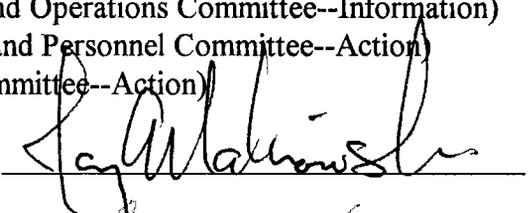
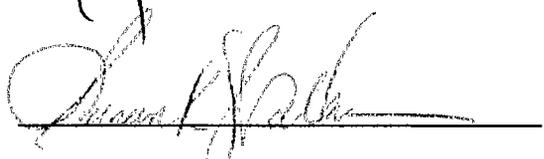




November 13, 1997

**To:** Board of Directors (Engineering and Operations Committee--Information)  
(Organization and Personnel Committee--Action)  
(Executive Committee--Action)

**From:** General Manager 

**Submitted by:** Kevin L. Wattier  
*for* Director of Business Development 

**Subject:** Business Development Program: Approval to Respond to San Luis and Delta Mendota Water Authority's Request for Metropolitan's Shop Services.

**RECOMMENDATION(S)**

It is recommended that the Board of Directors authorize Metropolitan to provide fee-for-shop services to San Luis and Delta Mendota Water Authority pursuant to a contract approved as to form by the General Counsel, and authorize all ancillary activities necessary to implement the agreement.

**EXECUTIVE SUMMARY**

Several years ago, San Luis and Delta Mendota Water Authority expressed interest in utilizing Metropolitan's shop services in a way similar to that of the Department of Water Resources (DWR). The San Luis and Delta Mendota Water Authority also has an aging system of various large diameter pipe, rotating equipment, and valves. Metropolitan has a standing agreement with DWR to perform repair services on pumps, motors, valves and miscellaneous mechanical and electrical equipment; these work tasks take place on-site and at Metropolitan's La Verne machine shops. 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 core mission, unique expertise in performing machining and repair services as well as providing additional revenue. The tasks involved in the scope of work is currently under development. However, the agreement will specify that emergency work for Metropolitan, its member agencies, or DWR has priority over the San Luis and Delta Mendota work.

## **PROPOSAL TO PROVIDE SERVICES**

- Requester:** San Luis and Delta Mendota Water Authority
- Services Requested:** Repair of pumps, motors, valves and miscellaneous mechanical and electrical equipment.
- Purpose:** San Luis and Delta Mendota Water Authority, which operates and maintains the Delta Mendota Canal of the Central Valley Project under a Bureau of Reclamation contract, has various maintenance and repair programs requiring the broad experience of Metropolitan shop personnel and its specialized equipment.
- Date Required:** Over 1 year period beginning December 1997
- Resources Required:** Existing shop equipment at La Verne and current staff including contract labor. A significant amount of new materials may be purchased which will be included as a billable, direct cost.
- Risk and Mitigation:** Metropolitan's work will be covered under the new Professional Services and Product Liability Insurance.
- Contract Value:** \$175,000.

### **COMPLIANCE WITH BUSINESS DEVELOPMENT POLICY AND GUIDELINES**

- (1) Metropolitan possesses unique expertise in the evaluation and execution of repairs on large diameter pipe, rotating equipment and valves.
- (2) Expanded technical knowledge: Metropolitan staff will continue to expand their expertise in this area through continued application of condition evaluation and economical repair.
- (3) Business Case: The anticipated revenue will cover all direct costs, and also contribute to Metropolitan's fixed costs.