consisted of:

1. Kick-Off Session in October that involved the Assistant General Managers, the Division Managers and their Assistants, and the consulting team. The team consists of Paul Brown of Camp, Dresser & McKee; Jack Wells of Ernst & Young; and Larry Taylor of Creighton Group.
2. A two-day Foundation Conference in early November resulted in the development of seven guiding principles on which Management could build their development of objectives. During November, Management affirmed the guiding principles (Attachment A) and aligned them with the Board-adopted goals. Each of the guiding

principles was related to two or more of the Board's goals. (Attachment B shows the relationship.)

3. Upon adoption of the guiding principles, staff formed three project teams to conduct situational analysis and to develop draft objectives. In December, staff completed an initial situational analysis that focused on the internal strengths of the organization and areas for improvement, external opportunities and threats, customer needs for member agencies and the public, Metropolitan's changing competitive environment, and market segmentation.

4. In January, Management will be working with the consultants to refine the situational analysis and develop draft objectives. Following this work, most likely in late February, staff will bring the draft objectives to the Board and member agencies for comment, review, and dialogue. Following that effort, the Management group and the consultants will finalize their objectives and bring them forward to the Board for concurrence. Staff is attempting to integrate the work that has been done or is under way in such efforts as the Strategic Resources Assessment.

The Strategic Planning Study has brought Metropolitan's top Management from all three Departments and all Divisions together in a dialogue on the challenges facing the agency and will forge agreement on implementation objectives that are time specific and measurable. Our working sessions have produced spirited discussions and lead to a new understanding of how each part of the agency fits together to achieve the Board's mission and goals.

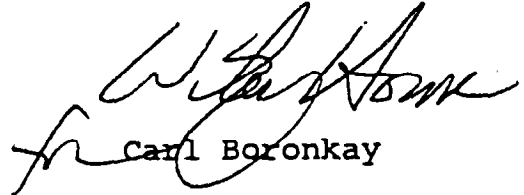
Following the adoption of the Strategic Planning Study, each Division will align its current strategic action plans to be consistent with the agency's Strategic Plan. It is also anticipated the objectives and action plans developed in this process will be integrated into the annual budget and performance reporting process.

Board Committee Assignment

This letter is referred for information to the Executive Committee because of the lead role it played in development of the recently adopted goals and objectives.

Recommendation

For information only.



Carl Boronkay

AEB:ng

Attachments



Proposed Work Group Assignments

<i>Guiding Principles</i>	Water Supply and Reliability Goal	Water Quality Goal	Environmental Goal	Cost Goal	Water Resource Goal	Financial Goal	Land Resource Goal	Facilities Planning and Development Goal	Personnel Goal	Legal Representation Goal	Organization Goal	Health and Safety Goal
	1. Water	♦	♦			♦					♦	
2. Finance				♦		♦						
3. Facilities							♦	♦				♦
4. Workforce									♦		♦	♦
5. Environment			♦									♦
6. Customers	♦	♦	♦	♦	♦	♦	♦	♦		♦	♦	
7. Cost	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦

- 1. Group I
- 2. Group I
- 3. Group III
- 4. Group I
- 5. Group III
- 6. Group II
- 7. Group III

A. Mission Statement:

The mission of the Metropolitan Water District of Southern California 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.

B. Guiding Principles:

1. Water

Metropolitan is dedicated to the development and management of sufficient and wholesome water in an innovative and cost-effective manner that will sustain the economy and quality of life in Southern California.

2. Finance

Metropolitan is committed to the development and responsible stewardship of financial resources to meet our customers' needs in an efficient, effective, and equitable manner.

3. Facilities

Metropolitan will plan and construct high-quality facilities and operate and maintain them in a manner that ensures reliability, safety, and security.

4. Workforce

Because a dedicated, diverse workforce of staff, vendors, and consultants is Metropolitan's most valuable asset, Metropolitan is committed to providing a work environment that fosters empowerment and accountability, performance and career enhancement, well-being and mutual respect.

5. Environment

Metropolitan will integrate environmental values and awareness in its decision-making to foster innovative and practical solutions to in all its activities.

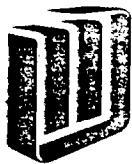
6. Customers

Metropolitan is committed to understanding the water-related needs of our member agencies, their sub-agencies, and the public; and to addressing those needs in a cooperative, fiscally responsible, and equitable manner.

7. Cost Effectiveness

Metropolitan will conduct its business with an unwavering commitment to providing value to its customers in a cost-effective manner.

12/16/92

**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

September 4, 1992

To: Board of Directors (Organization & Personnel Committee--Information)
(Executive Committee--Information)

From: General Manager

Subject: Strategic Planning Study Consultant Selection

Report

The Board of Directors recently adopted a set of goals and objectives to carry out the District's Mission Statement "to provide adequate and reliable supplies of high quality water to meet present and future needs in an environmentally and economically responsible way." The staff is now proceeding with a strategic planning effort which will provide a roadmap for implementing those goals and objectives.

The Strategic Plan will build on previous studies and studies now underway, such as the Strategic Resources Assessment which is being conducted jointly with the member agencies. The study will have two phases. The shorter first phase of the study will define the action plan for the Study. The longer phase two will work on the creation of an initial strategic plan and an ongoing strategic planning process. Both phases will involve participation by the Board and member agencies.

In June, there was request for proposals to solicit firms on the design for a strategic planning study at a cost not to exceed \$250,000. Ten firms or teams of firms submitted applications. A review team selected five teams to submit samples of previous strategic planning work and to be interviewed. From that process, the General Manager has selected Camp Dresser and McKee, Inc./Ernst & Young as having the best proposal to facilitate Metropolitan's Strategic Planning process. Contract negotiations are underway and the study is scheduled to begin in early October. These firms have affirmative action plans on file with Metropolitan.

In order to assure early Board involvement, the staff and consulting teams will return in October to discuss with you the outline for Phase One that will define the scope and action plan for the Study.

Board Committee Assignments

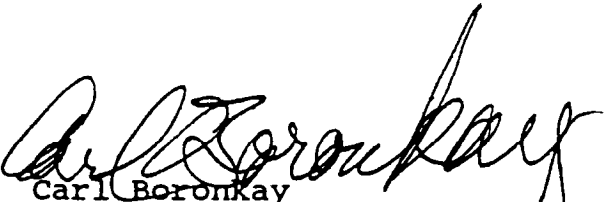
This letter is referred for information to:

The Executive Committee because of the lead role it played in development of the recently adopted goals and objectives.

The Organization and Personnel Committee because of its jurisdiction over the terms and conditions of employment of all consultants, pursuant to Administrative Code Section 2470(g).

Recommendation

For information only.


Carl Boronkay